

CORPORATE LAWS COMMITTEE
REPORT PREPARED FOR THE OCTOBER 7, 2017 COUNCIL MEETING

1. Next Scheduled Meeting of the Committee.

No meetings are currently scheduled, as we are in the process of seeking legislative approval of our proposed amendments to the Business Corporation Act. Our proposed BCA amendment bill that was originally introduced in the fall of 2016, but not acted on during the lame duck session, was reintroduced in June as SB 442.

2. Council Approval.

We do not request council approval of any matters at this meeting.

3. Membership.

The Committee remains open to participation by any interested parties. The Committee has approximately 70 members on its active roster, though many fewer who actively participate.

4. Accomplishments Toward Committee Objectives.

As noted above, the Committee prepared a new round of amendments for the Michigan Business Corporation Act. The Committee engaged Karoub Associates to assist in the legislative process. Sen. Mike Kowall sponsored the amendments in 2016, which were introduced as SB 1048 and reported out of committee recommended for approval. No action was taken prior to the end of the legislative session, and thus the bill died. We are working with Senator Kowall's staff again on a new bill, which was introduced in June as SB 442. The bill was referred to the Senate Commerce Committee and we have been told to expect committee action in October.

The Committee worked with the sponsors of benefit corporation legislation in 2016. We have been told to expect a new bill on this topic also, but to our knowledge that has not yet happened.

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.

Our current focus is on getting the BCA amendments passed. Once that is accomplished, I am considering forming a task force or committee to examine our shareholder oppression statute and determine whether changes should be recommended to make it easier to understand and apply.

5. Meetings and Programs.

No programs are currently scheduled.

6. Publications.

The Committee was responsible for the Fall 2014 edition of the Business Law Journal and generated a number of articles for that issue. The next issue for which the Committee will be responsible will be the Fall 2017 issue. We again generated a number of articles from various sources for that issue.

7. Methods of Monitoring Legislative/Judicial/Administrative Developments and Recommended Action.

The Committee monitors bills that would affect corporation statutes that are introduced without its input and considers these together with the Corporations Division of the Bureau of Commercial Services of the Department of Licensing and Regulatory Affairs. The Committee interacts with the Division and the Bureau frequently on matters of legislative interpretation and administrative practice. The Committee also consults with the Division regarding efforts to further streamline corporate filings and information dissemination.

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.

The Committee monitors developments and changes in the corporate laws of other states such as Delaware and developments and changes in the Model Business Corporation Act.

8. 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 me as committee chair.

Any questions regarding this report may be directed to me.

Justin G. Klimko
Butzel Long
150 West Jefferson, Suite 900
Detroit, Michigan 48226
Telephone: 313-225-7037
Fax: 313-225-7080
e-mail: klimkojg@butzel.com

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