

**CORPORATE LAWS COMMITTEE
REPORT PREPARED FOR THE DECEMBER 6, 2014 COUNCIL MEETING**

1. 2014-2015 Budget Request and Anticipated Use of Funds.

We request \$5,250. The vast majority of these funds (estimated at \$5,000) would be used to engage a governmental relations firm to assist in soliciting a legislative sponsor for the next round of amendments to the Business Corporation Act and to lobby for adoption of the amendments. For the 2013 amendments, we engaged Karoub and Associates for \$5,000.

2. Use of Budgeted Funds During 2013-2014.

Use of funds for 2013-14 was only for nominal meeting expenses.

3. Next Scheduled Meeting of the Committee.

The Committee last met on September 17, 2014 to continue discussion for the next round of amendments to the Michigan Business Corporation Act. The next meeting has not yet been scheduled because the reporter is developing draft amendments for Committee consideration. We will schedule a meeting after the draft is available.

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 is in the process of developing the next round of amendments for the Michigan Business Corporation Act. The Committee has identified topics to be addressed in the amendments and the Committee's reporter is preparing a draft of amendment language.

Also, as reported in earlier Committee reports, Justin Klimko and James Carey of the Committee participated, along with Douglas Toering of the Commercial Litigation Committee and Cy Moscow, in the development of an amicus brief in the case of Madugula v Taub. The brief was submitted in response to an invitation to the Section from the Michigan Supreme Court. The Supreme Court rendered its decision in the case on July 15, 2014 (496 Mich 685, 853 NW2d 75) and adopted the positions urged in the amicus brief, holding that oppression cases under BCA Section 489 are purely equitable in nature and that violations of shareholder agreements can support an oppression claim in appropriate circumstances.

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.

8. Publications.

The Committee was responsible for the Fall 2014 edition of the Business Law Journal, which is about to be published as of the date of this report, and generated a number of articles for that issue. Justin Klimko and Jim Carey also co-authored an article on the 2013 amendments to the Business Corporation Act for the Wayne Law Review.

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 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.

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.

Any questions regarding this report may be directed to me.

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