

16-16-1008 Liability for improper distributions -- Limitation of action.

- (1) A director who consents to a distribution that violates Section 16-16-1007 is personally liable to the limited cooperative association for the amount of the distribution which exceeds the amount that could have been distributed without the violation if it is established that in consenting to the distribution the director failed to comply with Section 16-16-818 or 16-16-819.
- (2) A member or transferee of financial rights which received a distribution knowing that the distribution was made in violation of Section 16-16-1007 is personally liable to the limited cooperative association to the extent the distribution exceeded the amount that could have been properly paid.
- (3) A director against whom an action is commenced under Subsection (1) may:
 - (a) implead in the action any other director who is liable under Subsection (1) and compel contribution from the person; and
 - (b) implead in the action any person that is liable under Subsection (2) and compel contribution from the person in the amount the person received as described in Subsection (2).
- (4) An action under this section is barred if it is commenced later than two years after the distribution.

Enacted by Chapter 363, 2008 General Session