

By Senator Mitchell

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A bill to be entitled
An act relating to corporations; amending s.
607.1430, F.S.; revising the criteria for
dissolution of a corporation in a proceeding
brought by the Department of Legal Affairs;
providing for dissolution in a proceeding
brought by any state agency; including as a
criteria for such dissolution that the
corporation has been voluntarily or
administratively dissolved for a specified
period; providing an effective date.

Be It Enacted by the Legislature of the State of Florida:

Section 1. Section 607.1430, Florida Statutes, is amended to read:

607.1430 Grounds for judicial dissolution.--A circuit court may dissolve a corporation or order such other remedy as provided in s. 607.1434:

(1)(a) In a proceeding by the Department of Legal Affairs or any state agency if it is established that:

1. The corporation obtained its articles of incorporation through fraud; ~~or~~
2. The corporation has continued to exceed or abuse the authority conferred upon it by law; or
3. The corporation has been dissolved, either voluntarily or administratively, for 3 consecutive years.

(b) The enumeration in paragraph (a) of grounds for involuntary dissolution does not exclude actions or special proceedings by the Department of Legal Affairs or any state agency official for the annulment or dissolution of a

1 corporation for other causes as provided in any other statute
2 of this state.†

3 (2) In a proceeding by a shareholder if it is
4 established that:

5 (a) The directors are deadlocked in the management of
6 the corporate affairs, the shareholders are unable to break
7 the deadlock, and irreparable injury to the corporation is
8 threatened or being suffered; or

9 (b) The shareholders are deadlocked in voting power
10 and have failed to elect successors to directors whose terms
11 have expired or would have expired upon qualification of their
12 successors.†

13 (3) In a proceeding by a shareholder or group of
14 shareholders in a corporation having 35 or fewer shareholders
15 if it is established that:

16 (a) The corporate assets are being misapplied or
17 wasted, causing material injury to the corporation; or

18 (b) The directors or those in control of the
19 corporation have acted, are acting, or are reasonably expected
20 to act in a manner that is illegal or fraudulent.†

21 (4) In a proceeding by a creditor if it is established
22 that:

23 (a) The creditor's claim has been reduced to judgment,
24 the execution on the judgment returned unsatisfied, and the
25 corporation is insolvent; or

26 (b) The corporation has admitted in writing that the
27 creditor's claim is due and owing and the corporation is
28 insolvent.†~~or~~

29 (5) In a proceeding by the corporation to have its
30 voluntary dissolution continued under court supervision.

31 Section 2. This act shall take effect July 1, 1999.

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SENATE SUMMARY

Revises the criteria under which a circuit court may dissolve a corporation in a proceeding brought by the Department of Legal Affairs or any state agency.