

BUSINESS LAW

COOPERATIVES

ORS 62.015, 62.265, 62.435**2015 OREGON LAWS CH. 113 (SB 35)**

Senate Bill 35 adds new language to ORS Chapter 62 on the notice requirements of cooperatives and modifies language in ORS 62.015, ORS 62.265, and ORS 62.435. The measure specifies that notification of elections and voting may be provided electronically and clarifies that notice is considered effective when it is received, five days after deposit in the mail, or on the date shown on the return receipt, if used. The bylaws or articles of incorporation may provide for an alternative effective date. Senate Bill 35 allows for a simple majority of a cooperative's members voting in support of a merger or sale of assets to signify support of the merger on behalf of the cooperative. The measure maintains the ability for a telecommunications cooperative board of directors to require a higher vote threshold, if desired.

Effective date: January 1, 2016. The amendments apply to notices that are communicated on or after the effective date.

ABOLISHING CORPORATIONS SOLE

ORS 65.057, 65.067**2015 OREGON LAWS CH. 278 (SB 77)**

Senate Bill 77 removed the corporate sole as a form of business entity for new corporations. Corporate soles in existence prior to the effective date are permitted to continue operations, subject to the requirements of ORS Chapter 65.

Corporate soles are nonprofit entities,

often established by a religious organization. A single person is appointed the sole financial officer rather than a board of directors. The corporate sole entity has been identified as a potential avenue for tax evasion; of the 270 active corporate sole organizations filed with the Oregon Secretary of State, 65% have been filed by the same parent organization.

Effective date: June 8, 2015.

BUSINESS ENTITIES MUST APPEAR
THROUGH COUNSEL**ORS 9.320****2015 OREGON LAWS CH. 7 (HB 2328)**

Prior to House Bill 2328, ORS 9.320 stated that persons are permitted to appear in court without an attorney, except that "the state or a corporation" must appear through an attorney. Courts have generally held that LLCs, partnerships, trusts, and other business entities must also appear through an attorney. HB 2328 clarifies this by replacing "corporation" with "party that is not a natural person."

Effective date: March 12, 2015.

CONVERTING BUSINESS ENTITIES;
SHAREHOLDERS' RIGHTS**ORS CH. 60, 62, 63, 65, 67, 70****2015 OREGON LAWS CH. 28 (HB 2330)**

House Bill 2330 deals with procedures when business entities convert from one form to another or merge. House Bill 2330 also addresses dissenting shareholder rights.

HB 2330 allows converting business entities

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to file written declaration stating the location where a plan of conversion is on file. The declaration must also state that the converting entity will provide any owner with a copy of the plan upon request and without cost in lieu of submitting plans to the Secretary of State (SOS).

Additionally, the articles of incorporation for a business entity may include an option to take action on less than unanimous written consent of all shareholders. A member who does not consent to the action has the same rights as those who oppose the action at a meeting. However, there was no method for notice to be delivered to members who are dissenting via writing. HB 2330 allows written notice of dissenters' rights be delivered to all shareholders entitled to such notice, and specifies procedures for providing such notice.

Effective date: January 1, 2016. The amendments apply to filings with the Secretary of State that occur, and corporate actions that are proposed to occur, on or after the effective date.