

Part 16

Records, Information, and Reports

16-10a-1601 Corporate records.

- (1) A corporation shall keep as permanent records minutes of all meetings of its shareholders and board of directors, a record of all actions taken by the shareholders or board of directors without a meeting, and a record of all actions taken on behalf of the corporation by a committee of the board of directors in place of the board of directors, and a record of all waivers of notices of meetings of shareholders, meetings of the board of directors, or any meetings of committees of the board of directors.
- (2) A corporation shall maintain appropriate accounting records.
- (3) A corporation or its agent shall maintain a record of the names and addresses of its shareholders, in a form that permits preparation of a list of shareholders:
 - (a) that is arranged by voting group and within each voting group by class or series of shares;
 - (b) that is in alphabetical order within each class or series; and
 - (c) that shows the address of and the number of shares of each class and series held by each shareholder.
- (4) A corporation shall maintain its records in written form or in any form capable of conversion into written form within a reasonable time.
- (5) A corporation shall keep a copy of the following records at its principal office:
 - (a) its articles of incorporation currently in effect;
 - (b) its bylaws currently in effect;
 - (c) the minutes of all shareholders' meetings, and records of all action taken by shareholders without a meeting, for the past three years;
 - (d) all written communications within the past three years to shareholders as a group or to the holders of any class or series of shares as a group;
 - (e) a list of the names and business addresses of its current officers and directors;
 - (f) its most recent annual report delivered to the division under Section 16-10a-1607; and
 - (g) all financial statements prepared for periods ending during the last three years that a shareholder could request under Section 16-10a-1605.

Enacted by Chapter 277, 1992 General Session

16-10a-1602 Inspection of records by shareholders and directors.

- (1) A shareholder or director of a corporation is entitled to inspect and copy, during regular business hours at the corporation's principal office, any of the records of the corporation described in Subsection 16-10a-1601(5) if he gives the corporation written notice of the demand at least five business days before the date on which he wishes to inspect and copy.
- (2) In addition to the rights set forth in Subsection (1), a shareholder or director of a corporation is entitled to inspect and copy, during regular business hours at a reasonable location specified by the corporation, any of the following records of the corporation if the shareholder or director meets the requirements of Subsection (3) and gives the corporation written notice of the demand at least five business days before the date on which he wishes to inspect and copy:
 - (a) excerpts from:
 - (i) minutes of any meeting, records of any action taken by the board of directors, or by a committee of the board of directors while acting on behalf of the corporation in place of the board of directors;

- (ii) minutes of any meeting of the shareholders;
 - (iii) records of any action taken by the shareholders without a meeting; and
 - (iv) waivers of notices of any meeting of the shareholders, of any meeting of the board of directors, or of any meeting of a committee of the board of directors;
 - (b) accounting records of the corporation; and
 - (c) the record of shareholders described in Subsection 16-10a-1601(3).
- (3) A shareholder or director is entitled to inspect and copy records as described in Subsection (2) only if:
- (a) the demand is made in good faith and for a proper purpose;
 - (b) the shareholder or director describes with reasonable particularity his purpose and the records he desires to inspect; and
 - (c) the records are directly connected with his purpose.
- (4) For purposes of this section:
- (a) "proper purpose" means a purpose reasonably related to the demanding shareholder's or director's interest as a shareholder or director; and
 - (b) "shareholder" includes a beneficial owner whose shares are held in a voting trust and any other beneficial owner who establishes beneficial ownership.
- (5) The right of inspection granted by this section may not be abolished by a corporation's articles of incorporation or bylaws.
- (6) This section does not affect:
- (a) the right of a shareholder or director to inspect records under Section 16-10a-720 or, if the shareholder or director is in litigation with the corporation, to the same extent as any other litigant; or
 - (b) the power of a court, independent of this chapter, to compel the production of corporate records for examination.
- (7) A shareholder or director may not use any information obtained through the inspection or copying of records permitted by Subsection (2) for any purposes other than those set forth in a demand made under Subsection (3).

Enacted by Chapter 277, 1992 General Session

16-10a-1603 Scope of inspection right.

- (1) A shareholder's or director's agent or attorney has the same inspection and copying rights as the shareholder or director represented by the agent or attorney.
- (2) The right to copy records under Section 16-10a-1602 includes, if reasonable, the right to receive copies made by photographic, xerographic, or other means.
- (3) Except as provided in Section 16-10a-1606, the corporation may impose a reasonable charge, payable in advance, covering the costs of labor and material, for copies of any documents to be provided to the shareholder or director. The charge may not exceed the estimated cost of production or reproduction of the records.
- (4) The corporation may comply with a shareholder's or director's demand to inspect the record of shareholders under Subsection 16-10a-1602(2)(c) by providing him with a list of the corporation's shareholders that complies with Subsection 16-10a-1601(3) and was compiled no earlier than the date of the shareholder's or director's demand.

Enacted by Chapter 277, 1992 General Session

16-10a-1604 Court-ordered inspection.

- (1) If a corporation does not allow a shareholder or director, or the shareholder's or director's agent or attorney, who complies with Subsection 16-10a-1602(1) to inspect or copy any records required by that subsection to be available for inspection, the district court of the county in this state in which the corporation's principal office is located, or in Salt Lake County if it has no principal office in this state, may summarily order inspection and copying of the records demanded at the corporation's expense, on application of the shareholder or director denied access to the records.
- (2) If a corporation does not within a reasonable time allow a shareholder or director, or the shareholder's or director's agent or attorney, who complies with Subsections 16-10a-1602(2) and (3), to inspect and copy any records which he is entitled to inspect or copy by this part, then upon application of the shareholder or director denied access to the records, the district court of the county in this state where the corporation's principal office is located or, if it has no principal office in this state, the district court for Salt Lake County, may summarily order the inspection or copying of the records demanded. The court shall dispose of an application under this subsection on an expedited basis.
- (3) If a court orders inspection or copying of records demanded, it shall also order the corporation to pay the shareholder's or director's costs incurred to obtain the order, including reasonable counsel fees, unless the corporation proves that it refused inspection in good faith because it had a reasonable basis for doubt about the right of the shareholder or director, or the shareholder's or director's agent or attorney, to inspect the records demanded.
- (4) If a court orders inspection or copying of records demanded, it may:
 - (a) impose reasonable restrictions on the use or distribution of the records by the demanding shareholder or director;
 - (b) order the corporation to pay the shareholder or director for any damages incurred as a result of the corporation's denial if the court determines that the corporation did not act in good faith in refusing to allow the inspection or copying;
 - (c) if inspection or copying is ordered pursuant to Subsection (2), order the corporation to pay the expenses of inspection and copying if the court determines that the corporation did not act in good faith in refusing to allow the inspection or copying; and
 - (d) grant the shareholder or director any other available legal remedy.

Amended by Chapter 364, 2008 General Session

16-10a-1605 Financial statements.

Upon the written request of any shareholder, a corporation shall mail to him its most recent annual or quarterly financial statements showing in reasonable detail its assets and liabilities and the results of its operations.

Enacted by Chapter 277, 1992 General Session

16-10a-1606 Information respecting shares.

Upon the written request of any shareholder, a corporation at its own expense shall mail to him the information specified by Subsection 16-10a-625(3), whether or not the information is also contained or summarized on any share certificate of the shareholder. The corporation may comply with this section by mailing articles of incorporation including the designations, preferences, limitations, and relative rights applicable to each class and series of shares and the authority of the board of directors to determine variations for any existing or future class or series.

Enacted by Chapter 277, 1992 General Session

16-10a-1607 Annual report for division.

- (1) Each domestic corporation, and each foreign corporation authorized to transact business in this state, shall deliver to the division for filing an annual report on a form provided by the division that sets forth:
 - (a) the corporate name of the domestic or foreign corporation and any assumed corporate name of the foreign corporation;
 - (b) the jurisdiction under whose law it is incorporated;
 - (c) the information required by Subsection 16-17-203(1);
 - (d) the street address of its principal office, wherever located; and
 - (e) the names of its principal officers.
- (2) The division shall deliver a copy of the prescribed form of annual report to each domestic corporation and each foreign corporation authorized to transact business in this state.
- (3) Information in the annual report shall be current as of the date the annual report is executed on behalf of the corporation.
- (4) The annual report of a domestic or foreign corporation shall be delivered annually to the division no later than the end of the second calendar month following the calendar month in which the report form is mailed by the division. Proof to the satisfaction of the division that the corporation has mailed an annual report form is considered in compliance with this subsection.
- (5) If an annual report contains the information required by this section, the division shall file it. If a report does not contain the information required by this section, the division shall promptly notify the reporting domestic or foreign corporation in writing and return the report to it for correction. If the report was otherwise timely filed and is corrected to contain the information required by this section and delivered to the division within 30 days after the effective date of the notice of rejection, the annual report is considered to be timely filed.
- (6) The fact that an individual's name is signed on an annual report form is prima facie evidence for division purposes that the individual is authorized to certify the report on behalf of the corporation.
- (7) The annual report form provided by the division may be designed to provide a simplified certification by the corporation if no changes have been made in the required information from the last preceding report filed.
- (8) A domestic or foreign corporation may, but may not be required to, deliver to the division for filing an amendment to its annual report reflecting any change in the information contained in its annual report as last amended.

Amended by Chapter 378, 2010 General Session

16-10a-1608 Statement of person named as director or officer.

- (1) Any person named as a director or officer of a domestic or foreign corporation in an annual report or other document on file with the division may, if he does not hold the named position, deliver to the division for filing a statement setting forth:
 - (a) his name;
 - (b) the domestic or foreign corporation's name;
 - (c) information sufficient to identify the report or other document in which he is named as a director or officer; and

- (d) the date on which he ceased to be a director or officer of the domestic or foreign corporation, or a statement that he did not hold the position for which he was named in the corporate report or other document.

Enacted by Chapter 277, 1992 General Session