317A.751 JUDICIAL INTERVENTION; EQUITABLE REMEDIES OR DISSOLUTION.

Subdivision 1. **General; when permitted.** A court may grant equitable relief it considers just and reasonable in the circumstances or may dissolve a corporation and liquidate its assets and business as provided in this section.

Subd. 2. **Supervised voluntary dissolution.** A court may grant equitable relief in a supervised voluntary dissolution under section 317A.741.

Subd. 3. **Action by director or members with voting rights.** A court may grant equitable relief in an action by a director or at least 50 members with voting rights or ten percent of the members with voting rights, whichever is less, when it is established that:

(1) the directors or the persons having the authority otherwise vested in the board are deadlocked in the management of the corporate affairs, the members cannot break the deadlock, and the corporation or the parties have not provided for a procedure to resolve the dispute;

(2) the directors or those in control of the corporation have acted fraudulently, illegally, or in a manner unfairly prejudicial toward one or more members in their capacities as members, directors, or officers;

(3) the members of the corporation are so divided in voting power that, for a period that includes the time when two consecutive regular 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;

(4) the corporate assets are being misapplied or wasted; or

(5) the period of duration as provided in the articles has expired.

Subd. 4. **Action by creditor.** A court may grant equitable relief in an action by a creditor when:

(1) the claim of the creditor has been reduced to judgment and an execution on it has been returned unsatisfied; or

(2) the corporation has admitted in writing that the claim of the creditor is due and owing and it is established that the corporation cannot pay its debts in the ordinary course of its activities.

Subd. 5. **Action by attorney general.** A court may grant equitable relief in an action by the attorney general when it is established that:

(1) the articles and certificate of incorporation were obtained through fraud;

(2) the corporation should not have been formed under this chapter;

(3) the corporation failed to comply with the requirements of sections 317A.021 to 317A.155 essential to incorporation under or election to become governed by this chapter;

(4) the corporation has flagrantly violated a provision of this chapter, has violated a provision of this chapter more than once, or has violated more than one provision of this chapter;

(5) the corporation has engaged in an unauthorized act, contract, conveyance, or transfer or has exceeded its powers;

(6) the corporation has acted, or failed to act, in a manner that constitutes surrender or abandonment of the corporate purpose, franchise, privileges, or enterprise;

(7) the corporation has liabilities and obligations exceeding the corporate assets;

(8) the period of corporate existence has ended without extension;

(9) the corporation has failed for a period of 90 days to pay fees, charges, or penalties required by this chapter;

(10) the corporation has failed for a period of 30 days after changing its registered office to file with the secretary of state a statement of the change;

(11) the corporation has answered falsely or failed to answer a reasonable written interrogatory from the secretary of state, the attorney general, the commissioner of human services, commissioner of commerce, or commissioner of revenue, to the corporation, its officers, or directors;

(12) the corporation has solicited property and has failed to use it for the purpose solicited; or

(13) the corporation has fraudulently used or solicited property.

Subd. 6. **Condition of corporation.** In determining whether to order equitable relief or dissolution under this section, the court shall consider the financial condition of the corporation but may not refuse to order equitable relief or dissolution solely on the ground that the corporation is solvent.

Subd. 7. **Dissolution as remedy.** In deciding whether to order dissolution, the court shall consider whether lesser relief suggested by one or more parties, such as any form of equitable relief or a partial liquidation, would be adequate to permanently relieve the circumstances established under subdivision 3, 4, or 5. Lesser relief may be ordered if it would be appropriate under the facts and circumstances of the case.

Subd. 8. **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, it may award reasonable expenses, including attorneys fees and disbursements, to any of the other parties.

Subd. 9. **Venue; parties.** Proceedings under this section must be brought in a court within the county in which the registered office of the corporation is located. It is not necessary to make members parties to the action or proceeding unless relief is sought against them personally.

History: *1989 c 304 s 106; 1992 c 503 s 13; 2011 c 106 s 15*