

**16-6a-824 Liability of directors for unlawful distributions.**

- (1)
  - (a) A director who votes for or assents to a distribution made in violation of Section 16-6a-1301 or the articles of incorporation is personally liable to the nonprofit corporation for the amount of the distribution that exceeds what could have been distributed without violating Section 16-6a-1301 or the articles of incorporation, if it is established that the director's duties were not performed in compliance with Section 16-6a-822.
  - (b) In any proceeding commenced under this section, a director has all of the defenses ordinarily available to a director.
- (2) A director held liable under Subsection (1) for an unlawful distribution is entitled to contribution:
  - (a) from every other director who could be held liable under Subsection (1) for the unlawful distribution; and
  - (b) from each member who accepted the distribution knowing the distribution was made in violation of Section 16-6a-1301 or the articles of incorporation.
- (3) The amount of the contribution from each member under Subsection (2)(b) is the amount of the distribution to the member multiplied by the percentage of the amount of distribution to all members that exceeded what could have been distributed to members without violating Section 16-6a-1301 or the articles of incorporation.

Amended by Chapter 197, 2002 General Session