

TITLE 4: ECONOMIC RESOURCES
DIVISION 4: CORPORATIONS, PARTNERSHIPS AND ASSOCIATIONS

§ 4474. Liability for Unlawful Distributions.

(a) A director who votes for or assents to a distribution made in violation of 4 CMC § 4381 or the articles of incorporation is personally liable to the corporation for the amount of distribution that exceeds what could have been distributed without violating 4 CMC § 4381 or the articles of incorporation if it is established that he did not perform his duties in compliance with 4 CMC § 4471. In any proceeding commenced under this section, a director has all of the defenses ordinarily available to a director.

(b) A director held liable under section (a) of this section for an unlawful distribution is entitled to contribution:

(1) From every other director who could be liable under subsection (a) of this section for the unlawful distribution; and

(2) From each shareholder for the amount the shareholder accepted knowing the distribution was made in violation of 4 CMC § 4381 or the articles of incorporation.

(c) A proceeding under this section is barred unless it is commenced within two years after the date on which the effect of the distribution was measured under 4 CMC § 4381(e) or (g).

Source: PL 10-7, § 1 (Bus. Corp. Reg. § 8.33).