

SB0542



94TH GENERAL ASSEMBLY

State of Illinois

2005 and 2006

SB0542

Introduced 2/17/2005, by Sen. John J. Cullerton

SYNOPSIS AS INTRODUCED:

805 ILCS 5/7.75

from Ch. 32, par. 7.75

Amends the Business Corporation Act of 1983. In a Section concerning shareholder examination of corporate records, changes the term "books and records of accounts" to "financial records".

LRB094 10045 RXD 40303 b

A BILL FOR

1 AN ACT concerning business.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Business Corporation Act of 1983 is amended
5 by changing Section 7.75 as follows:

6 (805 ILCS 5/7.75) (from Ch. 32, par. 7.75)

7 Sec. 7.75. Corporate records - Examination by
8 shareholders. (a) Each corporation shall keep correct and
9 complete financial records ~~books and records of account~~ and
10 shall also keep minutes of the proceedings of its shareholders
11 and board of directors and committees thereof; and shall keep
12 at its registered office or principal place of business in this
13 State, or at the office of a transfer agent or registrar in
14 this State, a record of its shareholders, giving the names and
15 addresses of all shareholders and the number and class of the
16 shares held by each. A record of shareholders certified by an
17 officer or transfer agent shall be competent evidence in all
18 courts of this State.

19 (b) Any person who is a shareholder of record shall have
20 the right to examine, in person or by agent, at any reasonable
21 time or times, the corporation's financial records ~~books and~~
22 ~~records of account~~, minutes, voting trust agreements filed with
23 the corporation and record of shareholders, and to make
24 extracts therefrom, but only for a proper purpose. In order to
25 exercise this right, a shareholder must make written demand
26 upon the corporation, stating with particularity the records
27 sought to be examined and the purpose therefor.

28 (c) If the corporation refuses examination, the
29 shareholder may file suit in the circuit court of the county in
30 which either the registered agent or principal office of the
31 corporation is located to compel by mandamus or otherwise such
32 examination as may be proper. If a shareholder seeks to examine

1 financial records ~~books or records of account~~ the burden of
2 proof is upon the shareholder to establish a proper purpose. If
3 the purpose is to examine minutes or the record of shareholders
4 or a voting trust agreement, the burden of proof is upon the
5 corporation to establish that the shareholder does not have a
6 proper purpose.

7 (d) Any officer, or agent, or a corporation which shall
8 refuse to allow any shareholder or his or her agent so to
9 examine and make extracts from its financial records ~~books and~~
10 ~~records of accounts~~, minutes and records of shareholders, for
11 any proper purpose, shall be liable to such shareholder, in a
12 penalty of up to ten per cent of the value of the shares owned
13 by such shareholder, in addition to any other damages or remedy
14 afforded him or her by law. It shall be a defense to any action
15 for penalties under this Section that the person suing therefor
16 has within two years sold or offered for sale any list of
17 shareholders of such corporation or any other corporation or
18 has aided or abetted any person in procuring any list of
19 shareholders for any such purpose, or has improperly used any
20 information secured through any prior examination of the
21 financial records ~~books and records of account~~, ~~or~~ minutes, or
22 records of shareholders of such corporation or any other
23 corporation.

24 (e) Upon the written request of any shareholder of a
25 corporation, the corporation shall mail to such shareholder
26 within 14 days after receipt of such request a balance sheet as
27 of the close of its latest fiscal year and a profit and loss
28 statement for such fiscal year; provided that if such request
29 is received by the corporation before such financial statements
30 are available, the corporation shall mail such financial
31 statements within 14 days after they become available, but in
32 any event within 120 days after the close of its latest fiscal
33 year.

34 (Source: P.A. 84-924.)