S T A T E O F N E W Y O R K

4678

2011-2012 Regular Sessions

I N A S S E M B L Y

February 4, 2011

Introduced by M. of A. P. RIVERA -- read once and referred to the Committee on Corporations, Authorities and Commissions

AN ACT to amend the business corporation law, in relation to authorizing any shareholder owning twenty percent or more of the issued shares to elect that proportion of the directors which is equal to such shareholder's ownership of corporate shares

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. Section 618 of the business corporation law is amended to read as follows:

S 618. Cumulative voting.

(A) The certificate of incorporation of any corporation may provide that in all elections of directors of such corporation each shareholder shall be entitled to as many votes as shall equal the number of votes which, except for such provisions as to cumulative voting, he OR SHE would be entitled to cast for the election of directors with respect to his OR HER shares multiplied by the number of directors to be elected, and that he OR SHE may cast all of such votes for a single director or may distribute them among the number to be voted for, or any two or more of them, as he OR SHE may see fit, which right, when exercised, shall be termed cumulative voting.

(B) IF ANY SHAREHOLDER WHO OWNS TWENTY PERCENT OR MORE OF THE ISSUED AND OUTSTANDING SHARES OF ANY CORPORATION SHALL PETITION THE BOARD OF DIRECTORS OF SUCH CORPORATION TO CAUSE THE ARTICLES OF INCORPORATION OF SUCH CORPORATION TO BE AMENDED TO PROVIDE FOR CUMULATIVE VOTING AS PROVIDED IN PARAGRAPH (A) OF THIS SECTION, THE BOARD OF DIRECTORS SHALL PROMPTLY CAUSE SUCH ARTICLES OF INCORPORATION TO BE SO AMENDED BEFORE THE NEXT SCHEDULED MEETING OF SHAREHOLDERS FOR THE PURPOSE OF ELECTING DIRECTORS, UNLESS SUCH NEXT MEETING WAS SCHEDULED AND NOTICED TO BE HELD LESS THAN NINETY DAYS FROM THE DATE OF SUCH SHAREHOLDER PETITION.

S 2. This act shall take effect on the first of January next succeeding the date on which it shall have become a law, and shall apply to elections of directors occurring on or after such date.

EXPLANATION--Matter in ITALICS (underscored) is new; matter in brackets [ ] is old law to be omitted.

LBD00078-01-1