

REVENUE: No revenue impact

FISCAL: No fiscal impact

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<b>Action:</b>	Do Pass
<b>Vote:</b>	5 - 0 - 0
<b>Yeas:</b>	Bonamici, Dingfelder, Kruse, Whitsett, Prozanski
<b>Nays:</b>	0
<b>Exc.:</b>	0
<b>Prepared By:</b>	Cheyenne Ross, Counsel
<b>Meeting Dates:</b>	5/12

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**WHAT THE MEASURE DOES:** Prohibits corporation or cooperative from denying previously-granted indemnification or payments to a director for expenses incurred in a proceeding. Allows corporation or cooperative to deny previously-granted indemnification or payments if, at the time of the act that gave rise to the proceeding, articles, bylaws or resolution authorized such denial after the occurrence of such an act. Declares emergency, effective on passage.

**ISSUES DISCUSSED:**

- Instability for directors if unable to rely on rights
- Affect on hiring and retention

**EFFECT OF COMMITTEE AMENDMENT:** No amendment.

**BACKGROUND:** House Bill 2681 comes from the Business Law Section of the Oregon State Bar to address a potential indemnification issue that arose in another state, where a corporation was allowed to alter a director's rights (*Schoon v. Troy Corp.*, 948 A.2d 1157 (Del.Ch. 2008)). House Bill 2681 prohibits such alteration unless governing articles or bylaws permit it.