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REVISE CORPORATIONS ACT REFERENCES TO UNIFORM FRAUDULENT TRANSFER ACT

House Bill 5950

Sponsor: Rep. Andrew Raczkowski

Committee: Commerce

Complete to 6-19-98

A SUMMARY OF HOUSE BILL 5950 AS INTRODUCED 6-18-98

Currently the Business Corporation Act specifies that the Uniform Fraudulent Conveyance Act does not apply to distributions governed by the Business Corporation Act. House Bill 5950 would amend the Business Corporation Act to revise the reference "Uniform Fraudulent Conveyance Act," and instead to make reference to the updated "Uniform Fraudulent Transfer Act."

[In May 1998 the House of Representatives passed House Bill 5708, the Uniform Fraudulent Transfer Act, a new law that would revise and replace the Uniform Fraudulent Conveyance Act. House Bill 5708 has been referred to the Senate Committee on Economic Development, International Trade, and Regulatory Affairs. Since the Uniform Fraudulent Conveyance Act was adopted by the Michigan legislature in 1919 (and also by 24 other states following a 1918 recommendation of the National Conference of Commissioners on Uniform State Laws), many related statutes have changed, and in addition, the idea of conveyance, a term generally used in reference to personal property, has expanded to include transfers both of personal and real property.

Some have argued that a new Uniform Fraudulent Transfer Act is necessary, in order to take into account changes made in related statutes and legal standards, including changes concerning fraudulent transfers made by the Bankruptcy Reform Act of 1978; changes in the law concerning security transfers under the Uniform Commercial Code; new provisions in the Model Corporations Act concerning the distribution of dividends; and new provisions in the Model Rules of Professional Conduct, which forbid a lawyer to knowingly assist a client in committing a fraud.]

MCL 450.1122

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