

BUSINESS CORPORATION ACT (EXCERPT)
Act 284 of 1972

450.1492a Commencement of derivative proceeding by shareholder; criteria.

Sec. 492a.

A shareholder may not commence or maintain a derivative proceeding unless the shareholder meets all of the following criteria:

(a) The shareholder was a shareholder of the corporation at the time of the act or omission complained of or became a shareholder through transfer by operation of law from one who was a shareholder at that time.

(b) The shareholder fairly and adequately represents the interests of the corporation in enforcing the right of the corporation.

(c) The shareholder continues to be a shareholder until the time of judgment, unless the failure to continue to be a shareholder is the result of corporate action in which the former shareholder did not acquiesce and the derivative proceeding was commenced prior to the termination of the former shareholder's status as a shareholder.

History: Add. 1989, Act 121, Eff. Oct. 1, 1989 ;-- Am. 1993, Act 91, Eff. Oct. 1, 1993