

**308A.941 COURT-ORDERED REMEDIES OR DISSOLUTION.**

Subdivision 1. **Conditions for relief.** A court may grant equitable relief that it deems just and reasonable in the circumstances or may dissolve a cooperative and liquidate its assets and business:

- (1) in a supervised voluntary dissolution that is applied for by the cooperative;
- (2) in an action by a member when it is established that:
  - (i) the directors or the persons having the authority otherwise vested in the board are deadlocked in the management of the cooperative's affairs and the shareholders or members are unable to break the deadlock;
  - (ii) the directors or those in control of the cooperative have acted fraudulently, illegally, or in a manner unfairly prejudicial toward one or more members in their capacities as members, directors, or officers;
  - (iii) the members of the cooperative are so divided in voting power that, for a period that includes the time when two consecutive regular members' meetings were held, they have failed to elect successors to directors whose terms have expired or would have expired upon the election and qualification of their successors;
  - (iv) the cooperative assets are being misapplied or wasted; or
  - (v) the period of duration as provided in the articles has expired and has not been extended as provided in this chapter;
- (3) in an action by a creditor when:
  - (i) the claim of the creditor against the cooperative has been reduced to judgment and an execution on the judgment has been returned unsatisfied; or
  - (ii) the cooperative has admitted in writing that the claim of the creditor against the cooperative is due and owing and it is established that the cooperative is unable to pay its debts in the ordinary course of business; or
- (4) in an action by the attorney general to dissolve the cooperative in accordance with this chapter when it is established that a decree of dissolution is appropriate.

Subd. 2. **Condition of cooperative or association.** In determining whether to order equitable relief or dissolution, the court shall take into consideration the financial condition of the cooperative but may not refuse to order equitable relief or dissolution solely on the ground that the cooperative has accumulated operating net income or current operating net income.

Subd. 3. **Dissolution as remedy.** In deciding whether to order dissolution of the cooperative, the court must consider whether lesser relief suggested by one or more parties, such as a form of equitable relief or a partial liquidation, would be adequate to permanently relieve the circumstances established under subdivision 1, clause (2) or (3). Lesser relief may be ordered if it would be appropriate under the facts and circumstances of the case.

Subd. 4. **Expenses.** If the court finds that a party to a proceeding brought under this section has acted arbitrarily, vexatiously, or otherwise not in good faith, the court may in its discretion award reasonable expenses, including attorneys' fees and disbursements, to any of the other parties.

Subd. 5. **Venue.** Proceedings under this section shall be brought in a court within the county where the registered office of the cooperative is located.

Subd. 6. **Parties.** It is not necessary to make members parties to the action or proceeding unless relief is sought against them personally.

**History:** *1989 c 144 art 3 s 37*