

1 **UTAH REVISED BUSINESS CORPORATION**

2 **ACT AMENDMENTS**

3 2010 GENERAL SESSION

4 STATE OF UTAH

5 **Chief Sponsor: Daniel R. Liljenquist**

6 House Sponsor: Wayne A. Harper

7

8 **LONG TITLE**

9 **General Description:**

10 This bill modifies the Utah Revised Business Corporation Act to address the liability of
11 shareholders of a corporation.

12 **Highlighted Provisions:**

13 This bill:

- 14 ▶ addresses the liability of shareholders; and
- 15 ▶ makes technical amendments.

16 **Monies Appropriated in this Bill:**

17 None

18 **Other Special Clauses:**

19 None

20 **Utah Code Sections Affected:**

21 AMENDS:

22 **16-10a-622**, as enacted by Laws of Utah 1992, Chapter 277

23

24 *Be it enacted by the Legislature of the state of Utah:*

25 Section 1. Section **16-10a-622** is amended to read:

26 **16-10a-622. Liability of shareholders.**

27 (1) A purchaser from a corporation of shares issued by the corporation is not liable to
28 the corporation or its creditors with respect to the shares except to pay or provide the
29 consideration for which the issuance of the shares was authorized under Section 16-10a-621 or

30 specified in the subscription agreement under Section 16-10a-620.

31 (2) Unless otherwise provided in the articles of incorporation, a shareholder or
32 subscriber for shares of a corporation is not personally liable for the acts or debts of the
33 corporation solely by reason of the ownership of the corporation's shares.

34 (3) (a) A shareholder of a corporation, when acting solely in the capacity of a
35 shareholder, has no fiduciary duty or other similar duty to any other shareholder of the
36 corporation, including not having a duty of care, loyalty, or utmost good faith.

37 (b) This Subsection (3) applies to a corporation governed by this chapter, including a
38 public corporation or a closely-held corporation.

39 (c) This Subsection (3) does not affect any of the following:

40 (i) liability of a shareholder who receives an improper dividend or distribution, as set
41 forth in Section 16-10a-842;

42 (ii) liability for an act before incorporation, as set forth in Section 16-10a-204;

43 (iii) liability of a director or officer of a corporation for breach of a fiduciary duty or
44 other similar duty to shareholders solely in the capacity as a director or officer, regardless of
45 whether the director or officer is a shareholder of the corporation; or

46 (iv) liability of a director or officer of a corporation for an act, breach, or failure for
47 which liability is set forth in:

48 (A) Section 16-10a-840;

49 (B) Section 16-10a-841; or

50 (C) Section 16-10a-842.