

CORPORATE LAWS COMMITTEE
REPORT PREPARED FOR THE DECEMBER 1, 2012 COUNCIL MEETING

1. 2012-2013 Budget Request and Anticipated Use of Funds.

We request that funds in the amount of \$500.00 be approved. These would be used to pay any incidental meeting or travel expense and any expense associated with the cost of sponsoring a webinar on the new Business Corporation Act amendments, assuming they are passed and signed into law in the current legislative session. At the Council's March, 2012 meeting, we received approval for \$5,000 to pay fees to Karoub and Associates for helping us get the amendments through the legislative process. The fee quoted was for work for the balance of 2012. If for any reason the amendments are not approved in 2012, we may come with a supplemental request for fees for a lobbying organization to assist in renewing the process.

2. Use of Budgeted Funds During 2011-2012.

As mentioned above, we spent \$5,000 on Karoub's fees with Council approval in 2012. Other expenses were minor and included travel expenses to attend the Senate Judiciary Committee hearing in October on the BCA amendments.

3. Next Scheduled Meeting of the Committee.

Our next meeting continues to be deferred pending passage of the proposed BCA amendments.

4. Council Approval.

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

5. Membership.

The Committee remains open to participation by any interested parties. The Committee has approximately 35 members on its active roster.

6. Accomplishments Toward Committee Objectives.

The Committee prepared amendments to the Business Corporation Act and the Professional Services Corporation Act. A list of the topics addressed by the amendments was attached to previous committee reports. Senator Mike Kowall agreed to sponsor the amendments and they were introduced as Senate Bill 1320, part of a package of bills including SB 1316-1320, on September 25, 2012. The bills were referred to the Senate Judiciary Committee, which held a hearing on October 17, 2012 and voted to report the amendments favorably and recommend passage by the Senate with immediate effect. Next legislative action is anticipated on November 8, 2012, when we hope that the bills will be approved by the Senate and referred to the House, which would in turn refer them to a House committee. We anticipate that passage can be completed in the current legislative session. If not, the bill would have to be re-introduced in the next legislature.

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.

7. Meetings and Programs.

No programs are currently scheduled. The Committee will consider possibility of a webinar in connection with the BCA amendments once passed.

8. Publications.

The committee sponsored the fall 2011 issue of the Michigan Business Law Journal and procured several articles for inclusion.

9. 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 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.

10. 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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