

CHAPTER 211—H. F. No. 212

An act relating to unfair allotment of shares of business corporations; amending Minnesota Statutes 1949, Section 301.16, Subdivision 2, as amended.

Be it enacted by the Legislature of the State of Minnesota:

Section 1. Minnesota Statutes 1949, Section 301.16, Subdivision 2, as amended by Laws 1951, Chapter 98, Section 6, is amended to read:

Subd. 2. **Unfair allotments, liability.** Directors or shareholders who, wilfully or without reasonable investigation, either make an allotment of shares for a cash consideration which is unfair to the then shareholders or so overvalue property or services received or to be received by the corporation as consideration for shares allotted, shall be jointly and severally liable to the corporation for the benefit of the then shareholders who did not assent to and are damaged by such action, to the extent of their damages; provided, that if shares or securities convertible into shares or securities in connection with which options are granted to purchase or subscribe for shares, shall, before allotment or offer of such shares or securities is made to others, be offered in substantially ratable amounts to the then shareholders who, in the absence of waiver of such rights, would be entitled to preemptive rights, at not more than the same considerations and terms as such shares or securities are allotted or offered to others, the portion of such shares or securities not subscribed for within the offering period by such shareholders may, at any time within four months after the expiration of the offering period, be allotted or sold to others at not less than the same considerations and terms, and any such allotment or sale shall, except in case of deliberate fraud, be conclusively presumed to have been fair. Such prior offer to shareholders shall be made by notice mailed to them at their addresses as shown by the records of the secretary of the corporation, giving a reasonable period of time for acceptance of such offer. Directors or shareholders who are present and entitled to vote but fail to vote against such allotment or valuation shall be considered, for the purposes of this section, as participating in such allotment or valuation.

Approved March 31, 1953.

CHAPTER 212—H. F. No. 225

[Not Coded]

An act repealing Laws 1921, Chapter 117, relating to the