

NONPROFIT CORPORATION ACT (EXCERPT)
Act 162 of 1982

450.2551 Liability of directors for certain corporate actions; liability of shareholder or member accepting or receiving distribution contrary to act.

Sec. 551.

(1) Directors who vote for or concur in any of the following corporate actions are jointly and severally liable to the corporation for its benefit or for the benefit of its creditors, shareholders, or members, for any legally recoverable injury suffered by the corporation or those creditors, shareholders, or members as a result of the action in an amount that does not exceed the difference between the amount paid or distributed and the amount that lawfully could have been paid or distributed:

(a) Declaring a share dividend or distribution to shareholders or members that is contrary to this act or contrary to any restriction in the articles of incorporation or bylaws.

(b) Making a distribution to shareholders or members during or after dissolution of the corporation without paying or providing for debts, obligations, and liabilities of the corporation as required under section 855.

(c) Making a loan to a director, officer, or employee of the corporation or a subsidiary of the corporation that is contrary to this act.

(2) A director is not liable under this section if he or she complies with section 541.

(3) A shareholder or member that accepts or receives a share dividend or distribution with knowledge of facts that indicate that it is contrary to this act, or any restriction in the articles of incorporation or bylaws, is liable to the corporation in the amount accepted or received in excess of the shareholder's or member's share of the amount that the corporation could lawfully distribute.

History: 1982, Act 162, Eff. Jan. 1, 1983 ;-- Am. 2014, Act 557, Imd. Eff. Jan. 15, 2015