

NONPROFIT CORPORATION ACT (EXCERPT)
Act 162 of 1982

450.2489 Court action that certain acts illegal, fraudulent, or willfully unfair and oppressive; order or relief; "willfully unfair and oppressive conduct" defined.

Sec. 489. (1) A director of a corporation that is organized on a directorship basis, a shareholder of a corporation that is organized on a stock basis, or a member of a corporation that is organized on a membership basis may bring an action in the circuit court of the county in which the principal place of business or registered office of the corporation is located to establish that the acts of the directors, shareholders, members, or others in control of the corporation are illegal, fraudulent, or willfully unfair and oppressive to the corporation or to the director, member, or shareholder. If the director, member, or shareholder establishes grounds for relief, the circuit court may make an order or grant relief as it considers appropriate including, but not limited to, an order that provides for any of the following:

- (a) The dissolution and liquidation of the assets and affairs of the corporation.
 - (b) The cancellation or alteration of a provision contained in the articles of incorporation, an amendment of the articles of incorporation, or the bylaws of the corporation.
 - (c) The cancellation of, alteration of, or an injunction against a resolution or other act of the corporation.
 - (d) The direction or prohibition of an act of the corporation or of shareholders, members, directors, officers, or other persons that are parties to the action.
 - (e) The purchase at fair value of the shares of a shareholder or the membership of a member, either by the corporation or by the officers, directors, or other shareholders or members responsible for the wrongful acts. In establishing the fair value of the shares or membership for purposes of this subsection, a shareholder or member is not considered to have any interest in charitable or other assets of the corporation that would not be distributable to shareholders or members of the corporation in a dissolution under section 855.
 - (f) An award of damages to the corporation or a shareholder or member. A person must commence an action seeking an award of damages within 3 years after the cause of action under this section has accrued, or within 2 years after the shareholder or member discovers or reasonably should have discovered the cause of action under this section, whichever occurs first. In awarding damages under this subsection to a shareholder or member, the shareholder or member is not considered to have any interest in charitable or other assets of the corporation that would not be distributable to shareholders or members of the corporation in a dissolution under section 855.
- (2) As used in this section, "willfully unfair and oppressive conduct" with respect to a member or shareholder means a continuing course of conduct or a significant action or series of actions that substantially interferes with the rights or interests of the member or shareholder as a member or shareholder. The term does not include conduct or actions that are permitted by an agreement, the articles of incorporation, the bylaws, or a consistently applied written corporate policy or procedure.

History: Add. 2014, Act 557, Imd. Eff. Jan. 15, 2015.