

**CORPORATE LAWS COMMITTEE
REPORT PREPARED FOR THE MARCH 6, 2008 COUNCIL MEETING**

1. Next Scheduled Meeting of the Committee

The Committee does not hold regular meetings but rather meets when in the process of considering amendments to the Business Corporation Act. The Committee held multiple meetings in 2007 to develop the currently proposed amendments to the Business Corporation Act and Professional Service Corporation Act.

2. Council Approval

The Committee does not request Council approval of any items at this meeting. However, see item 7 below for an update on the amicus brief that the Committee was authorized to file at the Council's meeting of December 1, 2007.

3. Membership

The Committee remains open to participation by any interested parties.

4. Accomplishments Toward Committee Objectives

The Committee continues to monitor developments in corporate laws throughout the country and to consider changes to the Business Corporation Act. This is an ongoing and continuous process.

5. Meetings and Programs

No programs are currently scheduled, though the Committee is open to participation in presentations discussing changes to the Act.

6. Publications

The last issue of the Michigan Business Law Journal sponsored by the Committee was the Summer 2005 issue. The Committee will be responsible for an issue in 2008.

7. Legislative/Judicial/Administrative Developments

The most recent BCA amendments developed by the Committee were passed and became law in March, 2006.

The Committee drafted additional amendments to the BCA as well as the PSCA (and one conforming amendment to the Limited Liability Company Act), the purposes of which we explained in an earlier report. The bills were adopted by the Michigan House of Representatives as HB 5356, 5357 and 5358, but incorporated changes of which the Committee is not in favor. Certain insurance and other groups expressed opposition to the portions of the bills designed to address the Court of Appeals' decision in Miller v Allstate, and as a result changes were made that would require certain types of professions (including chiropractors and physical therapists) to incorporate exclusively under the PSCA. The bills have been stalled in committee in the Senate as the sponsors have tried to work out differences between the insurance groups, trade groups and other parties. Because the Miller issues have been holding up all amendments, there has been a suggestion that the bills be split, with the -amendments not relating to Miller moving forward while resolution of the Miller issues remains pending.

In the meantime, the Michigan Supreme Court accepted the appeal in Miller v Allstate and invited the Business Law Section, among other groups, to submit an amicus brief. At the Council's meeting in December, the Council authorized the Committee to prepare and file an amicus brief to support the proposition that the BCA and PSCA do not require all businesses that deliver licensed services to be incorporated under the PSCA, but rather only the so-called "learned professions" of law, medicine and divinity. James Carey, Assistant Professor of Law at Thomas M. Cooley Law School and the reporter to the Committee for the proposed statutory changes, has undertaken the laboring oar in preparing that brief and has worked closely with Cy Moscow and the undersigned on developing the brief. We have also consulted with Ann Baker, whose insight and background knowledge of the development of the statutes has been invaluable. The amicus brief is due March 12.

8. Analysis of Applicable Strategic Plan Issues.

The activity of the Committee is directly related to the Strategic Plan mission of promoting improved legislation and regulation for business and the goal of reviewing Michigan laws affecting business formation, capital raising, corporate governance and related legal matters. The Committee attempts to keep Michigan corporate law current with national trends and competitive with the business law environments of other jurisdictions.

9. Miscellaneous

The Committee will continue to accept ideas for technical and other amendments to the Business Corporation Act, which is amended periodically. Suggestions in this regard may be addressed to either of the committee co-chairs, Cyril Moscow or Justin G. Klimko. The Committee also will consult with the Department of Labor and Economic Growth regarding efforts to further streamline corporate filings and information dissemination.

Any questions regarding this report may be directed to me.

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