

A-Engrossed House Bill 4058

Ordered by the House February 15
Including House Amendments dated February 15

Sponsored by Representatives HACK, WILLIAMSON, Senator HASS; Representatives BARKER, BARRETO, BOONE, DOHERTY, ESQUIVEL, EVANS, FAGAN, GILLIAM, GOMBERG, HOYLE, KENNEMER, KRIEGER, NOSSE, OLSON, STARK, WHISNANT, WILSON, Senators BEYER, BOQUIST, BURDICK, FERRIOLI, GELSER, GIROD, KNOPP, MONNES ANDERSON, STEINER HAYWARD, THATCHER, THOMSEN (Presession filed.)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

Permits corporation with shares that are registered under securities law of this state or under federal securities law to reject vote, consent, waiver or proxy authorization if shareholder has not complied with **certain** public disclosure requirements of securities law [*of this state or federal securities law*].

Requires corporation that rejects vote, consent, waiver or proxy authorization to do so for each shareholder that fails to comply with disclosure requirements. Prevents corporation from rejecting vote, consent, waiver or proxy authorization after shareholder complies with disclosure requirements.

Declares emergency, effective on passage.

A BILL FOR AN ACT

1
2 Relating to permissible corporate action when a shareholder fails to comply with public disclosure
3 laws; amending ORS 60.237; and declaring an emergency.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1.** ORS 60.237 is amended to read:

6 60.237. (1) If the name signed on a vote, consent, waiver or proxy authorization corresponds to
7 the name of a shareholder, [*the*] **a** corporation, if acting in good faith, [*is entitled to*] **may** accept the
8 vote, consent, waiver or proxy authorization and give [*it*] **the vote, consent, waiver or proxy au-**
9 **thorization** effect as the act of the shareholder.

10 (2) If the name signed on a vote, consent, waiver or proxy authorization does not correspond to
11 the name of [*its*] **a** shareholder, the corporation, if acting in good faith, [*is*] **may** nevertheless [*enti-*
12 *itled to*] accept the vote, consent, waiver or proxy authorization and give [*it*] **the vote, consent,**
13 **waiver or proxy authorization** effect as the act of the shareholder if:

14 (a) The shareholder is an entity and the name signed purports to be that of an officer or agent
15 of the entity;

16 (b) The name signed purports to be that of an administrator, executor, guardian or conservator
17 representing the shareholder and, if the corporation requests, evidence of fiduciary status acceptable
18 to the corporation has been presented with respect to the vote, consent, waiver or proxy authori-
19 zation;

20 (c) The name signed purports to be that of a receiver or trustee in bankruptcy of the share-
21 holder and, if the corporation requests, evidence of this status acceptable to the corporation has
22 been presented with respect to the vote, consent, waiver or proxy authorization;

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 (d) The name signed purports to be that of a pledgee, beneficial owner or attorney-in-fact of the
2 shareholder and, if the corporation requests, evidence acceptable to the corporation of the
3 signatory's authority to sign for the shareholder has been presented with respect to the vote, con-
4 sent, waiver or proxy authorization; or

5 (e) Two or more persons are the shareholder as cotenants or fiduciaries and the name signed
6 purports to be the name of at least one of the co-owners and the person signing appears to be acting
7 on behalf of all co-owners.

8 (3) The corporation is entitled to reject a vote, consent, waiver or proxy authorization if:

9 (a) The secretary or other officer or agent authorized to tabulate votes, acting in good faith,
10 has a reasonable basis for doubt about the validity of the signature on *[it]* **the vote, consent,**
11 **waiver or proxy authorization** or about the signatory's authority to sign for the shareholder[.];
12 **or**

13 (b) **The shares of the corporation are registered under ORS chapter 59 or under federal**
14 **securities law and the shareholder has failed to comply with the disclosure requirements**
15 **identified in 15 U.S.C. 78m(d) or 78p(a) with respect to the registered corporation.**

16 (4)(a) **A corporation that rejects a vote, consent, waiver or proxy authorization because**
17 **a shareholder failed to comply with the disclosure requirements identified in subsection (3)(b)**
18 **of this section shall reject a vote, consent, waiver or proxy authorization from each share-**
19 **holder that fails to comply with the disclosure requirements.**

20 (b) **A corporation may not continue to reject a vote, consent, waiver or proxy authori-**
21 **zation because a shareholder failed to comply with the disclosure requirements identified in**
22 **subsection (3)(b) of this section after the shareholder complies with the disclosure require-**
23 **ments.**

24 *[(4)]* (5) *[The]* A corporation and *[its]* **the corporation's** officer or agent who accepts or rejects
25 a vote, consent, waiver or proxy authorization in good faith and in accordance with the standards
26 of this section are not liable in damages to the shareholder for the consequences of the acceptance
27 or rejection.

28 *[(5)]* (6) Corporate action based on the acceptance or rejection of a vote, consent, waiver or
29 proxy authorization under this section is valid unless a court of competent jurisdiction determines
30 otherwise.

31 **SECTION 2. This 2016 Act being necessary for the immediate preservation of the public**
32 **peace, health and safety, an emergency is declared to exist, and this 2016 Act takes effect**
33 **on its passage.**

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