



Senate Fiscal Agency  
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BILL ANALYSIS

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House Bill 5323 (as reported without amendment)  
Sponsor: Representative Steve Tobocman  
House Committee: Commerce  
Senate Committee: Economic Development, Small Business and Regulatory Reform

### **CONTENT**

The bill would amend the Business Corporation Act to include in its definition of "willfully unfair and oppressive conduct" by a corporation the termination of employment or limitations on employment benefits to the extent that the actions interfered with distributions or other shareholder interests disproportionately as to the affected shareholder. The bill also would allow a corporation to give guarantees to a domestic or foreign limited liability company.

Under the Act, a shareholder may bring an action in the circuit court to establish that the acts of the directors or those in control of the corporation are illegal, fraudulent, or willfully unfair and oppressive to the corporation or to the shareholder.

"Willfully unfair and oppressive conduct" means a continuing course of conduct or a significant action or series of actions that substantially interferes with the interests of the shareholder as a shareholder. The bill would expand the definition as described above.

MCL 450.1106 et al.

Legislative Analyst: J.P. Finet

### **FISCAL IMPACT**

The bill would have no fiscal impact on State or local government.

Date Completed: 2-27-06

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