

CORPORATE LAWS COMMITTEE
REPORT PREPARED FOR THE MAY 21, 2010 COUNCIL MEETING

1. Next Scheduled Meeting of the Committee.

The Committee most recently met on May 6. At the meeting, we discussed the reporter's draft amendments and made a number of determinations and revisions. We will circulate revised proposed amendment language prior to scheduling our next meeting.

2. Council Approval.

The Committee does not request Council approval of any items at this meeting.

3. Membership.

The Committee remains open to participation by any interested parties. The Committee has approximately 30 members on its active roster.

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. As noted above, the Committee is in the process of preparing additional possible amendments to the Michigan Business Corporation Act.

5. Meetings and Programs.

No programs are currently scheduled, though the Committee is open to participation in presentations discussing changes to the Act. The Committee anticipates additional meetings in 2010 in connection with consideration of amendments to the Michigan Business Corporation Act.

6. Publications.

The committee sponsored the fall 2008 issue of the Michigan Business Law Journal. That issue was published and distributed in late 2008 and is also available through the Section's web site. It included seven articles on corporate law topics that were created through the efforts of committee members and their firms. We typically provide articles for publication whenever the BCA is amended, as well as other articles from time to time. An article describing the January, 2009 amendments was included in the winter 2009 issue of the Business Law Journal.

7. Legislative/Judicial/Administrative Developments.

The Committee drafted amendments to the BCA that became PA 402 of 2008, effective January 6, 2009. An article describing the amendments was included in the winter, 2009 issue of the Michigan Business Law Journal.

The Committee held meetings on August 20, 2009, December 15, 2009 and May 6, 2010 to consider further amendments of the BCA and PSCA. A brief list of the topics addressed by the amendments is attached to this report.

The Committee also monitors bills that would affect corporation statutes that are introduced without its input and considers these together with the Bureau of Commercial Services of the Department of Energy, Labor and Economic Growth.

The Committee reviews judicial decisions affecting matters of Michigan corporate law. From time to time the Committee proposes statutory amendments that are intended to address the effects of specific case law. Additionally, the Committee has prepared and filed amicus curiae briefs at the invitation of the Michigan Supreme Court.

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 committee chair, 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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May 10, 2010

**ATTACHMENT TO REPORT OF
CORPORATE LAWS COMMITTEE FOR THE MAY 21, 2010 COUNCIL MEETING**

Summary of Proposed BCA Amendments

The Committee is currently considering amendments that would, among other things, accomplish the following:

1. Combining the provisions of the Professional Service Corporation Act with the Business Corporation Act and eliminate the PSCA as a separate act.
2. Specifically permitting privately held corporations to create classes of assessable shares under Section 488.
3. Providing a mechanism for amending a corporation's articles of incorporation after the first meeting of the board but before there are shareholders or subscriptions for shares.
4. Amending the indemnification sections of the BCA to limit a corporation's ability to revoke indemnity rights after the occurrence of the events on which a claim or action against the indemnified person is based.
5. Correcting an oversight in the appraisal provisions of the BCA that inadvertently excluded a reference to Section 754 (regarding "upside-down acquisitions").