

## Changes to Minnesota Business Corporation Act

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In our first quarterly newsletter of 2014, we explained that the Minnesota legislature was considering changes to Minnesota's limited liability company act. Rather than merely considering changes to the Minnesota Business Corporation Act ("MBCA"), on April 25, 2014, Governor Dayton signed a bill making a number of changes to the MBCA. These changes become effective August 1, 2014 and will apply to all for-profit corporations incorporated in Minnesota.

Among other changes, the new law will permit Minnesota corporations to re-incorporate in another state or become a foreign LLC using a one-step conversion process, so long as the law of the other state reciprocates and permits such a cross-border conversion. The new law also amends dissenters' rights by allowing "cashed-out" shareholders to seek the "fair value" of their fractional shares in court, following a reverse stock split. The standard of conduct for officers of a corporation is also amended to mirror that of a director of a corporation. In addition, the short-form merger process between parents and subsidiary companies is simplified by eliminating the requirement to state the precise number of shares of a subsidiary owned by a parent; instead, the parent company may simply state that it owns at least 90% of the outstanding shares of the merging subsidiary.