OKLAHOMA STATUTES
TITLE 18. CORPORATIONS

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§18-1.248. Statutes, acts, and parts thereof specifically repealed.

The following statutes, acts, and parts thereof are hereby specifically repealed: Sections 121 to 126, inclusive, Title 12, Oklahoma Statutes 1941; Sections 891 to 896, inclusive, Title 12, Oklahoma Statutes 1941; Sections 1 to 186, inclusive, Title 18, Oklahoma Statutes 1941; and, Sections 451 to 459, inclusive, Title 18, Oklahoma Statutes 1941; Sections 501 to 508, inclusive of Title 18, O.S. 1941; Section 1 of Chapter 1, Title 18, Session Laws of 1945; and Section 1 to 25, inclusive, of Chapter 2, Title 18, Session Laws of 1945.

Added by Laws 1947, p. 188, § 248.

§18-381.1. Short title.

Sections 381.1 through 381.78 of this title and Sections 6, 7, 8, 25, 26, 27, 32, 37, 38, 39, 46, 50, 51, and 80 through 87 of this act shall be known and may be cited as the "Oklahoma Savings and Loan Code".

Added by Laws 1970, c. 101, § 1, eff. June 1, 1970. Amended by Laws 1987, c. 61, § 1, emerg. eff. May 4, 1987; Laws 1988, c. 65, § 1, emerg. eff. March 25, 1988; Laws 2000, c. 81, § 1, eff. Nov. 1, 2000.

§18-381.2. Definitions.

As used in the Oklahoma Savings and Loan Code:

1. "Act" or "this act" means the Oklahoma Savings and Loan Code;

2. "Association" means a savings and loan association or savings bank, including any association previously referred to as a building and loan association, incorporated and now existing under the laws of this state or hereafter incorporated under this act or which is otherwise authorized to transact savings and loan association or savings bank business under this act;

3. "Branch" means any place of business separated from the main office of an association at which deposits are received, checks paid, or money lent;

4. "Capital accounts" means permanent capital stock, undivided profits, surplus or reserves;

5. "Certificate of Authority" means a certificate issued by the Commissioner authorizing an association to transact association business;

6. "Commissioner" means the State Banking Commissioner, or the State Deputy Banking Commissioner when acting on behalf of the Commissioner pursuant to subsections C or E of Section 201 of Title 6 of the Oklahoma Statutes;

7. "Consumer banking electronic facility" means any electronic device owned, operated, leased by or on behalf of a bank, savings association, or credit union other than a telephone or modem operated by a customer of a depository institution, to which a person may initiate an electronic fund transfer. The term includes, without limitations, a point-of-sale terminal, automatic teller machine, automated loan machines, video banking centers, or any other similar electronic devices;

8. "Department" means the Oklahoma State Banking Department;

9. "Deposit account" means any form of deposit, share or other account maintained by a depositor at an association, including demand deposit accounts, whether evidenced by a passbook, certificate, or otherwise, and which does not represent permanent capital stock;

10. "Deposit association" means an association which is qualified to accept deposit accounts or which becomes so qualified pursuant to this act;

11. "Earnings" means the money payable or to be credited to holders of deposit accounts by an association as payment for the use of the funds which constitute such accounts. Earnings on deposit accounts in a deposit association may be designated as interest, and earnings on other deposit accounts may be designated as dividends;

12. "Existing mutual association" means a mutual association which was authorized to do business in Oklahoma on the effective date of this act;

13. "Federal association" means a savings and loan association or savings bank organized and existing under the laws of the United States;

14. "Foreign association" means any firm, company, association, partnership or corporation, by whatever name called, actually engaged in the savings association business, which is not organized under the laws of this state or of the United States;

15. "Insured association" means an association the deposit accounts of which are insured by the Federal Deposit Insurance Corporation to the extent provided by federal law;

16. "Main office" means the office location which has been designated by the Commissioner or the Office of Thrift Supervision as the main office of an association;

17. "Member" means the holder of a deposit account of a mutual association, and also includes the owner of real estate upon which the mutual association holds a mortgage or deed of trust;

18. "Mutual association" means an association which derives its principal capital from the deposit accounts of its members and whose members have the right to participate in the management of the association. The term includes any association organized or existing under prior laws of this state. A mutual association is

not a deposit association unless and until it becomes qualified as such;

19. "Net worth" of a stock association shall mean the aggregate of the permanent capital stock account, paid-in surplus, earned surplus, legal and federal insurance reserves and undivided profits;

20. "Permanent capital stock" means that part of the capital or liabilities of an association representing ownership of the association and which is not subject to being withdrawn or the value paid to the holder thereof unless and until all other liabilities of the association have been fully liquidated and paid;

21. "Shares" or "share accounts" means any deposit account issued by a mutual association in the form of installment shares, optional installment shares, full paid shares, prepaid shares, savings shares, or other shares by whatever name called, evidenced by passbook, certificate, or other evidence or holding;

22. "Stock association" means an association which issues permanent capital stock and which limits the right to participate in the management of the association to the holders of such permanent capital stock. Stock associations are also deposit associations;

23. "Stockholder" means the holder of permanent capital stock;

24. "Withdrawable account" means a deposit account of an association which does not represent permanent capital stock; and

25. "Withdrawal value" means the amount paid to an association on a deposit account plus earnings credited thereto, less lawful deductions therefrom.

Added by Laws 1970, c. 101, § 2, eff. June 1, 1970. Amended by Laws 1978, c. 168, § 1, eff. July 1, 1979; Laws 1986, c. 219, § 4, emerg. eff. June 9, 1986; Laws 1988, c. 65, § 2, emerg. eff. March 25, 1988; Laws 1990, c. 118, § 1, emerg. eff. April 23, 1990; Laws 1993, c. 183, § 29, eff. July 1, 1993; Laws 2000, c. 81, § 2, eff. Nov. 1, 2000.

§18-381.2a. Successor agency to Federal Savings and Loan Insurance Corporation - Construction of terms.

Wherever the terms "Federal Savings and Loan Insurance Corporation" or "FSLIC" appear in the Oklahoma Statutes, such terms shall be deemed to refer to the successor agency to the Federal Savings and Loan Insurance Corporation established pursuant to federal law.

Added by Laws 1993, c. 183, § 30, eff. July 1, 1993.

§18-381.3. Conformity of existing associations.

The certificate of incorporation and certificate of authority to transact business as an association, of every association heretofore organized under the laws of this state and existing as of January 1, 2000, shall continue in full force and effect, and the same shall be deemed as modified to conform with this act without the adoption of

a new certificate of incorporation or issuance of a new certificate of authority. The contracts, obligations and liabilities of every such association, and the contracts, notes, mortgages, investments and other assets and rights of every kind and nature held by it, as well as its bylaws and resolutions, shall continue in full force and effect. Every such association and every association hereafter incorporated shall have perpetual existence, subject to merger, conversion or liquidation pursuant to the provisions of this act.
Added by Laws 1970, c. 101, § 3, eff. June 1, 1970. Amended by Laws 1988, c. 65, § 3, emerg. eff. March 25, 1988; Laws 2000, c. 81, § 3, eff. Nov. 1, 2000.

§18-381.4. Existing capital accounts.

The shares of capital, savings share accounts or other capital accounts of every existing association, and the certificates and passbooks evidencing the same, in whatever form issued, shall continue in full force and effect with full deposit account holders' rights, including the right to withdraw, to vote and to share in distribution of assets upon liquidation of the association.
Added by Laws 1970, c. 101, § 4, eff. June 1, 1970. Amended by Laws 2000, c. 81, § 4, eff. Nov. 1, 2000.

§18-381.5. Abolition of Oklahoma Savings and Loan Board - Transfer of power, duties and responsibilities to State Banking Commissioner.

A. The Oklahoma Savings and Loan Board is abolished. The power, duties and responsibilities exercised by the Oklahoma Savings and Loan Board shall be transferred to the State Banking Commissioner. All unexpended funds, property, records, personnel and outstanding financial obligations and encumbrances of the Oklahoma Savings and Loan Board are hereby transferred to the Oklahoma State Banking Department.

B. Any reference to the Oklahoma Savings and Loan Board in the Oklahoma Statutes or in rules promulgated pursuant to the Oklahoma Statutes shall mean the State Banking Commissioner.

C. The rules promulgated by the Oklahoma Savings and Loan Board shall continue in effect until such rules are amended or repealed by rule of the Commissioner promulgated pursuant to the provisions of Article I of the Administrative Procedures Act, Section 250.3 et seq. of Title 75 of the Oklahoma Statutes.
Added by Laws 1970, c. 101, § 5, eff. June 1, 1970. Amended by Laws 1988, c. 65, § 4, emerg. eff. March 25, 1988; Laws 1993, c. 183, § 31, eff. July 1, 1993; Laws 2000, c. 81, § 5, eff. Nov. 1, 2000.

§18-381.5a. Repealed by Laws 2013, c. 227, § 4, eff. Nov. 1, 2013.

§18-381.6. Repealed by Laws 1993, c. 183, § 73, eff. July 1, 1993.

§18-381.6a. Records - Confidentiality.

A. The following records in the Oklahoma State Banking Department are designated as public records:

1. All applications for association charters and branches and supporting information with the exception of personal financial records of individual applicants;

2. All records introduced at public hearings on association charter and branch applications;

3. Information disclosing the failure of an association, a foreign association and their branches in this state and the reasons therefor;

4. Reports of completed investigations which uncover a shortage of funds in an association or an out-of-state association and branches of either, after the reporting of the shortage to proper authorities by the State Banking Commissioner;

5. Names of all stockholders and officers of associations, foreign associations, holding companies, and branches of foreign associations located in this state filed in the office of the Secretary of State; and

6. Regular financial call reports of associations.

B. All other records in the Department shall be confidential and not subject to public inspection. However, the Commissioner may, in the sole discretion of the Commissioner, divulge such confidential information after receipt of a written request which shall:

1. Specify the record or records to which access is requested; and

2. Give the reasons for the request.

Such records may also be produced pursuant to a valid judicial subpoena or other legal process requiring production, if the Commissioner determines that the records are relevant to the hearing or proceeding and that production is in the best interests of justice. The records may be disclosed only after a determination by the Commissioner that good cause exists for the disclosure. Either prior to or at the time of any disclosure, the Commissioner shall impose such terms and conditions as the Commissioner deems necessary to protect the confidential nature of the record, the financial integrity of any institution to which the record relates, and the legitimate privacy of any individual named in such records.

Added by Laws 2000, c. 81, § 6, eff. Nov. 1, 2000.

§18-381.7a. Examinations – Reports by associations - Penalty.

A. 1. The State Banking Commissioner shall, at least every eighteen (18) months or as often as the Commissioner deems advisable, examine every association, and for the purpose of making such examinations and special examinations, shall have full access to all books, papers, securities, records and other sources of

information under the control of the association. The Commissioner shall make and file in the office of the Commissioner a report in detail disclosing the results of such examination. The Commissioner shall mail a copy of the report to the association examined. However, the Commissioner may accept, in lieu of any three consecutive association examinations, an examination of the association by the Office of Thrift Supervision, if conducted within a reasonable period of time, and if a copy of the examination is furnished to the Commissioner.

2. The Commissioner may also accept any other report relative to the condition of an association, which shall include joint or concurrent examinations that may be obtained by the authorities within a reasonable period, in lieu of such report authorized by the laws of this state to be required of such association by the Oklahoma State Banking Department, provided a copy of such report is furnished to the Commissioner.

3. The Commissioner may enter into cooperative, coordinating and information-sharing agreements with the Federal Deposit Insurance Corporation, the Federal Home Loan Bank Board, or the Office of Thrift Supervision with respect to the periodic examination or other supervision of any association.

4. When requested in writing upon authority of the board of directors or stockholders owning a majority of the capital stock of any association, the Commissioner shall, if in the opinion of the Commissioner such examination is desirable, make or cause to be made an examination into the affairs and conditions of such association. For such examination, the association shall pay the same fees as provided for in subsection D of Section 381.15 of this title.

B. Every association shall make two reports each year. Associations may be required to make more reports if called upon by the Commissioner. All reports shall be according to the form which may be prescribed by the Commissioner. The reports shall be verified by the oath or affirmation of the president, cashier or secretary of such association and attested by the signatures of at least two of the directors. Each report shall exhibit, in detail and under appropriate headings, the resources and liabilities of the association at the close of business on any last day specified by the Commissioner, shall be transmitted to the Commissioner within thirty (30) calendar days after the call date, and may, at the option of the association, be published at the expense of the association in the same form in which it is presented to the Commissioner. The Commissioner shall also have the power to request special reports from any association whenever, in the judgment of the Commissioner, such reports are necessary in order to gain a full and complete knowledge of its condition. However, the reports authorized and required by this section, to be requested by the Commissioner, shall relate to a date prior to the date of such

request and such prior date shall be specified in the request. Additionally, the Commissioner may accept, in lieu of the reports referred to in this section, reports made by associations that are members of the Federal Home Loan Bank System on forms provided by the Federal Home Loan Bank System.

C. Every association which fails to make and transmit any report required pursuant to this section shall be subject to a penalty, at the discretion of the Commissioner, not to exceed Fifty Dollars ($50.00) for each day, after the specified period, that the association delays to make and transmit its report. Whenever any association delays or refuses to pay the penalty herein imposed for a failure to make and transmit a report, the Commissioner is hereby authorized to maintain an action in the name of the state against the delinquent association for the recovery of such penalty, and all sums collected by such action shall be paid into the State Treasury to be credited to the General Revenue Fund.

D. The Commissioner may provide a form for the examinations and reports set forth in this section. All examinations and reports received by the Commissioner shall be preserved in the office of the Commissioner for a period of not less than five (5) years. The preservation may be in an electronic format, and paper copies or originals need not be retained. Such examination, reports and all other records of operating associations in the Department are to be kept confidential, except as permitted by this act.
Added by Laws 2000, c. 81, § 7, eff. Nov. 1, 2000.

§18-381.8. Repealed by Laws 1993, c. 183, § 73, eff. July 1, 1993.

§18-381.8a. Preservation of documents – Electronically stored or imaged documents or reproductions.

All documents which the Oklahoma State Banking Department is required, by any provision of this act or by any other statute or rule of this state, to retain or preserve in its possession may be retained and preserved, in lieu of retention of the original records or copies, in an electronic format and stored by electronic imaging or otherwise so that the documents may be reproduced later. Any such electronically stored or imaged document or reproduction shall have the same force and effect as the original document and be admitted in evidence as if such document was the original.
Added by Laws 2000, c. 81, § 8, eff. Nov. 1, 2000.

§18-381.9. Repealed by Laws 2000, c. 81, § 88, eff. Nov. 1, 2000.

§18-381.10. Certificate of authority.

No association or foreign association shall transact business or operate in this state without a certificate of authority issued by the State Banking Commissioner.

Laws 1970, c. 101, § 10, eff. June 1, 1970; Laws 1993, c. 183, § 34, eff. July 1, 1993.

§18-381.11. Supervision by State Banking Commissioner – Additional powers – Orders – Notice and hearing – Temporary orders – Cooperative agreements - Opinions.

A. The State Banking Commissioner shall have general supervision of associations, in addition to the authority set forth in other sections of this act. In addition to other powers conferred by this act, the Commissioner shall have the power to order an association, a holding company of an association, shareholder, officer, director, or employee to:

1. Maintain an accounting system in accordance with such rules as may be prescribed by the Commissioner; provided, the accounting system required shall have due regard to the size of the association;

2. Observe methods and standards which the Commissioner may prescribe for determining the value of various types of assets;

3. Charge off the whole or part of an asset which at the time of the Commissioner's action could not lawfully be acquired;

4. Write down an asset to its market value;

5. Record liens and other interests in property;

6. Obtain a financial statement from a borrower to the extent the association can do so;

7. Obtain insurance against damage to real estate taken as security;

8. Search, or obtain insurance for, the title to real estate taken as security;

9. Maintain adequate insurance against such other risks as the Commissioner may determine to be necessary and appropriate for the protection of depositors and the public; and

10. Cease and desist from engaging in any act or transaction, or doing any act in furtherance thereof, which would constitute a violation of the provisions of this act, applicable federal laws, the applicable laws of another state, or a lawful regulation issued thereunder, or to cease and desist from engaging in any unsafe or unsound practice.

B. Before issuing an order provided for in subsection A of this section, the Commissioner shall give reasonable notice and opportunity for a hearing. However, if the Commissioner makes written findings of fact that the protection of depositors will be harmed by delay in issuing an order provided for in subsection A of this section, the Commissioner may issue a temporary order pending the hearing on the order provided for in subsection A of this section. The temporary order shall remain in effect until three (3) business days after the hearing on the order provided for in subsection A of this section and shall become final if the

association subject to the order fails within fifteen (15) days after the receipt of the order to request a hearing to determine whether the temporary order should be modified, vacated, or become final. If a hearing on the temporary order is not held upon written request, the temporary order shall dissolve, and the order provided for in subsection A of this section shall not be issued except upon reasonable notice and opportunity for hearing.

C. The Commissioner may enter into cooperative, coordinating, and information-sharing agreements with any other supervisory agencies or any organization affiliated with or representing one or more supervisory agencies with respect to the periodic examination or other supervision of any association, bank holding company, or branch in this state or an out-of-state association, or any branch of an Oklahoma-chartered association in any other state, and the Commissioner may accept such reports of examination and reports of investigation in lieu of conducting the Commissioner's own examinations or investigations.

D. The Commissioner may enter into cooperative agreements with other regulatory agencies to facilitate the regulation of associations and holding companies doing business in this state. The Commissioner may accept reports of examinations and other records from such other agencies in lieu of the Oklahoma State Banking Department conducting the examinations of associations controlled by out-of-state holding companies. The Commissioner may take any action jointly with other regulatory agencies having concurrent jurisdiction over associations and holding companies or may take such actions independently in order to carry out the Commissioner's responsibilities.

E. 1. The Commissioner may issue interpretive statements containing matters of general policy for the guidance of associations subject to this act. The Commissioner may amend or repeal an interpretative statement by issuing an amended statement or notice of repeal of a statement and shall provide notice thereof and make it available upon request to all associations chartered under this act.

2. The Commissioner may issue opinions in response to specific requests from members of the public or the association industry directly or through the Deputy State Banking Commissioner or the attorneys of the Department. The Commissioner may amend or repeal an opinion by issuing an amended statement or notice of repeal of an opinion and shall provide notice thereof and make it available upon request to all associations chartered under this act. However, the requesting party may rely on the original opinion if:

a. all material facts were originally disclosed to the Commissioner,

b. considerations of safety and soundness of the affected association are not implicated with respect to further and prospective reliance on the original opinion, and
c. the text and interpretation of relevant governing provisions of this act have not been changed by legislative or judicial action.

3. An interpretive statement or opinion issued under this section does not have the force of law and is not a rule.

F. Upon failure of such association to comply with the order or requirements of the Commissioner, the Commissioner may suspend the certificate of authority to transact business of such association, or the Commissioner may place the association in receivership in the manner provided by this act.

Added by Laws 1970, c. 101, § 11, eff. June 1, 1970. Amended by Laws 1993, c. 183, § 35, eff. July 1, 1993; Laws 2000, c. 81, § 9, eff. Nov. 1, 2000.

§18-381.12. Repealed by Laws 1993, c. 183, § 73, eff. July 1, 1993.

§18-381.13. Savings and loan administrator.

The State Banking Commissioner may appoint a savings and loan administrator with special duties and authority of conducting and supervising examinations of associations in addition to such other duties as the Commissioner may assign to the savings and loan administrator.

The bond of the savings and loan administrator shall be the same as that set for the Deputy State Banking Commissioner.

Added by Laws 1970, c. 101, § 13, eff. June 1, 1970. Amended by Laws 1979, c. 173, § 10; Laws 1988, c. 65, § 7, emerg. eff. March 25, 1988; Laws 2000, c. 81, § 10, eff. Nov. 1, 2000.

§18-381.14. Limitation of liability.

The State Banking Commissioner, or any member of his staff including any member of the Savings and Loan Advisory Council, shall not be liable in any civil action for damages for any act done or omitted in good faith in performing the functions of his office.

Laws 1970, c. 101, § 14, eff. June 1, 1970; Laws 1993, c. 183, § 36, eff. July 1, 1993.

§18-381.15. Examination and audit reports from Director of the Office of Thrift Supervision – Assessments and fees – Special examinations.

A. In the case of any insured association which is examined periodically by the Director of the Office of Thrift Supervision, and whose financial records are audited periodically in accordance with regulations of the Director of the Office of Thrift Supervision, the State Banking Commissioner may accept such

examination and audit reports, and rely upon accuracy thereof, in lieu of examinations by the savings and loan administrator. It shall be the responsibility of each insured association to provide such reports to the Commissioner within ten (10) days of such time as such reports are received from the agency, person or firm preparing them. The Commissioner may require a special examination of any association to be made at any time when in the judgment of the Commissioner an examination may be necessary.

B. The Commissioner shall charge and collect assessments from each association chartered pursuant to this act on each One Thousand Dollars ($1,000.00) of assets, or major fraction thereof, at a rate established by the Commissioner. The Commissioner may charge and collect assessments on an annual basis and may, in addition to any annual assessment, charge and collect a special assessment from each association, at rates established by the Commissioner. Assessments shall be deposited in the Oklahoma State Banking Department revolving fund pursuant to Section 211.1 of Title 6 of the Oklahoma Statutes. Effective January 1, 2005, and each year thereafter, twenty percent (20%) of all assessments collected pursuant to this subsection shall be deposited to the General Revenue Fund of the State Treasury. The annual assessments shall be paid to the Oklahoma State Banking Department no later than the fifth day of February in each year.

C. The Commissioner shall charge and collect from each association under the supervision of the Commissioner an annual fee, in addition to the assessment set forth in subsection B of this section, of not more than Five Hundred Dollars ($500.00), which shall be deposited in the Oklahoma State Banking Department revolving fund as set forth in Section 211.1 of Title 6 of the Oklahoma Statutes.

D. Whenever it is deemed advisable by the Commissioner, a special examination of an association may be conducted. The expense of the Department necessarily incurred in the special examination shall be chargeable to the association at a rate not in excess of Fifty Dollars ($50.00) per examiner per hour plus travel expenses as provided by Section 201.1 of Title 6 of the Oklahoma Statutes for each examining person while engaged at such association.

E. Each foreign association doing business in this state under a certificate of authority shall furnish to the Commissioner, with each annual examination report, a statement showing the total amount of Oklahoma real estate loans and other loans made to Oklahoma residents. The annual supervisory fee of every such foreign association shall be computed and paid on the aggregate amount of such loans at the rate of twelve cents ($0.12) per One Thousand Dollars ($1,000.00) of such loans.

F. Except as otherwise provided by law, all fees set by the Commissioner or otherwise provided for in rules promulgated by the

Commissioner shall be deposited in the Department revolving fund pursuant to Section 211.1 of Title 6 of the Oklahoma Statutes.
Added by Laws 1970, c. 101, § 15, eff. June 1, 1970. Amended by Laws 1975, c. 236, § 2, emerg. eff. May 30, 1975; Laws 1979, c. 173, § 11; Laws 1988, c. 65, § 8, emerg. eff. March 25, 1988; Laws 1990, c. 118, § 2, emerg. eff. April 23, 1990; Laws 1993, c. 183, § 37, eff. July 1, 1993; Laws 2000, c. 81, § 11, eff. Nov. 1, 2000; Laws 2003, c. 356, § 8, emerg. eff. June 3, 2003.

§18-381.16. Filing requirements for new mutual and stock associations.

At any time hereafter when ten or more individuals, residents of this state, desire to form a mutual association, or one or more individuals, residents of this state, desire to form a stock association under the provisions of this act, such persons, hereinafter referred to as the incorporators, shall file with the State Banking Commissioner the following:

1. Four copies of the proposed certificate of incorporation, signed and acknowledged by all of the incorporators and addressed to the Secretary of State;

2. An original and three copies of an application for a certificate of authority to transact business as an association, addressed to the Commissioner;

3. Four copies of the proposed bylaws for the proposed association;

4. A remittance of Two Hundred Dollars ($200.00) payable to the Secretary of State of Oklahoma, as the incorporation fee in lieu of the fees prescribed by paragraph 9 of subsection A of Section 1142 of this title, which shall not be applicable to an association; and

5. A deposit of Two Thousand Dollars ($2,000.00) payable to the Commissioner to be used for the purpose of defraying expenses of an investigation and report of the feasibility of the proposed association and other expenses incidental to the consideration of the application.

Added by Laws 1970, c. 101, § 16, eff. June 1, 1970. Amended by Laws 1975, c. 236, § 3, emerg. eff. May 30, 1975; Laws 1984, c. 229, § 7, operative July 1, 1984; Laws 1988, c. 65, § 9, emerg. eff. March 25, 1988; Laws 1990, c. 118, § 3, emerg. eff. April 23, 1990; Laws 1993, c. 183, § 38, eff. July 1, 1993; Laws 2000, c. 81, § 12, eff. Nov. 1, 2000.

§18-381.17. Contents of certificate of incorporation.

The certificate of incorporation shall set forth:

1. The name of the association;

2. That its term of existence is perpetual;

3. That the purpose for which it is formed is to engage in the business of an association pursuant to the Oklahoma Savings and Loan Code and the rules promulgated thereunder;

4. The place where it is to maintain the main office for the transaction of business;

5. The names and addresses of the incorporators, and the amounts of the deposit accounts or number of shares of stock subscribed by each of them;

6. If the association will be a stock association, the number of shares of stock of each class to be authorized and issued and the par value per share; and

7. Such other proper provisions to govern the business and affairs of the association as may be desired by the incorporators.

Added by Laws 1970, c. 101, § 17, eff. June 1, 1970. Amended by Laws 1988, c. 65, § 10, emerg. eff. March 25, 1988; Laws 1993, c. 183, § 39, eff. July 1, 1993; Laws 2000, c. 81, § 13, eff. Nov. 1, 2000.

§18-381.18. Application and supporting data.

The application for a certificate of authority to transact business as an association shall be accompanied by data concerning the community in which the proposed association is to be located, the occupations of the incorporators, and a plan for payment of expenses of the proposed association until it is incorporated and is granted a certificate of authority, in the case of a stock association, or until it becomes self-sustaining from its own operating income in the case of a mutual association.

Added by Laws 1970, c. 101, § 18, eff. June 1, 1970. Amended by Laws 1988, c. 65, § 11, emerg. eff. March 25, 1988; Laws 2000, c. 81, § 14, eff. Nov. 1, 2000.

§18-381.19. Order – Certificate of authority.

The State Banking Commissioner shall act upon and issue an order granting or denying each application for a certificate of authority. If the Commissioner finds that the application should be granted, the Commissioner shall designate the amount of deposit accounts required and fix a reasonable time within which the funds subscribed may be placed in escrow in a bank or trust company approved by the Commissioner, to be delivered to the association after incorporation or returned to the subscribers if incorporation is not completed. The Commissioner may also require the incorporators to advance funds necessary to pay organizational expenses and other expenses for starting business, such advances to be repaid by the association after its incorporation and the granting of its certificate of authority, in the case of a stock association, or after its income is sufficient to meet reserve requirements, in the case of a mutual association, and further, in the case of a mutual association, to

pay reasonable earnings on the deposit accounts of the association. If and when all requirements are met, a certificate of authority shall be issued by the Commissioner. The Secretary of State shall file the approved certificate of incorporation upon receipt of the incorporation fee. If the deposit accounts of the association are to be insured, approval shall be contingent upon the making, by the proposed association, of a bona fide application for insurance of accounts and deposits by the Federal Deposit Insurance Corporation and upon approval of such application by the Federal Deposit Insurance Corporation.
Added by Laws 1970, c. 101, § 19, eff. June 1, 1970. Amended by Laws 1975, c. 236, § 4, emerg. eff. May 30, 1975; Laws 1988, c. 65, § 12, emerg. eff. March 25, 1988; Laws 1990, c. 118, § 4, emerg. eff. April 23, 1990; Laws 1993, c. 183, § 40, eff. July 1, 1993; Laws 2000, c. 81, § 15, eff. Nov. 1, 2000.

§18-381.20. Payment into escrow account - Required savings capital.

A. Before a certificate of authority is issued for a new mutual association, there shall be paid into the escrow fund as subscriptions to deposit accounts of the proposed association such aggregate amount as the State Banking Commissioner shall deem adequate, but, if insured, not less than an amount necessary to meet the requirements of the Federal Deposit Insurance Corporation. If the organizers intend to organize and operate the association without federal insurance on its deposit accounts, the amount paid into the escrow fund as subscriptions to deposit accounts of the proposed association shall be at the sole discretion of the Commissioner.

B. No permanent capital stock association may be organized hereafter unless, prior to the filing of its certificate of incorporation, such amounts of its permanent capital stock as the Commissioner shall deem adequate, but, if insured, not less than an amount necessary to meet the requirements of the Federal Deposit Insurance Corporation shall have been subscribed for and paid for in lawful money of the United States. If the organizers intend to organize and operate the association without federal insurance on its deposit accounts, the amount of permanent capital stock required shall be at the sole discretion of the Commissioner.
Added by Laws 1970, c. 101, § 20, eff. June 1, 1970. Amended by Laws 1978, c. 168, § 2, eff. July 1, 1979; Laws 1987, c. 61, § 3, emerg. eff. May 4, 1987; Laws 1988, c. 65, § 13, emerg. eff. March 25, 1988; Laws 1990, c. 118, § 5, emerg. eff. April 23, 1990; Laws 1993, c. 183, § 41, eff. July 1, 1993; Laws 2000, c. 81, § 16, eff. Nov. 1, 2000.

§18-381.21. Corporate existence - Organizational meeting.

The corporate existence of an association shall begin on the date of filing of the certificate of incorporation with the Secretary of State and within thirty (30) days thereafter an organizational meeting shall be held by the deposit account holders or permanent capital stock subscribers pursuant to notice mailed to each of them not less than seven (7) days before the date of the meeting. At such meeting, bylaws of the association shall be adopted and directors shall be elected.
Added by Laws 1970, c. 101, § 21, eff. June 1, 1970. Amended by Laws 1978, c. 168, § 3, eff. July 1, 1979; Laws 1988, c. 65, § 14, emerg. eff. March 25, 1988; Laws 2000, c. 81, § 17, eff. Nov. 1, 2000.

§18-381.22. Corporate name.

The name of every association hereafter incorporated pursuant to this act, and of any existing association which hereafter changes its name, shall be approved by the State Banking Commissioner. The name shall not so nearly resemble the name of another association or federal association as to be likely to deceive the public. Associations may operate under trade names as approved by the Commissioner.
Added by Laws 1970, c. 101, § 22, eff. June 1, 1970. Amended by Laws 1987, c. 61, § 4, emerg. eff. May 4, 1987; Laws 1990, c. 118, § 6, emerg. eff. April 23, 1990; Laws 1993, c. 183, § 42, eff. July 1, 1993; Laws 2000, c. 81, § 18, eff. Nov. 1, 2000.

§18-381.23. Exclusiveness of name.

No person, firm, company, partnership or corporation, either domestic or foreign, unless lawfully authorized to do business in this state under the provisions of this act, shall do business in this state under any name or title which contains the terms "savings and loan", "building and loan", "savings association", "savings bank" or combination of such terms in any manner which indicates or reasonably implies that its business is of the character or kind carried on or transacted by an association, or that is likely to lead any person to believe that such business is that of an association. Upon application by the Commissioner, or any association, a court of competent jurisdiction may issue an injunction to restrain any such entity from violating or continuing to violate the provisions of this section.
Added by Laws 1970, c. 101, § 23, eff. June 1, 1970. Amended by Laws 1988, c. 65, § 15, emerg. eff. March 25, 1988; Laws 2000, c. 81, § 19, eff. Nov. 1, 2000.

§18-381.24. Change of office location - Change of name.

No association shall move its main office or branch office, or change its name except with permission granted by order of the State

Banking Commissioner. In the event permission is granted to move the main office to a town or city other than that named in the certificate of incorporation of the association, or to change the name, an amended certificate of incorporation shall be filed. Added by Laws 1970, c. 101, § 24, eff. June 1, 1970. Amended by Laws 1988, c. 65, § 16, emerg. eff. March 25, 1988; Laws 1990, c. 173, § 19, emerg. eff. May 3, 1990; Laws 1993, c. 183, § 43, eff. July 1, 1993; Laws 2000, c. 81, § 20, eff. Nov. 1, 2000.

§18-381.24a. Branch banking - Deposit limitation – Certificate - Penalty.

A. Beginning on the effective date of this act, upon approval of the State Banking Commissioner, any association shall be authorized to establish and operate in this state, on real property owned or leased by the association, an unlimited number of branches by acquisition, de novo, or otherwise. Such branches may be fixed or mobile, and any permissible function, business, power, or activity of any kind of the association may be performed or engaged in at such location. However, branches established by acquisition shall be subject to the limitations as set forth in subsection B of this section.

B. 1. It shall be unlawful for any association to acquire any other association, federal association or bank in this state or any portion of its assets if such acquisition would result in the association having direct or indirect ownership or control of more than fifteen percent (15%) of the aggregate deposits of all financial institutions located in this state which have deposits insured by the Federal Deposit Insurance Corporation as determined by the Commissioner on the basis of the most recent reports of such institutions to their supervisory authorities which are available at the time of the proposed acquisition.

2. The deposit limitation provided for in this subsection shall not apply to disallow an acquisition of a bank, association or federal association if control results only by reason of ownership or control of shares of such financial institution acquired directly or indirectly:

a. in a good faith fiduciary capacity, except when such shares are held for the benefit of the acquiring association's shareholders, or
b. by an association in the regular course of securing or collecting a debt previously contracted in good faith, or
c. at the request of or in connection with the exercise of regulatory authority for the purpose of preventing imminent failure of the bank, association or federal association or to protect the depositors thereof as

determined by the principal supervisory agency in its sole discretion.

Provided, however, at the end of a period of five (5) years from the date of acquisition, for the circumstances set forth in subparagraphs b and c of this paragraph, the deposits of the acquired bank or association or federal association shall be included in computing the deposit limitation and if deposits are in excess, appropriate reductions and disposition shall be made within six (6) months to meet such limitations. Further, in the circumstances set forth in subparagraph c of this paragraph, the Commissioner and the Federal Deposit Insurance Corporation shall give priority in authorizing any such acquisition to any acquiring association whose total deposits do not exceed the deposit limitation.

C. 1. No association shall be permitted to establish or operate a branch except upon certificate issued by the Commissioner or Office of Thrift Supervision.

2. The application for a certificate to establish, operate, or relocate a branch of an association shall comply with the regulations of the Commissioner.

D. The provisions of this section shall not be construed in derogation or denial of the right to operate and maintain facilities as provided for in Sections 381.24b, 381.24c and 381.24d of this title.

E. A violation of any portion of this section, upon conviction, shall be a misdemeanor punishable by a fine not exceeding Five Hundred Dollars ($500.00). Each day's violation shall constitute a separate offense.

F. Nothing contained in this section shall be construed to limit the authority of federal savings associations to branch in accordance with federal law and regulations.

Added by Laws 1990, c. 173, § 20, emerg. eff. May 3, 1990. Amended by Laws 1992, c. 295, § 29, eff. July 1, 1992; Laws 1993, c. 183, § 44, eff. July 1, 1993; Laws 1994, c. 17, § 1, emerg. eff. April 4, 1994; Laws 1996, c. 48, § 1, emerg. eff. April 8, 1996; Laws 2000, c. 81, § 21, eff. Nov. 1, 2000; Laws 2000, c. 205, § 37, emerg. eff. May 17, 2000.

§18-381.24b. Detached facilities - Certificate - Making of loans prohibited - Penalty.

A. 1. Any association may maintain and operate, subject to the approval of the State Banking Commissioner as evidenced by the certificate of the Commissioner, outside attached facilities and detached facilities on real property owned or leased by the association having one or more tellers' windows for drive-in or walk-up service or both.

2. Any branch may maintain and operate outside attached facilities having one or more tellers' windows for drive-in or walk-up service or both on property owned or leased by the association.

B. 1. No association shall be permitted to maintain and operate such additional outside facilities except upon certificate issued by the Commissioner. The issuance of the certificates shall rest solely in the discretion of the Commissioner.

2. The application for a certificate to maintain and operate a detached facility shall comply with the rules of the Commissioner. An application fee shall be payable to the Oklahoma State Banking Department in an amount set by rule of the Commissioner.

3. Any association function may be performed at the facilities except that of making loans. Upon the recommendation of the Commissioner, the Attorney General shall bring an appropriate action to enjoin an association from conducting the making of loans at such facilities.

4. Any association validly operating a detached facility prior to May 3, 1990, shall be granted a certificate to continue its operation at such facility.

5. The provisions of this section shall not be construed in derogation or denial of the right to operate and maintain facilities as provided for in Sections 381.24c and 381.24d of this title.

C. A violation of any portion of this section shall be and constitute a misdemeanor punishable upon conviction by a fine not exceeding Five Hundred Dollars ($500.00). Each day's violation shall constitute a separate offense.

D. Nothing contained in this section shall be construed to limit the authority of federal savings associations to maintain and operate outside or detached facilities in accordance with federal law and regulations.

Added by Laws 1990, c. 173, § 21, emerg. eff. May 3, 1990. Amended by Laws 1993, c. 183, § 45, eff. July 1, 1993; Laws 2000, c. 81, § 22, eff. Nov. 1, 2000.

§18-381.24c. Military savings facilities - Certificate - Application - Functions permitted - Penalty.

A. Any association may, subject to the approval of the State Banking Commissioner as evidenced by its certificates, and subject to the approval of the military installation commander as evidenced by a letter of approval, maintain and operate a military savings facility on any military installation located in this state.

B. As used in this section, the term "military savings facility" shall mean a detached facility or branch maintained by an association upon a military installation within this state, provided such military savings facility must be within the confines of a military reservation and located upon property owned or leased by the United States government.

C. 1. No association shall be permitted to maintain and operate such military savings facility, except on certificate issued by the Commissioner. The issuance of such certificate shall rest solely in the discretion of the Commissioner.

2. The application for a certificate to maintain and operate a military savings facility shall comply with the regulations of the Commissioner. An application fee shall be payable to the Oklahoma State Banking Department in an amount set by rule of the Commissioner.

3. No association function shall be performed at the facility save that of accepting deposits, cashing checks, making change, selling drafts, cashier's checks, money orders, traveler's checks, etc., accepting payment for personal utility bills, redeeming and selling United States Savings Bonds, and such other services as the installation commander may request, in writing, of the association. Upon the recommendation of the Commissioner, the Attorney General shall bring an appropriate action to enjoin an association from conducting association functions at such facility other than those herein granted.

D. A violation of any portion of this section shall be and constitute a misdemeanor punishable upon conviction by a fine not exceeding Five Hundred Dollars ($500.00). Each day's violation shall constitute a separate offense.

Added by Laws 1990, c. 173, § 22, emerg. eff. May 3, 1990. Amended by Laws 1993, c. 183, § 46, eff. July 1, 1993; Laws 2000, c. 81, § 23, eff. Nov. 1, 2000.

§18-381.24d. Consumer banking electronic facilities - Assistance in operation of facility - Access - Authority of federal savings associations.

A. Any association may install, operate or utilize consumer banking electronic facilities, provided written notice is given to the State Banking Commissioner prior to the commencement of operations of each facility. Such notice shall contain any reasonable descriptive information pertaining to the facility as shall be required by the rules or regulations of the Commissioner.

B. A consumer banking electronic facility, when located other than at an association's main office or detached facility, may be operated exclusively by association customers or transactions may be performed through the assistance of any person provided that person is not employed, either directly or indirectly, by any association, association holding company or subsidiary thereof. Such assistance shall not be deemed to be engaging in association business. Persons assisting association customers at the site of a consumer banking electronic facility may be trained by association employees and nothing in this section shall be construed to prohibit periodic servicing of a consumer banking electronic facility by an

association employee. Under no circumstances may an employee of an association, association holding company, affiliate or subsidiary thereof perform transactions for others at the consumer banking electronic facility. However, a consumer banking electronic facility located on the business premises of a person engaged in the sale of goods or services may be used to perform internal nonbanking functions for such persons.

C. Consumer banking electronic facility transactions shall be considered as the conduct of association transactions at the main office of the association for which the data is transmitted.

D. 1. An association or combination of associations or business entity or organization offering such services to an association which establishes or maintains a manned or unmanned consumer banking electronic facility or facilities shall make the use thereof available to associations located in this state on a fair and equitable basis of nondiscriminatory access and rates. Provided, that if a retailer does accept any credit or debit card or other system, nothing herein shall be construed to deprive such retailer of the right to accept or reject any other credit or debit card or other system offered by any other association or business entity.

2. An association or combination of associations which establishes and maintains a manned consumer banking electronic facility or facilities may make the use thereof available on a reciprocal basis to banks and credit unions located in this state on a fair and equitable basis of nondiscriminatory access and rates.

3. In the event of a dispute, the Commissioner shall have the jurisdiction to determine, after a hearing conducted upon notice and pursuant to regulations adopted by the Commissioner, what constitutes a fair and equitable basis of nondiscriminatory access and rates, based upon cost of installation and proportionate usage of the facility. A principal factor in any equitable formula of shared costs of installation and/or operation shall give weight to the number of transactions of each participating association.

4. Proceedings under this section shall be subject to Article II of the Administrative Procedures Act, Section 309 et seq. of Title 75 of the Oklahoma Statutes.

E. Nothing contained in this section shall be construed to limit the authority of federal savings associations to install, operate or utilize consumer banking electronic facilities in accordance with federal law and regulations.

Added by Laws 1990, c. 173, § 23, emerg. eff. May 3, 1990. Amended by Laws 1993, c. 183, § 47, eff. July 1, 1993; Laws 2000, c. 81, § 24, eff. Nov. 1, 2000.

§18-381.24e. Operations centers.

Upon written notice to the State Banking Commissioner, any association may establish one or more operations centers on property owned or leased by the association. For purposes of this section, "operations center" means an association facility separated from the main office of the association at which only the following association operations are conducted: computer processing, information systems, electronic communications, loan payment processing, bookkeeping, item processing, currency and coin processing and storage, data processing, and all support functions related thereto.
Added by Laws 2000, c. 81, § 25, eff. Nov. 1, 2000.

§18-381.24f. Origination of loans and deposit accounts at locations other than main or branch office.

Subject to rules as may be promulgated by the State Banking Commissioner, an association may utilize employees of the association to originate loans or originate deposit accounts, or both, at locations other than the main office or a branch office of such association, provided that the loan decision is made and the loan is funded at the main office or a branch office of the association and provided that no deposits shall be accepted or received at the deposit origination office.
Added by Laws 2000, c. 81, § 26, eff. Nov. 1, 2000.

§18-381.24g. Association subsidiary as agent of holding company.

A. Any association subsidiary of an association holding company may receive deposits, renew time deposits, close loans, service loans, and receive payments on loans and other obligations as an agent for any other bank or association owned or controlled by the same holding company.

B. Despite any other provision of law, an association as an agent in accordance with subsection A of this section for an affiliate shall not be considered a branch of the affiliate.

C. An agency relationship between subsidiary institutions pursuant to subsection A of this section shall be on terms that are consistent with safe and sound practices and all applicable regulations of any appropriate regulatory agency.
Added by Laws 2000, c. 81, § 27, eff. Nov. 1, 2000.

§18-381.25. Amendment of certificate of incorporation.

An amended certificate of incorporation must be signed and acknowledged by all of the directors of the association, and shall conform with the requirements for the original certificate of incorporation except that the names and addresses of the directors shall be stated in lieu of names of the incorporators. An amended certificate of incorporation shall be submitted to the State Banking Commissioner for approval and shall be filed with the Secretary of

State upon payment by the association of the statutory filing fees for filing an amended certificate of incorporation.
Added by Laws 1970, c. 101, § 25, eff. June 1, 1970. Amended by Laws 1987, c. 61, § 5, emerg. eff. May 4, 1987; Laws 1988, c. 65, § 17, emerg. eff. March 25, 1988; Laws 2000, c. 81, § 28, eff. Nov. 1, 2000.

§18-381.26. Bylaws - Resolutions of savings and loan associations - Limiting director's liability.

A. The bylaws of every association shall prescribe the notice and the time and place of the annual meeting of members or stockholders; the requirements for holding special meetings of members or stockholders; and the manner of determining the number and terms of office of the directors.

B. 1. Provisions with respect to directors' meetings, the selection and duties of officers, making of loans, issuance of various classes of deposit accounts or permanent capital stock, distribution of earnings, amendments of the bylaws, rights and obligations of members or stockholders, and any other matters concerning operations of the association not in conflict with this act or rules of the State Banking Commissioner and not otherwise inconsistent with law or the certificate of incorporation of the association may be included in the bylaws.

2. The bylaws or a resolution of an association as adopted or amended by the members or stockholders may include a provision eliminating or limiting the personal liability of a director to the association or its holding company, or to the shareholders of either for any negligence in the performance of his duties but not for:

a. any breach of the director's duty of loyalty to the association or its holding company, or to the shareholders of either,
b. acts or omissions not in good faith or which involve intentional misconduct or a violation of law, or
c. any transaction from which the director derived an improper personal benefit.

C. All bylaws and amendments hereafter adopted shall be promptly submitted to the Commissioner for approval. Any decision of the Commissioner disapproving proposed amendments may be appealed pursuant to the provisions of Section 207 of Title 6 of the Oklahoma Statutes.

D. The bylaws of each association shall constitute laws of the association, subordinate to this act, to the rules of the Commissioner, and to applicable federal regulations.

E. The provisions of the Oklahoma General Corporation Act shall, insofar as the Oklahoma General Corporation Act is not inconsistent with this act, govern associations operating pursuant to the provisions of this act.

Added by Laws 1970, c. 101, § 26, eff. June 1, 1970. Amended by Laws 1978, c. 168, § 4, eff. July 1, 1979; Laws 1987, c. 61, § 6, emerg. eff. May 4, 1987; Laws 1988, c. 65, § 18, emerg. eff. March 25, 1988; Laws 1990, c. 118, § 7, emerg. eff. April 23, 1990; Laws 1993, c. 183, § 48, eff. July 1, 1993; Laws 2000, c. 81, § 29, eff. Nov. 1, 2000.

§18-381.27. Membership and voting rights.

Every holder of a deposit account of a mutual association and every borrower on the security of a mortgage or acquiring ownership of property upon which a mortgage is held by the association shall be deemed a member of such association. In a mutual association, a holder of a deposit account shall be entitled to one vote for each One Hundred Dollars ($100.00) of the deposit account of the holder, and a mortgagor or owner of property on which the association holds a mortgage shall be entitled to one vote at all meetings of the members. Holders of the capital stock in a stock association shall have exclusive voting rights.

Added by Laws 1970, c. 101, § 27, eff. June 1, 1970. Amended by Laws 1978, c. 168, § 5, eff. July 1, 1979; Laws 2000, c. 81, § 30, eff. Nov. 1, 2000.

§18-381.28. Members meetings.

An annual meeting of the members or stockholders of each association shall be held to elect directors, and special meetings of the members or stockholders may be called and held pursuant to such notice as may be provided by the bylaws.

Amended by Laws 1988, c. 65, § 19, emerg. eff. March 25, 1988.

§18-381.29. Voting by proxy.

At any meeting of the members or stockholders of an association or federal association voting may be in person or by proxy appointing a person or group to cast the votes of the member or stockholder, provided that no proxy shall be eligible to be voted at any meeting unless such proxy shall have been filed with the association at least five (5) days prior to the date of the meeting. Unless otherwise specified in the proxy, every proxy shall continue in force from year to year until revoked by a writing duly delivered to the secretary or until superseded by a subsequent proxy.

Laws 1970, c. 101, § 29, eff. June 1, 1970; Laws 1978, c. 168, § 7, eff. July 1, 1979.

§18-381.30. Quorum.

At an annual meeting or at any special meeting of the members any number of members present in person or by proxy eligible to be voted constitutes a quorum. At an annual meeting or at any special meeting of a stock association, stockholders of a majority of the

stock held shall be present in person or by proxy eligible to be voted to constitute a quorum. A majority of all votes cast at any meeting of members shall determine any questions unless this act specifically provides otherwise.
Laws 1970, c. 101, § 30, eff. June 1, 1970; Laws 1978, c. 168, § 8, eff. July 1, 1979.

§18-381.31. Directors.

A. The operating and business policies of each association shall be directed by a board of directors of not less than five nor more than fifteen persons elected by a majority of the votes of the members or stockholders present in person or by proxy at the annual meeting. Directors need not be members or stockholders unless so required by the association's certificate of incorporation or bylaws. A majority of the directors shall be bona fide residents of this state. Directors may be elected for a longer term than one (1) year if the bylaws so provide, but no director may be elected for a term longer than three (3) years, and the terms of at least two directors shall expire each year.

B. If a vacancy occurs with respect to the board of directors, the remaining directors, though less than a quorum, may fill such vacancy by electing a director or directors to serve the remainder of the unexpired term for the class of directors in which such vacancies exist.

C. The board of directors shall meet each year, following the annual members' or stockholders' meeting, and shall elect the officers at such meeting. Such additional meetings of the board of directors shall or may be held as the bylaws shall require or permit. A majority of the directors, if present at any meeting, shall constitute a quorum unless the bylaws otherwise provide.
Added by Laws 1970, c. 101, § 31, eff. June 1, 1970. Amended by Laws 1978, c. 168, § 9, eff. July 1, 1979; Laws 1986, c. 219, § 5, emerg. eff. June 9, 1986; Laws 1987, c. 61, § 7, emerg. eff. May 4, 1987; Laws 1988, c. 65, § 20, emerg. eff. March 25, 1988; Laws 2000, c. 81, § 31, eff. Nov. 1, 2000.

§18-381.31a. Examination of association affairs by board of directors.

The board of directors of every association shall examine, at least once in each calendar year at intervals of not more than fifteen (15) months, all the affairs of the association including the character and value of investments and loans, the efficiency of operating procedures, and such other matters as the Commissioner prescribes. A report of the examination shall be submitted promptly to the Commissioner and shall embody such information as the Commissioner requires. The board of directors may provide that such examination shall be conducted by a committee of not less than three

directors, by certified public accountants, or by independent auditors responsible only to the board of directors. Such examination shall be made when practicable without the assistance of the executive officers of the bank or trust company. Such report of examination shall be reviewed by the directors at the next meeting of the board of directors.
Added by Laws 2000, c. 81, § 32, eff. Nov. 1, 2000.

§18-381.32. Officers.

The officers of an association shall consist of a president to be chosen from among the directors, one or more vice-presidents, a secretary, a treasurer, and any other officers authorized by the bylaws or by the directors. Any number of offices may be held by the same person unless the certificate of incorporation or bylaws provide otherwise.
Amended by Laws 1988, c. 65, § 21, emerg. eff. March 25, 1988.

§18-381.33. Indemnification - Directors, officers, employees and agents.

Any association shall have power to indemnify any person who is or was an officer, director, employee or agent of the association, or who is or was serving at the request of the association as an officer, director, employee or agent of another corporation, partnership, joint venture, trust or other enterprise unless such person has violated paragraph 2 of subsection B of Section 381.26 of this title, in accordance with Section 1031 of this title.
Amended by Laws 1987, c. 61, § 8, emerg. eff. May 4, 1987.

§18-381.34. Fidelity bonds - Waiver.

Every association must protect itself against loss of money or property by or through any fraud, dishonesty, forgery or alteration, larceny, theft, embezzlement, or other criminal act of any director, officer, employee or agent, by a blanket bond covering all personnel and agents or by individual fidelity bonds, issued by a corporate surety. The amount and form of each such bond and sufficiency of the surety thereon shall be subject to review and disapproval by the State Banking Commissioner. The Commissioner may waive the bond requirement, in whole or in part, upon a showing by the association that such bonding is either unavailable, economically infeasible, or an imprudent business decision. Such waiver shall be for a period of time, to be stated in the Commissioner's order, not exceeding one (1) year, subject to extension upon further application. The order of the Commissioner waiving the bond requirement shall be conditioned on the association continuing to seek an available, economically feasible bond.

Added by Laws 1970, c. 101, § 34, eff. June 1, 1970. Amended by Laws 1987, c. 61, § 9, emerg. eff. May 4, 1987; Laws 2000, c. 81, § 33, eff. Nov. 1, 2000.

§18-381.35. Repealed by Laws 2000, c. 81, § 88, eff. Nov. 1, 2000.

§18-381.36. Reserves and liquidity.

Every association shall set up and maintain reserves for the purpose of absorbing losses and shall maintain such portion of its assets in cash and other liquid assets as shall be required by regulations of the State Banking Commissioner and by other applicable federal regulations.

Added by Laws 1970, c. 101, § 36, eff. June 1, 1970. Amended by Laws 1988, c. 65, § 22, emerg. eff. March 25, 1988; Laws 1990, c. 118, § 8, emerg. eff. April 23, 1990; Laws 1993, c. 183, § 49, eff. July 1, 1993; Laws 2000, c. 81, § 34, eff. Nov. 1, 2000.

§18-381.37. Capital - Deposit accounts - Liability.

A. A mutual association may raise capital in the form of deposit accounts or shares for such fixed, minimum or indefinite periods of time as are authorized by its bylaws or by regulations of the State Banking Commissioner. Such deposit accounts shall all have equal priority upon liquidation. A mutual association may issue such passbooks, certificates, and other evidence of deposit accounts as are now or hereafter so authorized. With the exception of forms now in use by existing associations, all such forms evidencing deposit accounts shall be promptly submitted to the Commissioner, or to the Director of the Office of Thrift Supervision, and the issuance of any such form shall be immediately discontinued in the event of disapproval. Unless otherwise provided by its bylaws, the total amount of deposit account liability of a mutual association is unlimited.

B. A stock association may incur liabilities in the form of deposit accounts for such fixed, minimum or indefinite periods of time as are authorized by its bylaws or by regulations of the Commissioner. Such deposits shall all have equal priority upon liquidation. A stock association may issue such passbooks, certificates and other evidence of deposits as are now or may hereafter be authorized for deposit associations. New or proposed forms evidencing deposit accounts shall be promptly submitted to the Commissioner and to the Director of the Office of Thrift Supervision, and the issuance of any such form shall be immediately discontinued in the event of disapproval. In stock associations, holders of deposit accounts shall participate first in all assets upon liquidation, but only to the extent of their deposit accounts. Unless otherwise provided by its bylaws, the total amount of deposit account liability of a stock association is unlimited.

Added by Laws 1970, c. 101, § 37, eff. June 1, 1970. Amended by Laws 1978, c. 168, § 11, eff. July 1, 1979; Laws 1988, c. 65, § 23, emerg. eff. March 25, 1988; Laws 1990, c. 118, § 9, emerg. eff. April 23, 1990; Laws 1993, c. 183, § 50, eff. July 1, 1993; Laws 2000, c. 81, § 35, eff. Nov. 1, 2000.

§18-381.38. Classification of deposit accounts.

Any association may classify its deposit accounts according to the character, amount or duration thereof, or regularity of additions thereto, and may pay additional or higher rates of earnings on accounts based on such classifications than is paid on regular deposit accounts, provided that any such higher rate, or bonus, to be paid on any class of accounts shall not exceed the limitations prescribed by the State Banking Commissioner or by applicable federal regulations. A mutual association may also classify its accounts according to type of account, such as full paid, single payment, installment, optional installment, bonus or other types of accounts designated by the bylaws and permitted by the Commissioner.

Added by Laws 1970, c. 101, § 38, eff. June 1, 1970. Amended by Laws 1978, c. 168, § 12, eff. July 1, 1979; Laws 1990, c. 118, § 10, emerg. eff. April 23, 1990; Laws 1993, c. 183, § 51, eff. July 1, 1993; Laws 2000, c. 81, § 36, eff. Nov. 1, 2000.

§18-381.39. Repealed by Laws 2000, c. 81, § 88, eff. Nov. 1, 2000.

§18-381.39a. Joint accounts – P.O.D. accounts – Designation of beneficiaries - Payment.

A. When a deposit has been made or shall hereafter be made in any association in the names of two or more persons, payable to any of them or payable to any of them or their survivor, such deposit, or any part thereof, or any interest thereon, may be paid to either of the persons, whether one of such persons shall be a minor or not, and whether the other be living or not. The receipt or acquittance of the person so paid shall be valid and sufficient release and discharge to the association for any payment so made.

B. 1. When a deposit has been made or shall hereafter be made in any association using the terms "Payable on Death" or "P.O.D.", such deposits shall be payable on the designated person's death to a trust designated in the deposit account agreement as the P.O.D. beneficiary, or to an individual or individuals named beneficiary, if living, and if not, to the named beneficiary's estate, notwithstanding any provision to the contrary contained in Sections 41 through 57 of Title 84 of the Oklahoma Statutes. Such deposit shall constitute a contract between the depositor and the association that upon the death of the named owner of the account

the association will hold the funds for or pay them to the named beneficiary or the estate of the named beneficiary.

2. In order to designate multiple payable-on-death beneficiaries for a deposit account, the account should be styled as follows: "(Name of Account Owner), payable on death (or P.O.D.) to (Name of Beneficiary), (Name of Beneficiary), and (Name of Beneficiary), in equal shares".

3. Adjustments may be made in the styling, depending upon the number of beneficiaries. It is to be understood that each beneficiary is entitled to a proportionate share of the account proceeds upon the owner's death. In the event of the death of a beneficiary prior to the death of the owner, the beneficiary's share shall go to the beneficiary's estate. It is not permissible for an account to designate unequal shares for different payable-on-death beneficiaries.

4. An association may require the owner of an account to provide an address for any payable-on-death beneficiary. If the P.O.D. account is an interest-bearing account and the funds are not claimed by the payable-on-death beneficiary or beneficiaries within sixty (60) days after the death of the account holder, or after the association has notice of the account holder's death, whichever is later, the association has the right to convert the account to a noninterest-bearing account.

5. No change in the designation of a named beneficiary shall be valid unless executed by the owner of the fund and in the form and manner prescribed by the association; however, this section shall be subject to the provisions of Section 178 of Title 15 of the Oklahoma Statutes.

6. The receipt or acquittance of the named beneficiary so paid or the legal representative of such named beneficiary's estate, if deceased, shall be valid and sufficient release and discharge to the association for any payment so made, unless, prior to such payment, the association receives notice in the form and manner required in Section 905 of Title 6 of the Oklahoma Statutes.

C. The provisions of this section shall apply to all forms of deposit accounts, including, but not limited to, transaction accounts, savings accounts, certificates of deposits, negotiable order of withdrawal (N.O.W.) accounts, and money market deposit accounts (M.M.D.A.).

Added by Laws 2000, c. 81, § 37, eff. Nov. 1, 2000.

§18-381.40. Repealed by Laws 2000, c. 81, § 88, eff. Nov. 1, 2000.

§18-381.40a. Totten Trusts – Express trusts - Payment.

A. Whenever any deposit shall be made in an association by any person which is in the form of a trust for another, and no other or further notice of the existence and terms of a legal and valid trust

shall have been given in writing to the association, in the event of the death of the trustee, the same, or any part thereof, together with the interest thereon, may be paid to the person or persons for whom the deposit was made. A deposit held in this form shall be deemed to constitute a Totten Trust. A revocation of such trust may only be made in writing to the association, and the association shall not suffer any liability for payment of funds pursuant to the trust unless and until it receives written notice of revocation.

B. 1. If a deposit account is opened with an association by one or more persons expressly as a trustee for one or more other named persons and further notice of the existence and terms of a legal and valid trust is not given in writing to the association, the association may accept and administer the account as set forth in subsection A of this section.

2. If a deposit account is opened with an association by one or more persons expressly as a trustee for one or more other named persons pursuant to or purporting to be pursuant to a written trust agreement, the trustee may provide the association with a certificate of trust to evidence the trust relationship. The certificate shall be an affidavit of the trustee and must include the effective date of the trust, the name of the trustee, the name or method for choosing successor trustees, the name and address of each beneficiary, the authority granted to the trustee, the disposition of the account on the death of the trustee or the survivor of two or more trustees, other information required by the association, and an indemnification of the association. The association may accept and administer the account, subject to the provisions of Title 58 of the Oklahoma Statutes, in accordance with the certificate of trust without requiring a copy of the trust agreement. The association is not liable for administering the account as provided by the certificate of trust, even if the certificate of trust is contrary to the terms of the trust agreement, unless the association has actual knowledge of the terms of the trust agreement.

3. On the death of the trustee or the survivor of two or more trustees, the association may pay all or part of the withdrawal value of the account with interest as provided by the certificate of trust. If the trustee did not deliver a certificate of trust, the association's right to treat the account as owned by a trustee ceases on the death of the trustee. On the death of the trustee or the survivor of two or more trustees, the association shall, unless the certificate of trust provides otherwise, pay the withdrawal value of the account, with interest, in equal shares to the persons who survived the trustee, are named as beneficiaries in the certificate of trust, and can be located by the association from its own records. If there is not a certificate of trust, payment of the withdrawal value and interest shall be made as provided by Title 58

of the Oklahoma Statutes. Any payment made under this section for all or part of the withdrawal value and interest discharges any liability of the association to the extent of the payment. The association may pay all or part of the withdrawal value and interest in the manner provided by this section, regardless of whether it has knowledge of a competing claim, unless the association receives actual knowledge that payment has been restrained by order of a court of competent jurisdiction.

4. This section does not obligate an association to accept a deposit account from a trustee who does not furnish a copy of the trust agreement or to search beyond its own records for the location of a named beneficiary.

5. This section does not affect a contractual provision to the contrary that otherwise complies with the laws of this state. Added by Laws 2000, c. 81, § 38, eff. Nov. 1, 2000.

§18-381.41. Repealed by Laws 2000, c. 81, § 88, eff. Nov. 1, 2000.

§18-381.41a. Deposit accounts with minors – Authority to control – Loans to minors prohibited.

A. Except as otherwise provided by this section, an association lawfully doing business in this state may enter into a deposit account with a minor as the sole and absolute owner of the account and may pay checks and withdrawals and otherwise act with respect to the account on the order of the minor. A payment or delivery of rights to a minor who holds a deposit account evidenced by a receipt or acquittance signed by the minor discharges the association to the extent of the payment made or rights delivered.

B. If the minor is the sole and absolute owner of the deposit account, the disabilities of minority are removed for the limited purposes of enabling:

1. The minor to enter into a depository contract with the association; and

2. The association to enforce the contract against the minor, including collection of overdrafts and account fees and submission of account history to account reporting agencies and credit reporting bureaus.

C. A parent or legal guardian of a minor may deny the minor's authority to control, transfer, draft on, or make withdrawals from the minor's deposit account by notifying the association in writing. On receipt of the notice by the association, the minor may not control, transfer, draft on, or make withdrawals from the account during minority except with the joinder of a parent or legal guardian of the minor.

D. If a minor with a deposit account dies, the receipt or acquittance of the minor's parent or legal guardian discharges the liability of the association to the extent of the receipt of

acquittance, except that the aggregate discharges under this subsection may not exceed Three Thousand Dollars ($3,000.00).

E. Subsection A of this section does not authorize a loan to the minor by the bank, whether on pledge of the savings account of the minor or otherwise, or bind the minor to repay a loan made except as provided by subsection B of this section or other law, unless the depository institution has obtained the express consent and joinder of a parent or legal guardian of the minor. This subsection does not apply to an inadvertent extension of credit because of an overdraft from insufficient funds, returned checks or deposits, or other shortages in a depository account resulting from normal banking operations.

Added by Laws 2000, c. 81, § 39, eff. Nov. 1, 2000.

§18-381.42. Deposit accounts of incompetents.

When a deposit account is held in any association or federal association by a person who becomes incompetent and an adjudication of incompetency has been made by a court of competent jurisdiction, such an association may pay or deliver the withdrawal value of such deposit account and any earnings that may have accrued thereon to the guardian or conservator for such person upon proof of the appointment and qualification of such guardian or conservator. However, if such association has received no written notice and is not on actual notice that such deposit account holder has been adjudicated incompetent, it may pay such funds to such holder or transfer the deposit account on the order of the deposit account holder, and such payment or transfer shall be a valid and sufficient release and discharge of the association for the payment or transfer so made.

Added by Laws 1970, c. 101, § 42, eff. June 1, 1970. Amended by Laws 1978, c. 168, § 16, eff. July 1, 1979; Laws 2000, c. 81, § 40, eff. Nov. 1, 2000.

§18-381.43. Deposit accounts of administrators, executors, conservators, guardians, trustees or other fiduciaries.

Any association or federal association may accept deposit accounts in the name of any administrator, executor, conservator, guardian, trustee, or other fiduciary for a named beneficiary or beneficiaries. Any such fiduciary shall have power to vote as a member of a mutual association as if the membership were held absolutely, to open and to make additions to, and to withdraw such deposit account in whole or in part. The withdrawal value of any such deposit account, and earnings thereon, or other rights relating thereto may be paid or delivered, in whole or in part, to such fiduciary without regard to any notice to the contrary as long as such fiduciary is living. The payment or delivery to any such fiduciary or a receipt or acquittance signed by any such fiduciary

to whom any such payment or any such delivery of rights is made shall be a valid and sufficient release and discharge of an association for the payment or delivery so made. Whenever a deposit account shall be opened by any person who designates himself or herself or another as trustee by written declaration of trust, which provides that the trust shall terminate upon the death of such person, then, in the event of the death of the person so described as trustee, the withdrawal value of such deposit account or any part thereof, together with the earnings thereon, may be paid to the person for whom the deposit account was thus described to have been opened. The payment or delivery to any such beneficiary, beneficiaries or designated person for any such payment or delivery shall be a valid and sufficient release and discharge of an association for the payment or delivery so made.
Added by Laws 1970, c. 101, § 43, eff. June 1, 1970. Amended by Laws 1978, c. 168, § 17, eff. July 1, 1979; Laws 1988, c. 65, § 24, emerg. eff. March 25, 1988; Laws 2000, c. 81, § 41, eff. Nov. 1, 2000.

§18-381.44. Payment to administrator or executor of deceased nonresident.

When a deposit account is held in any association or federal association by a person residing in another state or country, the deposit account, together with additions thereto and earnings thereon, or any part thereof, may be paid to the administrator or executor appointed in the state or country where the account or deposit holder resided at the time of death. Such payment shall be a valid and sufficient release and discharge of the association for the payment so made unless the association has received written notice and is on actual notice of the appointment of an executor or administrator by an Oklahoma court of probate jurisdiction.
Added by Laws 1970, c. 101, § 44, eff. June 1, 1970. Amended by Laws 1978, c. 168, § 18, eff. July 1, 1979; Laws 2000, c. 81, § 42, eff. Nov. 1, 2000.

§18-381.45. Power of attorney - Revocation.

Any association or federal association may continue to recognize the authority of an attorney-in-fact authorized in writing to manage or to make withdrawals either in whole or in part from a deposit account, whether of a minor or adult, until it receives written notice or is on actual notice of the revocation of such authority. For the purposes of this section, written notice of the death or adjudication of incompetency of such deposit account holder shall constitute written notice of revocation of the authority of the attorney.

Added by Laws 1970, c. 101, § 45, eff. June 1, 1970. Amended by Laws 1978, c. 168, § 19, eff. July 1, 1979; Laws 2000, c. 81, § 43, eff. Nov. 1, 2000.

§18-381.46. Right to withdraw.

The holder of a deposit account in an association shall have the right to withdraw all or any part of the deposit account, subject to the right of the association and authority of the State Banking Commissioner or the Director of the Office of Thrift Supervision, to impose limitations upon the right of withdrawal from a deposit account for a fixed or minimum term with respect to which deposit account the applicable fixed or minimum term has not expired. With respect to deposit accounts which consist solely of funds in which the entire beneficial interest is held by one or more individuals or by an organization which is operated primarily for religious, philanthropic, charitable, educational, political, or other similar purposes and which is not operated for profit, and with respect to deposits of public funds by an officer, employee or agent of the United States, any state, county, municipality, or political subdivision thereof, the District of Columbia, the Commonwealth of Puerto Rico, American Samoa, Guam, any territory or possession of the United States, or any political subdivision thereof, such deposit accounts may be subject to check or to transfer or withdrawal on negotiable order or authorization to the association, and deposit account holders may make withdrawals or transfers from such accounts upon nontransferable order or authorization. An association may offer money market deposit accounts, as defined by federal regulations, and may permit withdrawals or transfers from such accounts to the same extent permitted by federal regulations, but subject to all of the limitations contained therein.
Added by Laws 1970, c. 101, § 46, eff. June 1, 1970. Amended by Laws 1978, c. 168, § 20, eff. July 1, 1979; Laws 1981, c. 114, § 1, emerg. eff. April 28, 1981; Laws 1990, c. 118, § 11, emerg. eff. April 23, 1990; Laws 2000, c. 81, § 44, eff. Nov. 1, 2000.

§18-381.47. Notice and payment of withdrawals.

With respect to deposit accounts, an association may require such minimum advance notice of withdrawal as is specified by federal regulations or such longer advance notice period of not more than thirty (30) days as its bylaws may provide. The payment of withdrawals from deposit accounts, in the event an association does not have funds available to pay all withdrawals when due, shall be subject to such rules and procedures as may be prescribed by the State Banking Commissioner, but any association which, except as authorized in writing by the Commissioner, fails to make full payment of any withdrawal when due shall be deemed to be in an

unsafe or unsound condition to transact business within the meaning of Section 381.74 of this title.
Added by Laws 1970, c. 101, § 47, eff. June 1, 1970. Amended by Laws 1978, c. 168, § 21, eff. July 1, 1979; Laws 1990, c. 118, § 12, emerg. eff. April 23, 1990; Laws 1993, c. 183, § 52, eff. July 1, 1993; Laws 2000, c. 81, § 45, eff. Nov. 1, 2000.

§18-381.48a. Sole owner accounts without payable-on-death beneficiary – Transfer of deposits to known heirs - Affidavit.

A. When a deposit has been made in an association in the name of a sole individual without designation of a payable-on-death beneficiary, upon the death of the sole owner of the deposit account, if the amount of the aggregate deposits held in single ownership accounts in the name of the deceased individual is Five Thousand Dollars ($5,000.00) or less, the association may transfer the funds to the known heirs of the deceased upon receipt of an affidavit sworn to by the known heirs of the deceased which establishes jurisdiction and relationship and states that the owner of the deposit account left no will. The affidavit shall be sworn to and signed by the known heirs of the deceased and same shall swear that the facts set forth in the affidavit establishing jurisdiction, heirship and intestacy are true and correct.

B. Receipt by the association of the affidavit described in subsection A of this section shall be a valid and sufficient release and discharge to the association for any transfer of deposits made pursuant thereto and shall set to discharge the association from liability as to any other party, including any heir, legatee, devisee, creditor or other person having rights or claims to funds or property of the decedent, and include a discharge of the association from liability for any estate, inheritance or other taxes which may be due the state from the estate or as a result of the transfer.

C. Any person who knowingly submits and signs a false affidavit as provided in this section shall be fined not more than Three Thousand Dollars ($3,000.00) or imprisoned for not more than six (6) months, or both. Restitution of the amount fraudulently attained shall be made to the rightful beneficiary by the guilty person.
Added by Laws 2000, c. 81, § 46, eff. Nov. 1, 2000.

§18-381.49. Earnings on deposit accounts.

With the exception of interest at a rate fixed, or negotiated on an individual basis, by a deposit association prior to the acceptance of the deposit, an association shall determine the rates of earnings to be paid on all classes of deposit accounts, the times and manner of crediting, distributing and paying of such earnings, and the qualifications and limitations applicable to each class of

deposit accounts for which a rate higher than regular rate is provided.
Added by Laws 1970, c. 101, § 49, eff. June 1, 1970. Amended by Laws 1978, c. 168, § 22, eff. July 1, 1979; Laws 2000, c. 81, § 47, eff. Nov. 1, 2000.

§18-381.50. Requirements to become deposit-type association or stock association.

A. Any mutual association may become a deposit-type association and any mutual association may become a stock association by adoption of a resolution by a majority of the votes cast in person or by proxy specially executed for that meeting within ninety (90) days prior to the meeting at an annual meeting or at any special meeting of its members, and by adoption of an appropriate amended certificate of incorporation and bylaw provisions consistent with this act, and in the case of conversions from mutual to stock form, upon approval of the conversion by the State Banking Commissioner, and if applicable, the Director of the Office of Thrift Supervision. Copies of the resolution to become a deposit association and/or stock association pursuant to this act and of the amended certificate of incorporation and bylaw amendments, certified by the secretary or president of the association, shall be filed with the Commissioner. Upon approval by the Commissioner, the Commissioner shall file a copy of such approved resolution with the Secretary of State, and the association shall be qualified to accept deposit accounts and issue permanent capital stock in accordance with this act from and after the effective date stated in the resolution. In no case of conversion of a mutual to a stock association shall any reserves existing at the time of such conversion ever inure to the benefit of the permanent capital stock, but shall be maintained as reserves in accordance with directions of the Commissioner.

B. At the meeting at which conversion to a stock association is voted upon, the members of the mutual association shall also vote upon the directors who shall be the directors of the stock association after conversion takes effect. The directors shall execute and file with the Commissioner an amended certificate of incorporation as provided for in Section 381.17 of this title, together with an application for conversion, a fee to be set by the Commissioner, and if the association intends to be an insured association, a firm commitment for, or evidence of, insurance of its deposit accounts by the Federal Deposit Insurance Corporation. The Commissioner may refuse to approve the application and decline to issue a charter and file the amended certificate of incorporation if there is reason to believe that the plan of conversion is not fair and equitable to all the members and that sufficient provision is not made to protect the interests of the depositors of the prospective capital stock association. Upon the approval by the

Commissioner of the application for conversion and the amended certificate of incorporation and the issuance of a charter, the association shall cease to be a mutual association. Upon the conversion of a mutual association, the legal existence of the association shall not terminate but the stock association shall be a continuation of the entity of the mutual association and all property of the mutual association, including its rights, titles and interests in and to all property of whatever kind, whether real, personal or mixed, and things in action, and every right, privilege, interest and asset of every conceivable value or benefit then existing or pertaining to it, or which would inure to it, immediately by act of law and without any conveyance or transfer and without any further act or deed shall remain and vest in the stock association into which the mutual association has converted itself. The stock association shall have, hold and enjoy the same in its own right as fully and to the same extent as the same was possessed, held and enjoyed by the mutual association. The stock association as of the time and the taking effect of the conversion shall continue to have and succeed to all the rights, obligations and relations of the mutual association. All pending actions and other judicial proceedings to which the mutual association is a party shall not be abated or discontinued by reason of the conversion but may be prosecuted to final judgment, order or decree in the same manner as if the conversion had not been made and the stock association resulting from the conversion may continue the actions in its corporate name. Any judgment, order or decree may be rendered for or against it which might have been rendered for or against the mutual association theretofore involved in the judicial proceedings.

C. If the association will be an insured association, approval by the Commissioner shall be contingent upon the converting association either having insurance of its deposit accounts by the Federal Deposit Insurance Corporation, or by the association making a bona fide application for insurance of deposit accounts, and upon acceptance and approval of such application by the corporation.

D. The conversion of a state mutual association into a stock association shall be effected in accordance with a plan of conversion adopted by the members as provided in this section and consistent with the other provisions of this title. The plan shall provide that:

1. Each deposit account holder in the mutual association shall receive a withdrawable account in the stock association equal in amount to the withdrawable account of the deposit account holder in the mutual association;

2. A record date for determining deposit account holders entitled to purchase stock shall be established which is not less

than ninety (90) days prior to the date of adoption of the plan of conversion by the board of directors of the association;

3. Officers, directors and employees of the association and their associates shall forego any participation in the initial distribution of permanent capital stock to the extent that any such person increased the account of such person by more than Twenty Thousand Dollars ($20,000.00) during the six (6) months preceding the record date established pursuant to this section. The term "associate" of a person shall mean parents, spouse, sisters, brothers, children or anyone married to one of the foregoing persons, any corporation of which the person is an officer, director or owner of more than ten percent (10%) of the outstanding voting securities, any trust of which such person is a trustee or substantial beneficiary, and any partnership of which such person is a general or limited partner;

4. The amount of stock to which a member is entitled shall be determined on the basis of the ratio of deposits of such member with the association on the record date to the total deposits of the association on the record date, as applied to the initial issuance of permanent capital stock. Each deposit account holder as of the record date may receive warrants authorizing the purchase of shares of permanent capital stock at a price determined by the board of directors of the institution and approved by the Commissioner and by the Director of the Office of Thrift Supervision, and scrip denoting fractional stock interests of less than one share, provided, however, that no deposit account holder shall be entitled to scrip representing fractional interests of less than one-fifth share of stock; and

5. In connection with a conversion, deposit account holders shall have a preemptive right to purchase such permanent capital stock for a period of not less than fourteen (14) days from the date the offer to sell permanent capital stock is made.

E. If the association is an insured association, the reserves of a stock association resulting from the conversion of a mutual association shall be not less than the amount necessary to meet the requirements of the Federal Deposit Insurance Corporation.

Added by Laws 1970, c. 101, § 50, eff. June 1, 1970. Amended by Laws 1978, c. 168, § 23, eff. July 1, 1979; Laws 1980, c. 103, § 1, eff. Oct. 1, 1980; Laws 1988, c. 65, § 25, emerg. eff. March 25, 1988; Laws 1990, c. 118, § 13, emerg. eff. April 23, 1990; Laws 1993, c. 183, § 53, eff. July 1, 1993; Laws 2000, c. 81, § 48, eff. Nov. 1, 2000.

§18-381.51. Deposits authorized.

An association may accept deposits for fixed, minimum or indefinite periods of time, including accounts bearing a fixed rate of interest, as may be authorized by its directors, subject to the

provisions of its bylaws and the authority of the State Banking Commissioner and, if applicable, the Director of the Office of Thrift Supervision to disapprove of such a rate.
Added by Laws 1970, c. 101, § 51, eff. June 1, 1970. Amended by Laws 1978, c. 168, § 24, eff. July 1, 1979; Laws 1990, c. 118, § 14, emerg. eff. April 23, 1990; Laws 2000, c. 81, § 49, eff. Nov. 1, 2000.

§18-381.52a. Additional association powers and authorities – Special or fiduciary duties or obligations.

In addition to other provisions of the Oklahoma Savings and Loan Code relating to deposit accounts, an association may exercise the powers and authorities applicable under the provisions of Article IX of the Oklahoma Banking Code, Sections 901 through 907 of Title 6 of the Oklahoma Statutes, as amended from time to time. An association may also exercise the powers and authorities applicable under the provisions of Article XIII of the Oklahoma Banking Code, Section 1301 et seq. of Title 6 of the Oklahoma Statutes, as amended from time to time. Further, unless an association shall have expressly agreed in writing to assume special or fiduciary duties or obligations, no such duties or obligations will be imposed on the association with respect to a depositor of the association or a borrower, guarantor or surety, and no special or fiduciary relationship shall be deemed to exist.
Added by Laws 2000, c. 81, § 50, eff. Nov. 1, 2000. Amended by Laws 2016, c. 69, § 1, eff. Nov. 1, 2016.

§18-381.52b. Deposit accounts that may be provided.

An association may provide all types of deposit accounts unless otherwise provided by rule of the State Banking Commissioner or applicable federal law.
Added by Laws 2000, c. 81, § 51, eff. Nov. 1, 2000.

§18-381.53. Repealed by Laws 2000, c. 81, § 88, eff. Nov. 1, 2000.

§18-381.53a. Permanent capital stock - Treasury stock - Redemption - Paid-in surplus - Dividends - Minimum capital requirements.

A. Permanent capital stock shall consist of common stock, which shall have full voting rights, and may also include preferred stock. Such stock shall have a par value of not less than one cent ($0.01) per share, and the proceeds thereof, to the extent of such par value, shall be set apart and be nonwithdrawable, and shall be a reserve to absorb losses after all surplus, undivided profits, and other reserves available for losses have been depleted.

B. 1. With the approval of the State Banking Commissioner and subject to the conditions as the Commissioner may prescribe, a bank may purchase its own stock as treasury stock.

2. Preferred stock shall not be issued for a limited term, nor shall it be redeemable at the option of the holders. An association shall not bind itself by contract to redeem its preferred stock upon the happening of certain events, other than dissolution. However, preferred stock shall be subject to redemption at any time at the option of the association, with the prior approval of the Commissioner and only if, subsequent to the redemption, the association would meet its minimum capital requirements as imposed by applicable federal law.

C. Any paid-in surplus with respect to common stock may be made available for payment of organization and initial operating expenses or may be credited to surplus, or the contingent reserve, or the federal insurance reserve, or be transferred to common or preferred stock as a stock dividend, prorated to the holders of common stock. An association shall not issue permanent capital stock for a consideration other than cash or for a price less than par value thereof, except that, with the approval of the Commissioner, stock may be issued for a consideration other than cash in connection with mergers, consolidations or transfers and, when fully paid, the stock shall be kept unimpaired to the extent of its par value.

D. A stock association may declare and distribute cash dividends from net earnings, surplus or undivided profits. With the prior consent of the Commissioner, the stock of an association may be reduced by resolution of the board of directors approved by vote or written consent of the holders of a majority of the outstanding stock of such association to such amount as the Commissioner shall approve, and any such reduction shall be credited to the contingent reserve account and shall not be available for dividends to common stockholders; provided, any reduction in the amount of permanent capital stock is subject to the provisions of this section and Section 381.20 of this title, fixing minimum permanent capital stock requirements.

E. No cash dividends shall be declared on common stock unless, subsequent to the dividends, the association would continue to meet its minimum capital requirements as imposed by the Commissioner or the Director of the Office of Thrift Supervision. Subject to the provisions of this act, permanent capital stock shall be entitled to such rate of dividends, if earned, as declared by the board of directors.

Added by Laws 1978, c. 168, § 31, eff. July 1, 1979. Amended by Laws 1987, c. 61, § 10, emerg. eff. May 4, 1987; Laws 1990, c. 118, § 15, emerg. eff. April 23, 1990; Laws 1993, c. 183, § 55, eff. July 1, 1993; Laws 2000, c. 81, § 52, eff. Nov. 1, 2000.

§18-381.53b. Impairment of permanent capital stock - Notice - Appraisals - Assessments.

A. If the State Banking Commissioner, as a result of any examination or from any report made to the Commissioner, finds that the permanent capital stock of any association is impaired, the Commissioner shall notify the association that such impairment exists and require the association to immediately make good such impairment. After such notice has been given to an association and until the impairment has been made good, that association may not issue or renew any time instrument if that instrument, when aggregated with any other funds of the same depositor in the same capacity, would equal or exceed One Hundred Thousand Dollars ($100,000.00) unless such time instrument earns an annual rate of interest less than four percent (4%). In the event the amount of the impairment as determined by the Commissioner is questioned by the association, then upon application, which shall be filed within ten (10) days, the value of the assets in question shall be determined by appraisals made by independent appraisers acceptable to the Commissioner and the association.

B. The directors of the association, upon which such notice has been made, shall levy a pro rata assessment upon the permanent capital stock thereof to make good such impairment and shall cause notice of such request of the Commissioner and such levy to be given in writing to each stockholder of such association and the amount of assessment which the stockholder must pay for the purpose of making such assessment.

Added by Laws 1978, c. 168, § 32, eff. July 1, 1979. Amended by Laws 1988, c. 65, § 26, emerg. eff. March 25, 1988; Laws 2000, c. 81, § 53, eff. Nov. 1, 2000.

§18-381.53c. Refusal or neglect to pay assessment - Sale of stock - Payment of assessment.

A. If any stockholder shall refuse or neglect to pay the assessment specified in such notice within sixty (60) days from the date of mailing, the directors of such association shall have the right to sell to the highest bidder at public auction any part or all of the stock necessary to pay the assessment of such stockholder, after giving the notice of such sale for ten (10) days in a newspaper of general circulation published in the county where the main office of such association in this state is located, and a copy of such notice of sale shall also be served on such stockholder by mailing a copy of such notice to his last-known address ten (10) days before the day fixed for such sale, or such stock may be sold at a private sale and without public notice. However, before making such private sale thereof, an offer in writing shall first be obtained and a copy thereof served upon the owner of record of the stock to be sold, by mailing a copy of such offer to the last-known address of such owner, and if after service of such offer such owner shall still refuse or neglect to pay such assessment within thirty

(30) days from the time of the service of such offer, the directors may accept such offer and sell such stock to the person making such offer, or to any other person or persons making a larger offer than the amount named in the offer submitted to the stockholder, but such stock, in no event, shall be sold for less than the amount of such assessment so called for and the expense of the sale.

B. Out of the proceeds of the stock so sold, the directors shall pay the amount of assessment levied thereon and the necessary cost of sale, and the balance, if any, shall be paid to the person or persons whose stock has thus been sold. A sale of stock as herein provided shall effect an absolute cancellation of the outstanding certificate or certificates evidencing the stock so sold, and shall make the same null and void and a new certificate shall be issued by the association to the purchaser thereof.
Added by Laws 1978, c. 168, § 33, eff. July 1, 1979. Amended by Laws 2000, c. 81, § 54, eff. Nov. 1, 2000.

§18-381.53d. Proceeds from assessment - Disposition.

The proceeds from any assessment, less the cost of any sales and any forfeiture of delinquent stock, shall be credited to the contingent reserve account.
Laws 1978, c. 168, § 34, eff. July 1, 1979.

§18-381.53e. Permits to sell stock - Application - Issue of permit - Conditions - Amendment, alteration or revocation.

No association shall sell, offer for sale, negotiate for the sale of or take subscriptions for, or issue any of its permanent capital stock until it shall have first applied for and secured from the State Banking Commissioner a permit authorizing it to do so. Such application shall be in writing, be verified and be filed with the Commissioner. In such application the association shall set forth the names and addresses of its officers, the location of its main office and branch offices, an itemized account of its financial condition, the amount and character of its stock and shares, a copy of any prospectus or advertisement or other description of its stock to be distributed or published, a copy of all minutes of any proceedings of its directors, members or stockholders relating to or affecting the issue of such stock and such additional information concerning the association, its condition and affairs as the Commissioner may require. Upon the filing of such application it shall be the duty of the Commissioner to examine it and the other papers and documents filed therewith. If the Commissioner finds that the proposed issue is such as will not mislead the public as to the nature of the investment or will not work a fraud upon the purchaser thereof, the Commissioner shall issue to the association a permit authorizing it to issue and dispose of its stock in such amounts as the Commissioner may in such permit provide. Otherwise,

the Commissioner shall deny the application and notify the association in writing of the decision. Every permit shall recite in bold type that the issuance thereof is permissive only and does not constitute a recommendation or endorsement of the stock permitted to be issued. The Commissioner may impose conditions requiring the impoundment of the proceeds from the sale of such stock, limiting the expense in connection with the sale thereof, and such other conditions as the Commissioner may deem reasonable and necessary or advisable to insure the disposition of the proceeds from the sale of such stock in the manner and for the purposes provided in such permit. The Commissioner may, from time to time, amend, alter or revoke any permit issued by the Commissioner or temporarily suspend the rights of such association under such permit. The Commissioner shall have the power to establish such rules as may be reasonable or necessary to carry out the purposes and provisions of this section.
Added by Laws 1978, c. 168, § 35, eff. July 1, 1979. Amended by Laws 2000, c. 81, § 55, eff. Nov. 1, 2000.

§18-381.53f. Insurance.

All insured associations shall keep in force, at all times, insurance covering their deposit accounts to the extent provided by federal law.
Added by Laws 1978, c. 168, § 36, eff. July 1, 1979. Amended by Laws 1990, c. 118, § 16, emerg. eff. April 23, 1990; Laws 2000, c. 81, § 56, eff. Nov. 1, 2000.

§18-381.54. General powers.

Associations shall have the powers enumerated, authorized and permitted by this act and such other rights and powers as may be incidental to or reasonably necessary or appropriate for the accomplishment of the objects and purposes of the association. Among others, and except as otherwise limited herein, every association shall have the following general powers:

1. To have perpetual existence; to adopt and use a corporate seal; to adopt, amend and repeal bylaws; and to sue and be sued, complain and defend in any court having jurisdiction;

2. To own or rent such equipment, fixtures, furnishings and other personal property as may be deemed expedient for the transaction of the business of the association; and to acquire personal property in satisfaction of indebtedness owed to the association;

3. To sell, exchange and dispose of and convey real and personal property acquired pursuant to this act, and to mortgage, pledge, lease or otherwise contract with respect to such property;

4. If and when an association is not a member of a Federal Home Loan Bank, to borrow not more than an aggregate amount equal to one-

fourth (1/4) of its savings or deposits liability on the date of borrowing and such additional sums as the State Banking Commissioner may approve. If and when an association is a member of a Federal Home Loan Bank, to secure advances of not more than an aggregate amount equal to one-half (1/2) of its savings or deposits liability; within such amount equal to one-half (1/2) of its savings or deposits liability, the association may borrow from sources, individual or corporate, other than such Federal Home Loan Bank, an aggregate amount not in excess of the amount permitted by the Federal Home Loan Bank Board. A subsequent reduction of savings or deposits liability shall not affect in any way outstanding obligations for borrowed money. All such loans and advances may be secured by property of the association. Insured associations may also issue and market such bonds, debentures, obligations and like securities as the Commissioner and the Director of the Office of Thrift Supervision may authorize;

5. To sell and assign without recourse any loan, including any participating interests therein held by an association; provided that the Commissioner may by regulation limit the total dollar volume of loans sold in any calendar year to a designated percentage of total loans held by the association;

6. To qualify as and become a member of a Federal Home Loan Bank;

7. To obtain and maintain insurance of the deposit accounts of its members by the Federal Deposit Insurance Corporation;

8. To appoint and compensate such officers, agents and employees as its business shall require; to provide for reasonable life, health and medical insurance for its personnel; to adopt and operate reasonable bonus plans and retirement benefits for its officers and employees; to pay reasonable fees to its directors for their services; and to provide for indemnification of its officers, employees and directors as permitted by this act whether by insurance or otherwise;

9. To become a member of and make reasonable payments or contributions to any organization to the extent that such organization assists in furthering or facilitating the association's purposes or its community responsibilities;

10. If and when an association is a member of a Federal Home Loan Bank, to act as fiscal agent of the United States and, when so designated by the Secretary of the Treasury, to perform all reasonable duties as fiscal agent of the United States as the Secretary of the Treasury may require; and to act as agent for any instrumentality of the United States and as agent of this state or any instrumentality thereof;

11. To act as agent for others in servicing loans and making collections thereon; and to act as agent for others in any transaction incidental to the operation of its business;

12. To act as trustee of any trust created or organized in the United States and forming part of a stock bonus, pension, or profit-sharing plan qualifying for specific tax treatment under Section 401(d) of the Internal Revenue Code of 1986; as trustee or custodian of an individual retirement account within the meaning of Section 408(a) of the Internal Revenue Code of 1986; or as trustee with no active fiduciary duties, provided, that the association shall invest the funds of the trust or account only in the association's own accounts, deposits, obligations, or securities or, upon the condition that the association does not exercise any investment discretion or directly or indirectly provide any investment advice with respect to the trust or account assets, in such other assets as the customer may direct. The association shall observe principles of sound trust administration, including those relating to recordkeeping and segregation of assets, and may receive reasonable compensation for acting in any trust capacity authorized by this paragraph;

13. To acquire savings of the public and pay earnings thereon, and to lend and invest its funds as provided in this act;

14. To conduct a safe deposit business in compliance with the requirements of applicable federal law and Sections 1301 through 1313 of Title 6 of the Oklahoma Statutes;

15. To organize a finance subsidiary;

16. To own capital stock of an operating subsidiary; and

17. To have and to exercise all such incidental powers as shall be necessary to carry on the association business including, but not limited to, all such powers as may now or hereafter be conferred upon federal associations by federal laws and the regulations and policies of the Office of Thrift Supervision, unless otherwise prohibited or limited by the Commissioner.

Added by Laws 1970, c. 101, § 54, eff. June 1, 1970. Amended by Laws 1978, c. 168, § 27, eff. July 1, 1979; Laws 1987, c. 61, § 11, emerg. eff. May 4, 1987; Laws 1988, c. 65, § 27, emerg. eff. March 25, 1988; Laws 1990, c. 118, § 17, emerg. eff. April 23, 1990; Laws 2000, c. 81, § 57, eff. Nov. 1, 2000.

§18-381.55. Investment in real property.

In addition to any powers of investment permitted pursuant to paragraph 17 of Section 381.54 of this title, every association shall have power to invest in real property as follows:

1. Such real property or interests therein as the directors may deem necessary or convenient for the conduct of the business of the association, which for the purposes of this act shall be deemed to include the ownership of stock of a wholly owned subsidiary corporation having as its exclusive activity the ownership and management of such property or interests, but the amount so invested shall not exceed the sum of the reserves and undivided profits of

the association, unless the State Banking Commissioner authorizes a greater amount to be so invested;

2. An amount not exceeding the lesser of:

a. the sum of its reserves and undivided profits, or

b. ten percent (10%) of its assets as reported in its most recent quarterly thrift financial report or other statement of condition submitted to the Oklahoma State Banking Department, in the purchase of real estate for the purpose of producing income or for inventory or sale or for development and improvement, including the erection of buildings thereon, for sale or rental purposes;

3. Such real property as may be acquired in satisfaction or partial satisfaction of indebtedness owed to the association, by deed, sheriff's deed, trustee's deed or otherwise.

Added by Laws 1970, c. 101, § 55, eff. June 1, 1970. Amended by Laws 1988, c. 65, § 28, emerg. eff. March 25, 1988; Laws 1993, c. 183, § 56, eff. July 1, 1993; Laws 2000, c. 81, § 58, eff. Nov. 1, 2000.

§18-381.56. Investment in securities.

In addition to any powers of investment permitted pursuant to paragraph 17 of Section 381.54 of this title, associations shall have power to invest in securities as follows:

1. In obligations of, or obligations which are fully guaranteed as to principal and interest by, the United States or this state; in stock or obligations of any Federal Home Loan Bank or Banks; in stock or obligations of the Federal Deposit Insurance Corporation; and in stock or obligations of the Federal National Mortgage Association or any successor or successors thereto;

2. In time deposits, certificates, accounts, or other obligations of banks or other financial institutions, the accounts of which are insured by the Federal Deposit Insurance Corporation or the National Credit Union Administration;

3. Not in excess of five percent (5%) of its assets, as reported in its most recent quarterly thrift financial report or other statement of condition submitted to the Oklahoma State Banking Department, in bonds, notes or other evidences of indebtedness which are a general obligation of, or guaranteed as to principal and interest by, any agency or instrumentality of the United States not specified in paragraph 1 of this section, or of any city, county or school district in this state; and

4. Not in excess of ten percent (10%) of its assets in the capital stock, obligations or other securities of service organizations substantially all of the activities of which consist of originating, purchasing, selling and servicing loans upon real estate and participating interests therein, or clerical,

bookkeeping, accounting, statistical or similar functions performed primarily for financial institutions plus such other activities as the State Banking Commissioner may approve.
Added by Laws 1970, c. 101, § 56, eff. June 1, 1970. Amended by Laws 1983, c. 26, § 1, emerg. eff. April 18, 1983; Laws 1987, c. 61, § 12, emerg. eff. May 4, 1987; Laws 1990, c. 118, § 18, emerg. eff. April 23, 1990; Laws 1993, c. 183, § 57, eff. July 1, 1993; Laws 2000, c. 81, § 59, eff. Nov. 1, 2000.

§18-381.57. Loans.

Associations shall have power to invest, sell, or otherwise deal in loans or other investments to the same extent permitted for federal associations, except as otherwise provided by the rules of the State Banking Commissioner.
Added by Laws 1970, c. 101, § 57, eff. June 1, 1970. Amended by Laws 1975, c. 236, § 5, emerg. eff. May 30, 1975; Laws 1978, c. 168, § 28, eff. July 1, 1979; Laws 1981, c. 135, § 1, emerg. eff. May 5, 1981; Laws 1988, c. 65, § 29, emerg. eff. March 25, 1988; Laws 1990, c. 118, § 19, emerg. eff. April 23, 1990; Laws 2000, c. 81, § 60, eff. Nov. 1, 2000.
NOTE: Laws 1981, c. 118, § 1 repealed by Laws 1988, c. 65, § 36, emerg. eff. March 25, 1988.

§18-381.58. Loan rates of interest.

All contracts of an association for the loan of money shall be subject to the laws of this state with respect to maximum interest rates which may be charged and to the penalties for violation thereof.
Added by Laws 1970, c. 101, § 58, eff. June 1, 1970. Amended by Laws 2000, c. 81, § 61, eff. Nov. 1, 2000.

§18-381.59. Conversion into federal association.

At an annual meeting or at any special meeting of the members or stockholders called to consider such action, any association may convert itself into a federal association pursuant to the laws of the United States, as now or hereafter amended, upon a majority vote of the outstanding stock entitled to vote thereon or upon a majority vote of the total number of votes of the members present in person or by proxy. There shall be filed with the State Banking Commissioner a copy of the charter issued to such federal association by the Director of the Office of Thrift Supervision or a certificate showing the organization of such association as a federal association, certified by the Director of the Office of Thrift Supervision. Upon the grant to any association of a charter by the Director of the Office of Thrift Supervision, the association receiving such charter shall cease to be an association incorporated by this state. Upon conversion of any association into a federal

association, such federal association shall be deemed to be a continuation of the entity of the association so converted and all property of the converted association, including its rights, titles, and interests in and to all property of whatever kind, whether real, personal, or mixed, and things in action, and every right, privilege, interest, and asset of any conceivable value or benefit then existing or pertaining to it, or which would inure to it, shall immediately by operation of law and without any conveyance or transfer and without any further act or deed remain and be vested in and continue and be the property of such federal association into which the state association has converted itself, and such federal association shall have, hold and enjoy the same in its own right as fully and to the same extent as the same was possessed, held, and enjoyed by the converting association, and such federal association as of the time of the taking effect of such conversion shall continue to have and succeed to all the rights, obligations and relations of the converting association. All pending actions and other judicial proceedings to which the converting state association is a party shall not be deemed to have abated or to have discontinued by reason of such conversion, but may be prosecuted to final judgment, order, or decree in the same manner as if such conversion into such federal association had not been made and such federal association resulting from such conversion may continue such action in its corporate name as a federal association, and any judgment, order or decree may be rendered for or against it which might have been rendered for or against the converting state association theretofore involved in such judicial proceedings. Added by Laws 1970, c. 101, § 59, eff. June 1, 1970. Amended by Laws 1987, c. 61, § 13, emerg. eff. May 4, 1987; Laws 1990, c. 118, § 20, emerg. eff. April 23, 1990; Laws 2000, c. 81, § 62, eff. Nov. 1, 2000.

§18-381.60. Conversion into state-chartered association.

At an annual meeting or at any special meeting of the members or stockholders called to consider such action, any federal association may convert itself into an association under this act upon a majority vote of the outstanding stock entitled to vote thereon or upon a majority vote of the total number of votes of the members of such federal association eligible to be cast. Copies of the minutes of the proceedings of such meetings of members or stockholders, verified by the affidavit of the secretary or an assistant secretary, and verified copies of the plan of conversion shall be filed for approval with the State Banking Commissioner. At the meeting at which conversion is voted upon, the members or stockholders shall also vote upon the directors who shall be the directors of the state-chartered association after conversion takes effect. Such directors then shall execute and file a certificate of

incorporation and proposed bylaws, and the Commissioner shall file a certificate of authority upon approval by the Commissioner, all as provided in this act. The association shall include in the certificate of incorporation, the following: "This association is incorporated by conversion from a federal association." All of the directors who are chosen for the association shall sign and acknowledge the certificate of incorporation as the subscribers. The Commissioner may provide, by regulation, for any additional procedure to be followed, and application fee to be paid, by any such federal association converting into an association under this act. All the provisions regarding property and other rights and liabilities contained in Section 381.59 of this title shall apply, in reverse order, to the conversion of a federal association into an association incorporated under this act, so that the state-chartered association shall be a continuation of the corporate entity of the converting federal association.
Added by Laws 1970, c. 101, § 60, eff. June 1, 1970. Amended by Laws 1987, c. 61, § 14, emerg. eff. May 4, 1987; Laws 1988, c. 65, § 30, emerg. eff. March 25, 1988; Laws 1993, c. 183, § 58, eff. July 1, 1993; Laws 2000, c. 81, § 63, eff. Nov. 1, 2000.

§18-381.61. Merger or consolidation.

Pursuant to a plan agreed upon by at least two-thirds of the members of the board of directors as being equitable to the members or stockholders of the association and as not impairing other associations, foreign associations, and federal associations, an association may merge or consolidate with another association, foreign association, or federal association, provided that the plan of such merger or consolidation shall be approved at an annual meeting or at any special meeting of the members or stockholders called to consider such action by a majority vote of the outstanding stock entitled to vote thereon or upon a majority vote of the total number of votes of the members present in person or by proxy. An application to merge or consolidate shall be filed with the State Banking Commissioner and the same shall be the subject of an individual proceeding pursuant to Article II of the Administrative Procedures Act, Section 309 et seq. of Title 75 of the Oklahoma Statutes. If the merger or consolidation is approved by the Commissioner, a copy of the order of approval shall be filed with the Secretary of State who shall then issue a certificate of merger. In all cases of merger or consolidation, the corporate continuity of the resulting corporation shall have the same incidents, rights and liabilities as that of an association which has converted pursuant to this act. The Commissioner may provide, by rule, for any additional procedure to be followed, and application fee to be paid, by any associations merging or consolidating pursuant to this act.

Added by Laws 1970, c. 101, § 61, eff. June 1, 1970. Amended by Laws 1978, c. 168, § 29, eff. July 1, 1979; Laws 1987, c. 61, § 15, emerg. eff. May 4, 1987; Laws 1993, c. 183, § 59, eff. July 1, 1993; Laws 2000, c. 81, § 64, eff. Nov. 1, 2000.

§18-381.62. Voluntary liquidation.

A. With the approval of the State Banking Commissioner, an association may liquidate and dissolve. The Commissioner may grant such approval upon an application by an association after the proposal to liquidate and dissolve has been approved by a vote of a majority of the outstanding voting stock, in the case of a stock association, or by a majority vote of the total number of votes of the members present in person or by proxy, in the case of a mutual association, at a meeting called for that purpose, and that after giving effect to any proposed purchase of the assets of the association and assumption of its liabilities as provided for in Section 381.63a of this title the association will be solvent and will have sufficient liquid assets to pay off any remaining depositors and creditors immediately.

B. 1. Upon approval by the Commissioner, the association shall immediately cease to do business, shall have only the powers necessary to effect an orderly liquidation and shall proceed to pay its depositors and creditors and to wind up its affairs.

2. Within thirty (30) days of the approval, the association shall send a notice of liquidation by mail to each depositor, creditor, person interested in funds held as a fiduciary, lessee of a safe deposit box and a bailor of property at the address of such person as shown on the books of the association. However, in the case of all depositors, creditors, loan customers or lessees of safe deposit boxes whose deposits, accounts or other contractual arrangements with the association have been purchased or assumed as provided for in Section 381.63a of this title, a notice of purchase and assumption shall be sent by the purchaser in lieu of a notice of liquidation by the liquidating association. The notice prepared by the association shall be posted conspicuously on the premises of the association and shall be given such publication as the Commissioner may require. The purchaser or the liquidating association, as applicable, shall send with each notice a statement of the amount shown on the books to be the claim or liability of the depositor, creditor or other customer. Each such notice shall demand that claims of depositors and creditors, or corrected statements of amounts owed by the customer, if the amount claimed or owed differs from that stated in the notice, be filed with the notifying institution before a specified date not earlier than sixty (60) days thereafter in accordance with the procedure prescribed in the notice. The notice prepared by the liquidating association shall also demand that property held by the association as bailee or in a

safe deposit box not taken over by a purchaser be withdrawn by the person entitled thereto.

3. As soon after approval as may be practicable the association shall resign all fiduciary positions and take such action as may be necessary to settle its fiduciary accounts, and the manner of succession of trust powers and successor trustees shall follow the same procedure as set out in Section 1018 of Title 6 of the Oklahoma Statutes.

4. Any safe deposit boxes which have not been taken over by a purchaser, and the contents of which have not been removed within thirty (30) days after demand, shall be opened. Sealed packages containing the contents of such box, with a certificate of inventory of contents, together with any other unclaimed property held by the association as bailee and certified inventories thereof, shall be transferred to the Commissioner who shall administer the property in accordance with the provisions of the Uniform Unclaimed Property Act.

5. The approval of an application for liquidation shall not impair the right of a depositor or creditor whose account has not been unconditionally assumed by a purchaser to be paid in full by the liquidating association, and all lawful claims of remaining creditors and depositors of the liquidating association shall promptly be paid. The unearned portion of the rental of a safe deposit box not taken over by a purchaser shall be returned to the lessee.

6. Any assets remaining after the discharge of or adequate provision for all obligations shall be distributed to the stockholders or members in accordance with a plan of voluntary liquidation filed with and approved by the Commissioner. No such distribution shall be made before all claims of depositors and creditors have been:

a. assumed as provided for in Section 381.63a of this title,
b. provided for by the establishment of a reserve fund in an amount approved by the Commissioner,
c. paid by the liquidating association, or
d. in the case of any disputed claim, provided for by transmittal to the Commissioner of a sum adequate to meet any liability that may be judicially determined.

C. Any unclaimed distribution to a stockholder, member or depositor shall be held until ninety (90) days after the final distribution and then transmitted to the Commissioner. Such unclaimed funds shall be held by the Commissioner and administered in accordance with the provisions of the Uniform Unclaimed Property Act.

D. If the Commissioner finds that assets will be insufficient for the full discharge of all obligations or that completion of the

liquidation has been unduly delayed, the Commissioner may take possession and complete the liquidation in the manner provided in this act for involuntary liquidations.

E. The Commissioner may require reports of the progress of liquidation. Whenever the Commissioner is satisfied that the liquidation has been properly completed the Commissioner shall enter an order of dissolution and recommend to the Secretary of State that the association's certificate of incorporation be canceled, upon receipt of which the Secretary of State shall cancel such certificate.

Added by Laws 1970, c. 101, § 62, eff. June 1, 1970. Amended by Laws 1978, c. 168, § 30, eff. July 1, 1979; Laws 1988, c. 65, § 31, emerg. eff. March 25, 1988; Laws 1991, c. 331, § 49, eff. Sept. 1, 1991; Laws 1993, c. 183, § 60, eff. July 1, 1993; Laws 2000, c. 81, § 65, eff. Nov. 1, 2000.

§18-381.63a. Purchase and sale of assets and business of association - Authorization and approval - Assumption of certificates of deposit - Transfer of fiduciary positions.

A. Any association may sell to any other association, federal association, national banking association or Oklahoma-chartered bank all, or substantially all, of the selling association's assets and business, or all, or substantially all, of the assets and business of any department or branch of the selling association.

B. Any association, upon assuming the liabilities relating thereto, may purchase all, or substantially all, of the assets and business of another association, federal association, national banking association or Oklahoma-chartered bank, or all, or substantially all, of the assets and business of any department or branch of the selling institution.

C. The agreement of purchase and sale shall be authorized and approved by the boards of directors of the purchasing and selling institutions, and authorized and approved by the vote of a majority of the stockholders of the purchasing and selling institutions, or by a majority vote of the total number of votes of the members present in person or by proxy, in the case of mutual associations or mutual federal associations, at meetings called for the purpose and shall be filed with the State Banking Commissioner accompanied by evidence of such stockholders' or members' approval in like manner as plans of merger are filed. Copies of the agreement of purchase and sale shall be filed with and subject to the approval of the Commissioner, together with a fee for review of the transaction as required by rule of the Commissioner, and shall be accompanied by evidence of approval of such stockholders or members thereof in like manner as agreements of merger are filed. After such approval is given by the stockholders or members, a notice of such sale shall be published once a week for two (2) successive weeks in a newspaper of

general circulation in the county in which the selling institution has its main office. Proof of such publication shall be filed with the Commissioner. The Commissioner may permit the requirement for publication of notice to be satisfied after the purchase and sale becomes effective if the Commissioner determines that:

1. The selling institution is solvent, but either is close to insolvency or is experiencing a run on deposits;

2. The terms of the agreement of purchase and sale are essentially fair to the selling institution; and

3. The selling institution will remain solvent after the purchase and sale.

D. Any deposit account which is unconditionally assumed by the purchasing association pursuant to an agreement approved by the Commissioner, and which, after a depositor's preexisting accounts at the purchasing institution are added to the accounts assumed from the selling institution, is fully covered by the Federal Deposit Insurance Corporation insurance limits at the purchasing institution, shall cease to be an obligation of the selling institution after the purchase and sale becomes effective. Notwithstanding any term of the purchase and sale agreement or of the contract of deposit, a deposit account or other creditor's account shall be deemed to be only conditionally assumed by the purchasing institution if:

1. The amount of preexisting deposit accounts of a depositor at the purchasing institution, together with accounts of that depositor which are assumed from the selling institution, would exceed the Federal Deposit Insurance Corporation insurance limits of such purchasing institution; or

2. Claims of a depositor or other creditor against a selling institution and loans of a depositor from the selling institution are not simultaneously assumed by the purchasing institution so as to preserve a right of set-off. Any depositor or creditor of the selling institution whose business is conditionally sold has the right, after such sale:

a. upon payment of any indebtedness owing by the depositor to the selling institution, to withdraw the deposit in full from the selling institution on demand, unless by dealing with the purchasing institution with knowledge of the purchase the depositor ratifies the transfer, or

b. to exercise the right to set-off of the depositor, unless by dealing with the purchasing institution with knowledge of the purchase the depositor ratifies the transfer.

E. The agreement of sale may provide for the transfer to the purchasing institution of all fiduciary positions held by the selling institution subject to the right of the district court of

the county in which the selling institution is situated, on petition of any interested party, to appoint another or succeeding fiduciary to the positions so transferred. However, the provisions of the instrument creating the fiduciary position shall control such succession, if it so provides therein. Until such court appoints another or succeeding fiduciary, the purchasing institution shall, if it has qualified, exercise any fiduciary function vested in the selling institution and the manner of succession of trust powers and successor trustees shall follow the same procedure as set out in subsection F of Section 1109 of Title 6 of the Oklahoma Statutes.

F. Except as provided for in subsection D of this section, no right against or obligation of the selling institution in respect of the assets or business sold shall be released or impaired by the sale until one (1) year from the last date of publication of the notice pursuant to subsection C of this section, but after the expiration of such year no action can be brought against the selling institution on account of any deposit, obligation, trust or asset transferred to or liability assumed by the purchasing association.
Added by Laws 1988, c. 65, § 32, emerg. eff. March 25, 1988. Amended by Laws 1990, c. 173, § 28, emerg. eff. May 3, 1990; Laws 2000, c. 81, § 66, eff. Nov. 1, 2000.
NOTE: Laws 1990, c. 118, § 21 repealed by Laws 1990, c. 337, § 26.

§18-381.64. Authorized foreign associations.

Except as this act otherwise provides, no foreign association shall be granted permission by the State Banking Commissioner or the Secretary of State to do business within this state and each foreign association now holding a certificate of authority issued by the Commissioner may continue to do business through its duly appointed agent but only in the county where it is now operating. Each such foreign association shall remain subject to supervision, and to examination as deemed necessary, by the Commissioner and to the rules of the Commissioner and shall make no loans in this state and accept no deposit accounts in this state other than loans and deposit accounts of a class which are authorized for Oklahoma chartered associations. In the event an authorized foreign association fails to comply with the provisions of this act or with the requirements of the Commissioner, or to keep on file with the Commissioner and the Secretary of State a written appointment of its resident agent upon whom service of summons and all other legal process may be had, or to pay the supervisory fees provided by this act, the Commissioner may revoke the certificate of authority of such association and invoke other remedies as provided by law. In the event of such revocation, the Secretary of State shall revoke and cancel the certificate of domestication of such association.
Added by Laws 1970, c. 101, § 64, eff. June 1, 1970. Amended by Laws 1986, c. 219, § 6, emerg. eff. June 9, 1986; Laws 1987, c. 61,

§ 16, emerg. eff. May 4, 1987; Laws 1993, c. 183, § 61, eff. July 1, 1993; Laws 2000, c. 81, § 67, eff. Nov. 1, 2000.

§18-381.65. Limited certificate of authority - Activities of unauthorized associations.

A. A federal association not having its main office or any branches in this state or any foreign association may apply to the State Banking Commissioner for a limited certificate of authority to transact business in this state. The application shall explicitly limit the purposes which the federal association not having its main office or any branches in this state or foreign association may pursue in this state. Such entity may apply to engage in any activity reasonably necessary or desirable in order to deal with loans originated by it in interstate commerce or acquired by it by assignment from an originating lender qualified or otherwise permitted to do business in this state, or any collateral securing such loans, as well as any property, real or personal, acquired by it by foreclosure or otherwise in satisfaction of debt held by it. Without limitation, a limited certificate of authority shall:

1. Permit a federal association not having its main office or any branches in this state or a foreign association to have full access to the courts of this state;

2. Allow it to refinance, renew, extend or work out loans which it has originated in interstate commerce or which it has acquired by assignment;

3. Allow it to take all steps reasonably necessary to monitor collateral and the credit quality of its debtors; and

4. Allow it to manage, rent, sell or finance any property acquired by it by foreclosure or otherwise in satisfaction of debt held by it.

The Commissioner shall have authority to approve under a limited certificate of authority other specific purposes that such entity applies to engage in, provided that those purposes are incidental to or reasonably necessary in connection with the purposes more specifically permitted by this subsection. A federal association not having its main office or any branches in this state, or a foreign association, as part of its application for a limited certificate of authority shall commit that it will not originate loans or solicit or accept applications for loans at any place within this state, nor shall it, directly or indirectly, receive applications for or payments or deposits to deposit accounts or investment securities of any kind at any place within this state. Such entity shall commit in its application that when doing business in this state it shall use a specified fictitious name not containing any of the terms forbidden by Section 381.23 of this title and, without limitation, it shall not use such terms on any office, advertising, telephone listing or other medium of holding

itself out to the public within this state. However, in executing any legal documents or participating in court proceedings, the federal association not having its main office or any branches in this state or foreign association shall use its actual name. The Commissioner shall establish a list of items of information required to be contained in or submitted with an application for a limited certificate of authority, and shall fix a reasonable filing fee to defray the cost of processing such applications. The Commissioner shall act upon and issue an order granting or denying each application for a limited certificate of authority. If and when all requirements of the Commissioner are met, a limited certificate of authority shall be issued and the applying entity shall comply with all steps necessary in order to qualify to do business in this state in accordance with the provisions of Section 1130 of this title. The Secretary of State shall not allow such entity to qualify to do business until it furnishes proof that it holds a limited certificate of authority issued by the Commissioner.

B. A federal association not having its main office or any branches in this state or a foreign association shall not be determined to be transacting or engaging in business in this state, either for the purposes of this act or for the purposes of Sections 1130 and 1131 of this title, solely by reason of the activities of its majority-owned subsidiary which is incorporated or qualified to do business within this state. The provisions of this subsection shall have no application to the question of whether the majority-owned subsidiary's parent company is:

1. Subject to service of process and suit in this state pursuant to the laws of this state; or

2. Subject to the taxation laws of this state.

C. A foreign association which does not have a certificate of authority or limited certificate of authority from the Commissioner, or a federal association which does not have permission from the Director of the Office of Thrift Supervision to operate its main office or any branches in this state, shall not be deemed to be transacting or engaging in business in this state, for the purposes of this act, by reason of the purchase or acquisition, holding or sale of loans secured by mortgages on Oklahoma real estate, or participating interests therein, or the foreclosure thereof and acquiring of title to such mortgaged real estate in satisfaction of the mortgage indebtedness.

D. If a certificate of authority or limited certificate of authority to transact business has not been issued by the Commissioner to a federal association not having permission from the Director of the Office of Thrift Supervision to operate its main office or any branches in this state, or to a foreign association, then such unauthorized entity shall not maintain any office in this

state and shall not directly or indirectly through brokers, agents or others:

1. Receive applications for or payments or deposits to deposit accounts or investment securities of any kind at any place within this state;

2. Assert or imply directly or by means of the mail, radio, television, newspapers, magazines or other media originating from any place within this state that it has agents or representatives in this state with whom its deposit accounts and investments may be discussed;

3. Distribute any of its advertising material from any place within this state;

4. Display its name by signs or other wording on windows, doors or placards, or otherwise represent that it does business within this state or is represented for transaction of business at any location in this state; or

5. Hold assets in this state other than those permitted by subsection C of this section.

E. The Commissioner may obtain an injunction or take any other action necessary to prevent any federal association not having its main office or any branches in this state or any foreign association from violating any provision of this act or the rules of the Commissioner. Any such entity which violates any provision of this act and any agent or representative who transacts or solicits business for such entity which is acting in violation of this act shall forfeit and pay to the State of Oklahoma, to be recovered in a civil action in the name of the State of Oklahoma, the sum of Five Thousand Dollars ($5,000.00).

Added by Laws 1970, c. 101, § 65, eff. June 1, 1970. Amended by Laws 1988, c. 65, § 33, emerg. eff. March 25, 1988; Laws 1990, c. 118, § 22, emerg. eff. April 23, 1990; Laws 1993, c. 183, § 62, eff. July 1, 1993; Laws 2000, c. 81, § 68, eff. Nov. 1, 2000.

§18-381.66. Federal associations.

Federal associations are not deemed to be foreign associations. Unless federal laws or regulations provide otherwise, federal associations, which have their main office in this state, and members thereof shall possess all of the rights, powers, privileges, benefits, immunities and exemptions which are provided by this act or which are now or may be hereafter provided by laws of this state for associations organized under the laws of this state and for the members thereof. This provision is additional and supplemental to any section of this act or other law, which by specific reference is applicable to federal associations and the members thereof.

Added by Laws 1970, c. 101, § 66, eff. June 1, 1970. Amended by Laws 2000, c. 81, § 69, eff. Nov. 1, 2000.

§18-381.66a. Conversion into national banking association or Oklahoma-chartered bank - Vesting of property rights - Pending actions - Conversion of mutual associations - Disposition of preexisting reserves.

A. At an annual meeting or at any special meeting of the members or stockholders called to consider such action, any association may convert itself into a national banking association pursuant to federal laws, or may convert itself into an Oklahoma-chartered bank pursuant to the Oklahoma Banking Code, upon a majority vote of the outstanding stock entitled to vote thereon or upon a majority of the total number of votes of the members present in person or by proxy. An association converting to a state-chartered bank shall file with the State Banking Commissioner an application which shall be the application prescribed in Section 305 of Title 6 of the Oklahoma Statutes. However, the applicant shall not be required to provide evidence of need of granting authority to convert. The applicant association shall follow the publication requirements of Section 306.1 of Title 6 of the Oklahoma Statutes. Issuance of a state bank charter to the converting association by the Oklahoma Banking Board shall follow the prescribed procedure of the Oklahoma Banking Code. There shall be filed with the Commissioner a copy of the charter issued to such national banking association by the Office of the Comptroller of the Currency or of the certificate of authority issued to such Oklahoma-chartered bank by the Oklahoma Banking Board. Upon the grant to any association of a charter by the Office of the Comptroller of the Currency or of a certificate of authority by the Oklahoma Banking Board, the association receiving such charter or certificate of authority shall cease to be an association incorporated by this state. Upon conversion of any association into a national banking association or Oklahoma-chartered bank, such national banking association or Oklahoma-chartered bank shall be deemed to be a continuation of the entity of the association so converted. All property of the converted association, including its rights, titles and interests in and to all property of whatever kind, whether real, personal or mixed, and things in action, and every right, privilege, interest and asset of any conceivable value or benefit then existing or pertaining to it, or which would inure to it, shall immediately by operation of law and without any conveyance or transfer and without any further act or deed remain and be vested in and continue and be the property of such national banking association or Oklahoma-chartered bank into which the association has converted itself. Such national banking association or Oklahoma-chartered bank shall have, hold and enjoy the same in its own right as fully and to the same extent as the same was possessed, held and enjoyed by the converting association, and such national banking association or Oklahoma-chartered bank as of the time of the taking effect of such

conversion shall continue to have and succeed to all the rights, obligations and relations of the converting association. All pending actions and other judicial proceedings to which the converting association is a party shall not be deemed to have abated or to have discontinued by reason of such conversion. Such pending actions and other judicial proceedings may be prosecuted to final judgment, order or decree in the same manner as if such conversion into such national banking association or Oklahoma-chartered bank had not been made. The national banking association or Oklahoma-chartered bank resulting from such conversion may continue such action in its corporate name as a national banking association or Oklahoma-chartered bank, and any judgment, order or decree may be rendered for or against it which might have been rendered for or against the converting association theretofore involved in such judicial proceedings.

B. In the case of a conversion of a mutual association to a national banking association or Oklahoma-chartered bank, the members of the mutual association, at the meeting at which conversion to a national banking association or Oklahoma-chartered bank is voted upon, shall also vote upon the directors who shall be the directors of the national banking association or Oklahoma-chartered bank after the conversion takes place. The directors shall file with the Commissioner an application for conversion and a firm commitment for, or evidence of, insurance of deposits and other accounts of a withdrawable type by the Federal Deposit Insurance Corporation. The Commissioner may refuse to approve the application if it has reason to believe that the plan of conversion is not fair and equitable to all of the members and that sufficient provision is not made to protect the interests of the depositors of the prospective national banking association or Oklahoma-chartered bank. Upon the approval by the Commissioner and by the Office of the Comptroller of the Currency or the Oklahoma Banking Board, the association shall cease to be a mutual association.

C. The conversion of a mutual association into a national banking association or Oklahoma-chartered bank shall be effected in accordance with a plan of conversion adopted by the members as provided in this section and consistent with the other provisions of this title. The plan shall provide that:

1. Each deposit account holder in the converting mutual association shall receive a deposit account in the converted national banking association or Oklahoma-chartered bank equal in amount to the deposit account of such holder in the mutual association;

2. A record date for determining deposit account holders entitled to purchase stock shall be established which is not less than ninety (90) days prior to the date of adoption of the plan of conversion by the board of directors of such association;

3. Officers, directors and employees of the association and their associates shall forego any participation in the initial distribution of permanent capital stock to the extent that any such person increased the account of such person by more than Twenty Thousand Dollars ($20,000.00) during the six (6) months preceding the record date established pursuant to this section. For this purpose the term "associate" shall have the same meaning as in Section 381.50 of this title;

4. The amount of stock of the converted national banking association or Oklahoma-chartered bank to which a member is entitled to subscribe shall be determined on the basis of the ratio of the deposits of the member with the association on the record date to the total deposits of the association on the record date, as applied to the initial issuance of permanent capital stock. Each deposit account holder as of the record date may receive warrants authorizing the purchase of shares of permanent capital stock of the converted national banking association or Oklahoma-chartered bank at a price determined by the board of directors of the institution and approved by the Commissioner or the Director of the Office of Thrift Supervision, and scrip denoting fractional stock interests of less than one share. However, no deposit account holder shall be entitled to scrip representing fractional interests of less than one-fifth (1/5) share of stock; and

5. In connection with a conversion, deposit account holders shall have a preemptive right to purchase such permanent capital stock for a period of not less than fourteen (14) days from the date the offer to sell permanent capital stock is made.

D. In no case of conversion of a mutual association to a national banking association or Oklahoma-chartered bank shall any reserves existing at the time of such conversion ever inure to the benefit of the permanent capital stock, but shall be maintained as reserves in accordance with directions of the Commissioner. The reserves of the converted national banking association or Oklahoma-chartered bank resulting from the conversion of a mutual association shall be not less than the amount necessary to meet the requirements of the Office of the Comptroller of the Currency or of the Federal Deposit Insurance Corporation, respectively.

Added by Laws 1990, c. 173, § 24, emerg. eff. May 3, 1990. Amended by Laws 1993, c. 183, § 63, eff. July 1, 1993; Laws 2000, c. 81, § 70, eff. Nov. 1, 2000.

§18-381.66b. Conversion of national banking association or Oklahoma-chartered bank into stock association.

A. At an annual meeting or at any special meeting of the stockholders called to consider such action, any national banking association or Oklahoma-chartered bank may convert itself into a stock association pursuant to this act upon a majority vote of the

outstanding stock entitled to vote thereon, and in compliance with any federal laws, or provisions of the Oklahoma Banking Code, applicable to such a transaction by the converting national banking association or Oklahoma-chartered bank. Copies of the minutes of the proceedings of such meeting of stockholders, verified by the affidavit of the secretary or an assistant secretary, and verified copies of the plan of conversion shall be filed for approval with the State Banking Commissioner. At the meeting at which conversion is voted upon, the stockholders shall also vote upon the directors who shall be the directors of the state-chartered association after conversion takes effect. Such directors then shall execute and file an application for conversion, a proposed certificate of incorporation and proposed bylaws, and the Commissioner shall, upon approval, issue a certificate of authority, all as provided in this act. The Commissioner shall approve the application for conversion and issue a certificate of authority if it appears that:

1. The resulting stock association meets all of the requirements of this act as to the formation of a new stock association; and

2. The resulting stock association will have an adequate capital structure including surplus. The association shall include in the certificate of incorporation the following, as applicable: "This association is incorporated by conversion from a national banking association/Oklahoma-chartered bank." All of the directors who are chosen for the association shall sign and acknowledge the certificate of incorporation as the subscribers. The Commissioner may provide, by regulation, for any additional procedure to be followed by any such national banking association or Oklahoma-chartered bank converting into an association under this act, including the amount of the application fee to be paid to the Oklahoma State Banking Department. All the provisions regarding property and other rights and liabilities contained in Section 381.66a of this title shall apply, in reverse order, to the conversion of a national banking association or Oklahoma-chartered bank into an association incorporated under this act, so that the state-chartered association shall be a continuation of the corporate entity of the converting national banking association or Oklahoma-chartered bank.

B. In connection with the review of the application for conversion, the Commissioner may conduct an examination of the converting institution, and such examination shall be paid for by the converting institution according to the fees prescribed in subsection D of Section 381.15 of this title for special examinations. The deposit payable by the converting institution pursuant to paragraph 5 of Section 381.16 of this title shall not be a limitation on the examination fee payable by the converting institution.

C. If a converting national banking association or Oklahoma-chartered bank has assets which do not conform to the requirements of state law for the converted state association, or there are business activities which are not permitted for the converted state association, the Commissioner may permit a reasonable time to conform with state law.
Added by Laws 1990, c. 173, § 25, emerg. eff. May 3, 1990. Amended by Laws 1993, c. 183, § 64, eff. July 1, 1993; Laws 2000, c. 81, § 71, eff. Nov. 1, 2000.

§18-381.66c. Merger of national banking associations or Oklahoma-chartered banks into stock association - Approval by boards of directors - Terms of agreement - Approval by Board - Approval by stockholders.

A. Upon approval of the State Banking Commissioner, one or more national banking associations or Oklahoma-chartered banks may be merged with and into a stock association as hereafter prescribed, except that the action by a constituent national banking association shall be taken in the manner prescribed by and shall be subject to any limitation or requirements imposed by any law of the United States which shall govern the rights of its dissenting shareholders.

B. The board of directors of each constituent institution shall, by a majority of the entire board, approve a merger agreement which shall contain:

1. The name of each constituent institution and the location of each office;

2. With respect to the resulting stock association the name and the location of each proposed office, the name and residence of each director to serve until the next annual meeting of the stockholders, the name and residence of each officer, the amount of capital, the number of shares and the par value of each share, whether preferred stock is to be issued and the amount, terms and preferences and the amendments to the certificate of incorporation and bylaws;

3. The terms for the exchange of shares of the constituent institutions for the shares or other consideration of the resulting stock association;

4. A statement that the merger and the merger agreement is subject to approval by the Commissioner and by the stockholders of each constituent institution;

5. Provisions governing the manner of disposing of the shares of the resulting stock association not taken by dissenting stockholders of the constituent institutions; and

6. Such other provisions as the Commissioner requires to enable it to discharge its duties with respect to the merger.

C. After approval by the board of directors of each constituent institution, the merger agreement shall be submitted to the Commissioner for approval, together with a fee for review of the

merger as required by rule of the Commissioner which shall be deposited in the Oklahoma State Banking Department revolving fund pursuant to Section 211.1 of Title 6 of the Oklahoma Statutes, certified copies of the authorizing resolutions of the several boards of directors showing approval by a majority of the entire board and evidence of proper action by the board of directors of any constituent national banking association.

D. Without approval by the Commissioner, no asset shall be carried on the books of the resulting stock association at a valuation higher than that on the books of the constituent bank at the time of the last examination by a state or national bank examiner before the effective date of the merger.

E. Within thirty (30) days after receipt by the Commissioner of the papers specified in subsection C of this section, the Commissioner shall approve or disapprove the merger agreement. The Commissioner shall approve the agreement if it appears that:

1. The resulting stock association meets all of the requirements of this act as to the formation of a new stock association;

2. The agreement provides an adequate capital structure including surplus;

3. The agreement is fair; and

4. The merger is not contrary to the public interest. If the Commissioner disapproves an agreement, the Commissioner shall state all objections and give an opportunity to the constituent institutions to amend the merger agreement to obviate such objection.

F. Where the resulting stock association is not to exercise trust powers, the Commissioner shall not approve a merger until satisfied that adequate provision has been made for successors to fiduciary positions held by constituent banks, and the manner of succession of trust powers and successor trustees shall follow the same procedure as set out in Section 1018 of Title 6 of the Oklahoma Statutes.

G. To be effective, a merger must be approved by the stockholders of each constituent institution by a majority vote of the outstanding voting stock at a meeting called to consider such action, which vote shall constitute the adoption of the certificate of incorporation and bylaws of the resulting stock association, including the amendments set forth in the merger agreement.

H. The notice of the meeting of stockholders shall be given by publication in a newspaper of general circulation in the place where the main office of each constituent institution is located, at least once a week for four (4) successive weeks, and by mail, at least fifteen (15) days before the date of the meeting, to each stockholder of record of each constituent institution at the address of such stockholder on the books of the institution, who has not

waived such notice in writing. No notice by publication need be given if written waivers are received from the holders of a majority of the outstanding shares of each class of voting stock.

I. At the effective time of the merger the charters of the constituent institutions other than the resulting stock association shall be deemed to be surrendered.

J. The resulting stock association shall be considered the same business and corporate entity as each constituent bank with all of the rights, powers, and duties of each constituent bank, except as limited by the certificate of incorporation and bylaws of the resulting stock association.

K. Any reference to any constituent bank in any writing, whether executed or taking effect before or after the merger, shall be deemed a reference to the resulting stock association if not inconsistent with the other provisions of such writing.

L. If a constituent bank has assets which do not conform to the requirements of state law for the resulting stock association, or if there are business activities which are not permitted for the resulting stock association, the Commissioner may permit a reasonable time to conform with state law.

M. Rights of dissenting stockholders of a constituent bank shall be those described in Section 1104 of Title 6 of the Oklahoma Statutes.

Added by Laws 1990, c. 173, § 26, emerg. eff. May 3, 1990. Amended by Laws 1993, c. 183, § 65, eff. July 1, 1993; Laws 2000, c. 81, § 72, eff. Nov. 1, 2000.

§18-381.66d. Merger of stock association into national banking association - Rights and liabilities of association and stockholders - Applicable law.

Nothing in the law of this state shall restrict the right of a stock association to merge with and into a national banking association. The action to be taken by a constituent stock association and its rights and liabilities and those of its stockholders shall be the same as those prescribed for national banking associations at the time of the action by the applicable laws of the United States and not by the laws of this state. Upon the completion of the merger with and into a national banking association, the certificate of authority and the certificate of incorporation of any merging stock association shall automatically terminate.

Added by Laws 1990, c. 173, § 27, emerg. eff. May 3, 1990.

§18-381.71. Definitions.

As used in this section and Sections 381.72 and 381.73 of this title:

1. "Acquire" means:

a. the merger or consolidation of an out-of-state savings institution with or into an in-state savings institution,
b. the acquisition by an out-of-state savings institution of direct or indirect ownership or control of voting shares or, in the case of a mutual savings institution, voting rights of an in-state savings institution if, after such acquisition, such out-of-state savings institution directly or indirectly owns or controls twenty-five percent (25%) or more of any class of voting shares or voting rights of such in-state savings institution, excluding shares or rights owned or held by the United States or by any organization wholly owned by the United States,
c. the acquisition by an out-of-state savings institution of the direct or indirect ownership of all or substantially all of the assets, including, if agreed, the assets of any branches and facilities, of an in-state savings institution, or
d. any other action that would result in the direct or indirect ownership or control by an out-of-state savings institution of an in-state savings institution;

2. "Control" means direct or indirect ownership of or holding with the power to vote twenty-five percent (25%) or more of the voting shares, or in the case of a mutual savings institution, the voting rights, excluding shares or rights owned or held by the United States or by any organization wholly owned by the United States, or the power in any manner to elect a majority of the directors or directly or indirectly to exercise a controlling influence, as determined by the State Banking Commissioner after notice and an opportunity for hearing, on the management or policies of a company;

3. "Holding company" means a company which owns or controls one or more savings institutions organized under the laws of any state or the laws of the United States;

4. "Main office" means the office of a savings institution designated by the Commissioner or the Office of Thrift Supervision as the main office of the institution and located within the United States;

5. "In-state savings institution" means a savings institution organized under the laws of this state or the laws of the United States whose main office is located in Oklahoma;

6. "Oklahoma holding company" means a holding company organized under the laws of this state;

7. "Out-of-state savings institution" means any savings institution organized under the laws of another state or the laws of the United States whose main office is located in another state;

8. "Savings institution" means any association or federal association, or as the context requires, any holding company or subsidiary of such savings institution; and

9. "Subsidiary" means a company which is owned or controlled by a savings institution.

Added by Laws 1986, c. 219, § 1, emerg. eff. June 9, 1986. Amended by Laws 1987, c. 61, § 17, emerg. eff. May 4, 1987; Laws 1988, c. 65, § 34, emerg. eff. March 25, 1988; Laws 1993, c. 183, § 66, eff. July 1, 1993; Laws 2000, c. 81, § 73, eff. Nov. 1, 2000.

§18-381.72. Repealed by Laws 1990, c. 118, § 26, emerg eff. April 23, 1990.

§18-381.73. Acquisition of control - Prohibited transactions - Approval of acquisition - Branching, acquisition and conversion by subsidiaries - Limitations and restrictions - Applicable law - Penalties.

A. An out-of-state savings institution, upon approval by the State Banking Commissioner, may acquire direct or indirect control of an unlimited number of in-state savings associations for operation as in-state savings institutions, and may acquire any such institutions' parent Oklahoma holding company. Any acquisition made pursuant to the provisions of this section may include assets and liabilities of the in-state savings institution or its parent Oklahoma holding company and all branches and facilities thereof.

B. 1. No in-state savings institution which becomes a subsidiary of an out-of-state savings institution under any extraordinary acquisition provisions of federal law, or which is otherwise controlled by an out-of-state savings institution, shall be permitted to acquire direct or indirect ownership or control of, or to convert to a branch, any additional in-state savings institution or to establish additional branches or facilities, except as otherwise provided for in this section.

2. No out-of-state savings institution may directly or indirectly acquire control of an in-state savings institution or its parent Oklahoma holding company except as otherwise permitted by this section.

C. No acquisition provided for in this section shall be permitted unless the approval of the Commissioner required pursuant to subsection A of this section:

1. Includes, for all acquisitions, a finding that:

a. the in-state savings institution sought to be acquired or all of the savings institution subsidiaries of the

parent Oklahoma holding company sought to be acquired have either been in existence and continuous operation for more than five (5) years, and

b. notice of intent to acquire has been published in a newspaper of general paid circulation in the county or counties where the in-state savings institution to be acquired is located and that a notice of intent to acquire has been mailed by certified mail with return receipt requested to each person owning stock in the in-state savings institution to be acquired or in its parent Oklahoma holding company or, if the in-state savings institution to be acquired is a mutual association, notice has been given as in the case of a proceeding under Section 381.61 of this title;

2. Includes, for any acquisition of a majority of the voting shares of a stock association or of its parent Oklahoma holding company, or for any acquisition of a mutual association by merger or purchase and assumption transaction with another in-state savings association, a finding that the acquisition has been approved by the board of directors and a majority of the stockholders of or holders of voting rights in the in-state savings institution or of its parent Oklahoma holding company, as applicable;

3. Subjects the acquisition to any conditions, restrictions, and requirements that would be applicable to such an acquisition by an in-state savings institution of an out-of-state savings institution in the state where the out-of-state savings institution has its main office, if such state has enacted and implemented legislation authorizing the acquisition by an in-state savings institution of out-of-state savings institutions located in that state, but that would not be applicable to acquisitions in that state by an out-of-state savings institution all of whose savings institution subsidiaries are located in that state; and

4. Except when the additional acquisition is of an in-state savings institution whose stock is held as stock acquired in the course of realizing upon a security interest which secured a debt previously contracted in good faith prior to the original acquisition by the out-of-state savings institution, prohibits additional branching and further acquisitions by an in-state savings institution which is a subsidiary of an out-of-state savings institution unless and until the earlier of:

a. such time as the Commissioner determines that the state in which the out-of-state savings institution has its main office has enacted and implemented legislation authorizing in-state savings institutions to acquire savings institutions in that state on a reciprocal basis, or

b. the expiration of a four-year period commencing on the date of acquisition by the out-of-state savings institution.

D. Any in-state savings institution or its parent Oklahoma holding company which becomes a subsidiary of an out-of-state financial institution under the extraordinary acquisition provisions of federal law, or which is otherwise deemed to be controlled by an out-of-state financial institution, may acquire direct or indirect ownership or control of any additional in-state financial institution or its parent Oklahoma holding company, establish additional branches or facilities, or convert the existing controlled in-state savings institution to branches of another in-state savings institution:

1. If the Commissioner has determined that the principal place of business of the out-of-state savings institution has enacted and implemented reciprocal acquisition legislation within the purview of this section; or

2. Upon the expiration of a four-year period commencing on the date of acquisition by the out-of-state savings institution.

E. All limitations and restrictions of this act applicable to in-state savings institutions shall apply to an in-state savings institution which becomes a direct or indirect subsidiary of an out-of-state savings institution and to the out-of-state savings institution. The provisions of this subsection shall not be construed to prohibit the acquisition by an out-of-state savings institution of all or substantially all of the shares of an in-state savings institution organized solely for the purpose of facilitating the acquisition of a savings institution which has been in existence and continuous operation as a savings institution for more than five (5) years, if the acquisition has otherwise been approved pursuant to this subsection. Nor shall the provisions of this subsection be construed to prohibit an out-of-state savings institution which acquires an in-state savings institution under this section from additional acquisitions under this section, if such acquisition would otherwise be permitted.

F. Any out-of-state savings institution which controls an in-state savings institution shall be subject to the laws of this state and the rules of its agencies relating to the acquisition, ownership, and operation of in-state savings institutions. The Commissioner shall make such rules including the imposition of reasonable application and administration fees as it finds necessary to implement the provisions of this act.

G. The Commissioner may enter into cooperative agreements with other regulatory agencies to facilitate the regulation of savings institutions doing business in this state. If such agreements result in the payment of fees, however calculated, by any other regulatory agency to the Oklahoma State Banking Department for

examination activities conducted by Department personnel, whether such examination activity is conducted inside or outside this state, such fees shall be deposited in the Bank Examination Revolving Fund established in Section 211.2 of Title 6 of the Oklahoma Statutes. If such agreements result in the payment of fees, however calculated, by the Department to any other bank supervisory agency for examination activities conducted by such other regulatory agency, whether such examination activity is conducted inside or outside this state, such fees shall be paid by the Department from the Bank Examination Revolving Fund established by Section 211.2 of Title 6 of the Oklahoma Statutes. The Commissioner may accept reports of examinations and other records from such other agencies in lieu of the Commissioner conducting examinations of in-state savings institutions controlled by out-of-state savings institutions. The Commissioner may take any action jointly with other regulatory agencies having concurrent jurisdiction over savings institutions doing business in this state or may take such actions independently in order to carry out its responsibilities.

H. The Commissioner shall have the power to enforce the prohibitions provided for in subsection B of this section by requiring divestiture and through the imposition of fines and penalties, the issuance of cease and desist orders, and such other remedies as are provided by law.

I. Any organization which intentionally and willfully violates any provision of this section, upon conviction, shall be fined not less than Five Hundred Dollars ($500.00) nor more than Five Thousand Dollars ($5,000.00) for each day during which the violation continues. Any individual who intentionally and willfully participates in a violation of any provision of this section, upon conviction, shall be guilty of a Class D3 felony offense and shall be fined not more than Ten Thousand Dollars ($10,000.00), or imprisoned as provided for in subsections B through F of Section 20P of Title 21 of the Oklahoma Statutes, or both such fine and imprisonment.

J. Any final order of the Commissioner pursuant to this section shall be appealable pursuant to Section 207 of Title 6 of the Oklahoma Statutes.

Added by Laws 1986, c. 219, § 3, operative July 1, 1987. Amended by Laws 1989, c. 292, § 1, operative July 1, 1989; Laws 1990, c. 118, § 23, emerg. eff. April 23, 1990; Laws 1993, c. 183, § 67, eff. July 1, 1993; Laws 2000, c. 81, § 74, eff. Nov. 1, 2000; Laws 2025, c. 486, § 650, eff. Jan. 1, 2026.

§18-381.74. Taking possession by Commissioner.

A. Except as otherwise provided in this act, the State Banking Commissioner may take possession of a state-chartered savings and loan association, if the Commissioner determines that:

1. The business of the association is being conducted in an unlawful or unsound manner;

2. The association does not have funds available to pay all withdrawals of savings deposits when due or is otherwise unable to continue normal operations;

3. The examination of the association has been obstructed or impeded; or

4. The association is operating in violation of provisions of this act despite written notice to discontinue such violation.

B. 1. The Commissioner may take possession of any state-chartered savings association by posting upon the premises of such association a notice reciting that possession is being assumed pursuant to the provisions of this section and stating when possession shall be deemed effective. Possession may become effective no earlier than the posting of the notice. A copy of the notice shall be filed in the district court of the county where the association is located. The Commissioner shall notify, if applicable, the appropriate district offices of the Director of the Office of Thrift Supervision and the Federal Deposit Insurance Corporation of taking possession of the association.

2. a. Once possession is effective the Commissioner shall be vested with the full and exclusive power of management and control, including the power to:
   (1) continue or discontinue the business of the association,
   (2) stop or limit the payment of the obligations of the association,
   (3) employ any necessary assistants, including legal counsel,
   (4) execute any instrument in the name of the association as Commissioner in charge of liquidation,
   (5) commence, defend or conduct in the name of the association any action or proceeding to which it may be a party,
   (6) enforce the liabilities of stockholders, officers and directors of the association,
   (7) terminate possession by restoring the assets of the association to its board of directors, and
   (8) reorganize or liquidate the association in accordance with this act.

   b. As soon as practicable after taking possession the Commissioner shall make an inventory of the assets of the association and file a copy thereof with the district court where the notice of possession was filed.

3. While the Commissioner is in possession there shall be a postponement of six (6) months after the effective date of possession, of the date upon which any period of limitation fixed by statute or agreement would otherwise expire on a claim or right of action of the association, or upon which a review must be taken or a pleading or other document must be filed by the association in any pending action or proceeding.

4. a. The Commissioner, within two (2) days after taking possession of a stock association, shall call a special meeting of the stockholders to allow the stockholders to retain the incumbent board of directors or to elect a newly constituted board of directors, who may represent the stockholders in the liquidation proceedings and observe, assist and protect the interests of the stockholders.

b. The board of directors of the association is authorized to bring all necessary legal actions for and on behalf of the stockholders and to pay attorney's fees in a reasonable amount, if such action benefits the liquidating account of the failed association.

c. The board of directors, as authorized by the stockholders, shall represent the stockholders in the district court in which the notice of possession was filed by the Commissioner, as to all matters affecting the association.

5. The association shall continue to exist as a body corporate for all purposes, except for the purpose of continuing the business for which the association was organized, and may function to assist the Commissioner or to protect the stockholders' interests in the assets of the liquidating account.

C. 1. If the Commissioner determines that an emergency exists which may result in serious losses to the depositors of an association, he may take possession of the association without a prior hearing. Within ten (10) days after the Commissioner has taken possession any interested person may appeal such action pursuant to the provisions of Section 207 of Title 6 of the Oklahoma Statutes.

2. If the Commissioner determines that liquidation of the association is warranted, notice of such determination shall be given to such directors, stockholders, depositors and creditors of the association as the Commissioner may prescribe. The notice shall be by restricted delivery to the directors and stockholders at their last-known address as shown on the records of the association, and notice to the depositors and creditors shall be published in a newspaper of general circulation in the county where the main office of such association is located. Any objection to such determination

by a person directly affected thereby shall be appealed pursuant to the provisions of Section 207 of Title 6 of the Oklahoma Statutes. Unless within ten (10) days after the date of publication an order is issued staying the liquidation or unless the Commissioner tenders to the Federal Deposit Insurance Corporation the appointment as liquidator pursuant to Section 381.77 of this title, the Commissioner shall liquidate the association after providing a bond executed by a surety company authorized to do business in this state, for the benefit of the people of this state, for the faithful discharge of the duties of the Commissioner in connection with such liquidation and the accounting for all monies coming into the possession of the Commissioner. The cost of such bond shall be paid from the assets of the association. Suit may be maintained on such bond by any person injured by a breach of the conditions thereof.

3. After the Commissioner takes possession of an association pursuant to the provisions of this section, the stockholders thereof may repair its credit, restore or substitute its reserves, and otherwise improve its condition so that it is qualified to do a general savings and loan business as provided for by law. Such association shall not reopen its business until the Commissioner issues written permission therefor after an investigation of the affairs of the association and a determination that the board of directors of the association has complied with all applicable laws, that the association's credit and funds are in all respects repaired, and its reserves restored or sufficiently substituted, and that it again should be permitted to reopen for business. Written permission to reopen to do a general savings and loan business shall be issued in the same manner as is provided by law for granting permission to do business after incorporation.

4. If the Commissioner determines that reorganization of the association is warranted or if the Supreme Court, after staying the liquidation of the association, orders such reorganization, the Commissioner, after according a hearing to all interested persons, shall enter an order proposing a reorganization plan. A copy of the plan shall be sent to each depositor and creditor who will not receive full payment of their claim under the plan, together with notice that, unless the plan is disapproved, within fifteen (15) days after the date of the mailing of the plan, in writing by persons holding one-third (1/3) or more of the aggregate amount of such claims, the Commissioner shall proceed to effect the reorganization. A department, agency, or political subdivision of this state holding a claim which will not be paid in full is authorized to participate in the reorganization as any other creditor.

5. a. Notwithstanding any other provision to the contrary, the Commissioner, upon taking possession of an association, may immediately liquidate said

association without giving prior notice to the directors, stockholders, depositors and creditors of such association, if it is determined by order of the district court where notice of possession was filed that the immediate liquidation of the association is necessary to protect the interests of the depositors of the association and is otherwise in the public interest.

b. In proceeding with the immediate liquidation of the association, the Commissioner, in order to facilitate the assumption of the deposit liabilities of the closed insured association by another association, may borrow monies from the Federal Deposit Insurance Corporation and pledge some or all of the assets of the closed insured association as security for such borrowing or may sell some or all of the assets of the closed insured association to the Federal Deposit Insurance Corporation.

6. Once the Commissioner takes possession of an association for purposes of liquidation, neither the ten-day periods provided by subsection C of this section nor the pendency of any proceeding for review of the action of the Commissioner shall operate to defer, delay, impede or prevent the payment by the Federal Deposit Insurance Corporation of the insured deposits of an insured association.

7. The Commissioner shall make available to the Federal Deposit Insurance Corporation such facilities in or of an insured association and such books, records and other relevant data of the insured association as may be necessary or appropriate to enable the Federal Deposit Insurance Corporation to pay the insured deposits in the insured association as provided in this subsection. The Federal Deposit Insurance Corporation, its directors, officers, agents, and employees, and the Commissioner, and the agents and employees of the Commissioner, shall be free from any liability to the insured association, its directors, stockholders, and creditors, for any action relating to the payment of insured deposits.

D. No judgment, lien, or attachment shall be executed upon any asset of the association while it is in the possession of the Commissioner. The Commissioner, in connection with a liquidation or reorganization may:

1. Vacate and void any lien or attachment, other than an attorney's or mechanic's lien, obtained upon any asset of the association during the Commissioner's possession or within four (4) months prior to commencement thereof, except liens created by the Commissioner while in possession; and

2. Void any transfer of an asset of the association made after or in contemplation of its insolvency with intent to effect a preference.

E. The Commissioner may borrow money in the name of the association and may pledge its assets as security for a loan.

F. All necessary and reasonable expenses of the Commissioner relating to the possession of an association and of its reorganization or liquidation shall be defrayed from the assets of the association. Compensation to liquidating agents and employees shall not be in excess of amounts which such individuals would be entitled to in their regular employment or for like services rendered within the area of the insolvent association, and in no event shall a liquidating agent be paid a monthly salary or wage from the assets of the association in excess of the amount of the monthly salary of the highest paid official of the insolvent association. Any attorney's fee allowed to an attorney representing the liquidating agent shall not exceed the reasonable amount charged by other attorneys of similar competence for like services in regular employment of an attorney in the area of the association. Added by Laws 1987, c. 61, § 21, emerg. eff. May 4, 1987. Amended by Laws 1990, c. 118, § 24, emerg. eff. April 23, 1990; Laws 1993, c. 183, § 68, eff. July 1, 1993; Laws 2000, c. 81, § 75, eff. Nov. 1, 2000.

§18-381.75. Reorganization plan.

A. A plan of reorganization shall not be acceptable unless:

1. Such plan is feasible and fair to all classes of depositors, creditors and stockholders;

2. The aggregate face amount of the interest accorded to any class of depositors, creditors or stockholders under the plan does not exceed the value of the assets upon liquidation less the full amount of the claims of all prior classes, subject, however, to any fair adjustment for new capital that any class will pay in under the plan;

3. Such plan provides for the issuance of capital stock and, if necessary, debentures in an amount that will provide an adequate ratio to deposits;

4. Any exchange of new common stock for obligations or stock of the association will be effected in inverse order to the priorities in liquidation of the classes that will retain an interest in the association and upon terms that fairly adjust any change in the relative interests of the respective classes that will be produced by the exchange;

5. The plan assures the removal of any director, officer or employee responsible for any unsound or unlawful practice or the existence of an unsound condition; and

6. Any merger or consolidation provided by the plan conforms to the requirements of this act.

B. Whenever, in the course of reorganization, supervening conditions render the plan unfair or its execution impractical, the State Banking Commissioner may modify the plan or liquidate the association. Any such action shall be taken by order of the Commissioner upon appropriate notice.

Added by Laws 1987, c. 61, § 22, emerg. eff. May 4, 1987. Amended by Laws 1993, c. 183, § 69, eff. July 1, 1993; Laws 2000, c. 81, § 76, eff. Nov. 1, 2000.

§18-381.76. Liquidation by Commissioner.

A. In liquidating an association, the State Banking Commissioner may exercise any power of such association, but shall not, without the approval of the district court where notice of possession was filed:

1. Sell any asset of the association having a value in excess of Five Hundred Dollars ($500.00) or such larger sum as may be determined by the court, but not exceeding One Hundred Thousand Dollars ($100,000.00);

2. Compromise or release any claim exceeding Five Hundred Dollars ($500.00), exclusive of interest or such larger sum as may be determined by the court, but not exceeding One Hundred Thousand Dollars ($100,000.00); or

3. Make any payment on any claim, other than a claim upon an obligation incurred by the Commissioner, before preparing and filing a schedule of determinations in accordance with subsection H of this section.

B. 1. The Commissioner may lease for oil and/or gas purposes any land vested in the Commissioner as assets of an insolvent association.

2. In making or executing any such lease the Commissioner shall retain and reserve a royalty of not less than one-eighth (1/8) of the oil and/or gas produced from said land. Said lease shall be made in the same manner as provided for by law for the sale of other assets of state-chartered associations in the possession of the Commissioner.

C. Within six (6) months after the commencement of liquidation proceedings, the Commissioner may terminate any executory contract, including but not limited to contracts for services or advertising, to which the association is a party or any obligation of the association as a lessee. A lessor who receives at least sixty (60) days' notice of the Commissioner's decision to terminate the lease shall not be entitled to a claim for rent other than rent accrued to the date of termination nor for damages for such termination, except that on building or association premises the lessor may receive damages not exceeding one (1) year's rent as provided in such lease.

D. As soon after the commencement of liquidation as is practicable, the Commissioner shall take the necessary steps to terminate all fiduciary positions held by the association and take such action as may be necessary to surrender all property held by the association as a fiduciary and to settle its fiduciary accounts. The Commissioner may transfer such fiduciary accounts to another qualified corporate fiduciary in the same community without assent of the parties. Notice of such transfer shall be given by registered mail to the parties, and the manner of succession of trust powers and successor trustees shall be in accordance with the procedure provided in Section 1018 of Title 6 of the Oklahoma Statutes.

E. The right of any agency of the United States insuring deposits to be subrogated to the rights of depositors upon payment of their claims shall not be less extensive than what the law of the United States requires as a condition of the authority to issue such insurance or make such payments to depositors of federal associations.

F. Within ten (10) days after taking possession, the Commissioner shall send notice of the liquidation to each known depositor, creditor, lessee of a safe deposit box, and bailor of property held by the association, at the address shown on the books of the association. The notice shall also be published in a newspaper of general circulation in the county in which the main office of the association is located once a week for three (3) successive weeks. The Commissioner shall send with each notice a statement of the amount shown on the books of the association to be the claim of the depositor or creditor, with all setoffs and any amounts due to the association. The notice shall demand that property held by the association as bailee or in a safe deposit box be withdrawn by the person entitled thereto and, if the amount claimed differs from that stated in the statement to be due, that the depositor or creditor file a claim with the Commissioner within sixty (60) days from the date of the first publication of the notice of the liquidation given by the Commissioner, in accordance with the procedure prescribed in the notice. The failure of any depositor, creditor or claimant to receive a notice, or observe the published notice of the liquidation by the Commissioner, shall not relieve such claimant of the obligation to file a claim, if the amount thereof differs from the amount found by the Commissioner. If no claim is filed by the claimant within the time specified, then the determination of the Commissioner shall be final and shall constitute the claim of that claimant.

G. Safe deposit boxes, the contents of which have not been removed within sixty (60) days from the date of first publication of the notice of liquidation, shall be opened by the Commissioner. Sealed packages containing the contents of such box, with a

certificate of inventory of contents, together with any unclaimed property held by the association as bailee and certified inventories thereof, shall be held by the Commissioner and administered in accordance with the provisions of the Uniform Unclaimed Property Act.

H. The Commissioner shall:

1. Notify each person whose claim has not been allowed in full, by mailing to the last-known address of such person, as shown on the records of the association, a notice of the time when and the place where the schedule of determinations will be available for inspection and the date when the Commissioner shall file the schedule in court;

2. As soon as practical and within one hundred twenty (120) days from the date of first publication of the notice of liquidation, determine the amount, if any, owing to each known creditor or depositor and the priority class of such claim under subsection K of this section, and file such determination in the district court where notice of possession was filed; and

3. As soon as practical and within sixty (60) days from the date of filing, reject any claim if the Commissioner doubts the validity thereof.

I. Within twenty (20) days after the filing of the schedule of determinations, any creditor, depositor or stockholder may file an objection to any determination which adversely affects such creditor, depositor or stockholder. Objections so filed shall be heard and determined by the court. The clerk of such district court shall enter the objection upon the court docket under the case number assigned to the liquidation proceedings. The Commissioner and interested claimants as the court determines shall be notified of such objection not less than ten (10) days prior to the hearing on such objection. The matter shall be tried de novo. No person having a claim against an insolvent association shall maintain action thereon except as herein provided.

J. After filing the schedule of determinations and establishing proper reserves for the payment of costs, expenses of liquidation and disputed claims, the Commissioner shall pay to any agency of the United States insuring deposits in the insolvent association such sum as may be then available but not exceeding the amount paid out by such agency as such an insurer of deposits and accounts. The Commissioner from time to time may also make partial distribution to the holders of claims which are undisputed or which have been allowed by the district court, in the order of their priority as provided in subsection K of this section. The district court supervising the liquidation, as soon as practicable after the establishment of an adequate and proper reserve for payment of disputed claims, costs and expenses of liquidation, shall direct the Commissioner to make a substantial partial pro rata distribution

that will not interfere with orderly liquidation, to the holders of undisputed claims and those allowed by the court in the order of their priority, to the extent that there remains only the determination and settlement of disputed claims and the procedures of the final accounting and final distribution to be made by the Commissioner as provided in this section.

K. 1. The following claims shall have priority in the order specified:

a. obligations incurred by the Commissioner, fees and assessments due to the Oklahoma State Banking Department, and all expenses of liquidation, all of which may be covered by a proper reserve of funds,

b. approved claims of depositors against the general liquidating account of the association,

c. approved claims of general creditors against the general liquidating account of the association,

d. claims otherwise proper which were not filed within the time prescribed by subsection F of this section, and

e. claims of stockholders of the association.

2. No claim shall be entitled to interest thereon if it is paid within six (6) months after the first publication of notice of the liquidation by the Commissioner. If the claim is paid after such period, then the unpaid balance of the claim shall be credited with interest at the rate of six percent (6%) per annum for the expiration of the six (6) months until paid or finally canceled by exhaustion of all assets.

3. All distribution declared in accordance with subsection J of this section, which shall not be claimed within one (1) year, shall be canceled upon the order of the district court having jurisdiction of the liquidation of such insolvent association, and the proceeds thereof returned to the general liquidating account of the insolvent association. Provided, that notice of the application of the Commissioner to the district court for permission to cancel such unclaimed distributions shall be given by publication for two (2) successive weeks in a newspaper of general circulation in the county where the main office of the insolvent association is located. The notice shall describe the unclaimed distributions sought to be canceled, giving the name and location of the insolvent association, the name of the payee and the amount and shall recite the Commissioner has filed an application in the designated district court for cancellation of such distributions and shall refer to the application for further particulars.

4. Any assets remaining after all partial distributions, after all claims have been paid, or ample provisions for reserves are made for payment thereof by the court, shall be distributed to the stockholders in accordance with their respective interests.

L. Unclaimed funds, other than unclaimed distributions, remaining after completion of the liquidation shall be retained by the Commissioner and administered in accordance with the Uniform Unclaimed Property Act.

M. 1. During the liquidation procedure, the Commissioner and the agents and employees of the Commissioner shall prepare an annual report that details all receipts and disbursements made from assets in the possession of the Commissioner. A copy of the annual report shall be filed with the district court of the county where the notice of taking possession was filed and a hearing shall be held thereon. Interested parties and the board of directors of the insolvent association shall be given such notice of the hearing as the court directs and shall make such objections as they shall desire to the account. The failure to object at a hearing shall not prejudice the right of any claimant or interested party to object to items of expense and proceedings in the liquidation upon the final account.

2. When the assets have been distributed in accordance with this section, except unclaimed funds and contents of safe deposit boxes held by the Commissioner, the Commissioner shall file a final account with the court. Notice of hearing upon the final account shall be given, of not less than ten (10) days nor more than thirty (30) days prior to the date of the hearing, by registered or certified mail, to all interested persons and to the board of directors of the insolvent association and the notice shall be published for two (2) successive weeks in some newspaper of general circulation published in the county where the association is located, showing the nature of the hearing, the date and time of the hearing and that such account is for final settlement of the liquidating account of such insolvent association.

3. The final account shall reflect all the acts of the Commissioner as supported by annual reports and such necessary items to support the account, including distribution of such remaining cash to the stockholders in accordance with their interests and all other assets to the board of directors of the association as liquidating agents for the stockholders under the Oklahoma General Corporation Act.

4. The court shall hear all matters relating to the final account; allow, reduce or reject any item of expense; and determine all matters before it. Any person aggrieved by the judgment of the court may appeal as in any other civil action.

5. Upon approval of the final account by the court, the Commissioner shall be relieved of liability in connection with the liquidation and shall cancel the charter upon the records of the Department.

Added by Laws 1987, c. 61, § 23, emerg. eff. May 4, 1987. Amended by Laws 1991, c. 331, § 50, eff. Sept. 1, 1991; Laws 2000, c. 81, § 77, eff. Nov. 1, 2000.

§18-381.77. Liquidation by Federal Deposit Insurance Corporation.

A. The Federal Deposit Insurance Corporation (FDIC) may act without bond as the liquidating agent of any insured association closed by the State Banking Commissioner.

B. The Commissioner, upon closing an insured association, may tender to the FDIC the appointment as liquidator of such association.

C. Upon being notified in writing of the acceptance of such an appointment, the Commissioner shall immediately file in the office of the county clerk of the county where the main office of the insured association is situated a certificate evidencing the appointment of the FDIC as liquidator. Upon the filing of the certificate the possession of all the assets, business and property of such association of every kind and nature, wheresoever situated, shall be deemed transferred from such association and the Commissioner to the FDIC. Without the execution of any instruments of conveyance, assignment, transfer or endorsement, the title to all such assets and property shall be vested in the FDIC and the Commissioner thereafter shall be forever relieved from any and all responsibility and liability with respect to the liquidation of such association. With respect to a federal association, it shall be sufficient to file a certified copy of the resolution of the Director of the Office of Thrift Supervision appointing a receiver.

D. When the Director of the Office of Thrift Supervision or FDIC transfers all real property, interests in real property, and liens on real property of a closed insured association or federal association, collectively referred to for the purpose of this subsection as the "transferred property", to a single existing association, federal association or bank or a newly chartered federal association, the Director of the Office of Thrift Supervision or FDIC shall file a memorandum of transfer or a memorandum of assignment so stating in the office of the county clerk of the county where real property records must be recorded with respect to the transferred property. The memorandum shall be executed by an authorized special representative of the Director of the Office of Thrift Supervision or of the FDIC and shall have attached to it certified copies of the resolutions of the Director of the Office of Thrift Supervision or of the FDIC appointing and authorizing the special representative and authorizing the transfer. In that event, regardless of whether the date of closing predates this statute, it shall not be necessary for the memorandum to describe the transferred property with specificity, nor shall it be necessary for any of the transferred property to be separately

conveyed to the transferee association, federal association or bank by an additional instrument. Thereafter, when the transferee association, federal association or bank conveys, assigns, or releases any of the transferred property, such conveyances, assignments, and releases shall recite that the transferee association, federal association or bank is successor in title to the closed association as evidenced by the memorandum of transfer or the memorandum of assignment and shall further recite the date and county of filing and the book and page of recording the memorandum.

E. If the FDIC accepts the appointment as liquidator, it shall have and possess all the powers and privileges provided by the laws of this state with respect to the liquidation of an insured association and with respect to the depositors and other creditors of such an association and shall proceed in liquidation as if it were the Commissioner, and shall have the right and power, upon the order of a court of record of competent jurisdiction, to enforce the individual liability of the directors of any such association.

F. To the extent that any action is required or permitted to be taken by the FDIC or the Director of the Office of Thrift Supervision pursuant to the terms of this section, any similar action taken by the Federal Savings and Loan Insurance Corporation or the Federal Home Loan Bank Board as predecessor federal agencies, either prior to or subsequent to the effective date of this section, shall be equally legal and effective as if such action were taken by the FDIC or the Director of the Office of Thrift Supervision pursuant to the authorization granted herein.

Added by Laws 1987, c. 61, § 24, emerg. eff. May 4, 1987. Amended by Laws 1989, c. 292, § 2, operative July 1, 1989; Laws 1990, c. 118, § 25, emerg. eff. April 23, 1990; Laws 1993, c. 183, § 70, eff. July 1, 1993; Laws 2000, c. 81, § 78, eff. Nov. 1, 2000.

§18-381.78. Removal of officer, director or employee by Commissioner.

Any officer, director or employee of an association found by the State Banking Commissioner to be dishonest, reckless, unfit to participate in the conduct of the affairs of the association, or to have engaged or participated in any unsafe or unsound practice in connection with an association, or to be practicing a continuing disregard or violation of laws, rules, regulations or orders which are likely to cause substantial loss to the association or likely to seriously weaken the condition of the association shall be removed immediately from office by the board of directors of the association of which such person is an officer, director or employee on the written order of the Commissioner. The association or officer, employee or director thereof, within ten (10) days of the date of the written order directing removal, may appeal such removal pursuant to the provisions of Section 207 of Title 6 of the Oklahoma

Statutes. As soon as possible thereafter the Supreme Court shall review the order of the Commissioner and make such findings as it deems proper. During the pendency of the review of the protest against removal, the officer, employee or director shall not perform any of the duties of such office.
Added by Laws 1987, c. 61, § 25, emerg. eff. May 4, 1987. Amended by Laws 1993, c. 183, § 71, eff. July 1, 1993; Laws 2000, c. 81, § 79, eff. Nov. 1, 2000.

§18-381.79. Appeal of orders.

Any final order of the Commissioner issued under this act or rules promulgated under this act shall be appealable pursuant to the provisions and requirements of Section 207 of Title 6 of the Oklahoma Statutes.
Added by Laws 2000, c. 81, § 80, eff. Nov. 1, 2000.

§18-381.80. Criminal offenses - Penalties.

A. Any person responsible for an act or omission or a criminal offense expressly declared to be unlawful by this act or rules promulgated under this act shall be guilty:

1. Of a misdemeanor punishable by imprisonment for a term not exceeding one (1) year or a fine not exceeding Fifty Thousand Dollars ($50,000.00), or both; and

2. If the act or omission was intended to defraud, of a felony punishable by imprisonment not exceeding five (5) years or a fine not exceeding One Hundred Thousand Dollars ($100,000.00), or both.

B. An officer, director, employee, agent or attorney of an association shall be responsible for an act or omission of the institution declared to be a criminal offense against this act whenever, knowing that such act or omission is unlawful, such person participates in authorizing, executing, ratifying or concealing such act, or in authorizing or ratifying such omission or, having a duty to take the required action, omits to do so. A director shall be deemed to participate in any action, of which the director has or should have had knowledge, taken or omitted to be taken by the board of which the director is a member unless the director dissents therefrom in writing and promptly notifies the Commissioner of such dissent.

C. It shall be a criminal offense against this act to violate any lawful order of the Commissioner. The Commissioner may refer evidence concerning violations of this act or of any rule or order hereunder to the Attorney General of the State of Oklahoma or to the district attorney for the county where a violation occurred in order that an information or indictment for such violations may be filed. The Attorney General or district attorney may designate and appoint a lawyer of the Oklahoma State Banking Department as special assistant, if available, for the purpose of assisting in or

conducting criminal prosecutions arising because of the proceedings provided for in this section.

D. Unless otherwise provided in this act, it shall be no defense to a criminal prosecution under this act that the defendant did not know the facts establishing the criminal character of the act or omission charged if the defendant could and should have known such facts in the proper performance of such duty.

E. This section shall not apply to specific offenses for which criminal sanctions have been imposed in other sections of this act.
Added by Laws 2000, c. 81, § 81, eff. Nov. 1, 2000.

§18-381.81. Payment or reimbursement by association for fine, penalty or judgment upon another person.

It shall be unlawful for an association to pay a fine or penalty imposed by law upon any other person or any judgment against such person or to reimburse directly or indirectly any person by whom such fine, penalty or judgment has been paid, except as otherwise provided in Section 1411 of Title 6 of the Oklahoma Statutes.
Added by Laws 2000, c. 81, § 82, eff. Nov. 1, 2000.

§18-381.82. Receipt of deposit after notification of insolvency.

It shall be unlawful for an association to receive any deposit after it has been notified by its primary regulator that it is insolvent or for an officer, director or employee who knows or, in the proper performance of such duty should know of the notification of such insolvency, to receive or authorize the receipt of such deposit, if such deposit, when aggregated together with other funds held by the depositor in the same right and capacity, would exceed the limit of any federal deposit insurance coverage.
Added by Laws 2000, c. 81, § 83, eff. Nov. 1, 2000.

§18-381.83. Certain persons prohibited from serving as officer or director.

It shall be unlawful for any person to serve as an officer or director of an association who:

1. Has been convicted of an offense constituting, in the jurisdiction in which the conviction was rendered, a violation of the banking, savings institution or credit union laws or other felony involving dishonesty or a breach of trust; and

2. Is indebted to the bank for more than thirty (30) days based on a judgment that has become final.
Added by Laws 2000, c. 81, § 84, eff. Nov. 1, 2000.

§18-381.84. Criminal embezzlement, abstraction, or misapplication of association funds.

It shall be a criminal offense for any officer, director, shareholder or employee of any association to directly or indirectly

embezzle, abstract, or misapply, or cause to be embezzled, abstracted or misapplied any of the funds or securities or other property of or under the control of the association with intent to deceive, injure, cheat, wrong, or defraud any person or entity.
Added by Laws 2000, c. 81, § 85, eff. Nov. 1, 2000.

§18-381.85. Publishing, uttering, or circulating false statement or representation.

It shall be unlawful for any person to publish, utter, or circulate any false, malicious, or unprivileged statement or representation for the purpose of injuring any association chartered, existing and doing business within the State of Oklahoma, under and by virtue of the laws of this state, or under and by virtue of the laws of the United States of America.
Added by Laws 2000, c. 81, § 86, eff. Nov. 1, 2000.

§18-381.86. Injunctions – Enforcement of orders.

A. Whenever a violation of this act by an association or any officer, director or employee thereof is threatened or impending and will cause substantial injury to the institution or to the depositors, creditors, or stockholders thereof, the district court of the county in which the association is located shall, upon the suit of the State Banking Commissioner, issue an injunction restraining such violation.

B. Whenever any corporation, not authorized to carry on association business under this act, shall falsely act as an association, or shall use an artificial or corporate name implying it is a trust company, the district court of the county in which lawful service is obtained shall, upon suit of the Commissioner, issue an injunction restraining such act.

C. All orders of the Commissioner shall be enforced by the district court of the district of domicile of the person or persons to whom the order is directed.
Added by Laws 2000, c. 81, § 87, eff. Nov. 1, 2000.

§18-411. Reports - Misapplication of funds solicited.

Thirty (30) days after the passage and approval of this bill, all chambers of commerce, commercial clubs, or any such associations organized and doing business in this state as is commonly done by such associations shall make a report to their entire membership, setting forth and itemizing their receipts and disbursements for the year ending at the date of the passage and approval of this bill, and shall thereafter make a like report each year ending June 30th.

Every committee or individual who solicits or receives any funds from the public for such associations herein named shall make a full itemized report of all receipts and disbursements thereof. The report shall be filed with the city clerk where the committee or

person soliciting such fund resides, or where the funds were collected; provided, that any person or committee who diverts the funds so collected from the purposes for which they were solicited or collected shall be guilty of a Class D1 felony offense and on conviction therefor shall be punished by confinement as provided for in subsections B through F of Section 20N of Title 21 of the Oklahoma Statutes.
Added by Laws 1919, c. 260, p. 370, § 1. Amended by Laws 1997, c. 133, § 140, eff. July 1, 1999; Laws 1999, 1st Ex.Sess., c. 5, § 66, eff. July 1, 1999; Laws 2025, c. 486, § 353, eff. Jan. 1, 2026.
NOTE: Laws 1998, 1st Ex.Sess., c. 2, § 23 amended the effective date of Laws 1997, c. 133, § 140 from July 1, 1998, to July 1, 1999.

§18-421. Corporations authorized - Formation - Purposes.

Ten or more persons may form a corporation for the purpose of conducting an agricultural, dairy, livestock, irrigation, horticultural, mercantile, mining, manufacturing, mechanical, or industrial business upon a co-operative plan, and with their associates, successors and assigns may become and be a body politic and corporate by complying with the provisions of this act.
Laws 1919, c. 147, p. 211, § 1; Laws 1923, c. 167, p. 269, § 1.

§18-422. Articles of incorporation.

The incorporators shall sign and acknowledge, in the manner required for the signing and acknowledgment of deeds, a certificate of incorporation showing the following facts:

(1) The corporate name.

(2) The purpose of corporation.

(3) The amount of capital stock.

(4) The number of shares, and the par value of the shares into which the capital stock is divided.

(5) The term of the corporate existence.

(6) The number of directors, not less than five and the names and addresses of the incorporating directors who shall manage the concerns of the corporation for the first corporate year.

(7) The name of the town or post office and the county where the principal office or place of business of the corporation shall be located.

(8) Any further provision, not inconsistent with law, which the incorporators may deem expedient to be embodied in such certificate.
Added by Laws 1919, c. 147, p. 211, § 2.

§18-423. Filing of articles - Certificate - Election by existing corporations.

The articles of incorporation shall be filed with the Secretary of State whereupon he shall issue to the corporation over the Great Seal of the State of Oklahoma, a certificate that the articles

containing the required statement of facts have been filed in his office, and thereupon the persons signing the articles and their associates, successors and assigns shall be a body politic and corporate by the name and for the purposes stated in said article. Provided, that any corporation doing business as mentioned in Section One, now operating in the State of Oklahoma, may, at regular or special meeting of the shareholders called for such purpose, by a majority vote elect to operate under the provisions of this act, after the action taken at such meeting shall be properly certified by the secretary of such corporation to the Secretary of State.
Laws 1919, c. 147, p. 212, § 3.

§18-424. Amendment of articles.

The articles of incorporation may be amended at any time, or from time to time, by the affirmative vote of two-thirds of the members present at any annual meeting of the stockholders, if notice of the proposed amendment shall have been given in the call for such meeting. Such amendments shall be put into effect by the directors, who shall sign and acknowledge and file, as above provided, new or revised articles containing such amendments and superseding the original articles.
Laws 1919, c. 147, p. 212, § 4.

§18-425. Powers.

Each corporation formed under the provisions of this act shall have power:

(1) To have succession by its corporate name for the period limited in its certificate.

(2) To sue and be sued, complain and defend in any court.

(3) To establish and use a common seal and alter the same.

(4) To hold, purchase and convey such real and personal property as the purpose of the corporation may require, including stock in subsidiary or allied cooperative corporations within or without the state.

(5) To appoint such officers and agents as the business may require, including in every case a president and secretary, and to fix their compensation.

(6) To make bylaws not inconsistent with law for the management of its property, the regulation of its business and the transfer of its stock.

(7) To exercise all other lawful powers necessary or proper for the exercise of the powers herein conferred.
Laws 1919, c. 147, p. 212, § 5.

§18-426. Stock.

The stock of such corporation shall not be sold at less than its par value. Twenty percent (20%) of the par value of the stock

subscribed for shall be paid in before the corporation shall commence business, and the remainder of such subscriptions shall be paid from time to time upon call of the directors. No certificate of stock shall be issued to any person until the full amount of the subscription therefor shall have been paid. No person shall become a shareholder except by consent of the board of directors. Not more than ten percent (10%) of the stock outstanding at any time, and not more than Three Thousand Dollars ($3,000.00) in par value, shall be held by or for one person, firm or corporation.
Laws 1919, c. 147, p. 212, § 6; Laws 1969, c. 226, § 1.

§18-427. Voting rights.

Each shareholder or subscriber shall be entitled to one vote, and no more, irrespective of the number of shares owned, at any meeting of the stockholders. Voting by proxies or absentee voting may be permitted and regulated by the bylaws. In the absence of such provision in the bylaws, no voting by proxies or absentees shall be allowed.
Laws 1919, c. 147, p. 213, § 7.

§18-428. Liability of subscribers and shareholders.

All subscribers or shareholders shall be severally and individually liable to the creditors of the corporation, to the amount of the unpaid capital stock subscribed for, or held by them, respectively and to no other or further amount.
Laws 1919, c. 147, p. 213, § 8; Laws 1923, c. 167, p. 269, § 2.

§18-429. Directors - Selection and term - Quorum.

The stock, property and affairs, of such corporation shall be managed by the board of directors, which shall consist of five (5) members, all of whom must be stockholders, and who shall be elected at the annual meeting of the stockholders. At the first meeting of the stockholders, there shall be elected five directors, one of whom shall serve one (1) year, two of whom shall serve two (2) years, and the remaining two of whom shall serve three (3) years. As the term of office of each of these directors expires a successor shall be elected, who shall serve for three (3) years, unless sooner removed, or until his successor is elected and qualified.

Notice of the time and place of holding such election shall be published not less than two (2) weeks previous thereto in the newspaper printed nearest to the place where the principal office or place of business of the corporation is located. A quorum shall consist of at least ten percent (10%) in number of all the stockholders or subscribers for stock who are entitled to vote.
Laws 1919, c. 147, p. 213, § 9; Laws 1923, c. 167, p. 270, § 3; Laws 1941, p. 58, § 1.

§18-430. Removal of director or officer - Vacancies.

Any director or officer of such corporation may be removed by a majority vote of the stockholders at any regular or special stockholders' meeting lawfully called, and the vacancy may be filled at such meeting or by the remaining directors at any regular or special meeting thereafter.

Laws 1919, c. 147, p. 213, § 10.

§18-431. Liability of directors.

If the indebtedness of such corporation shall at any time exceed the amount of its subscribed capital stock and surplus the directors assenting thereto shall be personally and individually liable for such excess to the creditors. Except any indebtedness created in favor of the State warehouse revolving fund.

Laws 1919, c. 147, p. 231, § 11; Laws 1923, c. 167, p. 270, § 4.

§18-432. Dividends and profits - Reserve fund.

The directors, subject to revision by the stockholders, at any general or special meeting lawfully called, shall apportion the net earnings and profits thereof from time to time at least once in each year in the following manner:

(1) Not less than ten percent (10%) thereof accruing since the last apportionment shall be set aside in a surplus or reserve fund until such fund shall equal at least fifty percent (50%) of the paid up capital stock.

(2) Dividends at a rate not to exceed eight percent (8%) per annum, may, in the discretion of the directors, be declared upon the paid up capital stock. Five percent (5%) may be set aside for educational purposes.

(3) The remainder of such net earnings and profits shall be apportioned and paid to its members ratably upon the amounts of the products sold to the corporation by its members, and the amounts of the purchases of members from the corporation: provided, that if the bylaws of the corporation shall so provide the directors may apportion such earnings and profits in part to nonmembers upon the amounts of their purchases and sales from or to the corporation.

Laws 1919, c. 147, p. 213, § 12.

§18-433. Illegal dividends - Liability of directors.

If the directors of such corporation shall declare and pay any dividend or apportionment of earnings, or profits to members or nonmembers when the corporation is insolvent or when it would be rendered insolvent by such payment, such directors shall be jointly and severally liable for all debts of the corporation then existing and for all such debts as shall be thereafter incurred while they shall respectively continue in office. Any director may relieve himself from such liability at any time before the time fixed for

the payment of such dividend or apportionment by filing a certificate in writing of his objection with the secretary of the corporation, and with the county clerk of the county in which the principal office is located.
Laws 1919, c. 147, p. 214, § 13.

§18-434. Financial statements.

At the time of each dividend or apportionment of profits and at least once in every year, the directors shall cause to be prepared a statement showing the financial condition of the corporation at the end of the period to which such dividend or apportionment relates, in such form as shall fully exhibit the assets and liabilities of the corporation; its earnings and profits, purchases and sales, expenses and outlays, for the period covered by such dividend or apportionment, in such manner that a good understanding of the condition of the company, may be obtained from such statement, and shall cause such statement to be kept on file with the secretary where the same may be examined by any member of the corporation at all reasonable times.
Laws 1919, c. 147, p. 214, § 14.

§18-435. Use of word "cooperative".

No person, firm or association, nor any corporation other than such as shall be organized pursuant to Sections 421 through 439.2 of this title or pursuant to the Uniform Limited Cooperative Association Act of 2009, shall make use of the word "cooperative", in the name under which its or their business is carried on. Whoever shall violate the provisions of this section shall be punishable by fine of not exceeding One Hundred Dollars ($100.00) for each offense. The violation of this section may furthermore be enjoined at the suit of any citizen of the state.
Added by Laws 1919, c. 147, p. 214, § 15. Amended by Laws 2009, c. 68, § 150, eff. Jan. 1, 2010.
NOTE: Laws 2008, c. 382, § 170 was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009) and repealed by Laws 2009, c. 68, § 152, eff. Jan. 1, 2010.

§18-436. Forfeiture of charter.

Any corporation organized under this act, which fails to comply with all the provisions of this act, shall thereby forfeit its charter, and the Secretary of State is hereby authorized and directed to recall the charter of any such corporation.
Laws 1919, c. 147, p. 214, § 16.

§18-437. Short title.

This act may be cited as the "Rural Electric Cooperative Act".

Laws 1939, p. 256, § 1.

§18-437.1. Rural electric cooperatives authorized.

Cooperative, nonprofit, membership corporations may be organized under this act for the purpose of supplying electric energy and promoting and extending the use thereof in rural areas. Corporations organized under this act and corporations which become subject to this act in the manner hereinafter provided are hereinafter referred to as "cooperatives".

Laws 1939, p. 256, § 2.

§18-437.2. Powers.

A cooperative shall have power:

(a) To sue and be sued, in its corporate name;

(b) To have a perpetual existence unless a limited period of duration is stated in its charter;

(c) To adopt a corporate seal and alter the same at pleasure;

(d) To generate, manufacture, purchase, acquire, accumulate and transmit electric energy, and to distribute, sell, supply and dispose of electric energy in rural areas to its members, to governmental agencies and political subdivisions, and to other persons not in excess of ten percent (10%) of the number of its members;

(e) To make loans to persons to whom electric energy is or will be supplied by the cooperative for the purpose of, and otherwise to assist such persons in wiring their premises and installing therein electric and plumbing fixtures, appliances, apparatus and equipment of any and all kinds of character, and to accept and otherwise acquire, and to sell, assign, transfer, endorse, pledge, hypothecate and otherwise dispose of notes, bonds, and other evidences of indebtedness and any and all types of security therefor;

(f) To make loans to persons to whom electric energy is or will be supplied by the cooperative for the purpose of, and otherwise to assist such persons in constructing, maintaining and operating electric refrigeration plants;

(g) To become a member in one or more other cooperatives or corporations or to own stock therein;

(h) To construct, purchase, take, receive, lease as lessee, or otherwise acquire, and to own, hold, use, equip, maintain, and operate and to sell, assign, transfer, convey, exchange, lease as lessor, mortgage, pledge, or otherwise dispose of or encumber, electric transmission and distribution lines or systems, electric generating plants, electric refrigeration plants, lands, buildings, structures, dams, plants, and equipment, and any and all kinds and classes of real or personal property whatsoever, which shall be deemed necessary, convenient or appropriate to accomplish the purpose for which the cooperative is organized; provided, that any

and all such electrical construction and maintenance shall conform to the requirements and regulations of the National Electrical Safety Code;

(i) To purchase or otherwise acquire, and to own, hold, use and exercise and to sell, assign, transfer, convey, mortgage, pledge, hypothecate, or otherwise dispose of or encumber, franchises, rights, privileges, licenses, rights-of-way and easements;

(j) To borrow money and otherwise contract indebtedness therefor and to secure the payment thereof by mortgage, pledge, deed or trust, or any other encumbrance upon any or all of its then owned or after acquired real or personal property, assets, franchises, revenues or income;

(k) To construct, maintain and operate electric transmission and distribution lines along, upon, under and across all public thoroughfares, including without limitation, all roads, highways, streets, alleys and bridges, and upon, under and across all publicly owned lands, subject, however, to the requirements in respect of the use of such thoroughfares and lands that are imposed by the respective authorities having jurisdiction thereof upon corporations, constructing or operating electric transmission and distribution lines or systems; provided that in case an area has been or shall be included, as a result of incorporation, annexation, population growth, or otherwise, within the boundaries of a city, town or village, a cooperative which was furnishing electric energy, or was constructing or operating electric facilities, in such area, prior to such inclusion, shall be entitled to construct, maintain and operate electric transmission and distribution lines and related facilities along, upon, under and across all existing and future public thoroughfares, and to continue and extend the furnishing of electric energy or the construction and operation of electric facilities in such area without obtaining the consent, franchise, license, permit or other authority of such city, town or village, subject, however, to compliance with the lawful safety requirements of such city, town or village as to the manner of constructing and maintaining facilities on such thoroughfares, and subject to payment of taxes of such city, town or village that may be levied and assessed as provided in Section 1201 of Title 68 of the Oklahoma Statutes; and provided further that if such city, town or village in which an area has been or shall be included, as aforesaid, owns and operates a system for the furnishing of electric energy to its inhabitants, the cooperative furnishing electric energy in such area shall transfer to such city, town or village, upon its request, the cooperative's electric distribution facilities used in furnishing electric energy in said area, other than facilities used in furnishing electric energy for resale or to premises of the cooperative, subject, however, to the following requirement: The city, town or village shall pay to the cooperative an amount to

compensate the cooperative for the fair value of the cooperative's facilities to be acquired by the city, town or village. If such cooperative and city, town or village cannot agree upon the amount to be paid to the cooperative, the city, town or village is authorized to file a proceeding in the district court of the county in which such city, town or village, or any part thereof, is located, for the acquisition of the cooperative's electric distribution facilities used in furnishing electric energy in said area, other than facilities used in furnishing electric energy for resale or to premises of the cooperative, and the procedure followed and the method of ascertaining just compensation to be paid the cooperative will be as provided in Article 2, Section 24, of the Oklahoma Constitution and Sections 53 to 58, inclusive, of Title 66 of the Oklahoma Statutes.

(l) To conduct its business and exercise any or all of its powers within or without this state;

(m) To adopt, amend and repeal bylaws; and

(n) To do and perform any and other acts and things, and to have and exercise any and all other powers which may be necessary, convenient or appropriate to accomplish the purpose for which the cooperative is organized;

(o) To have and exercise the right of eminent domain in the same manner and by like proceedings as provided for railroad corporations under the laws of this state.

(p) To participate with, jointly own or operate or enter into loans with any person, firm, corporation, limited liability company or any other kind of business entity including, but not limited to, privately owned electric utilities for the construction, operation or maintenance of electric generation, transmission or distribution facilities.

Added by Laws 1939, p. 256, § 3, emerg. eff. April 14, 1939. Amended by Laws 1939, p. 271, § 1, emerg. eff. May 12, 1939; Laws 1949, p. 128, § 1, emerg. eff. March 25, 1949; Laws 1961, p. 200, § 1; Laws 1988, c. 323, § 1, eff. Nov. 1, 1988; Laws 2002, c. 32, § 1, emerg. eff. April 10, 2002.

§18-437.3. Name.

The name of each cooperative shall include the words "electric" and "cooperative", provided, however, such limitation shall not apply if, in an affidavit made by the president or vice president of a cooperative and filed with the Secretary of State, it shall appear that the cooperative desires to transact business in another state and is precluded therefrom by reason of its name. The name of a cooperative shall distinguish it from the name of any other corporation organized under the laws of, or authorized to transact business in, this state. The words "electric" and "cooperative" shall not both be used in the name of any corporation organized

under the laws of, or authorized to transact business in, this state, except a cooperative or a corporation transacting business in this state pursuant to the provisions of this act.
Laws 1939, p. 258, § 4.

§18-437.4. Incorporators.

Five or more natural persons, or two or more cooperatives, may organize a cooperative in the manner hereinafter provided.
Laws 1939, p. 258, § 5.

§18-437.5. Articles of incorporation.

(a) The articles of incorporation of a cooperative shall recite in the caption that they are executed pursuant to this act, shall be signed and acknowledged by each of the incorporators, and shall state: (1) The name of the cooperative; (2) The address of its principal office; (3) The names and addresses of the incorporators; (4) The names and addresses of the persons who shall constitute its first board of trustees; and (5) Any provisions not inconsistent with this act deemed necessary or advisable for the conduct of its business and affairs.

(b) Such articles of incorporation shall be submitted to the Secretary of State for filing as provided in this act.

(c) It shall not be necessary to set forth in the articles of incorporation of a cooperative the purpose for which it is organized or any of the corporate powers vested in a cooperative under this act.
Laws 1939, p. 258, § 6.

§18-437.6. Bylaws.

The original bylaws of a cooperative shall be adopted by its board of trustees. Thereafter bylaws shall be adopted, amended or repealed by its members. The bylaws shall set forth the rights and duties of members and trustees and may contain other provisions for the regulation and management of the affairs of the cooperative not inconsistent with this act or with its articles of incorporation.
Laws 1939, p. 259, § 7.

§18-437.7. Members.

A. No person who is not an incorporator shall become a member of a cooperative unless such person shall agree to use electric energy furnished by the cooperative when such electric energy shall be available through its facilities. The bylaws of a cooperative may provide that any person including a corporation, shall cease to be a member thereof if he or she shall fail or refuse to use electric energy made available by the cooperative or if electric energy shall not be made available to such person by the cooperative within a specified time after such person shall have become a member

thereof. Membership in the cooperative shall not be transferable, except as provided in the bylaws. The bylaws may prescribe additional qualifications and limitations in respect to membership.

B. An annual meeting of the members shall be held at such time as shall be provided in the bylaws.

C. Special meetings of the members may be called by the board of trustees, by any three trustees, by not less than ten percent (10%) of the members, or by the president.

D. Meetings of members shall be held at such place as may be provided in the bylaws. In the absence of any such provision, all meetings shall be held in the city or town in which the principal office of the cooperative is located.

E. Except as hereinafter otherwise provided, written or printed notice stating the time and place of each meeting of members and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be given to each member, either personally or by mail, not less than ten (10) nor more than twenty-five (25) days before the date of the meeting.

F. Five percent (5%) of all members, present in person, shall constitute a quorum for the transaction of business at all meetings of the members, unless the bylaws prescribe the presence of a greater percentage of the members for a quorum. If less than a quorum is present at any meeting, a majority of those present in person may adjourn the meeting from time to time without further notice. If allowed by the bylaws of a cooperative, mail-in ballots may be counted toward the required five percent (5%) of members necessary to constitute a quorum. If specified in the meeting notice, in-person registrations shall be counted toward the required five percent (5%) of members necessary to constitute a quorum. Any vote taken at a time when less than five percent (5%) of all members are physically present shall be taken only on proposed actions which were specifically identified and provided to the members in advance through the meeting notice.

G. Each member shall be entitled to one vote on each matter submitted to a vote at a meeting. Voting shall be in person, but, if the bylaws so provide, may also be by proxy or by mail, or both. If the bylaws provide for voting by proxy or by mail, they shall also prescribe the conditions under which proxy or mail voting shall be exercised. In any event, no person shall vote a proxy for more than three members at any meeting of the members.

H. For purposes of this section, "in-person registration" means a member registering for a meeting at any location designated in the meeting notice.

Added by Laws 1939, p. 259, § 8, emerg. eff. April 14, 1939. Amended by Laws 2016, c. 96, § 1, emerg. eff. April 19, 2016; Laws 2022, c. 159, § 1, emerg. eff. May 2, 2022.

§18-437.8. Board of trustees.

(a) The business and affairs of a cooperative shall be managed by a board of not less than five (5) trustees, each of whom shall be a member of the cooperative or of another cooperative which shall be a member thereof. The bylaws shall prescribe the number of trustees, their qualifications, other than those provided for in this act, the manner of holding meetings of the board of trustees and of the election of successors to trustees who shall resign, die, or otherwise be incapable of acting. The bylaws may also provide for the removal of trustees from office and for the election of their successors. Without approval of the members, trustees shall not receive any salaries for their services as trustees. The bylaws may, however, provide that a fixed fee and expenses of attendance, if any, may be allowed to each trustee for attendance at each meeting of the board of trustees and such other meetings, seminars, workshops, conferences or for other business purposes authorized by the board of trustees.

(b) The trustees of a cooperative named in any articles of incorporation, consolidation, merger or conversion, as the case may be, shall hold office until the next following annual meeting of the members or until their successors shall have been elected and qualified. At each annual meeting or, in case of failure to hold the annual meeting as specified in the bylaws, at a special meeting called for that purpose, the members shall elect trustees to hold office until the next following annual meeting of the members, except as hereinafter otherwise provided. Each trustee shall hold office for the term for which he is elected or until his successor shall have been elected and qualified.

(c) The officers of a cooperative shall consist of a president, secretary and treasurer, who shall be elected annually by and from the board of trustees. No person shall continue to hold any of the above offices after he shall have ceased to be a trustee. The offices of secretary and/or treasurer may be held by the same person. The board of trustees may also elect or appoint a chief executive or operating officer or such other officers, agents, or employees, whether or not such persons are trustees of the cooperative, as it shall deem necessary or advisable and shall prescribe the powers and duties thereof. Any officer may be removed from office and his successor elected in the manner prescribed in the bylaws. Vacancies in office may be filled by the board of trustees.

(d) The bylaws may provide that, in lieu of electing the whole number of trustees annually, the trustees shall be divided into three classes at the first or any subsequent annual meeting, each class to be as nearly equal in number as possible, with the term of office of the trustees of the first class to expire at the next succeeding annual meeting and the term of the second class to expire

at the second succeeding annual meeting, and the term of the third class to expire at the third succeeding annual meeting. At each annual meeting after such classification a number of trustees equal to the number of the class whose term expires at the time of such meeting shall be elected to hold office until the third succeeding annual meeting.

(e) A majority of the board of trustees shall constitute a quorum.

(f) If a husband and wife hold a joint membership in a cooperative, either one, but not both, may be elected a trustee.

(g) The board of trustees may exercise all of the powers of a cooperative except such as are conferred upon the members by this act, or its articles of incorporation or bylaws.

Laws 1939, p. 260, § 9; Laws 1955, p. 151, § 1. Amended by Laws 1990, c. 202, § 1, emerg. eff. May 10, 1990.

§18-437.9. Voting districts.

Notwithstanding any other provision of this act, the bylaws may provide that the territory in which a cooperative supplies electric energy to its members shall be divided into two or more voting districts and that, in respect of each such voting district, (1) a designated number of trustees shall be elected by the members residing therein, or (2) a designated number of delegates shall be elected by such members, or (3) both such trustees and delegates shall be elected by such members. In any such case the bylaws shall prescribe the manner in which such voting districts and the members thereof, and the delegates and trustees, if any, elected therefrom shall function and the powers of the delegates, which may include the power to elect trustees. No member at any voting district meeting and no delegate at any meeting shall vote by proxy or by mail.

Laws 1939, p. 261, § 10.

§18-437.10. Officers.

The officers of a cooperative shall consist of a president, vice president, secretary and treasurer, who shall be elected annually by and from the board of trustees. No person shall continue to hold any of the above offices after he shall have ceased to be a trustee. The offices of secretary and of treasurer may be held by the same person. The board of trustees may also elect or appoint such other officers, agents, or employees as it shall deem necessary or advisable and shall prescribe the powers and duties thereof. Any officer may be removed from office and his successor elected in the manner prescribed in the bylaws. Vacancies in office may be filed by the board of trustees.

Laws 1953, p. 486, § 10.

§18-437.11. Amendment of articles of incorporation - Change of location without amending articles.

(a) A cooperative may amend its articles of incorporation by complying with the following requirements:

(1) The proposed amendment shall be first approved by the board of trustees and shall then be submitted to a vote of the members at any annual or special meeting thereof, the notice of which shall set forth the proposed amendment. The proposed amendment, with such changes as the members shall choose to make therein, shall be deemed to be approved on the affirmative vote of not less than two-thirds of those members voting thereon at such meeting; and

(2) Upon such approval by the members, articles of amendment shall be executed and acknowledged on behalf of the cooperative by its president or vice president and its corporate seal shall be affixed thereto and attested by its secretary. The articles of amendment shall recite in the caption that they are executed pursuant to this act and shall state: (a) the name of the cooperative; (b) the address of its principal office; (c) the date of the filing of its articles of incorporation in the office of the Secretary of State; and (d) the amendment to its articles of incorporation. The president or vice president executing such articles of amendment shall also make and annex thereto an affidavit stating that the provisions of this section were duly complied with. Such articles of amendment and affidavit shall be submitted to the Secretary of State for filing as provided in this act.

(b) A cooperative may, without amending its articles of incorporation, upon authorization of its board of trustees, change the location of its principal office by filing a certificate of change of principal office, executed and acknowledged by its president or vice president under its seal attested by its secretary, in the office of the Secretary of State and also in each county office in which its articles of incorporation or any prior certificate of change of principal office of such cooperative has been filed. Such cooperative shall also, within thirty (30) days after the filing of such certificate of change of principal office in any county office, file therein certified copies of its articles of incorporation and all amendments thereto, if the same are not already on file therein.

Laws 1939, p. 261, § 12.

§18-437.12. Consolidation.

Any two or more cooperatives, each of which is hereinafter designated a "consolidating cooperative", may consolidate into a new cooperative, hereinafter designated the "new cooperative", by complying with the following requirements:

(a) The proposition for the consolidation of the consolidating cooperatives into the new cooperative and proposed articles of

consolidation to give effect thereto shall be first approved by the board of trustees of each consolidating cooperative. The proposed articles of consolidation shall recite in the caption that they are executed pursuant to this act and shall state: (1) The name of each consolidating cooperative, the address of its principal office, and the date of the filing of its articles of incorporation in the office of the Secretary of State; (2) the name of the new cooperative and the address of its principal office; (3) the names and addresses of the persons who shall constitute the first board of trustees of the new cooperative; (4) the terms and conditions of the consolidation and the mode of carrying the same into effect, including the manner and basis of converting memberships in each consolidating cooperative into memberships in the new cooperative and the issuance of certificates of membership in respect of such converted memberships; and (5) any provisions not inconsistent with this act deemed necessary or advisable for the conduct of the business and affairs of the new cooperative;

(b) The proposition for the consolidation of the consolidating cooperatives into the new cooperative and the proposed articles of consolidation approved by the board of trustees of each consolidating cooperative shall then be submitted to a vote of the members thereof at any annual or special meeting thereof, the notice of which shall set forth full particulars concerning the proposed consolidation. The proposed consolidation and the proposed articles of consolidation shall be deemed to be approved upon the affirmative vote of not less than two-thirds of those members of each consolidating cooperative voting thereon at such meeting; and

(c) Upon such approval by the members of the respective consolidation cooperatives, articles of consolidation in the form approved shall be executed and acknowledged on behalf of each consolidating cooperative by its president or vice president and its seal shall be affixed thereto and attested by its secretary. The president or vice president of each consolidating cooperative executing such articles of consolidation shall also make and annex thereto an affidavit stating that the provisions of this section were duly complied with by such cooperative. Such articles of consolidation and affidavits shall be submitted to the Secretary of State for filing as provided in this act.

Laws 1939, p. 262, § 13.

§18-437.13. Merger.

Any one or more cooperatives, each of which is hereinafter designated a "merging cooperative", may merge into another cooperative, hereinafter designated the "surviving cooperative", by complying with the following requirements:

(a) The proposition for the merger of the merging cooperatives into the surviving cooperative and proposed articles of merger to

give effect thereto shall be first approved by the board of trustees of each merging cooperative and by the board of trustees of the surviving cooperative. The proposed articles of merger shall recite in the caption that they are executed pursuant to this act and shall state: (1) the name of each merging cooperative, the address of its principal office, and the date of the filing of its articles of incorporation in the office of the Secretary of State; (2) the name of the surviving cooperative and the address of its principal office; (3) a statement that the merging cooperatives elect to be merged into the surviving cooperative; (4) the terms and conditions of the merger and the mode of carrying the same into effect, including the manner and basis of converting the memberships in the merging cooperative or cooperatives into memberships in the surviving cooperative and the issuance of certificates of membership in respect of such converted memberships; and (6) any provisions not inconsistent with this act deemed necessary or advisable for the conduct of the business and affairs of the surviving cooperative;

(b) The proposition for the merger of the merging cooperatives into the surviving cooperative and the proposed articles of merger approved by the board of trustees of the respective cooperatives, parties to the proposed merger, shall then be submitted to a vote of the members of each such cooperative at any annual or special meeting thereof, the notice of which shall set forth full particulars concerning the proposed merger. The proposed merger and the proposed articles of merger shall be deemed to be approved upon the affirmative vote of not less than two-thirds of those members of each cooperative voting thereon at such meeting; and

(c) Upon such approval by the members of the respective cooperatives, parties to the proposed merger, articles of merger in form approved shall be executed and acknowledged on behalf of each such cooperative by its president or vice president and its seal shall be affixed thereto and attested by its secretary. The president or vice president of each cooperative executing such articles of merger shall also make and annex thereto an affidavit stating that the provisions of this section were duly complied with by such cooperative. Such articles of merger and affidavits shall be submitted to the Secretary of State for filing as provided in this act.

Laws 1939, p. 263, § 14.

§18-437.14. Effect of consolidation or merger.

The effect of consolidation or merger shall be as follows:

(a) The several cooperatives, parties to the consolidation or merger, shall be a single cooperative, which, in the case of a consolidation, shall be the new cooperative provided for in the articles of consolidation, and, in the case of a merger, shall be that cooperative designated in the articles of merger as the

surviving cooperative, and the separate existence of all cooperatives, parties to the consolidation or merger, except the new or surviving cooperative, shall cease;

(b) Such new or surviving cooperative shall have all the rights, privileges, immunities, and powers and shall be subject to all the duties and liabilities of a cooperative organized under the provisions of this act, and shall possess all the rights, privileges, immunities, and franchises, as well of a public as of a private nature, and all property, real and personal, applications for membership, all debts due on whatever account, and all other choses in action, of each of the consolidating or merging cooperatives, and furthermore all and every interest of, or belonging or due to, each of the cooperatives so consolidated or merged, shall be taken and deemed to be transferred to and vested in such new or surviving cooperative without further act or deed; and the title to any real estate, or any interest therein, under the laws of this state vested in any such cooperatives shall not revert or be in any way impaired by reason of such consolidation or merger;

(c) Such new or surviving cooperative shall thenceforth be responsible and liable for all of the liabilities and obligations of each of the cooperatives so consolidated or merged, and any claim existing, or action or proceeding pending, by or against any of such cooperatives may be prosecuted as if such consolidation or merger had not taken place, but such new or surviving cooperative may be substituted in its place;

(d) Neither the rights of creditors nor any liens upon the property of any of such cooperatives shall be impaired by such consolidation or merger; and

(e) In the case of a consolidation, the articles of consolidation shall be deemed to be the articles of incorporation of the new cooperative; and in the case of a merger, the articles of incorporation of the surviving cooperative shall be deemed to be amended to the extent, if any, that changes therein are provided for in the articles of merger.

Laws 1939, p. 264, § 15.

§18-437.15. Conversion of existing corporations.

Any corporation organized under the laws of this state for the purpose, among others, of supplying electric energy in rural areas may be converted into a cooperative and become subject to this act with the same effect as if originally organized under this act by complying with the following requirements:

(a) The proposition for the conversion of such corporation into a cooperative and proposed articles of conversion to give effect thereto shall be first approved by the board of trustees or the board of directors, as the case may be, of such corporation. The proposed articles of conversion shall recite in the caption that

they are executed pursuant to this act and shall state: (1) the name of the corporation prior to its conversion into a cooperative; (2) the address of the principal office of such corporation; (3) the date of the filing of the articles of incorporation of such corporation in the office of the Secretary of State; (4) the statute or statutes under which such corporation was organized; (5) the name assumed by such corporation; (6) a statement that such corporation elects to become a cooperative, nonprofit, membership corporation subject to this act; (7) the manner and basis of converting either memberships in or shares of stock of such corporation into memberships therein after completion of the conversion; and (8) any provisions not inconsistent with this Act deemed necessary or advisable for the conduct of the business and affairs of such corporation;

(b) The proposition for the conversion of such corporation into a cooperative and the proposed articles of conversion approved by the board of trustees or board of directors, as the case may be, of such corporation shall then be submitted to a vote of the members or stockholders, as the case may be, of such corporation at any duly held annual or special meeting thereof, the notice of which shall set forth full particulars concerning the proposed conversion. The proposition for the conversion of such corporation into a cooperative and the proposed articles of conversion, with such amendments thereto as the members or stockholders of such corporation shall choose to make, shall be deemed to be approved upon the affirmative vote of not less than two-thirds of those members of such corporation voting thereon at such meeting, or, if such corporation is a stock corporation, upon the affirmative vote of the holders of not less than two-thirds of the capital stock of such corporation represented at such meeting;

(c) Upon such approval by the members or stockholders of such corporation, articles of conversion in the form approved by such members or stockholders shall be executed and acknowledged on behalf of such corporation by its president or vice president and its corporate seal shall be affixed thereto and attested by its secretary. The president or vice president executing such articles of conversion on behalf of such corporation shall also make and annex thereto an affidavit stating that the provisions of this section with respect to the approval of its trustees or directors and its members or stockholders, of the proposition for the conversion of such corporation into a cooperative and such articles of conversion were duly complied with. Such articles of conversion and affidavit shall be submitted to the Secretary of State for filing as provided in this act. The term "articles of incorporation" as used in this act shall be deemed to include the articles of conversion of a converted corporation.
Laws 1939, p. 265, § 16.

§18-437.16. Initiative by members.

Not withstanding any other provision of this act, any proposition embodied in a petition signed by not less than ten percent (10%) of the members of a cooperative, together with any document submitted with such petition to give effect to the proposition, shall be submitted to the members of a cooperative, either at a special meeting of the members held within forty-five (45) days after the presentation of such petition or, if the date of the next annual meeting of members falls within ninety (90) days after such presentation or if the petition so requests, at such annual meeting. The approval of the board of trustees shall not be required in respect of any proposition or document submitted to the members pursuant to this section and approved by them, but such proposition or document shall be subject to all other applicable provisions of this act. Any affidavit or affidavits required to be filed with any such document pursuant to applicable provisions of this act shall, in such case, be modified to show compliance with the provisions of this section.

Laws 1939, p. 266, § 17.

§18-437.17. Dissolution.

A cooperative may dissolve in the manner provided by law for the dissolution of private corporations.

Laws 1939, p. 267, § 18.

§18-437.18. Filing of articles - Certificate of incorporation - Filing.

Articles of incorporation, amendment, consolidation, merger or conversion, as the case may be, when executed and acknowledged and accompanied by such affidavits as may be required by applicable provisions of this act, shall be presented to the Secretary of State for filing in the records of his office. If the Secretary of State shall find that the articles presented conform to the requirements of this act, he shall, upon the payment of the fees as in this act provided, file the articles so presented in the records of his office and shall issue over the Great Seal of the state an appropriate certificate of incorporation, amendment, consolidation, merger or conversion, as the case may be, and thereupon the incorporation, amendment, consolidation, merger or conversion provided for therein shall be in effect.

Laws 1939, p. 267, § 19; Laws 1979, c. 259, § 3.

§18-437.19. Refunds to members.

Revenues of a cooperative for any fiscal year in excess of the amount thereof necessary:

(a) To defray expenses of the cooperative and of the operation and maintenance of its facilities during such fiscal year;

(b) To pay interest and principal obligations of the cooperative coming due in such fiscal year;

(c) To finance, or to provide a reserve for the financing of, the construction or acquisition by the cooperative of additional facilities to the extent determined by the board of trustees;

(d) To provide a reasonable reserve for working capital;

(e) To provide a reserve for the payment of indebtedness of the cooperative maturing more than one (1) year after the date of the incurrence of such indebtedness in an amount not less than the total of the interest and principal payments in respect thereof required to be made during the next following fiscal year; and

(f) To provide a fund for education in cooperation and for the dissemination of information concerning the effective use of electric energy and other services made available by the cooperative, shall, unless otherwise determined by a vote of the members, be distributed by the cooperative to its members as patronage refunds prorated in accordance with the patronage of the cooperative by the respective members paid for during such fiscal year. Nothing herein contained shall be construed to prohibit the payment by a cooperative of all or any part of its indebtedness prior to the date when the same shall become due.

Laws 1939, p. 267, § 20.

§18-437.20. Disposition of property.

A cooperative may not sell, mortgage, lease or otherwise dispose of or encumber all or any substantial portion of its property unless such sale, mortgage, lease, or other disposition or encumbrance is authorized at a duly held meeting of the members thereof by the affirmative vote of not less than two-thirds of all of the members of the cooperative, and unless the notice of such proposed sale, mortgage, lease, or other disposition or encumbrance shall have been contained in the notice of the meeting; provided, however, that notwithstanding anything herein contained, or any other provisions of law, the board of trustees of a cooperative, without authorization by the members thereof, shall have full power and authority upon an affirmative vote of not less than two-thirds (2/3) of the board of trustees to authorize the execution and delivery of a lease and leaseback transaction only where the board of trustees determines that such transaction will not impair the ability of the cooperative to use the assets as needed to serve the members; provided, however, that such transactions shall apply only to the physical assets of a cooperative and shall not be used to effect a sale or other disposition of the cooperative business entity itself; and further, shall have full power and authority to authorize the execution and delivery of a mortgage or mortgages or a deed or deeds

of trust upon, or the pledging or encumbering of, any or all of the property, assets, rights, privileges, licenses, franchises and permits of the cooperative, whether acquired or to be acquired, and wherever situated, as well as the revenues and income therefrom, all upon such terms and conditions as the board of trustees shall determine, to secure any indebtedness of the cooperative to the United States of America or any instrumentality or agency thereof or to any corporation or financial institution authorized to assist in the credit and financial needs of rural electric cooperatives.
Added by Laws 1939, p. 268, § 21, emerg. eff. April 14, 1939. Amended by Laws 1969, c. 53, § 1; Laws 2002, c. 25, § 1, emerg. eff. April 5, 2002.

§18-437.21. Nonliability of members, trustees and officers for debts of cooperative.

No member, trustee or officer of the cooperative shall be liable or responsible individually for any debts of the cooperative.
Laws 1939, p. 268, § 22.

§18-437.22. Waiver of notice.

Whenever any notice is required to be given under the provisions of this act or under the provisions of the articles of incorporation or bylaws of a cooperative, waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time fixed for the giving of such notice, shall be deemed equivalent to such notice. If a person or persons entitled to notice of a meeting shall attend such meeting, such attendance shall constitute a waiver of notice of the meeting, except in case the attendance is for the express purpose of objecting to the transaction of any business because the meeting shall not have been lawfully called or convened.
Laws 1939, p. 269, § 23.

§18-437.23. Foreign corporation.

Any corporation organized on a nonprofit or a cooperative basis for the purpose of supplying electric energy in rural areas and owning and operating electric transmission or distribution lines in a state adjacent to this state may file in the office of the Secretary of State a certified copy of its charter or articles of incorporation which shall be recorded in a book to be kept by the Secretary of State for that purpose, and thereupon, upon payment of the fees required of a cooperative for the filing of articles of incorporation, and the appointment of a service agent as provided by law, such foreign corporation shall be authorized to transact business in this state and shall have all the rights, powers and privileges conferred upon a cooperative under this act.
Laws 1939, p. 269, § 24.

§18-437.24. Fees.

The Secretary of State shall have charge and collect for:

(a) Filing articles of incorporation, Twenty-five Dollars ($25.00);

(b) Filing articles of amendment, Ten Dollars ($10.00);

(c) Filing articles of consolidation or merger, Twenty-five Dollars ($25.00);

(d) Filing articles of conversion, Twenty-five Dollars ($25.00);

(e) Filing certificate of change of principal office, Ten Dollars ($10.00);

(f) Issuing certificate of incorporation, amendment, consolidation, merger or conversion, or any certified copy thereof, Five Dollars ($5.00).

Amended by Laws 1984, c. 229, § 8, operative July 1, 1984.

§18-437.25. Exemption from excise and income taxes - License fee.

Each cooperative and each foreign corporation transacting business in this state pursuant to this act shall pay annually, on or before the thirty-first day of August, to the Oklahoma Tax Commission, a fee of One Dollar ($1.00) for each one hundred persons or fraction thereof to whom electricity is supplied within the state by it, as of June thirtieth preceding, but shall be exempt from all other excise and income taxes whatsoever.

Laws 1939, p. 270, § 26.

§18-437.27. Oklahoma Uniform Securities Act of 2004 exemption.

The provisions of the Oklahoma Uniform Securities Act of 2004, as amended, shall not apply to any note, bond or other evidence of indebtedness issued by any cooperative or foreign corporation transacting business in this state pursuant to this act, to the United States of America or any agency or instrumentality thereof, or to any mortgage or deed of trust executed to secure the same. The provisions of said Securities Act shall not apply to the issuance of membership certificates by any cooperative or any such foreign corporation.

Added by Laws 1939, p. 270, § 28, emerg. eff. April 14, 1939.
Amended by Laws 2022, c. 77, § 2, eff. Nov. 1, 2022.

§18-437.28. Definitions.

In this act, unless the context otherwise requires;

(a) "Rural area" means any area not included within the boundaries of any incorporated or unincorporated city, town or village, having a population in excess of one thousand five hundred (1,500) persons, and any area included within the boundaries of any such city, town or village as a result of incorporation, annexation,

population growth, or otherwise, in which area a cooperative commenced or commences the construction or operation of electric facilities or the furnishing of electric energy prior to such incorporation, annexation or population growth.

(b) "Person" includes any natural person, firm, association, corporation, business trust, partnership, federal agency, state or political subdivision or agency thereof, or any body politic; and

(c) "Member" means each incorporator of a cooperative and each person admitted to and retaining membership therein, and shall include a husband and wife admitted to joint membership.

Laws 1939, p. 270, § 29; Laws 1961, p. 201, § 2.

§18-437.29. Construction of act.

This act shall be construed liberally. The enumeration of any object, purpose, power, manner, method, or thing shall not be deemed to exclude like or similar object, purposes, powers, manner, methods or things.

Laws 1939, p. 270, § 30.

§18-438.1. Short title of act.

This act may be cited as the "Telephone Cooperative Corporations Act".

Laws 1953, p. 484, § 1; Laws 1991, c. 135, § 1, eff. Sept. 1, 1991.

§18-438.2. Organization authorized - Purpose.

Cooperative, nonprofit corporations may be organized under this act for the purpose of furnishing communication services to the widest practicable number of users of such service.

Laws 1953, p. 484, § 2; Laws 1991, c. 135, § 2, eff. Sept. 1, 1991.

§18-438.3. Definitions.

As used in this act:

1. "Cooperative" means any corporation organized pursuant to or which becomes subject to the provisions of the Telephone Cooperative Corporations Act;

2. "Person" means any natural person, firm, association, corporation, business trust, or partnership;

3. "Telephone company" means any natural person, firm, association, corporation, or partnership, other than a cooperative or mutual telephone company, owning, leasing, or operating any line, facility, or system used in furnishing telephone service within this state;

4. "Communication services" means the transmitting, receiving, or both, of information, signals or messages by wire, radio, cellular radio, microwave, fiber optics or any other means, and includes, but is not limited to, the providing of lines, facilities and systems used in providing the services;

5. "Member" means the incorporators of a cooperative and each person thereafter lawfully admitted to membership therein pursuant to the provisions contained in the bylaws; and

6. "Patron" means a member of the cooperative who is eligible to receive patronage dividends or to earn capital credits as a result of the purchase of certain services from the cooperative, as provided by subsection D of Section 438.9 of this title.

Amended by Laws 1983, c. 3, § 1, emerg. eff. Feb. 21, 1983; Laws 1991, c. 135, § 3, eff. Sept. 1, 1991.

§18-438.4. Powers of cooperative.

A cooperative shall have power:

1. To sue and be sued in its corporate name;

2. To have a perpetual existence unless a limited period of duration is stated in its articles of incorporation;

3. To adopt a corporate seal and alter the same;

4. To furnish, improve and expand any or all communications services to its members, to other persons, and through interconnection of facilities to any number of subscribers of other communications systems, and through pay stations to any number of users; provided, however, that no such regulated communications services, as determined by the Oklahoma Corporation Commission, shall be furnished to persons located within the certified territory of another local exchange telephone company; and provided further that a cooperative which acquires existing communications facilities, systems or territories may continue service to persons who are already receiving service from such facilities and systems or who are located or who become located within the acquired territories. Such persons may become members as provided in the bylaws;

5. To construct, purchase, lease as lessee, or otherwise acquire, and to improve, expand, install, equip, maintain, and operate, and to sell, assign, convey, lease as lessor, mortgage, pledge, or otherwise dispose of or encumber, communication lines, facilities or systems, lands, buildings, structures, plants and equipment, exchanges, and any other real or personal property, tangible or intangible, which shall be deemed necessary, convenient or appropriate to accomplish the purpose for which the cooperative is organized; provided, however, that a cooperative shall not duplicate existing telephone lines, facilities or systems providing reasonably adequate service;

6. To connect and interconnect its communication lines, facilities or systems with other communication lines, facilities or systems; provided that any such connection or interconnection shall be in such manner and according to such specifications as will avoid interference with or hazards to existing communication lines, facilities or systems;

7. To make its facilities available to persons furnishing communication services within or without this state;

8. To purchase, lease as lessee, or otherwise acquire, and to use and exercise and to sell, assign, convey, mortgage, pledge or otherwise dispose of or encumber, franchises, rights, privileges, licenses and easements;

9. To issue membership certificates and nonvoting shares of stock as hereinafter provided;

10. To borrow money and otherwise contract indebtedness, and to issue or guarantee notes, bonds, and other evidences of indebtedness, and to secure the payment thereof by mortgage, pledge, or deed of trust of, or any other encumbrance upon, any or all of its then-owned or after-acquired real or personal property, assets, franchises, or revenues;

11. To construct, maintain and operate communication lines and facilities along, upon, under and across publicly owned lands and public thoroughfares, including, without limitation, all roads, highways, streets, alleys, bridges and causeways; subject, however, to the same requirements and limitations with respect to the use or occupancy of such thoroughfares and lands as are now or hereafter imposed by the laws of this state;

12. To exercise the power of eminent domain in the manner provided by the laws of this state for the exercise of such power by other corporations constructing or operating telephone lines, facilities or systems;

13. To become a member of other cooperatives, joint ventures, partnerships, corporations or other legal entities or to own stock therein;

14. To conduct its business and exercise its powers within or without this state;

15. To adopt, amend and repeal bylaws;

16. To make any and all legal contracts necessary, convenient or appropriate for the full exercise of the powers herein granted; and

17. To do and perform any other acts and things, and to have and exercise any other powers which may be necessary, convenient or appropriate to accomplish the purpose for which the cooperative is organized.

Amended by Laws 1988, c. 323, § 2, eff. Nov. 1, 1988; Laws 1991, c. 135, § 4, eff. Sept. 1, 1991.

§18-438.5. Name.

The name of a cooperative shall include the words "telephone" and "cooperative", and the abbreviation "Inc.", unless, in an affidavit made by its president or vice president, and filed with the Secretary of State, or in an affidavit made by a person signing articles of incorporation, consolidation, merger or conversion,

which relate to such cooperative, and filed, together with any such articles, with the Secretary of State, it shall appear that the cooperative desires to do business in another state and is or would be precluded therefrom by reason of the inclusion of such words or either thereof in its name. The name of a cooperative shall be distinct from the name of any other cooperative or corporation organized under the laws of, or authorized to do business in, this state. This section shall not apply to any corporation which becomes subject to this act by complying with the provisions of Section 20 of this act, or which does business in this state pursuant to Section 29 of this act and which elects to retain a corporate name which does not comply with this section.
Laws 1953, p. 485, § 5.

§18-438.6. Incorporators.

Five or more natural persons who are residents of the areas in which the principal operations of the cooperative are to be conducted may organize a cooperative in the manner hereinafter provided.
Laws 1953, p. 486, § 6.

§18-438.7. Articles of incorporation.

Articles of incorporation of a cooperative shall recite that they are executed pursuant to this act and shall state: (1) the name of the cooperative; (2) the address of its principal office; (3) the names and addresses of the incorporators; (4) the names and addresses of its trustees; (5) the purpose for which the cooperative is formed; and (6) the period of its existence and may contain any provisions not inconsistent with this act deemed necessary or advisable for the conduct of its business, including provisions for the issuance of nonvoting shares of stock as hereinafter provided. Such articles shall be signed by each incorporator and acknowledged by at least two of the incorporators, or on their behalf, if they are cooperatives. If a cooperative desires to issue nonvoting shares of stock, its articles of incorporation shall state: (1) the total number of such shares of stock which may be issued and the par value of each share; (2) the fixed or maximum rate of dividends on the par value of such shares of stock, in either case not exceeding four percent (4%) per annum, and whether dividends shall be cumulative or noncumulative; (3) whether such shares of stock may be issued to members only or to members and nonmembers; (4) the maximum number of such shares of stock which may be owned by any person; and (5) the terms and conditions on which such shares of stock may be transferred, redeemed and retired.
Laws 1953, p. 486, § 7.

§18-438.8. Bylaws.

The board of trustees shall adopt the first bylaws of a cooperative to be adopted following an incorporation, conversion, combined consolidation and conversion, merger or consolidation. Thereafter the members shall adopt, amend or repeal the bylaws by the affirmative vote of a majority of those members voting thereon at a meeting of the members. The bylaws shall set forth the rights and duties of members, trustees and shareholders, if any, and may contain other provisions for the regulation and management of the affairs of the cooperative not inconsistent with this act or with its articles of incorporation.
Laws 1953, p. 486, § 8.

§18-438.9. Membership - Shares of stock - Qualification as patron.

A. Each incorporator of a cooperative shall be a member thereof but no other person may become a member thereof unless such other person agrees to use communication services furnished by the cooperative when it is made available through its facilities, except as otherwise provided in the bylaws. Membership in a cooperative may be evidenced by a certificate of membership which shall not be transferable, except as provided by the bylaws. The bylaws may prescribe additional qualifications and limitations in respect of membership, provided that ownership of shares of stock, if any are authorized, shall not be a condition of membership in the cooperative.

B. In case the issuance of shares of stock is provided for in the articles of incorporation, ownership thereof shall be evidenced by share certificates. No share of stock shall be issued except for cash, or for property at its fair value, in an amount equal to the par value of such share of stock.

C. Membership and share certificates shall contain such provisions, consistent with this act and the articles of incorporation of the cooperative, as shall be prescribed by its bylaws.

D. Each member who purchases communication services in the ordinary course of business of the cooperative is a patron of the cooperative, except the use of inter-exchange access, payment of inter-exchange access fares or settlements, or the purchase of equipment does not qualify a member or other person as a patron. The bylaws of the cooperative may provide other circumstances where a member or other person will not qualify to be a patron.
Laws 1953, p. 486, § 9; Laws 1991, c. 135, § 5, eff. Sept. 1, 1991.

§18-438.10. Meetings of members.

A. An annual meeting of the members of a cooperative shall be held at such time and place as shall be provided in the bylaws.

B. Special meetings of the members may be called by the president, by the board of trustees, by any three trustees, or by

not less than two hundred members or ten percent (10%) of all members, whichever shall be the lesser.

C. Except as otherwise provided in this act, written or printed notice stating the time and place of each meeting of the members and in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be given to each member, either personally or by mail, not less than ten (10) days nor more than twenty-five (25) days before the date of the meeting. If mailed, such notice shall be deemed to be given when deposited in the United States mail with postage prepaid, addressed to the member at his address as it appears on the records of the cooperative.

D. Unless the bylaws prescribe the presence of a greater percentage or number of the members for a quorum, a quorum for the transaction of business at all meetings of the members of a cooperative having not more than five hundred members, shall be ten percent (10%) of all members, present in person, and of a cooperative having more than five hundred members, shall be fifty members or two percent (2%) of all members, whichever is greater, present in person. If less than a quorum is present at any meeting, a majority of those present in person may adjourn the meeting from time to time without further notice.

E. Each member shall be entitled to one vote on each matter submitted to a vote at a meeting of the members. Voting shall be in person, but, if the bylaws so provide, may also be by mail.
Laws 1953, p. 486, § 10; Laws 1991, c. 135, § 6, eff. Sept. 1, 1991.

§18-438.11. Waiver of notice of meeting.

Any person entitled to notice of a meeting may waive such notice in writing either before or after such meeting. If any such person shall attend such meeting, such attendance shall constitute a waiver of notice of such meeting, unless such person participates therein solely to object to the transaction of any business because the meeting has not been legally called or convened.
Laws 1953, p. 487, § 11.

§18-438.12. Board of trustees.

A. The business of a cooperative shall be managed by a board of not less than five (5) trustees, each of whom shall be a member of the cooperative. The bylaws shall prescribe the number of trustees, their qualifications, other than those prescribed in this act, the manner of holding meetings of the board of trustees and of electing successors to trustees who shall resign, die, or otherwise be incapable of acting. The bylaws may also provide for the removal of trustees from office and for the election of their successors. Trustees shall not receive any salaries for their services as trustees and, except in emergencies, shall not receive any salaries for their services in any other capacity without the approval of the

members. The cooperative may provide liability, accident, life and health insurance coverage for trustees choosing to have that coverage. The bylaws may also prescribe a fixed fee for attendance at each meeting of the board of trustees and may provide for reimbursement of actual expenses of attendance.

B. The trustees of a cooperative named in any articles of incorporation, consolidation, merger, conversion, or combined consolidation and conversion shall hold office until the next annual meeting of the members and until their successors are elected and qualify. At each annual meeting or, in case of failure to hold the annual meeting as specified in the bylaws, at a special meeting called for that purpose, the members shall elect trustees to hold office until the next annual meeting of the members, except as otherwise provided in this act or the bylaws. Each trustee shall hold office for the term for which he is elected and until his successor is elected and qualifies. Vacancies shall be filled in accordance with provisions of the bylaws.

C. The bylaws may provide that:

1. In lieu of electing the whole number of trustees annually, the trustees shall be divided into three classes at the first or any subsequent annual meeting, each class to be as nearly equal in number as possible, with the term of office of the trustees of the first class to expire at the next succeeding annual meeting, the term of the second class to expire at the second succeeding annual meeting, and the term of the third class to expire at the third succeeding annual meeting; and

2. At each annual meeting or at district meetings, after such classification, a number of trustees equal to the number of the class whose term expires at the time of such meeting shall be elected to hold office until the third succeeding annual or district meeting.

D. A majority of the board of trustees, as determined by the bylaws, shall constitute a quorum.

E. The board of trustees may exercise all of the powers of a cooperative conferred upon the members by this act, or its articles of incorporation or bylaws.

Laws 1953, p. 487, § 12; Laws 1961, p. 202, § 1; Laws 1991, c. 135, § 7, eff. Sept. 1, 1991.

§18-438.13. Division of territory into districts.

The bylaws may provide for the division of the territory served or to be served by a cooperative into two or more districts for the nomination and election of trustees and the election and functioning of district delegates. Such delegates, who shall be members, may nominate and elect trustees. The bylaws shall prescribe the boundaries of the districts, or the manner of establishing such boundaries, and the manner of changing such boundaries, and the

manner in which such districts shall function. No member at any district meeting and no district delegate at any meeting shall vote by proxy or by mail.
Laws 1953, p. 488, § 13.

§18-438.14. Officers.

The officers of a cooperative shall consist of a president, vice president, secretary and treasurer, who shall be elected annually by and from the board of trustees. When a person holding any such office ceases to be a trustee he shall cease to hold such office. The offices of secretary and of treasurer may be held by the same person. The board of trustees may also elect or appoint such other officers, agents, or employees as it deems necessary or advisable and shall prescribe their powers and duties. Any officer may be removed from office and his successor elected in the manner prescribed in the bylaws.
Laws 1953, p. 488, § 14.

§18-438.15. Amendment of articles of incorporation.

A cooperative may amend its articles of incorporation by complying with the following requirements, provided, however, that a change of location of principal office may be effected in the manner set forth in Section 16 of this act: The proposed amendment shall be presented to a meeting of the members, the notice of which shall set forth or have attached thereto the proposed amendment. If the proposed amendment, with any changes, is approved by the affirmative vote of not less than two thirds of those members voting thereon at such meeting, articles of amendment shall be executed and acknowledged on behalf of the cooperative by its president or vice president and its seal shall be affixed thereto and attested by its secretary. The articles of amendment shall recite that they are executed pursuant to this act and shall state: (1) the name of the cooperative; (2) the address of its principal office; and (3) the amendment to its articles of incorporation. The president or vice president executing such articles of amendment shall make and annex thereto an affidavit stating that the provisions of this section in respect of the amendment set forth in such articles were duly complied with.
Laws 1953, p. 488, § 15.

§18-438.16. Change of location of principal office.

A cooperative may, upon authorization of its board of trustees or its members, change the location of its principal office in this state by filing a certificate reciting such change of principal office, executed and acknowledged by its president or vice president under its seal attested by its Secretary, in the office of the Secretary of State.

Laws 1953, p. 488, § 16.

§18-438.17. Consolidation of cooperatives.

Any two or more cooperatives (each of which is hereinafter designated a "consolidating cooperative"), may consolidate into a new cooperative (hereinafter designated the "new cooperative"), by complying with the following requirements:

(a) The proposition for the consolidation of the consolidating cooperatives into the new cooperative and proposed articles of consolidation to give effect thereto shall be submitted to a meeting of the members of each consolidating cooperative, the notice of which shall have attached thereto a copy of the proposed articles of consolidation;

(b) If the proposed consolidation and the proposed articles of consolidation, with any amendments, are approved by the affirmative vote of not less than two thirds of those members of each consolidating cooperative voting thereon at each such meeting, articles of consolidation in the form approved shall be executed and acknowledged on behalf of each consolidating cooperative by its president or vice president and its seal shall be affixed thereto and attested by its secretary. The articles of consolidation shall recite that they are executed pursuant to this act and shall state: (1) the name of each consolidating cooperative and the address of its principal office; (2) the name of the new cooperative and the address of its principal office; (3) a statement that each consolidating cooperative agrees to the consolidation; (4) the names and addresses of the trustees of the new cooperative; (5) the terms and conditions of the consolidation and the mode of carrying the same into effect, including the manner in which members and shareholders, if any, of the consolidating cooperatives may or shall become members and shareholders, respectively, of the new cooperative; (6) the purpose for which the cooperative is formed; (7) the period of existence of the new cooperative, and may contain any provisions not inconsistent with this act deemed necessary or advisable for the conduct of the business of the new cooperative. The president or vice president of each consolidating cooperative executing such articles of consolidation shall make and annex thereto an affidavit stating that the provisions of this section in respect of such articles were duly complied with by such cooperative.

Laws 1953, p. 488, § 17.

§18-438.18. Merger of cooperatives.

Any one or more cooperatives (each of which is hereinafter designated a "merging cooperative") may merge into another cooperative (hereinafter designated the "surviving cooperative"), by complying with the following requirements:

(a) The proposition for the merger of the merging cooperative into the surviving cooperative and proposed articles of merger to give effect thereto shall be submitted to a meeting of the members of each merging cooperative and of the surviving cooperative, the notice of which shall have attached thereto a copy of the proposed articles of merger;

(b) If the proposed merger and the proposed articles of merger, with any amendments, are approved by the affirmative vote of not less than two thirds of those members of each cooperative voting thereon at each such meeting, articles of merger in the form approved shall be executed and acknowledged on behalf of each such cooperative by its president or vice president and its seal shall be affixed thereto and attested by its secretary. The articles of merger shall recite that they are executed pursuant to this act and shall state: (1) the name of each merging cooperative and the address of its principal office; (2) the name of the surviving cooperative and the address of its principal office; (3) a statement that each merging cooperative and the surviving cooperative agree to the merger; (4) the names and addresses of the trustees of the surviving cooperative; and (5) the terms and conditions of the merger and the mode of carrying the same into effect, including the manner in which members and shareholders, if any, of the merging cooperatives may or shall become members and shareholders, respectively, of the surviving cooperative; (6) the period of existence of the new cooperative; and (7) the purpose for which the cooperative is formed; and may contain any provisions not inconsistent with this act deemed necessary or advisable for the conduct of the business of the surviving cooperative. The president or vice president of each cooperative executing such articles of merger shall make and annex thereto an affidavit stating that the provisions of this section in respect of such articles were duly complied with by such cooperative.
Laws 1953, p. 489, § 18.

§18-438.19. Effect of consolidation or merger.

(a) In the case of a consolidation the existence of the consolidating cooperative shall cease and the articles of consolidation shall be deemed to be the articles of incorporation of the new cooperative; and in the case of a merger the separate existence of the merging cooperatives shall cease and the articles of incorporation of the surviving cooperative shall be deemed to be amended to the extent, if any, that changes therein are provided for in the articles of merger;

(b) All the rights, privileges, immunities and franchises and all property, real and personal, including without limitation applications for membership, all debts due on whatever account and all other choses in action, of each of the consolidating or merging

cooperatives shall be deemed to be transferred to and vested in the new or surviving cooperative without further act or deed;

(c) The new or surviving cooperative shall be responsible and liable for all the liabilities and obligations of each of the consolidating or merging cooperatives and any claim existing or action or proceeding pending by or against any of the consolidating or merging cooperatives may be prosecuted as if the consolidation or merger had not taken place, but the new or surviving cooperative may be substituted in its place; and

(d) Neither the rights of creditors nor any liens upon the property of any of such cooperatives shall be impaired by such consolidation or merger.

Laws 1953, p. 489, § 19.

§18-438.20. Conversion of other corporations into cooperatives.

A. Any corporation organized under the laws of this state and furnishing or having the corporative power to furnish communication services may be converted into a cooperative by complying with the following requirements and shall thereupon become subject to this act with the same effect as if originally organized under this act:

1. The proposition for the conversion of such corporation into a cooperative and proposed articles of conversion to give effect thereto shall be submitted to a meeting of the members or stockholders of such corporation, or in case of a corporation having no members or stockholders, to a meeting of the incorporators of such corporation, the notice of which shall have attached thereto a copy of the proposed articles of conversion; and

2. If the proposition for the conversion of such corporation into a cooperative and the proposed articles of conversion, with any amendments, are approved by the affirmative vote of not less than two-thirds (2/3) of those members of such corporation voting thereon at such meeting, or, if such corporation is a stock corporation, by the affirmative vote of the holders of not less than two-thirds (2/3) of those shares of the capital stock of such corporation represented at such meeting and voting thereon, or, in the case of a corporation having no members and no shares of its capital stock outstanding, by the affirmative vote of not less than two-thirds (2/3) of its incorporators; articles of conversion in the form approved shall be executed and acknowledged on behalf of such corporation by its president or vice-president and its seal shall be affixed thereto and attested by its secretary. The articles of conversion shall recite that they are executed pursuant to this act and shall state:

a. the name of the corporation and the address of its principal office prior to its conversion into a cooperative,

b. the statute or statutes under which it was organized,

c. a statement that such corporation elects to become a cooperative, nonprofit corporation subject to this act,
d. its name as a cooperative,
e. the address of the principal office of the cooperative,
f. the names and addresses of the trustees of the cooperative,
g. the manner in which members, stockholders or incorporators of such corporation may or shall become members of the cooperative,
h. the period of existence of the new cooperative, and
i. the purpose for which the cooperative is formed;

and may contain any provisions not inconsistent with this act deemed necessary or advisable for the conduct of the business of the cooperative, including provisions for the issuance of nonvoting shares of stock as provided for in Section 348.7 of this title. If the articles of conversion shall make provision for the issuance of such shares of stock, they shall also state the manner in which members, stockholders or incorporators of such corporation may or shall become shareholders of the cooperative. The president or vice-president executing such articles of conversion shall make and annex thereto an affidavit stating that the provisions of this section were duly complied with in respect of such articles. The articles of conversion shall be deemed to be the articles of incorporation of the cooperative.

B. Any two or more corporations organized under the laws of this state and furnishing or having the corporate power to furnish communication services may, if otherwise permitted to consolidate by the laws of this state, consolidate into a cooperative subject to this act, with the same effect as if originally organized under this act, by complying with the following requirements:

1. The proposition for the consolidation into a cooperative and the proposed articles of consolidation and conversion, with any amendments, shall be approved by each consolidating corporation in accordance with the statute or statutes under which it was organized and the provisions of subsection A of this section;

2. The articles of consolidation and conversion in the form approved shall be executed, acknowledged and sealed in the manner prescribed in subsection A of this section and in the statute or statutes under which the consolidating corporations were organized. The articles of consolidation and conversion shall state that they are executed pursuant to this act and such statute or statutes, that each consolidating corporation elects that the new corporation shall be a cooperative, and in addition shall contain all other information required by such statute or statutes and by paragraph 2 of subsection A of this section; and may contain any provisions not

inconsistent with this act deemed necessary or advisable for the conduct of the business of the cooperative. The president or vice-president executing such articles of consolidation and conversion shall make and annex thereto an affidavit stating that the provisions of this section and of the statute or statutes under which the consolidating corporations were organized were duly complied with in respect of such articles. The articles of consolidation and conversion shall be deemed to be the articles of incorporation of the cooperative and shall be filed both in accordance with the provisions of this act and of the statute or statutes under which the consolidating corporations were organized. Laws 1953, p. 490, § 20; Laws 1991, c. 135, § 8, eff. Sept. 1, 1991.

§18-438.21. Dissolution.

A. A cooperative which has not commenced business may be dissolved by delivering to the Secretary of State articles of dissolution which shall be executed and acknowledged on behalf of the cooperative by a majority of the incorporators and which shall state:

1. The name of the cooperative;
2. The address of its principal office;
3. That the cooperative has not commenced business;
4. That any sums received by the cooperative, less any part thereof disbursed for expenses of the cooperative, have been returned or paid to those entitled thereto;
5. That no debt of the cooperative is unpaid; and
6. That a majority of the incorporators elect that the cooperative be dissolved.

B. 1. A cooperative which has commenced business may be dissolved in the following manner: The proposition to dissolve shall be submitted to the members of the cooperative at any annual or special meeting, the notice of which shall set forth such proposition. The members at any such meeting shall approve, by the affirmative vote of not less than a majority of all members of the cooperative, the proposition that the cooperative be dissolved. Upon such approval, a certificate of election to dissolve (hereinafter designated the "certificate"), executed and acknowledged on behalf of the cooperative by its president or vice-president under its seal, attested by its secretary, and stating:

(a) the name of the cooperative,
(b) the address of its principal office, and
(c) that the members of the cooperative have duly voted that the cooperative be dissolved, shall, together with an affidavit made by its president or vice-president executing the certificate, stating that the statements in the certificate are true, be submitted to the Secretary of State for filing.

2. Upon the filing of the certificate and affidavit with the Secretary of State, the cooperative shall cease to carry on its business except to the extent necessary for the winding up thereof, but its corporate existence shall continue until articles of dissolution have been filed with the Secretary of State. The board of trustees shall immediately cause notice of the dissolution proceedings to be mailed to each known creditor of and claimant against the cooperative and to be published once a week for two (2) successive weeks in a newspaper of general circulation in the county in which the principal office of the cooperative is located. The board of trustees shall wind up and settle the affairs of the cooperative, collect sums owing to it, liquidate its property and assets, pay and discharge its debts, obligations and liabilities, other than those to patrons arising by reason of their patronage, and do all other things required to wind up its business, and after paying or discharging or adequately providing for the payment or discharge of all its debts, obligations and liabilities, other than those to patrons arising by reason of their patronage, shall distribute any remaining sums: first, to shareholders, if any, for the pro rata return of the par value of their shares, together with any accrued dividends; second, to patrons for the pro rata return of all amounts standing to their credit by reason of their patronage; and third, to members for the pro rata repayment of membership fees. Any sums then remaining shall be distributed among its members and former members in proportion to their patronage. The board of trustees shall thereupon authorize the execution of articles of dissolution, which shall be executed and acknowledged on behalf of the cooperative by its president or vice-president, and its seal shall be affixed thereto and attested by its secretary. The articles of dissolution shall recite that they are executed pursuant to this act and shall state:

a. the name of the cooperative,
b. the address of its principal office,
c. the date on which the certificate of election to dissolve was filed with the Secretary of State,
d. that there are no actions or suits pending against the cooperative,
e. that all debts, obligations and liabilities of the cooperative have been paid and discharged or that adequate provision has been made therefor, and
f. that the preceding provisions of this subsection have been duly complied with. The president or vice-president executing the articles of dissolution shall make and annex thereto an affidavit stating that the statements made therein are true.

Laws 1953, p. 491, § 21; Laws 1991, c. 135, § 9, eff. Sept. 1, 1991.

§18-438.22. Presentation and filing of papers with Secretary of State.

Articles of incorporation, amendment, consolidation, merger, conversion, combined consolidation and conversion, or dissolution, when executed and acknowledged and accompanied by such affidavits as may be required by applicable provisions of this act, shall be presented to the Secretary of State for filing in the records of his office. If the Secretary of State shall find that the articles presented conform to the requirements of this act, he shall, upon the payment of the fees as in this act provided, file such articles in the records of his office and upon such filing the incorporation, amendment, consolidation, merger, conversion, combined consolidation and conversion, or dissolution provided for therein shall be in effect. The provisions of this section shall also apply to certificates of election to dissolve and affidavits executed in connection therewith pursuant to subsection (b) of Section 21 of this act.
Laws 1953, p. 492, § 22.

§18-438.23. Operation for mutual benefit - Disposition of receipts and revenues.

A cooperative shall be operated on a nonprofit basis for the mutual benefit of its members and patrons. The bylaws of a cooperative or its contracts with members and patrons shall contain such provisions relative to the disposition of revenues and receipts as may be necessary and appropriate to establish and maintain its nonprofit and cooperative character. In the case of a cooperative authorized to issue shares of stock, such bylaws or contracts shall provide that no monies shall be paid or credits given on the basis of patronage except after the declaration or payment of dividends on the outstanding shares of stock in accordance with the articles of incorporation of the cooperative, and such bylaws or contracts shall otherwise be consistent with the cooperative's obligations in respect of such shares of stock.
Laws 1953, p. 492, § 23.

§18-438.24. Mortgages, deeds of trust or pledges - Sale, lease, etc.

A. The board of trustees of a cooperative shall have full power and authority, without authorization by the members thereof, to authorize the execution and delivery of a mortgage or mortgages or a deed or deeds of trust of, or the pledging or encumbering of, any or all of the property, assets, rights, privileges, licenses, franchises and permits of the cooperative, whether acquired or to be acquired, and wherever situated, as well as the revenues therefrom, all upon such terms and conditions as the board of trustees shall determine, to secure any indebtedness of the cooperative to United

States of America or any agency or instrumentality thereof or to any corporation or financial institution permitted to assist in the credit and financial needs of rural telephone cooperative corporations.

B. A cooperative may not otherwise sell, mortgage, lease or otherwise dispose of or encumber all or a substantial portion of its property unless such sale, mortgage, lease or other disposition or encumbrance is authorized by the affirmative vote of not less than two thirds (2/3) of all the members of the cooperative; provided, however, that notwithstanding any other provision of Section 438.1 et seq. of this title, or any other provision of law, the board of trustees may, upon the authorization of a majority of those members of the cooperative present at a meeting of the members thereof, the notice of which shall have set forth the proposed action, sell, lease or otherwise dispose of all or a substantial portion of its property to another cooperative pursuant to this act or to the holder or holders of any notes, bonds or other evidences of indebtedness to United States of America or any agency or instrumentality thereof or to any corporation or financial institution permitted to assist in the credit and financial needs of rural telephone cooperative corporations.

Amended by Laws 1987, c. 57, § 1, emerg. eff. April 30, 1987.

§18-438.25. Members and shareholders not liable for debts.

No member or shareholder shall be liable or responsible for any debts of the cooperative and the property of the members and shareholders shall not be subject to execution therefor.

Laws 1953, p. 493, § 25.

§18-438.26. Recording instruments - Lien.

Any mortgage, deed of trust or other instrument executed by a cooperative or foreign corporation doing business in this state pursuant to this act, which affects real and personal property and which is recorded in the real property records in any county in which such property is located or is to be located, shall have the same force and effect as if the mortgage, deed of trust or other instrument were also recorded, filed or indexed as provided by law in the proper office in such county as a mortgage of personal property. The lien upon real or personal property of any such mortgage, deed of trust or other instrument shall, after recordation thereof, continue in existence and of record for the period of time specified therein without the refiling thereof of the filing or any renewal certificate, affidavit, or other supplemental information required by the laws relating to the renewal, maintenance or extension of liens upon real or personal property.

Laws 1953, p. 493, § 26; Laws 1991, c. 135, § 10, eff. Sept. 1, 1991.

§18-438.27. Safety standards.

Construction of communication lines and facilities by a cooperative shall, as a minimum requirement, comply with the standards of the National Electrical Safety Code in effect at the time of such construction, and shall be in such manner and according to such specifications as will avoid interference with or hazards to existing communication lines, facilities or systems.
Laws 1953, p. 493, § 27; Laws 1991, c. 135, § 11, eff. Sept. 1, 1991.

§18-438.28. Acknowledgment of instruments.

No person who is authorized to take acknowledgments under the laws of this state shall be disqualified from taking acknowledgments of instruments executed in favor of a cooperative or to which it is a party, by reason of being an officer, trustee, member, or shareholder of such cooperative.
Laws 1953, p. 493, § 28.

§18-438.29. Foreign nonprofit or cooperative corporation - Extensions of lines into state.

Any foreign nonprofit or cooperative corporation furnishing or authorized to furnish communication services and owning or operating communication lines or facilities in an adjacent state may construct or acquire extensions of such lines in this state and operate such extensions by complying with the statutes of this state pertaining to the qualifications of foreign corporations for the doing of business in this state. Thereafter, such corporation shall have all the rights, powers, privileges and immunities of a cooperative organized under this act.
Laws 1953, p. 493, § 29; Laws 1991, c. 135, § 12, eff. Sept. 1, 1991.

§18-438.30. Connections with other lines.

Any cooperative or foreign corporation doing business in this state pursuant to this act (such cooperative or corporation being designated in this section as "applicant") shall have the right to require any person furnishing telephone service to the public in this state (such person being designated in this section as "company") to interconnect the company's lines, facilities or systems with, or otherwise make available such lines, facilities or systems to the applicant's telephone lines, facilities or systems, in order to provide a continuous line of communication for the applicant's subscribers. In the event the connecting company and the applicant shall be unable to agree upon the terms and conditions of such interconnection, including compensation therefor, within thirty (30) days after request by the applicant, the Corporation

Commission shall by order direct that such interconnection be made and shall prescribe the terms and conditions thereof, which shall be reasonable and nondiscriminatory. Nothing in this section shall be deemed to subject a cooperative to the jurisdiction of the Corporation Commission except and only to the extent required to carry out the provisions hereof.
Laws 1953, p. 493, § 30.

§18-438.31. Rates.

The Corporation Commission shall have the power and authority to prescribe and enforce rates for regulated communication services under this act as may be found to be reasonable and just after due notice and hearing, provided that said commission shall make final determination of rates within ninety (90) days after the request has been received by the Commission. In the event that said Commission fails to act within the period prescribed above, the rate requested by the applicant in said application shall immediately become effective. From any action of the Commission prescribing rates and charges under this act, any party aggrieved may appeal to the Supreme Court in the manner now provided by law for appealing cases from the Corporation Commission to the Supreme Court. Nothing in this section shall be deemed to subject a cooperative to the jurisdiction of the Corporation Commission except and only to the extent required to carry out the provisions thereof.
Laws 1953, p. 494, § 31; Laws 1991, c. 135, § 13, eff. Sept. 1, 1991.

§18-438.32. Approval of Corporation Commission - Orders - Certificate not required.

A. Subject to paragraph 4 of Section 438.4 of this title, any cooperative may furnish communication services in any territory not already being furnished communication services by a telephone company or another cooperative without approval of the Corporation Commission of this state.

B. In any matter before the Corporation Commission, to which any cooperative is a party, the Commission shall issue its order determining such matter within ninety (90) days after the application therein has been filed.

C. Under this act, no certificate of convenience and necessity, as provided in Sections 131 through 133 of Title 17 of the Oklahoma Statutes inclusive, shall be required by the Corporation Commission for a cooperative organized hereunder.
Laws 1953, p. 494, § 32; Laws 1991, c. 135, § 14, eff. Sept. 1, 1991.

§18-438.33. Cooperatives, nonprofit and mutual corporations and associations subject to act - Corrected articles of incorporation.

A. Existing domestic and domesticated cooperatives, nonprofit and mutual corporations and associations formed to engage in or engaging in the business, undertaking or activity described in or contemplated hereby, shall be deemed, ipso facto, to come under the provisions of this act as of the date this act becomes effective and all provisions hereof shall thereafter fully apply thereto and every such corporation and association shall have the same rights, privileges, powers and immunities as it would possess if respectively created or domesticated hereunder and shall be subject to the same obligations, duties and jurisdictions as cooperatives organized under this act.

B. In the event any cooperative has filed defective articles of incorporation or has failed to do all things necessary to perfect its corporate organization, it may, nevertheless, file corrected articles of incorporation or amend the original articles and do and perform all acts and things necessary in the premises for the correction of such defects.

Laws 1953, p. 494, § 33; Laws 1991, c. 135, § 15, eff. Sept. 1, 1991.

§18-438.34. Partial invalidity.

If any provision of this act, or the application of such provision to any person or circumstance is held invalid, the remainder of the act and the application of such provisions to other persons or circumstances shall not be affected thereby.

Laws 1953, p. 494, § 34.

§18-438.35. Act deemed amendment of Constitution.

It is hereby expressly declared by the Legislature that this entire act is an amendment to, and alteration of, Section 18 through Section 34 inclusive of Article IX of the Constitution of the State of Oklahoma, as authorized by Section 35 of Article IX of said Constitution.

Added by Laws 1991, c. 135, § 16, eff. Sept. 1, 1991.

§18-439.1. Conversion of grain elevator corporations to cooperatives - Procedure.

Any corporation organized under the laws of this state for the purpose, among others, of conducting a grain elevator business, may be converted into a cooperative and become subject to this act with the same effect as if originally organized under this act by complying with the following requirements:

1. The proposition for the conversion of such corporation into a cooperative and proposed articles of conversion to give effect thereto shall be first approved by the board of trustees or the board of directors of the corporation. The proposed articles of conversion shall state:

a. the name of the corporation prior to its conversion into a cooperative,
b. the address of the principal officer of the corporation,
c. the date of the filing of the articles of incorporation of the corporation in the Office of the Secretary of State,
d. the name assumed by the cooperative,
e. a statement that the corporation elects to become a cooperative, nonprofit, membership corporation subject to this act,
f. the manner and basis of converting either memberships in or shares of stock of the corporation into memberships of the cooperative, and
g. any provisions not inconsistent with this act deemed necessary or advisable for the conduct of the business and affairs of the corporation;

2. The proposition for the conversion of the corporation into a cooperative and the proposed articles of conversion approved by the board of trustees or the board of directors of such corporation shall then be submitted to a vote of the members or stockholders of the corporation at any duly held annual or special meeting thereof, the notice of which shall set forth full particulars concerning the proposed conversion. The proposition for the conversion of the corporation into a cooperative and the proposed articles of conversion, with any amendments thereto as the members or stockholders of the corporation shall choose to make, shall be deemed to be approved upon the affirmative vote of a majority of those members of the corporation voting thereon at such meeting, or, if the corporation is a stock corporation, upon the affirmative vote of the holders of a majority of the capital stock of the corporation represented at such meeting;

3. Upon approval by the members or stockholders of the corporation, articles of conversion in the form approved by such members or stockholders shall be executed and acknowledged on behalf of the corporation by its president or vice-president and its corporate seal shall be affixed thereto and attested by its secretary. The president or vice-president executing such articles of conversion on behalf of the corporation shall also make and annex thereto an affidavit stating that the provisions of this section with respect to the approval of its trustees or directors and its members or stockholders, of the proposition for the conversion of the corporation into a cooperative and such articles of conversion were duly complied with. Such articles of conversion and affidavit shall be submitted to the Secretary of State for filing as provided in this act. The term "articles of incorporation", as used in

Chapter 10 of Title 18, of the Oklahoma Statutes, shall be deemed to include the articles of conversion of a converted corporation; and

4. The value of shares in the corporation shall be converted to the value of shares in the cooperative, on a dollar-for-dollar basis. Any dividends payable on shares of stock in the cooperative shall be paid on preferred stock before dividends are paid on common stock.

Added by Laws 1983, c. 15, § 2, emerg. eff. March 25, 1983.

§18-439.2. Filing articles of conversion with Secretary of State - Issuance of certificate of conversion.

Articles of conversion, when executed and acknowledged and accompanied by such affidavits as may be required by applicable provisions of this act, shall be presented to the Secretary of State for filing in the records of his office. If the Secretary of State shall find that the articles conform to the requirements of this act, he shall, upon the payment of the fees specified by him file the articles so presented in the records of his office and shall issue over the Great Seal of the State an appropriate certificate of conversion, and thereupon the conversion provided for therein shall be in effect.

Added by Laws 1983, c. 15, § 3, emerg. eff. March 25, 1983.

§18-440-101. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.

NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-102. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.

NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-103. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.

NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-104. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.

NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-105. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-106. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-107. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-108. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-109. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-110. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-111. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-112. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-113. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-114. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-115. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-116. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-117. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-118. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-119. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-120. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.

NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-201. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-202. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-203. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-204. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-205. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-206. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-207. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-208. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-301. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-302. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-303. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-304. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-401. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-402. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-403. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-404. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-405. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-406. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-407. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-501. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-502. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-503. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-504. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.

NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-505. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-506. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-507. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-508. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-509. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-510. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-511. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-512. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-513. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-514. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-515. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-516. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-517. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-601. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-602. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-603. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-604. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-605. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-701. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-702. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-703. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-704. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-801. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.

NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-802. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-803. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-804. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-805. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-806. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-807. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-808. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-809. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-810. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-811. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-812. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-813. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-814. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-815. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-816. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-817. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-818. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-819. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-820. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-821. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-822. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-823. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-901. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.

NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-1001. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-1002. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-1003. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-1004. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-1005. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-1006. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-1007. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-1008. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-1009. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-1101. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-1102. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-1103. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-1201. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-1202. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-1203. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-1204. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-1205. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-1206. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-1207. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-1208. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-1209. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-1210. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-1211. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.

NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-1212. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-1213. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-1214. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-1215. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-1301. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-1302. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-1303. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-1304. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-1305. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-1401. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-1402. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-1403. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-1404. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-1405. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-1406. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-1407. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-1408. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-1501. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-1502. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-1503. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-1504. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-1601. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-1602. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.

NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-1603. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-1604. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
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§18-440-1605. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-1606. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-1607. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-1608. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-1609. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-1610. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-1611. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-1612. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-1701. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-1702. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-1703. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-440-1704. Repealed by Laws 2009, c. 68, § 151, eff. Jan. 1, 2010.
NOTE: This section was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-441-101. Short title.
SHORT TITLE. Sections 1 through 149 of this act shall be known and may be cited as the "Uniform Limited Cooperative Association Act of 2009".
Added by Laws 2009, c. 68, § 1, eff. Jan. 1, 2010.

§18-441-102. Definitions.

DEFINITIONS. In the Uniform Limited Cooperative Association Act of 2009:

(1) "Articles of organization" means the articles of organization of a limited cooperative association required by Section 30 of this act. The term includes the articles as amended or restated.

(2) "Board of directors" means the board of directors of a limited cooperative association.

(3) "Bylaws" means the bylaws of a limited cooperative association. The term includes the bylaws as amended or restated.

(4) "Certificate of authority" means a certificate issued by the Secretary of State for a foreign cooperative to transact business in this state.

(5) "Contribution", except as used in subsection (c) of Section 97 of this act, means a benefit that a person provides to a limited cooperative association to become or remain a member or in the person's capacity as a member.

(6) "Cooperative" means a limited cooperative association or an entity organized under any cooperative law of any jurisdiction.

(7) "Designated office" means the office that a limited cooperative association or a foreign cooperative is required to designate and maintain under paragraph (1) of subsection (a) of Section 17 of this act.

(8) "Director" means a director of a limited cooperative association.

(9) "Distribution", except as used in subsection (e) of Section 96 of this act, means a transfer of money or other property from a limited cooperative association to a member because of the member's financial rights or to a transferee of a member's financial rights.

(10) "Entity" means a person other than an individual.

(11) "Financial rights" means the right to participate in allocations and distributions as provided in Articles 10 and 12 of the Uniform Limited Cooperative Association Act of 2009 but does not include rights or obligations under a marketing contract governed by Article 7 of the Uniform Limited Cooperative Association Act of 2009.

(12) "Foreign cooperative" means an entity organized in a jurisdiction other than this state under a law similar to the Uniform Limited Cooperative Association Act of 2009.

(13) "Governance rights" means the right to participate in governance of a limited cooperative association.

(14) "Investor member" means a member that has made a contribution to a limited cooperative association and

(A) is not required by the organic rules to conduct patronage with the association in the member's

capacity as an investor member in order to receive the member's interest; or

(B) is not permitted by the organic rules to conduct patronage with the association in the member's capacity as an investor member in order to receive the member's interest.

(15) "Limited cooperative association" means an association organized under the Uniform Limited Cooperative Association Act of 2009.

(16) "Member" means a person that is admitted as a patron member or investor member, or both, in a limited cooperative association. The term does not include a person that has dissociated as a member.

(17) "Member's interest" means the interest of a patron member or investor member under Section 57 of this act.

(18) "Members meeting" means an annual members meeting or special meeting of members.

(19) "Organic law" means the statute providing for the creation of an entity or principally governing its internal affairs.

(20) "Organic rules" means the articles of organization and bylaws of a limited cooperative association.

(21) "Organizer" means an individual who signs the initial articles of organization.

(22) "Patron member" means a member that has made a contribution to a limited cooperative association and:

(A) is required by the organic rules to conduct patronage with the association in the member's capacity as a patron member in order to receive the member's interest; or

(B) is permitted by the organic rules to conduct patronage with the association in the member's capacity as a patron member in order to receive the member's interest.

(23) "Patronage" means business transactions between a limited cooperative association and a person which entitle the person to receive financial rights based on the value or quantity of business done between the association and the person.

(24) "Person" means an individual, corporation, business trust, cooperative, estate, trust, partnership, limited partnership, limited liability company, limited cooperative association, joint venture, association, public corporation, government or governmental subdivision, agency, or instrumentality, or any other legal or commercial entity.

(25) "Principal office" means the principal executive office of a limited cooperative association or foreign cooperative, whether or not in this state.

(26) "Record", used as a noun, means information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form.

(27) "Required information" means the information a limited cooperative association is required to maintain under Section 14 of this act.

(28) "Sign" means, with present intent to authenticate or adopt a record:

(A) to execute or adopt a tangible symbol; or

(B) to attach to or logically associate with the record an electronic symbol, sound, or process.

(29) "State" means a state of the United States, the District of Columbia, Puerto Rico, the United States Virgin Islands, or any territory or insular possession subject to the jurisdiction of the United States.

(30) "Transfer" includes an assignment, conveyance, deed, bill of sale, lease, mortgage, security interest, encumbrance, gift, and transfer by operation of law.

(31) "Voting group" means any combination of one or more voting members in one or more districts or classes that under the organic rules or the Uniform Limited Cooperative Association Act of 2009 are entitled to vote and can be counted together collectively on a matter at a members meeting.

(32) "Voting member" means a member that, under the organic law or organic rules, has a right to vote on matters subject to vote by members under the organic law or organic rules.

(33) "Voting power" means the total current power of members to vote on a particular matter for which a vote may or is to be taken. Added by Laws 2009, c. 68, § 2, eff. Jan. 1, 2010.

§18-441-103. Limited cooperative association subject to amendment or repeal of the Uniform Limited Cooperative Association Act of 2009.

LIMITED COOPERATIVE ASSOCIATION SUBJECT TO AMENDMENT OR REPEAL OF THE UNIFORM LIMITED COOPERATIVE ASSOCIATION ACT OF 2009. A limited cooperative association governed by the Uniform Limited Cooperative Association Act of 2009 is subject to any amendment or repeal of the Uniform Limited Cooperative Association Act of 2009. Added by Laws 2009, c. 68, § 3, eff. Jan. 1, 2010.

§18-441-104. Nature of limited cooperative association.

NATURE OF LIMITED COOPERATIVE ASSOCIATION.

(a) A limited cooperative association organized under the Uniform Limited Cooperative Association Act of 2009 is an autonomous, unincorporated association of persons united to meet their mutual interests through a jointly owned enterprise primarily controlled by those persons, which permits combining:

(1) Ownership, financing, and receipt of benefits by the members for whose interests the association is formed; and

(2) Separate investments in the association by members who may receive returns on their investments and a share of control.

(b) The fact that a limited cooperative association does not have one or more of the characteristics described in subsection (a) of this section does not alone prevent the association from being formed under and governed by the Uniform Limited Cooperative Association Act of 2009 nor does it alone provide a basis for an action against the association.

Added by Laws 2009, c. 68, § 4, eff. Jan. 1, 2010.

§18-441-105. Purpose and duration of limited cooperative association.

PURPOSE AND DURATION OF LIMITED COOPERATIVE ASSOCIATION.

(a) A limited cooperative association is an entity distinct from its members.

(b) A limited cooperative association may be organized for any lawful purpose, whether or not for profit except for supplying electric energy or natural gas in rural areas. A cooperative organized for the purpose of supplying electric energy and promoting and extending the use thereof in rural areas must be organized under the Rural Electric Cooperative Act.

(c) Unless the articles of organization state a term for a limited cooperative association's existence, the association has perpetual duration.

Added by Laws 2009, c. 68, § 5, eff. Jan. 1, 2010.

§18-441-106. Powers.

POWERS. A limited cooperative association may sue and be sued in its own name and do all things necessary or convenient to carry on its activities. An association may maintain an action against a member for harm caused to the association by the member's violation of a duty to the association or of the organic law or organic rules.

Added by Laws 2009, c. 68, § 6, eff. Jan. 1, 2010.

§18-441-107. Governing law.

GOVERNING LAW. The law of this state governs:

(1) The internal affairs of a limited cooperative association; and

(2) The liability of a member as member and a director as director for the debts, obligations, or other liabilities of a limited cooperative association.

Added by Laws 2009, c. 68, § 7, eff. Jan. 1, 2010.

§18-441-108. Supplemental principles of law.

SUPPLEMENTAL PRINCIPLES OF LAW. Unless displaced by particular provisions of the Uniform Limited Cooperative Association Act of 2009, the principles of law and equity supplement the Uniform Limited Cooperative Association Act of 2009.
Added by Laws 2009, c. 68, § 8, eff. Jan. 1, 2010.

§18-441-109. Requirements of other laws.

REQUIREMENTS OF OTHER LAWS.

(a) The Uniform Limited Cooperative Association Act of 2009 does not alter or amend any law that governs the licensing and regulation of an individual or entity in carrying on a specific business or profession even if that law permits the business or profession to be conducted by a limited cooperative association, a foreign cooperative, or its members.

(b) A limited cooperative association may not conduct an activity that, under law of this state other than the Uniform Limited Cooperative Association Act of 2009, may be conducted only by an entity that meets specific requirements for the internal affairs of that entity unless the organic rules of the association conform to those requirements.
Added by Laws 2009, c. 68, § 9, eff. Jan. 1, 2010.

§18-441-110. Relation to restraint of trade and antitrust laws.

RELATION TO RESTRAINT OF TRADE AND ANTITRUST LAWS. To the extent a limited cooperative association or activities conducted by the association in this state meet the material requirements for other cooperatives entitled to an exemption from or immunity under any provision of Title 79 of the Oklahoma Statutes, the association and its activities are entitled to the exemption or immunity. This section does not create any new exemption or immunity for an association or affect any exemption or immunity provided to a cooperative organized under any other law.
Added by Laws 2009, c. 68, § 9, eff. Jan. 1, 2010.

§18-441-111. Name.

NAME.

(a) Use of the term “cooperative” or its abbreviation under the Uniform Limited Cooperative Association Act of 2009 is not a violation of the provisions restricting the use of the term under Section 435 of Title 18 of the Oklahoma Statutes.

(b) The name of a limited cooperative association must contain the words “limited cooperative association” or “limited cooperative” or the abbreviation “L.C.A.” or “LCA”. “Limited” may be abbreviated as “Ltd.”. “Cooperative” may be abbreviated as “Co-op” or “Coop”. “Association” may be abbreviated as “Assoc.” or “Assn.” A limited cooperative association or a member may enforce the restrictions on the use of the term “cooperative” under the Uniform Limited

Cooperative Association Act of 2009 and Section 435 of Title 18 of the Oklahoma Statutes.

(c) Except as otherwise provided in subsection (d) of this section, a limited cooperative association may use only a name that is available. A name is available if it is distinguishable in the records of the Secretary of State from:

(1) The name of any entity organized or authorized to transact business in this state;

(2) A name reserved under Section 12 of this act; and

(3) An alternative name approved for a foreign cooperative authorized to transact business in this state.

(d) A limited cooperative association may apply to the Secretary of State for authorization to use a name that is not available. The Secretary of State shall authorize use of the name if:

(1) The person with ownership rights to use the name consents in a record to the use and applies in a form satisfactory to the Secretary of State to change the name used or reserved to a name that is distinguishable upon the records of the Secretary of State from the name applied for; or

(2) The applicant delivers to the Secretary of State a certified copy of the final judgment of a court establishing the applicant’s right to use the name in this state.

Added by Laws 2009, c. 68, § 11, eff. Jan. 1, 2010.

§18-441-112. Reservation of name.

RESERVATION OF NAME.

(a) A person may reserve the exclusive use of the name of a limited cooperative association, including a fictitious name for a foreign cooperative whose name is not available under Section 11 of this act, by delivering an application to the Secretary of State for filing. The application must set forth the name and address of the applicant and the name proposed to be reserved. If the Secretary of State finds that the name applied for is available under Section 11 of this act, the Secretary of State shall reserve the name for the applicant’s exclusive use for a nonrenewable period of one hundred twenty (120) days.

(b) A person that has reserved a name for a limited cooperative association may transfer the reservation to another person by delivering to the Secretary of State a signed notice of the transfer which states the name, street address, and, if different, the mailing address of the transferee. If the person is an organizer of the association and the name of the association is the same as the reserved name, the delivery of articles of organization for filing by the Secretary of State is a transfer by the person to the association.

Added by Laws 2009, c. 68, § 12, eff. Jan. 1, 2010.

§18-441-113. Effect of organic rules.

EFFECT OF ORGANIC RULES.

(a) The relations between a limited cooperative association and its members are consensual. Unless required, limited, or prohibited by the Uniform Limited Cooperative Association Act of 2009, the organic rules may provide for any matter concerning the relations among the members of the association and between the members and the association, the activities of the association, and the conduct of its activities.

(b) The matters referred to in paragraphs (1) through (11) of this subsection may be varied only in the articles of organization. The articles may:

(1) State a term of existence for the association under subsection (c) of Section 5 of this act;

(2) Limit or eliminate the acceptance of new or additional members by the initial board of directors under subsection (b) of Section 31 of this act;

(3) Vary the limitations on the obligations and liability of members for association obligations under Section 43 of this act;

(4) Require a notice of an annual members meeting to state a purpose of the meeting under subsection (b) of Section 47 of this act;

(5) Vary the board of directors meeting quorum under subsection (a) of Section 80 of this act;

(6) Vary the matters the board of directors may consider in making a decision under Section 85 of this act;

(7) Specify causes of dissolution under paragraph (1) of Section 103 of this act;

(8) Delegate amendment of the bylaws to the board of directors pursuant to subsection (f) of Section 37 of this act;

(9) Provide for member approval of asset dispositions under Section 130 of this act;

(10) Subject to Section 85 of this act, provide for the elimination or limitation of liability of a director to the association or its members for money damages pursuant to Section 83 of this act;

(11) Provide for permitting or making obligatory indemnification under subsection (a) of Section 89 of this act; and

(12) Provide for any matters that may be contained in the organic rules, including those under subsection (c) of this section.

(c) The matters referred to in paragraphs (1) through (25) of this subsection may be varied only in the organic rules. The organic rules may:

(1) Require more information to be maintained under Section 14 of this act or provided to members under subsection (k) of Section 44 of this act;

(2) Provide restrictions on transactions between a member and an association under Section 15 of this act;

(3) Provide for the percentage and manner of voting on amendments to the organic rules by district, class, or voting group under subsection (a) of Section 36 of this act;

(4) Provide for the percentage vote required to amend the bylaws concerning the admission of new members under paragraph (5) of subsection (e) of Section 37 of this act;

(5) Provide for terms and conditions to become a member under Section 41 of this act;

(6) Restrict the manner of conducting members meetings under subsection (c) of Section 45 of this act and subsection (e) of Section 46 of this act;

(7) Designate the presiding officer of members meetings under subsection (e) of Section 45 of this act and subsection (g) of Section 46 of this act;

(8) Require a statement of purposes in the annual meeting notice under subsection (b) of Section 47 of this act;

(9) Increase quorum requirements for members meetings under Section 49 of this act and board of directors meetings under Section 80 of this act;

(10) Allocate voting power among members, including patron members and investor members, and provide for the manner of member voting and action as permitted by Sections 50 through 56 of this act;

(11) Authorize investor members and expand or restrict the transferability of members' interests to the extent provided in Sections 58 through 60 of this act;

(12) Provide for enforcement of a marketing contract under subsection (a) of Section 65 of this act;

(13) Provide for qualification, election, terms, removal, filling vacancies, and member approval for compensation of directors in accordance with Sections 68 through 70, 72, 74, and 75 of this act;

(14) Restrict the manner of conducting board meetings and taking action without a meeting under Sections 76 and 77 of this act;

(15) Provide for frequency, location, notice and waivers of notice for board meetings under Sections 78 and 79 of this act;

(16) Increase the percentage of votes necessary for board action under subsection (b) of Section 81 of this act;

(17) Provide for the creation of committees of the board of directors and matters related to the committees in accordance with Section 82 of this act;

(18) Provide for officers and their appointment, designation, and authority under Section 87 of this act;

(19) Provide for forms and values of contributions under Section 91 of this act;

(20) Provide for remedies for failure to make a contribution under subsection (b) of Section 92 of this act;

(21) Provide for the allocation of profits and losses of the association, distributions, and the redemption or repurchase of distributed property other than money in accordance with Sections 93 through 96 of this act;

(22) Specify when a member's dissociation is wrongful and the liability incurred by the dissociating member for damage to the association under subsections (b) and (c) of Section 99 of this act;

(23) Provide the personal representative, or other legal representative, of a deceased member or a member adjudged incompetent with additional rights under Section 101 of this act;

(24) Increase the percentage of votes required for board of director approval of:

(A) a resolution to dissolve under paragraph (1) of subsection (a) of Section 106 of this act;

(B) a proposed amendment to the organic rules under paragraph (1) of subsection (a) of Section 34 of this act;

(C) a plan of conversion under subsection (a) of Section 136 of this act;

(D) a plan of merger under subsection (a) of Section 140 of this act; and

(E) a proposed disposition of assets under paragraph (1) of Section 132 of this act; and

(25) Vary the percentage of votes required for members approval of:

(A) a resolution to dissolve under Section 106 of this act;

(B) an amendment to the organic rules under Section 37 of this act;

(C) a plan of conversion under Section 136 of this act;

(D) a plan of merger under Section 141 of this act; and

(E) a disposition of assets under Section 133 of this act.

(d) The organic rules must address members' contributions pursuant to Section 90 of this act.

Added by Laws 2009, c. 68, § 13, eff. Jan. 1, 2010.

§18-441-114. Required information.

REQUIRED INFORMATION.

(a) Subject to subsection (b) of this section, a limited cooperative association shall maintain in a record available at its principal office:

(1) A list containing the name, last-known street address and, if different, mailing address, and term of office of each director and officer;

(2) The initial articles of organization and all amendments to and restatements of the articles, together with a signed copy of any power of attorney under which any article, amendment, or restatement has been signed;

(3) The initial bylaws and all amendments to and restatements of the bylaws;

(4) All filed articles of merger and statements of conversion;

(5) All financial statements of the association for the six (6) most recent years;

(6) The six most recent annual reports delivered by the association to the Secretary of State;

(7) The minutes of members meetings for the six (6) most recent years;

(8) Evidence of all actions taken by members without a meeting for the six (6) most recent years;

(9) A list containing:

(A) the name, in alphabetical order, and last-known street address and, if different, mailing address of each patron member and each investor member; and

(B) if the association has districts or classes of members, information from which each current member in a district or class may be identified;

(10) The federal income tax returns, any state and local income tax returns, and any tax reports of the association for the six (6) most recent years;

(11) Accounting records maintained by the association in the ordinary course of its operations for the six (6) most recent years;

(12) The minutes of directors meetings for the six (6) most recent years;

(13) Evidence of all actions taken by directors without a meeting for the six (6) most recent years;

(14) The amount of money contributed and agreed to be contributed by each member;

(15) A description and statement of the agreed value of contributions other than money made and agreed to be made by each member;

(16) The times at which, or events on the happening of which, any additional contribution is to be made by each member;

(17) For each member, a description and statement of the member’s interest or information from which the description and statement can be derived; and

(18) All communications concerning the association made in a record to all members, or to all members in a district or class, for the six (6) most recent years.

(b) If a limited cooperative association has existed for less than the period for which records must be maintained under subsection (a) of this section, the period records must be kept is the period of the association's existence.

(c) The organic rules may require that more information be maintained.

Added by Laws 2009, c. 68, § 14, eff. Jan. 1, 2010.

§18-441-115. Business transactions of member with limited cooperative association.

BUSINESS TRANSACTIONS OF MEMBER WITH LIMITED COOPERATIVE ASSOCIATION. Subject to Sections 83 and 84 of this act and except as otherwise provided in the organic rules or a specific contract relating to a transaction, a member may lend money to and transact other business with a limited cooperative association in the same manner as a person that is not a member.

Added by Laws 2009, c. 68, § 15, eff. Jan. 1, 2010.

§18-441-116. Dual capacity.

DUAL CAPACITY. A person may have a patron member's interest and an investor member's interest. When such person acts as a patron member, the person is subject to the Uniform Limited Cooperative Association Act of 2009 and the organic rules governing patron members. When such person acts as an investor member, the person is subject to the Uniform Limited Cooperative Association Act of 2009 and the organic rules governing investor members.

Added by Laws 2009, c. 68, § 16, eff. Jan. 1, 2010.

§18-441-117. Designated office and agent for service of process.

DESIGNATED OFFICE AND AGENT FOR SERVICE OF PROCESS.

(a) A limited cooperative association, or a foreign cooperative that has a certificate of authority under Section 125 of this act, shall designate and continuously maintain in this state:

(1) An office, as its designated office, which need not be a place of the association's or foreign cooperative's activity in this state; and

(2) An agent for service of process at the designated office.

(b) An agent for service of process of a limited cooperative association or foreign cooperative must be an individual who is a resident of this state or an entity that is authorized to do business in this state.

Added by Laws 2009, c. 68, § 17, eff. Jan. 1, 2010.

§18-441-118. Change of designated office or agent for service of process.

CHANGE OF DESIGNATED OFFICE OR AGENT FOR SERVICE OF PROCESS.

(a) Except as otherwise provided in subsection (e) of Section 27 of this act, to change its designated office, its agent for service of process, or the street address or, if different, mailing address of its principal office, a limited cooperative association must deliver to the Secretary of State for filing a statement of change containing:

(1) The name of the limited cooperative association;

(2) The street address and, if different, mailing address of its designated office;

(3) If the designated office is to be changed, the street address and, if different, mailing address of the new designated office;

(4) The name of its agent for service of process; and

(5) If the agent for service of process is to be changed, the name of the new agent.

(b) Except as otherwise provided in subsection (e) of Section 27 of this act, to change its agent for service of process, the address of its designated office, or the street address or, if different, mailing address of its principal office, a foreign cooperative shall deliver to the Secretary of State for filing a statement of change containing:

(1) The name of the foreign cooperative;

(2) The name, street address and, if different, mailing address of its designated office;

(3) If the current agent for service of process or an address of the designated office is to be changed, the new information;

(4) The street address and, if different, mailing address of its principal office; and

(5) If the street address or, if different, the mailing address of its principal office is to be changed, the street address and, if different, the mailing address of the new principal office.

(c) Except as otherwise provided in Section 24 of this act, a statement of change is effective when filed by the Secretary of State.

Added by Laws 2009, c. 68, § 18, eff. Jan. 1, 2010.

§18-441-119. Resignation of agent for service of process.

RESIGNATION OF AGENT FOR SERVICE OF PROCESS.

(a) To resign as an agent for service of process of a limited cooperative association or foreign cooperative, the agent must deliver to the Secretary of State for filing a statement of resignation containing the name of the agent and the name of the association or foreign cooperative.

(b) After receiving a statement of resignation under subsection (a) of this section, the Secretary of State shall file it and mail or otherwise provide or deliver a copy to the limited cooperative association or foreign cooperative at its principal office.

(c) An agency for service of process of a limited cooperative association or foreign cooperative terminates on the earlier of:

(1) The thirty-first day after the Secretary of State files a statement of resignation under subsection (b) of this section; or

(2) When a record designating a new agent for service of process is delivered to the Secretary of State for filing on behalf of the association or foreign cooperative and becomes effective.

Added by Laws 2009, c. 68, § 19, eff. Jan. 1, 2010.

§18-441-120. Service of process.

SERVICE OF PROCESS.

(a) An agent for service of process appointed by a limited cooperative association or foreign cooperative is an agent of the association or foreign cooperative for service of process, notice, or a demand required or permitted by law to be served upon the association or foreign cooperative.

(b) If a limited cooperative association or foreign cooperative does not appoint or maintain an agent for service of process in this state or the agent for service of process cannot with reasonable diligence be found at the address of the designated office on file with the Secretary of State, the Secretary of State is an agent of the association or foreign cooperative upon which process, notice, or a demand may be served.

(c) Service of process, notice, or a demand on the Secretary of State as agent of a limited cooperative association or foreign cooperative may be made by delivering to the Secretary of State two copies of the process, notice, or demand. The Secretary of State shall forward one copy by registered or certified mail, return receipt requested, to the association or foreign cooperative at its principal office.

(d) Service is effected under subsection (c) of this section on the earliest of:

(1) The date the limited cooperative association or foreign cooperative receives the process, notice, or demand;

(2) The date shown on the return receipt, if signed on behalf of the association or foreign cooperative; or

(3) Five (5) days after the process, notice, or demand is deposited by the Secretary of State for delivery by the United States Postal Service, if postage is prepaid to the address of the principal office on file with the Secretary of State.

(e) The Secretary of State shall keep a record of each process, notice, and demand served pursuant to this section and record the time of, and the action taken regarding, the service.

(f) This section does not affect the right to serve process, notice, or a demand in any other manner provided by law.

Added by Laws 2009, c. 68, § 20, eff. Jan. 1, 2010.

§18-441-201. Signing of records delivered for filing to Secretary of State.

SIGNING OF RECORDS DELIVERED FOR FILING TO SECRETARY OF STATE.

(a) A record delivered to the Secretary of State for filing pursuant to the Uniform Limited Cooperative Association Act of 2009 must be signed as follows:

(1) The initial articles of organization must be signed by at least one organizer.

(2) A statement of cancellation under subsection (d) of Section 30 of this act must be signed by at least one organizer.

(3) Except as otherwise provided in paragraph (4) of this subsection, a record signed on behalf of an existing limited cooperative association must be signed by an officer.

(4) A record filed on behalf of a dissolved association must be signed by a person winding up activities under Section 107 of this act or a person appointed under Section 107 of this act to wind up those activities.

(5) Any other record must be signed by the person on whose behalf the record is delivered to the Secretary of State.

(b) Any record to be signed under the Uniform Limited Cooperative Association Act of 2009 may be signed by an authorized agent.

Added by Laws 2009, c. 68, § 21, eff. Jan. 1, 2010.

§18-441-202. Signing and filing of records pursuant to judicial order.

SIGNING AND FILING OF RECORDS PURSUANT TO JUDICIAL ORDER.

(a) If a person required by the Uniform Limited Cooperative Association Act of 2009 to sign or deliver a record to the Secretary of State for filing does not do so, the district court of the county where the association's principal office is located, or if the association does not have a principal office in this state, where its designated office in this state is located, upon petition of an aggrieved person, may order:

(1) The person to sign the record and deliver it to the Secretary of State for filing; or

(2) Delivery of the unsigned record to the Secretary of State for filing.

(b) An aggrieved person under subsection (a) of this section, other than the limited cooperative association or foreign cooperative to which the record pertains, shall make the association or foreign cooperative a party to the action brought to obtain the order.

(c) An unsigned record filed pursuant to this section is effective.

Added by Laws 2009, c. 68, § 22, eff. Jan. 1, 2010.

§18-441-203. Delivery to and filing of records by Secretary of State - Effective time and date.

DELIVERY TO AND FILING OF RECORDS BY SECRETARY OF STATE; EFFECTIVE TIME AND DATE.

(a) A record authorized or required by the Uniform Limited Cooperative Association Act of 2009 to be delivered to the Secretary of State for filing must be captioned to describe the record's purpose, be in a medium and format permitted by the Secretary of State, and be delivered to the Secretary of State. If the filing fees have been paid, and unless the Secretary of State determines that the record does not comply with the filing requirements of the Uniform Limited Cooperative Association Act of 2009, the Secretary of State shall file the record and send a copy of the filed record and a receipt for the fees to the person on whose behalf the record was filed.

(b) The Secretary of State, upon request and payment of the required fee, shall furnish a certified copy of any record filed by the Secretary of State under the Uniform Limited Cooperative Association Act of 2009 to the person making the request.

(c) Except as otherwise provided in Sections 18 and 24 of this act, a record delivered to the Secretary of State for filing under the Uniform Limited Cooperative Association Act of 2009 may specify an effective time and a delayed effective date that may include an effective time on that date. Except as otherwise provided in Sections 18 and 24 of this act, a record filed by the Secretary of State under the Uniform Limited Cooperative Association Act of 2009 is effective:

(1) If the record does not specify an effective time and does not specify a delayed effective date, on the date and at the time the record is filed as evidenced by the Secretary of State's endorsement of the date and time on the record;

(2) If the record specifies an effective time but not a delayed effective date, on the date the record is filed at the time specified in the record;

(3) If the record specifies a delayed effective date but not an effective time, at 12:01 a.m. on the earlier of:

(A) the specified date; or

(B) the ninetieth day after the record is filed; or

(4) If the record specifies an effective time and a delayed effective date, at the specified time on the earlier of:

(A) the specified date; or

(B) the ninetieth day after the record is filed.

Added by Laws 2009, c. 68, § 23, eff. Jan. 1, 2010.

§18-441-204. Correcting filed record.

CORRECTING FILED RECORD.

(a) A limited cooperative association or foreign cooperative may deliver to the Secretary of State for filing a statement of correction to correct a record previously delivered by the association or foreign cooperative to the Secretary of State and filed by the Secretary of State if, at the time of filing, the record contained inaccurate information or was defectively signed.

(b) A statement of correction may not state a delayed effective date and must:

(1) Describe the record to be corrected, including its filing date, or have attached a copy of the record as filed;

(2) Specify the inaccurate information and the reason it is inaccurate or the manner in which the signing was defective; and

(3) Correct the inaccurate information or defective signature.

(c) When filed by the Secretary of State, a statement of correction is effective:

(1) When filed as to persons relying on the inaccurate information or defective signature before its correction and adversely affected by the correction; and

(2) As to all other persons, retroactively as of the effective date and time of the record the statement corrects.

Added by Laws 2009, c. 68, § 24, eff. Jan. 1, 2010.

§18-441-205. Liability for inaccurate information in filed record.

LIABILITY FOR INACCURATE INFORMATION IN FILED RECORD. If a record delivered to the Secretary of State for filing under the Uniform Limited Cooperative Association Act of 2009 and filed by the Secretary of State contains inaccurate information, a person that suffers a loss by reliance on the information may recover damages for the loss from a person that signed the record or caused another to sign it on the person's behalf and knew at the time the record was signed that the information was inaccurate.

Added by Laws 2009, c. 68, § 25, eff. Jan. 1, 2010.

§18-441-206. Certificate of good standing or authorization.

CERTIFICATE OF GOOD STANDING OR AUTHORIZATION.

(a) The Secretary of State, upon request and payment of the required fee, shall furnish any person that requests it a certificate of good standing for a limited cooperative association if the records filed in the Office of the Secretary of State show that the Secretary of State has filed the association's articles of organization, that the association is in good standing, and that the Secretary of State has not filed a statement of termination.

(b) The Secretary of State, upon request and payment of the required fee, shall furnish to any person that requests it a certificate of authority for a foreign cooperative if the records filed in the Office of the Secretary of State show that the Secretary of State has filed the foreign cooperative's certificate

of authority, has not revoked nor has reason to revoke the certificate of authority, and has not filed a notice of cancellation.

(c) Subject to any exceptions stated in the certificate, a certificate of good standing or authority issued by the Secretary of State establishes conclusively that the limited cooperative association or foreign cooperative is in good standing or is authorized to transact business in this state.

Added by Laws 2009, c. 68, § 26, eff. Jan. 1, 2010.

§18-441-207. Annual report for Secretary of State.

ANNUAL REPORT FOR SECRETARY OF STATE.

(a) A limited cooperative association or foreign cooperative authorized to transact business in this state shall deliver to the Secretary of State for filing an annual report that states:

(1) The name of the association or foreign cooperative;

(2) The street address and, if different, mailing address of the association's or foreign cooperative's designated office and the name of its agent for service of process at the designated office;

(3) The street address and, if different, mailing address of the association's or foreign cooperative's principal office; and

(4) In the case of a foreign cooperative, the state or other jurisdiction under whose law the foreign cooperative is formed and any alternative name adopted under Section 126 of this act.

(b) Information in an annual report must be current as of the date the report is delivered to the Secretary of State.

(c) The first annual report must be delivered to the Secretary of State between January 1 and April 1 of the year following the calendar year in which the limited cooperative association is formed or the foreign cooperative is authorized to transact business in this state. An annual report must be delivered to the Secretary of State between January 1 and April 1 of each subsequent calendar year.

(d) If an annual report does not contain the information required by subsection (a) of this section, the Secretary of State shall promptly notify the reporting limited cooperative association or foreign cooperative and return the report for correction. If the report is corrected to contain the information required by subsection (a) of this section and delivered to the Secretary of State not later than thirty (30) days after the date of the notice from the Secretary of State, it is timely delivered.

(e) If a filed annual report contains an address of the designated office, name of the agent for service of process, or address of the principal office which differs from the information shown in the records of the Secretary of State immediately before the filing, the differing information in the annual report is considered a statement of change.

(f) If a limited cooperative association fails to deliver an annual report under this section, the Secretary of State may proceed under Section 112 of this act to dissolve the association administratively.

(g) If a foreign cooperative fails to deliver an annual report under this section, the Secretary of State may revoke the certificate of authority of the cooperative.

Added by Laws 2009, c. 68, § 27, eff. Jan. 1, 2010.

§18-441-208. Filing fees.

FILING FEES. The filing fees for records filed under the Uniform Limited Cooperative Association Act of 2009 by the Secretary of State shall be:

1. For filing articles of organization, One Hundred Dollars ($100.00);

2. For filing an amendment to articles of organization or restated articles of organization, Fifty Dollars ($50.00);

3. For filing articles of merger or conversion, One Hundred Dollars ($100.00);

4. For filing a statement of change of a designated office, agent for service of process, address of an agent for service of process, or a statement of resignation of registered agent, Twenty-five Dollars ($25.00);

5. For filing a name reservation or notice of transfer, Ten Dollars ($10.00);

6. For filing an annual report, Fifty Dollars ($50.00);

7. For issuing a certificate of good standing, Twenty Dollars ($20.00);

8. For acting as registered agent, One Hundred Dollars ($100.00); and

9. For filing any other certificate, statement, notice or other document for which a fee is not otherwise specified under the Uniform Limited Cooperative Association Act of 2009, Fifty Dollars ($50.00).

Added by Laws 2009, c. 68, § 28, eff. Jan. 1, 2010.

§18-441-301. Organizers.

ORGANIZERS. A limited cooperative association must be organized by one or more organizers.

Added by Laws 2009, c. 68, § 29, eff. Jan. 1, 2010.

§18-441-302. Formation of limited cooperative association - Articles of organization.

FORMATION OF LIMITED COOPERATIVE ASSOCIATION; ARTICLES OF ORGANIZATION.

(a) To form a limited cooperative association, an organizer of the association must deliver articles of organization to the Secretary of State for filing. The articles must state:

(1) The name of the association;

(2) The purposes for which the association is formed;

(3) The street address and, if different, mailing address of the association's initial designated office and the name of the association's initial agent for service of process at the designated office;

(4) The street address and, if different, mailing address of the initial principal office;

(5) The name and street address and, if different, mailing address of each organizer; and

(6) The term for which the association is to exist if other than perpetual.

(b) Subject to subsection (a) of Section 13 of this act, articles of organization may contain any other provisions in addition to those required by subsection (a) of this section.

(c) A limited cooperative association is formed after articles of organization that substantially comply with subsection (a) of this section are delivered to the Secretary of State, are filed, and become effective under subsection (c) of Section 23 of this act.

(d) If articles of organization filed by the Secretary of State state a delayed effective date, a limited cooperative association is not formed if, before the articles take effect, an organizer signs and delivers to the Secretary of State for filing a statement of cancellation.

Added by Laws 2009, c. 68, § 30, eff. Jan. 1, 2010.

§18-441-303. Organization of limited cooperative association.

ORGANIZATION OF LIMITED COOPERATIVE ASSOCIATION.

(a) After a limited cooperative association is formed:

(1) If initial directors are named in the articles of organization, the initial directors shall hold an organizational meeting to adopt initial bylaws and carry on any other business necessary or proper to complete the organization of the association; or

(2) If initial directors are not named in the articles of organization, the organizers shall designate the initial directors and call a meeting of the initial directors to adopt initial bylaws and carry on any other business necessary or proper to complete the organization of the association.

(b) Unless the articles of organization otherwise provide, the initial directors may cause the limited cooperative association to accept members, including those necessary for the association to begin business.

(c) Initial directors need not be members.

(d) An initial director serves until a successor is elected and qualified at a members' meeting or the director is removed, resigns, is adjudged incompetent, or dies.
Added by Laws 2009, c. 68, § 31, eff. Jan. 1, 2010.

§18-441-304. Bylaws.
BYLAWS.
(a) Bylaws must be in a record and, if not stated in the articles of organization, must include:
(1) A statement of the capital structure of the limited cooperative association, including:
(A) the classes or other types of members' interests and relative rights, preferences, and restrictions granted to or imposed upon each class or other type of member's interest; and
(B) the rights to share in profits or distributions of the association;
(2) A statement of the method for admission of members;
(3) A statement designating voting and other governance rights, including which members have voting power and any restriction on voting power;
(4) A statement that a member's interest is transferable if it is to be transferable and a statement of the conditions upon which it may be transferred;
(5) A statement concerning the manner in which profits and losses are allocated and distributions are made among patron members and, if investor members are authorized, the manner in which profits and losses are allocated and how distributions are made among investor members and between patron members and investor members;
(6) A statement concerning:
(A) whether persons that are not members but conduct business with the association may be permitted to share in allocations of profits and losses and receive distributions; and
(B) the manner in which profits and losses are allocated and distributions are made with respect to those persons; and
(7) A statement of the number and terms of directors or the method by which the number and terms are determined.
(b) Subject to subsection (c) of Section 13 of this act and the articles of organization, bylaws may contain any other provision for managing and regulating the affairs of the association.
(c) In addition to amendments permitted under Article 4 of the Uniform Limited Cooperative Association Act of 2009, the initial board of directors may amend the bylaws by a majority vote of the directors at any time before the admission of members.
Added by Laws 2009, c. 68, § 32, eff. Jan. 1, 2010.

§18-441-401. Authority to amend organic rules.

AUTHORITY TO AMEND ORGANIC RULES.

(a) A limited cooperative association may amend its organic rules under this article for any lawful purpose. In addition, the initial board of directors may amend the bylaws of an association under Section 32 of this act.

(b) Unless the organic rules otherwise provide, a member does not have a vested property right resulting from any provision in the organic rules, including a provision relating to the management, control, capital structure, distribution, entitlement, purpose, or duration of the limited cooperative association.

Added by Laws 2009, c. 68, § 33, eff. Jan. 1, 2010.

§18-441-402. Notice and action on amendment of organic rules.

NOTICE AND ACTION ON AMENDMENT OF ORGANIC RULES.

(a) Except as provided in subsection (a) of Section 33 of this act and subsection (f) of Section 37 of this act, the organic rules of a limited cooperative association may be amended only at a members meeting. An amendment may be proposed by either:

(1) A majority of the board of directors, or a greater percentage if required by the organic rules; or

(2) One or more petitions signed by at least ten percent (10%) of the patron members or at least ten percent (10%) of the investor members.

(b) The board of directors shall call a members meeting to consider an amendment proposed pursuant to subsection (a) of this section. The meeting must be held not later than ninety (90) days following the proposal of the amendment by the board or receipt of a petition. The board must mail or otherwise transmit or deliver in a record to each member:

(1) The proposed amendment, or a summary of the proposed amendment and a statement of the manner in which a copy of the amendment in a record may be reasonably obtained by a member;

(2) A recommendation that the members approve the amendment, or if the board determines that because of conflict of interest or other special circumstances it should not make a favorable recommendation, the basis for that determination;

(3) A statement of any condition of the board’s submission of the amendment to the members; and

(4) Notice of the meeting at which the proposed amendment will be considered, which must be given in the same manner as notice for a special meeting of members.

Added by Laws 2009, c. 68, § 34, eff. Jan. 1, 2010.

§18-441-403. Method of voting on amendment of organic rules.

METHOD OF VOTING ON AMENDMENT OF ORGANIC RULES.

(a) A substantive change to a proposed amendment of the organic rules may not be made at the members meeting at which a vote on the amendment occurs.

(b) A nonsubstantive change to a proposed amendment of the organic rules may be made at the members meeting at which the vote on the amendment occurs and need not be separately voted upon by the board of directors.

(c) A vote to adopt a nonsubstantive change to a proposed amendment to the organic rules must be by the same percentage of votes required to pass a proposed amendment.

Added by Laws 2009, c. 68, § 35, eff. Jan. 1, 2010.

§18-441-404. Voting by district, class, or voting group.

VOTING BY DISTRICT, CLASS, OR VOTING GROUP.

(a) This section applies if the organic rules provide for voting by district or class, or if there is one or more identifiable voting groups that a proposed amendment to the organic rules would affect differently from other members with respect to matters identified in paragraphs (1) through (5) of subsection (e) of Section 37 of this act. Approval of the amendment requires the same percentage of votes of the members of that district, class, or voting group required in Sections 37 and 53 of this act.

(b) If a proposed amendment to the organic rules would affect members in two or more districts or classes entitled to vote separately under subsection (a) of this section in the same or a substantially similar way, the districts or classes affected must vote as a single voting group unless the organic rules otherwise provide for separate voting.

Added by Laws 2009, c. 68, § 36, eff. Jan. 1, 2010.

§18-441-405. Approval of amendment.

APPROVAL OF AMENDMENT.

(a) Subject to Section 36 of this act and subsections (c) and (d) of this section, an amendment to the articles of organization must be approved by:

(1) At least two-thirds (2/3) of the voting power of members present at a members meeting called under Section 34 of this act; and

(2) If the limited cooperative association has investor members, at least a majority of the votes cast by patron members, unless the organic rules require a greater percentage vote by patron members.

(b) Subject to Section 36 of this act and subsections (c), (d), (e) and (f) of this section, an amendment to the bylaws must be approved by:

(1) At least a majority vote of the voting power of all members present at a members meeting called under Section 34 of this act, unless the organic rules require a greater percentage; and

(2) If a limited cooperative association has investor members, a majority of the votes cast by patron members, unless the organic rules require a larger affirmative vote by patron members.

(c) The organic rules may require that the percentage of votes under paragraph (1) of subsection (a) of this section or paragraph (1) of subsection (b) of this section be:

(1) A different percentage that is not less than a majority of members voting at the meeting;

(2) Measured against the voting power of all members; or

(3) A combination of paragraphs (1) and (2) of this subsection.

(d) Consent in a record by a member must be delivered to a limited cooperative association before delivery of an amendment to the articles of organization or restated articles of organization for filing pursuant to Section 39 of this act, if as a result of the amendment the member will have:

(1) Personal liability for an obligation of the association; or

(2) An obligation or liability for an additional contribution.

(e) The vote required to amend bylaws must satisfy the requirements of subsection (a) of this section if the proposed amendment modifies:

(1) The equity capital structure of the limited cooperative association, including the rights of the association's members to share in profits or distributions, or the relative rights, preferences, and restrictions granted to or imposed upon one or more districts, classes, or voting groups of similarly situated members;

(2) The transferability of a member's interest;

(3) The manner or method of allocation of profits or losses among members;

(4) The quorum for a meeting and the rights of voting and governance; or

(5) Unless otherwise provided in the organic rules, the terms for admission of new members.

(f) Except for the matters described in subsection (e) of this section, the articles of organization may delegate amendment of all or a part of the bylaws to the board of directors without requiring member approval.

(g) If the articles of organization delegate amendment of bylaws to the board of directors, the board shall provide a description of any amendment of the bylaws made by the board to the members in a record not later than thirty (30) days after the amendment, but the description may be provided at the next annual members meeting if the meeting is held within the thirty-day period. Added by Laws 2009, c. 68, § 37, eff. Jan. 1, 2010.

§18-441-406. Restated articles of organization.

RESTATED ARTICLES OF ORGANIZATION. A limited cooperative association, by the affirmative vote of a majority of the board of directors taken at a meeting for which the purpose is stated in the notice of the meeting, may adopt restated articles of organization that contain the original articles as previously amended. Restated articles may contain amendments if the restated articles are adopted in the same manner and with the same vote as required for amendments to the articles under subsection (a) of Section 37 of this act. Upon filing, restated articles supersede the existing articles and all amendments.

Added by Laws 2009, c. 68, § 38, eff. Jan. 1, 2010.

§18-441-407. Amendment or restatement of articles of organization - Filing.

AMENDMENT OR RESTATEMENT OF ARTICLES OF ORGANIZATION; FILING.

(a) To amend its articles of organization, a limited cooperative association must deliver to the Secretary of State for filing an amendment of the articles, or restated articles of organization or articles of conversion or merger pursuant to Article 16 of the Uniform Limited Cooperative Association Act of 2009, which contain one or more amendments of the articles of organization, stating:

(1) The name of the association;

(2) The date of filing of the association's initial articles; and

(3) The changes the amendment makes to the articles as most recently amended or restated.

(b) Before the beginning of the initial meeting of the board of directors, an organizer who knows that information in the filed articles of organization was inaccurate when the articles were filed or has become inaccurate due to changed circumstances shall promptly:

(1) Cause the articles to be amended; or

(2) If appropriate, deliver an amendment to the Secretary of State for filing pursuant to Section 23 of this act.

(c) If restated articles of organization are adopted, the restated articles may be delivered to the Secretary of State for filing in the same manner as an amendment.

(d) Upon filing, an amendment of the articles of organization or other record containing an amendment of the articles which has been properly adopted by the members is effective as provided in subsection (c) of Section 23 of this act.

Added by Laws 2009, c. 68, § 39, eff. Jan. 1, 2010.

§18-441-501. Members.

MEMBERS. To begin business, a limited cooperative association must have at least two patron members unless the sole member is a cooperative.
Added by Laws 2009, c. 68, § 40, eff. Jan. 1, 2010.

§18-441-502. Becoming a member.
BECOMING A MEMBER. A person becomes a member:
(1) As provided in the organic rules;
(2) As the result of a merger or conversion under Article 16 of the Uniform Limited Cooperative Association Act of 2009; or
(3) With the consent of all the members.
Added by Laws 2009, c. 68, § 41, eff. Jan. 1, 2010.

§18-441-503. No power as member to bind association.
NO POWER AS MEMBER TO BIND ASSOCIATION. A member, solely by reason of being a member, may not act for or bind the limited cooperative association.
Added by Laws 2009, c. 68, § 42, eff. Jan. 1, 2010.

§18-441-504. No liability as member for association's obligations.
NO LIABILITY AS MEMBER FOR ASSOCIATION'S OBLIGATIONS. Unless the articles of organization otherwise provide, a debt, obligation, or other liability of a limited cooperative association is solely that of the association and is not the debt, obligation, or liability of a member solely by reason of being a member.
Added by Laws 2009, c. 68, § 43, eff. Jan. 1, 2010.

§18-441-505. Right of member and former member to information.
RIGHT OF MEMBER AND FORMER MEMBER TO INFORMATION.
(a) Not later than ten (10) business days after receipt of a demand made in a record, a limited cooperative association shall permit a member to obtain, inspect, and copy in the association's principal office required information listed in paragraphs (1) through (8) of subsection (a) of Section 14 of this act during regular business hours. A member need not have any particular purpose for seeking the information. The association is not required to provide the same information listed in paragraphs (2) through (8) of subsection (a) of Section 14 of this act to the same member more than once during a six-month period.
(b) On demand made in a record received by the limited cooperative association, a member may obtain, inspect, and copy in the association's principal office required information listed in paragraphs (9), (10), (12), (13), (16) and (18) of subsection (a) of Section 14 of this act during regular business hours, if:
(1) The member seeks the information in good faith and for a proper purpose reasonably related to the member's interest;

(2) The demand includes a description with reasonable particularity of the information sought and the purpose for seeking the information;

(3) The information sought is directly connected to the member's purpose; and

(4) The demand is reasonable.

(c) Not later than ten (10) business days after receipt of a demand pursuant to subsection (b) of this section, a limited cooperative association shall provide, in a record, the following information to the member that made the demand:

(1) If the association agrees to provide the demanded information:

(A) what information the association will provide in response to the demand; and

(B) a reasonable time and place at which the association will provide the information; or

(2) If the association declines to provide some or all of the demanded information, the association's reasons for declining.

(d) A person dissociated as a member may obtain, inspect, and copy information available to a member under subsection (a) or (b) of this section by delivering a demand in a record to the limited cooperative association in the same manner and subject to the same conditions applicable to a member under subsection (b) of this section if:

(1) The information pertains to the period during which the person was a member in the association; and

(2) The person seeks the information in good faith.

(e) A limited cooperative association shall respond to a demand made pursuant to subsection (d) of this section in the manner provided in subsection (c) of this section.

(f) Not later than ten (10) business days after receipt by a limited cooperative association of a demand made by a member in a record, but not more often than once in a six-month period, the association shall deliver to the member a record stating the information with respect to the member required by paragraph (17) of subsection (a) of Section 14 of this act.

(g) A limited cooperative association may impose reasonable restrictions, including nondisclosure restrictions, on the use of information obtained under this section. In a dispute concerning the reasonableness of a restriction under this subsection, the association has the burden of proving reasonableness.

(h) A limited cooperative association may charge a person that makes a demand under this section reasonable costs of copying, limited to the costs of labor and material.

(i) A person that may obtain information under this section may obtain the information through an attorney or other agent. A restriction imposed on the person under subsection (g) of this

section or by the organic rules applies to the attorney or other agent.

(j) The rights stated in this section do not extend to a person as transferee.

(k) The organic rules may require a limited cooperative association to provide more information than required by this section and may establish conditions and procedures for providing the information.

Added by Laws 2009, c. 68, § 44, eff. Jan. 1, 2010.

§18-441-506. Annual meeting of members.

ANNUAL MEETING OF MEMBERS.

(a) Members shall meet annually at a time provided in the organic rules or set by the board of directors not inconsistent with the organic rules.

(b) An annual members meeting may be held inside or outside this state at the place stated in the organic rules or selected by the board of directors not inconsistent with the organic rules.

(c) Unless the organic rules otherwise provide, members may attend or conduct an annual members meeting through any means of communication if all members attending the meeting can communicate with each other during the meeting.

(d) The board of directors shall report, or cause to be reported, at the association's annual members meeting the association's business and financial condition as of the close of the most recent fiscal year.

(e) Unless the organic rules otherwise provide, the board of directors shall designate the presiding officer of the association's annual members meeting.

(f) Failure to hold an annual members meeting does not affect the validity of any action by the limited cooperative association.

Added by Laws 2009, c. 68, § 45, eff. Jan. 1, 2010.

§18-441-507. Special meeting of members.

SPECIAL MEETING OF MEMBERS.

(a) A special meeting of members may be called only:

(1) As provided in the organic rules;

(2) By a majority vote of the board of directors on a proposal stating the purpose of the meeting;

(3) By demand in a record signed by members holding at least twenty percent (20%) of the voting power of the persons in any district or class entitled to vote on the matter that is the purpose of the meeting stated in the demand; or

(4) By demand in a record signed by members holding at least ten percent (10%) of the total voting power of all the persons entitled to vote on the matter that is the purpose of the meeting stated in the demand.

(b) A demand under paragraph (3) or (4) of subsection (a) of this section must be submitted to the officer of the limited cooperative association charged with keeping its records.

(c) Any voting member may withdraw its demand under paragraph (3) or (4) of subsection (a) of this section before receipt by the limited cooperative association of demands sufficient to require a special meeting of members.

(d) A special meeting of members may be held inside or outside this state at the place stated in the organic rules or selected by the board of directors not inconsistent with the organic rules.

(e) Unless the organic rules otherwise provide, members may attend or conduct a special meeting of members through the use of any means of communication if all members attending the meeting can communicate with each other during the meeting.

(f) Only business within the purpose or purposes stated in the notice of a special meeting of members may be conducted at the meeting.

(g) Unless the organic rules otherwise provide, the presiding officer of a special meeting of members shall be designated by the board of directors.

Added by Laws 2009, c. 68, § 46, eff. Jan. 1, 2010.

§18-441-508. Notice of members meeting.

NOTICE OF MEMBERS MEETING.

(a) A limited cooperative association shall notify each member of the time, date, and place of a members meeting at least fifteen (15) and not more than sixty (60) days before the meeting.

(b) Unless the articles of organization otherwise provide, notice of an annual members meeting need not include any purpose of the meeting.

(c) Notice of a special meeting of members must include each purpose of the meeting as contained in the demand under paragraph (3) or (4) of subsection (a) of Section 46 of this act or as voted upon by the board of directors under paragraph (2) of subsection (a) of Section 46 of this act.

(d) Notice of a members meeting must be given in a record unless oral notice is reasonable under the circumstances.

Added by Laws 2009, c. 68, § 47, eff. Jan. 1, 2010.

§18-441-509. Waiver of members meeting notice.

WAIVER OF MEMBERS MEETING NOTICE.

(a) A member may waive notice of a members meeting before, during, or after the meeting.

(b) A member’s participation in a members meeting is a waiver of notice of that meeting unless the member objects to the meeting at the beginning of the meeting or promptly upon the member’s

arrival at the meeting and does not thereafter vote for or assent to action taken at the meeting.
Added by Laws 2009, c. 68, § 48, eff. Jan. 1, 2010.

§18-441-510. Quorum of members.

QUORUM OF MEMBERS. Unless the organic rules otherwise require a greater number of members or percentage of the voting power, the voting member or members present at a members meeting constitute a quorum.
Added by Laws 2009, c. 68, § 49, eff. Jan. 1, 2010.

§18-441-511. Voting by patron members.

VOTING BY PATRON MEMBERS. Except as provided by subsection (a) of Section 51 of this act, each patron member has one vote. The organic rules may allocate voting power among patron members as provided in subsection (a) of Section 51 of this act.
Added by Laws 2009, c. 68, § 50, eff. Jan. 1, 2010.

§18-441-512. Determination of voting power of patron member.

DETERMINATION OF VOTING POWER OF PATRON MEMBER.

(a) The organic rules may allocate voting power among patron members on the basis of one or a combination of the following:

(1) One member, one vote;

(2) Use or patronage;

(3) Equity; or

(4) If a patron member is a cooperative, the number of its patron members.

(b) The organic rules may provide for the allocation of patron member voting power by districts or class, or any combination thereof.
Added by Laws 2009, c. 68, § 51, eff. Jan. 1, 2010.

§18-441-513. Voting by investor members.

VOTING BY INVESTOR MEMBERS. If the organic rules provide for investor members, each investor member has one vote, unless the organic rules otherwise provide. The organic rules may provide for the allocation of investor member voting power by class, classes, or any combination of classes.
Added by Laws 2009, c. 68, § 52, eff. Jan. 1, 2010.

§18-441-514. Voting requirements for members.

VOTING REQUIREMENTS FOR MEMBERS. If a limited cooperative association has both patron and investor members, the following rules apply:

(1) The total voting power of all patron members may not be less than a majority of the entire voting power entitled to vote.

(2) Action on any matter is approved only upon the affirmative vote of at least a majority of:

(A) all members voting at the meeting unless more than a majority is required by Articles 4, 12, 15 through 16 of the Uniform Limited Cooperative Association Act of 2009 or the organic rules; and

(B) votes cast by patron members unless the organic rules require a larger affirmative vote by patron members.

(3) The organic rules may provide for the percentage of the affirmative votes that must be cast by investor members to approve the matter.

Added by Laws 2009, c. 68, § 53, eff. Jan. 1, 2010.

§18-441-515. Manner of voting.

MANNER OF VOTING.

(a) Unless the organic rules otherwise provide, voting by a proxy at a members meeting is prohibited. This subsection does not prohibit delegate voting based on district or class.

(b) If voting by a proxy is permitted, a patron member may appoint only another patron member as a proxy and, if investor members are permitted, an investor member may appoint only another investor member as a proxy.

(c) The organic rules may provide for the manner of and provisions governing the appointment of a proxy.

(d) The organic rules may provide for voting on any question by ballot delivered by mail or voting by other means on questions that are subject to vote by members.

Added by Laws 2009, c. 68, § 54, eff. Jan. 1, 2010.

§18-441-516. Action without a meeting.

ACTION WITHOUT A MEETING.

(a) Unless the organic rules require that action be taken only at a members meeting, any action that may be taken by the members may be taken without a meeting if each member entitled to vote on the action consents in a record to the action.

(b) Consent under subsection (a) of this section may be withdrawn by a member in a record at any time before the limited cooperative association receives a consent from each member entitled to vote.

(c) Consent to any action may specify the effective date or time of the action.

Added by Laws 2009, c. 68, § 55, eff. Jan. 1, 2010.

§18-441-517. Districts and delegates - Classes of members.

DISTRICTS AND DELEGATES; CLASSES OF MEMBERS.

(a) The organic rules may provide for the formation of geographic districts of patron members and:

(1) For the conduct of patron member meetings by districts and the election of directors at the meetings; or

(2) That districts may elect district delegates to represent and vote for the district at members meetings.

(b) A delegate elected under paragraph (2) of subsection (a) of this section has one vote unless voting power is otherwise allocated by the organic rules.

(c) The organic rules may provide for the establishment of classes of members, for the preferences, rights, and limitations of the classes, and:

(1) For the conduct of members meetings by classes and the election of directors at the meetings; or

(2) That classes may elect class delegates to represent and vote for the class in members meetings.

(d) A delegate elected under paragraph (2) of subsection (c) of this section has one vote unless voting power is otherwise allocated by the organic rules.

Added by Laws 2009, c. 68, § 56, eff. Jan. 1, 2010.

§18-441-601. Member's interest.

MEMBER'S INTEREST. A member's interest:

(1) Is personal property;

(2) Consists of:

(A) governance rights;

(B) financial rights; and

(C) the right or obligation, if any, to do business with the limited cooperative association; and

(3) May be in certificated or uncertificated form.

Added by Laws 2009, c. 68, § 57, eff. Jan. 1, 2010.

§18-441-602. Patron and investor members' interests.

PATRON AND INVESTOR MEMBERS' INTERESTS.

(a) Unless the organic rules establish investor members' interests, a member's interest is a patron member's interest.

(b) Unless the organic rules otherwise provide, if a limited cooperative association has investor members, while a person is a member of the association, the person:

(1) If admitted as a patron member, remains a patron member;

(2) If admitted as an investor member, remains an investor member; and

(3) If admitted as a patron member and investor member remains a patron and investor member if not dissociated in one of the capacities.

Added by Laws 2009, c. 68, § 58, eff. Jan. 1, 2010.

§18-441-603. Transferability of member's interest.

TRANSFERABILITY OF MEMBER'S INTEREST.

(a) The provisions of the Uniform Limited Cooperative Act of 2009 relating to the transferability of a member's interest are subject to the Uniform Commercial Code.

(b) Unless the organic rules otherwise provide, a member's interest other than financial rights is not transferable.

(c) Unless a transfer is restricted or prohibited by the organic rules, a member may transfer its financial rights in the limited cooperative association.

(d) The terms of any restriction on transferability of financial rights must be:

(1) Set forth in the organic rules and the member records of the association; and

(2) Conspicuously noted on any certificates evidencing a member's interest.

(e) A transferee of a member's financial rights, to the extent the rights are transferred, has the right to share in the allocation of profits or losses and to receive the distributions to the member transferring the interest to the same extent as the transferring member.

(f) A transferee of a member's financial rights does not become a member upon transfer of the rights unless the transferee is admitted as a member by the limited cooperative association.

(g) A limited cooperative association need not give effect to a transfer under this section until the association has notice of the transfer.

(h) A transfer of a member's financial rights in violation of a restriction on transfer contained in the organic rules is ineffective as to a person having notice of the restriction at the time of transfer.

Added by Laws 2009, c. 68, § 59, eff. Jan. 1, 2010.

§18-441-604. Security interest and set-off.

SECURITY INTEREST AND SET-OFF.

(a) A member or transferee may create an enforceable security interest in its financial rights in a limited cooperative association.

(b) Unless the organic rules otherwise provide, a member may not create an enforceable security interest in the member's governance rights in a limited cooperative association.

(c) The organic rules may provide that a limited cooperative association has a security interest in the financial rights of a member to secure payment of any indebtedness or other obligation of the member to the association. A security interest provided for in the organic rules is enforceable under, and governed by, Article 9 of the Uniform Commercial Code.

(d) Unless the organic rules otherwise provide, a member may not compel the limited cooperative association to offset financial

rights against any indebtedness or obligation owed to the association.
Added by Laws 2009, c. 68, § 60, eff. Jan. 1, 2010.

§18-441-605. Charging orders for judgment creditor of member or transferee.

CHARGING ORDERS FOR JUDGMENT CREDITOR OF MEMBER OR TRANSFEREE.

(a) On application by a judgment creditor of a member or transferee, a court may enter a charging order against the financial rights of the judgment debtor for the unsatisfied amount of the judgment. A charging order issued under this subsection constitutes a lien on the judgment debtor's financial rights and requires the limited cooperative association to pay over to the creditor or receiver, to the extent necessary to satisfy the judgment, any distribution that would otherwise be paid to the judgment debtor.

(b) To the extent necessary to effectuate the collection of distributions pursuant to a charging order under subsection (a) of this section, the court may:

(1) Appoint a receiver of the share of the distributions due or to become due to the judgment debtor under the judgment debtor's financial rights, with the power to make all inquiries the judgment debtor might have made; and

(2) Make all other orders that the circumstances of the case may require to give effect to the charging order.

(c) Upon a showing that distributions under a charging order will not pay the judgment debt within a reasonable time, the court may foreclose the lien and order the sale of the financial rights. The purchaser at the foreclosure sale obtains only the financial rights that are subject to the charging order, does not thereby become a member, and is subject to Section 59 of this act.

(d) At any time before a sale pursuant to a foreclosure, a member or transferee whose financial rights are subject to a charging order under subsection (a) of this section may extinguish the charging order by satisfying the judgment and filing a certified copy of the satisfaction with the court that issued the charging order.

(e) At any time before sale pursuant to a foreclosure, the limited cooperative association or one or more members whose financial rights are not subject to the charging order may pay to the judgment creditor the full amount due under the judgment and succeed to the rights of the judgment creditor, including the charging order. Unless the organic rules otherwise provide, the association may act under this subsection only with the consent of all members whose financial rights are not subject to the charging order.

(f) The Uniform Limited Cooperative Association Act of 2009 does not deprive any member or transferee of the benefit of any

exemption laws applicable to the member's or transferee's financial rights.

(g) This section provides the exclusive remedy by which a judgment creditor of a member or transferee may satisfy the judgment from the member's or transferee's financial rights.

Added by Laws 2009, c. 68, § 61, eff. Jan. 1, 2010.

§18-441-701. Authority.

AUTHORITY. In this article, "marketing contract" means a contract between a limited cooperative association and another person, that need not be a patron member:

(1) Requiring the other person to sell, or deliver for sale or marketing on the person's behalf, a specified part of the person's products, commodities, or goods exclusively to or through the association or any facilities furnished by the association; or

(2) Authorizing the association to act for the person in any manner with respect to the products, commodities, or goods.

Added by Laws 2009, c. 68, § 62, eff. Jan. 1, 2010.

§18-441-702. Marketing contracts.

MARKETING CONTRACTS.

(a) If a marketing contract provides for the sale of products, commodities, or goods to a limited cooperative association, the sale transfers title to the association upon delivery or at any other specific time expressly provided by the contract.

(b) A marketing contract may:

(1) Authorize a limited cooperative association to create an enforceable security interest in the products, commodities, or goods delivered; and

(2) Allow the association to sell the products, commodities, or goods delivered and pay the sales price on a pooled or other basis after deducting selling costs, processing costs, overhead, expenses, and other charges.

(c) Some or all of the provisions of a marketing contract between a patron member and a limited cooperative association may be contained in the organic rules.

Added by Laws 2009, c. 68, § 63, eff. Jan. 1, 2010.

§18-441-703. Duration of marketing contract.

DURATION OF MARKETING CONTRACT. The initial duration of a marketing contract may not exceed ten (10) years, but the contract may be self-renewing for additional periods not exceeding five (5) years each. Unless the contract provides for another manner or time for termination, either party may terminate the contract by giving notice in a record at least ninety (90) days before the end of the current term.

Added by Laws 2009, c. 68, § 64, eff. Jan. 1, 2010.

§18-441-704. Remedies for breach of contract.

REMEDIES FOR BREACH OF CONTRACT.

(a) Damages to be paid to a limited cooperative association for breach or anticipatory repudiation of a marketing contract may be liquidated, but only at an amount or under a formula that is reasonable in light of the actual or anticipated harm caused by the breach or repudiation. A provision that so provides is not a penalty.

(b) Upon a breach of a marketing contract, whether by anticipatory repudiation or otherwise, a limited cooperative association may seek:

(1) An injunction to prevent further breach; and

(2) Specific performance.

(c) The remedies in this section are in addition to any other remedies available to an association under law other than the Uniform Limited Cooperative Association Act of 2009.

Added by Laws 2009, c. 68, § 65, eff. Jan. 1, 2010.

§18-441-801. Board of directors.

BOARD OF DIRECTORS.

(a) A limited cooperative association must have a board of directors of at least three individuals, unless the association has fewer than three members. If the association has fewer than three members, the number of directors may not be fewer than the number of members.

(b) The affairs of a limited cooperative association must be managed by, or under the direction of, the board of directors. The board may adopt policies and procedures that do not conflict with the organic rules or the Uniform Limited Cooperative Association Act of 2009.

(c) An individual is not an agent for a limited cooperative association solely by being a director.

Added by Laws 2009, c. 68, § 66, eff. Jan. 1, 2010.

§18-441-802. No liability as director for limited cooperative association's obligations.

NO LIABILITY AS DIRECTOR FOR LIMITED COOPERATIVE ASSOCIATION'S OBLIGATIONS. A debt, obligation, or other liability of a limited cooperative association is solely that of the association and is not a debt, obligation, or liability of a director solely by reason of being a director. An individual is not personally liable, directly or indirectly, for an obligation of an association solely by reason of being a director.

Added by Laws 2009, c. 68, § 67, eff. Jan. 1, 2010.

§18-441-803. Qualifications of directors.

QUALIFICATIONS OF DIRECTORS.

(a) Unless the organic rules otherwise provide, and subject to subsection (c) of this section, each director of a limited cooperative association must be an individual who is a member of the association or an individual who is designated by a member that is not an individual for purposes of qualifying and serving as a director. Initial directors need not be members.

(b) Unless the organic rules otherwise provide, a director may be an officer or employee of the limited cooperative association.

(c) If the organic rules provide for nonmember directors, the number of nonmember directors may not exceed:

(1) One, if there are two through four directors;

(2) Two, if there are five through eight directors; or

(3) One-third (1/3) of the total number of directors if there are at least nine directors.

(d) The organic rules may provide qualifications for directors in addition to those in this section.

Added by Laws 2009, c. 68, § 68, eff. Jan. 1, 2010.

§18-441-804. Election of directors and composition of board.

ELECTION OF DIRECTORS AND COMPOSITION OF BOARD.

(a) Unless the organic rules require a greater number:

(1) The number of directors that must be patron members may not be fewer than:

(A) one, if there are two or three directors;

(B) two, if there are four or five directors;

(C) three, if there are six through eight directors; or

(D) one-third (1/3) of the directors if there are at least nine directors; and

(2) A majority of the board of directors must be elected exclusively by patron members.

(b) Unless the organic rules otherwise provide, if a limited cooperative association has investor members, the directors who are not elected exclusively by patron members are elected by the investor members.

(c) Subject to subsection (a) of this section, the organic rules may provide for the election of all or a specified number of directors by one or more districts or classes of members.

(d) Subject to subsection (a) of this section, the organic rules may provide for the nomination or election of directors by districts or classes, directly or by district delegates.

(e) If a class of members consists of a single member, the organic rules may provide for the member to appoint a director or directors.

(f) Unless the organic rules otherwise provide, cumulative voting for directors is prohibited.

(g) Except as otherwise provided by the organic rules, subsection (e) of this section, or Sections 31, 55, 56 and 74 of this act, member directors must be elected at an annual members meeting.
Added by Laws 2009, c. 68, § 69, eff. Jan. 1, 2010.

§18-441-805. Term of director.
TERM OF DIRECTOR.
(a) Unless the organic rules otherwise provide, and subject to subsections (c) and (d) of this section and subsection (c) of Section 31 of this act, the term of a director expires at the annual members meeting following the director's election or appointment. The term of a director may not exceed three (3) years.
(b) Unless the organic rules otherwise provide, a director may be reelected.
(c) Except as otherwise provided in subsection (d) of this section, a director continues to serve until a successor director is elected or appointed and qualifies or the director is removed, resigns, is adjudged incompetent, or dies.
(d) Unless the organic rules otherwise provide, a director does not serve the remainder of the director's term if the director ceases to qualify to be a director.
Added by Laws 2009, c. 68, § 70, eff. Jan. 1, 2010.

§18-441-806. Resignation of director.
RESIGNATION OF DIRECTOR. A director may resign at any time by giving notice in a record to the limited cooperative association. Unless the notice states a later effective date, a resignation is effective when the notice is received by the association.
Added by Laws 2009, c. 68, § 71, eff. Jan. 1, 2010.

§18-441-807. Removal of director.
REMOVAL OF DIRECTOR. Unless the organic rules otherwise provide, the following rules apply:
(1) Members may remove a director with or without cause.
(2) A member or members holding at least ten percent (10%) of the total voting power entitled to be voted in the election of a director may demand removal of the director by one or more signed petitions submitted to the officer of the limited cooperative association charged with keeping its records.
(3) Upon receipt of a petition for removal of a director, an officer of the association or the board of directors shall:
(A) call a special meeting of members to be held not later than ninety (90) days after receipt of the petition by the association; and
(B) mail or otherwise transmit or deliver in a record to the members entitled to vote on the removal, and to

the director to be removed, notice of the meeting which complies with Section 47 of this act.

(4) A director is removed if the votes in favor of removal are equal to or greater than the votes required to elect the director.
Added by Laws 2009, c. 68, § 72, eff. Jan. 1, 2010.

§18-441-808. Suspension of director by board.

SUSPENSION OF DIRECTOR BY BOARD.

(a) A board of directors may suspend a director if, considering the director's course of conduct and the inadequacy of other available remedies, immediate suspension is necessary for the best interests of the association and the director is engaging, or has engaged, in:

(1) Fraudulent conduct with respect to the association or its members;

(2) Gross abuse of the position of director;

(3) Intentional or reckless infliction of harm on the association; or

(4) Any other behavior, act, or omission as provided by the organic rules.

(b) A suspension under subsection (a) of this section is effective for thirty (30) days unless the board of directors calls and gives notice of a special meeting of members for removal of the director before the end of the thirty-day period in which case the suspension is effective until adjournment of the meeting or the director is removed.
Added by Laws 2009, c. 68, § 73, eff. Jan. 1, 2010.

§18-441-809. Vacancy on board.

VACANCY ON BOARD.

(a) Unless the organic rules otherwise provide, a vacancy on the board of directors must be filled:

(1) Within a reasonable time by majority vote of the remaining directors until the next annual members meeting or a special meeting of members called to fill the vacancy; and

(2) For the unexpired term by members at the next annual members meeting or a special meeting of members called to fill the vacancy.

(b) Unless the organic rules otherwise provide, if a vacating director was elected or appointed by a class of members or a district:

(1) The new director must be of that class or district; and

(2) The selection of the director for the unexpired term must be conducted in the same manner as would the selection for that position without a vacancy.

(c) If a member appointed a vacating director, the organic rules may provide for that member to appoint a director to fill the vacancy.
Added by Laws 2009, c. 68, § 74, eff. Jan. 1, 2010.

§18-441-810. Remuneration of directors.
REMUNERATION OF DIRECTORS. Unless the organic rules otherwise provide, the board of directors may set the remuneration of directors and of nondirector committee members appointed under subsection (a) of Section 82 of this act.
Added by Laws 2009, c. 68, § 75, eff. Jan. 1, 2010.

§18-441-811. Meetings.
MEETINGS.
(a) A board of directors shall meet at least annually and may hold meetings inside or outside this state.
(b) Unless the organic rules otherwise provide, a board of directors may permit directors to attend or conduct board meetings through the use of any means of communication, if all directors attending the meeting can communicate with each other during the meeting.
Added by Laws 2009, c. 68, § 76, eff. Jan. 1, 2010.

§18-441-812. Action without meeting.
ACTION WITHOUT MEETING.
(a) Unless prohibited by the organic rules, any action that may be taken by a board of directors may be taken without a meeting if each director consents in a record to the action.
(b) Consent under subsection (a) of this section may be withdrawn by a director in a record at any time before the limited cooperative association receives consent from all directors.
(c) A record of consent for any action under subsection (a) of this section may specify the effective date or time of the action.
Added by Laws 2009, c. 68, § 77, eff. Jan. 1, 2010.

§18-441-813. Meetings and notice.
MEETINGS AND NOTICE.
(a) Unless the organic rules otherwise provide, a board of directors may establish a time, date, and place for regular board meetings, and notice of the time, date, place, or purpose of those meetings is not required.
(b) Unless the organic rules otherwise provide, notice of the time, date, and place of a special meeting of a board of directors must be given to all directors at least three (3) days before the meeting, the notice must contain a statement of the purpose of the meeting, and the meeting is limited to the matters contained in the statement.

Added by Laws 2009, c. 68, § 78, eff. Jan. 1, 2010.

§18-441-814. Waiver of notice of meeting.

WAIVER OF NOTICE OF MEETING.

(a) Unless the organic rules otherwise provide, a director may waive any required notice of a meeting of the board of directors in a record before, during, or after the meeting.

(b) Unless the organic rules otherwise provide, a director's participation in a meeting is a waiver of notice of that meeting unless:

(1) The director objects to the meeting at the beginning of the meeting or promptly upon the director's arrival at the meeting and does not thereafter vote in favor of or otherwise assent to the action taken at the meeting; or

(2) The director promptly objects upon the introduction of any matter for which notice under Section 78 of this act has not been given and does not thereafter vote in favor of or otherwise assent to the action taken on the matter.

Added by Laws 2009, c. 68, § 79, eff. Jan. 1, 2010.

§18-441-815. Quorum.

QUORUM.

(a) Unless the articles of organization provide for a greater number, a majority of the total number of directors specified by the organic rules constitutes a quorum for a meeting of the directors.

(b) If a quorum of the board of directors is present at the beginning of a meeting, any action taken by the directors present is valid even if withdrawal of directors originally present results in the number of directors being fewer than the number required for a quorum.

(c) A director present at a meeting but objecting to notice under paragraph (1) or (2) of subsection (b) of Section 79 of this act does not count toward a quorum.

Added by Laws 2009, c. 68, § 80, eff. Jan. 1, 2010.

§18-441-816. Voting.

VOTING.

(a) Each director shall have one vote for purposes of decisions made by the board of directors.

(b) Unless the organic rules otherwise provide, the affirmative vote of a majority of directors present at a meeting is required for action by the board of directors.

Added by Laws 2009, c. 68, § 81, eff. Jan. 1, 2010.

§18-441-817. Committees.

COMMITTEES.

(a) Unless the organic rules otherwise provide, a board of directors may create one or more committees and appoint one or more individuals to serve on a committee.

(b) Unless the organic rules otherwise provide, an individual appointed to serve on a committee of a limited cooperative association need not be a director or member.

(c) An individual who is not a director and is serving on a committee has the same rights, duties, and obligations as a director serving on the committee.

(d) Unless the organic rules otherwise provide, each committee of a limited cooperative association may exercise the powers delegated to it by the board of directors, but a committee may not:

(1) Approve allocations or distributions except according to a formula or method prescribed by the board of directors;

(2) Approve or propose to members action requiring approval of members; or

(3) Fill vacancies on the board of directors or any of its committees.

Added by Laws 2009, c. 68, § 82, eff. Jan. 1, 2010.

§18-441-818. Standards of conduct and liability.

STANDARDS OF CONDUCT AND LIABILITY. Except as otherwise provided in Section 85 of this act:

(1) The discharge of the duties of a director or member of a committee of the board of directors is governed by the law applicable to directors of entities organized under the Oklahoma General Corporation Act; and

(2) The liability of a director or member of a committee of the board of directors is governed by the law applicable to directors of entities organized under the Oklahoma General Corporation Act.

Added by Laws 2009, c. 68, § 83, eff. Jan. 1, 2010.

§18-441-819. Conflict of interest.

CONFLICT OF INTEREST.

(a) The law applicable to conflicts of interest between a director of an entity organized under the Oklahoma General Corporation Act governs conflicts of interest between a limited cooperative association and a director or member of a committee of the board of directors.

(b) A director does not have a conflict of interest under the Uniform Limited Cooperative Association Act of 2009 or the organic rules solely because the director’s conduct relating to the duties of the director may further the director’s own interest.

Added by Laws 2009, c. 68, § 84, eff. Jan. 1, 2010.

§18-441-820. Other considerations of directors.

OTHER CONSIDERATIONS OF DIRECTORS. Unless the articles of organization otherwise provide, in considering the best interests of a limited cooperative association, a director of the association in discharging the duties of director, in conjunction with considering the long- and short-term interest of the association and its patron members, may consider:

(1) The interest of employees, customers, and suppliers of the association;

(2) The interest of the community in which the association operates; and

(3) Other cooperative principles and values that may be applied in the context of the decision.

Added by Laws 2009, c. 68, § 85, eff. Jan. 1, 2010.

§18-441-821. Right of director or committee member to information.

RIGHT OF DIRECTOR OR COMMITTEE MEMBER TO INFORMATION. A director or a member of a committee appointed under Section 82 of this act may obtain, inspect, and copy all information regarding the state of activities and financial condition of the limited cooperative association and other information regarding the activities of the association if the information is reasonably related to the performance of the director's duties as director or the committee member's duties as a member of the committee. Information obtained in accordance with this section may not be used in any manner that would violate any duty of or to the association.

Added by Laws 2009, c. 68, § 86, eff. Jan. 1, 2010.

§18-441-822. Appointment and authority of officers.

APPOINTMENT AND AUTHORITY OF OFFICERS.

(a) A limited cooperative association has the officers:

(1) Provided in the organic rules; or

(2) Established by the board of directors in a manner not inconsistent with the organic rules.

(b) The organic rules may designate or, if the rules do not designate, the board of directors shall designate, one of the association's officers for preparing all records required by Section 14 of this act and for the authentication of records.

(c) Unless the organic rules otherwise provide, the board of directors shall appoint the officers of the limited cooperative association.

(d) Officers of a limited cooperative association shall perform the duties the organic rules prescribe or as authorized by the board of directors not in a manner inconsistent with the organic rules.

(e) The election or appointment of an officer of a limited cooperative association does not of itself create a contract between the association and the officer.

(f) Unless the organic rules otherwise provide, an individual may simultaneously hold more than one office in a limited cooperative association.
Added by Laws 2009, c. 68, § 87, eff. Jan. 1, 2010.

§18-441-823. Resignation and removal of officers.
RESIGNATION AND REMOVAL OF OFFICERS.
(a) The board of directors may remove an officer at any time with or without cause.
(b) An officer of a limited cooperative association may resign at any time by giving notice in a record to the association. Unless the notice specifies a later time, the resignation is effective when the notice is given.
Added by Laws 2009, c. 68, § 88, eff. Jan. 1, 2010.

§18-441-901. Indemnification.
INDEMNIFICATION.
(a) Indemnification of an individual who has incurred liability or is a party, or is threatened to be made a party, to litigation because of the performance of a duty to, or activity on behalf of, a limited cooperative association is governed by the Oklahoma General Corporation Act.
(b) A limited cooperative association may purchase and maintain insurance on behalf of any individual against liability asserted against or incurred by the individual to the same extent and subject to the same conditions as provided by the Oklahoma General Corporation Act.
Added by Laws 2009, c. 68, § 89, eff. Jan. 1, 2010.

§18-441-1001. Members' contributions.
MEMBERS' CONTRIBUTIONS. The organic rules must establish the amount, manner, or method of determining any contribution requirements for members or must authorize the board of directors to establish the amount, manner, or other method of determining any contribution requirements for members.
Added by Laws 2009, c. 68, § 90, eff. Jan. 1, 2010.

§18-441-1002. Contribution and valuation.
CONTRIBUTION AND VALUATION.
(a) Unless the organic rules otherwise provide, the contributions of a member to a limited cooperative association may consist of tangible or intangible property or other benefit to the association, including money, labor or other services performed or to be performed, promissory notes, other agreements to contribute money or property, and contracts to be performed.

(b) The receipt and acceptance of contributions and the valuation of contributions must be reflected in a limited cooperative association's records.

(c) Unless the organic rules otherwise provide, the board of directors shall determine the value of a member's contributions received or to be received and the determination by the board of directors of valuation is conclusive for purposes of determining whether the member's contribution obligation has been met.
Added by Laws 2009, c. 68, § 91, eff. Jan. 1, 2010.

§18-441-1003. Contribution agreements.

CONTRIBUTION AGREEMENTS.

(a) Except as otherwise provided in the agreement, the following rules apply to an agreement made by a person before formation of a limited cooperative association to make a contribution to the association:

(1) The agreement is irrevocable for six (6) months after the agreement is signed by the person unless all parties to the agreement consent to the revocation.

(2) If a person does not make a required contribution:

(A) the person is obligated, at the option of the association, once formed, to contribute money equal to the value of that part of the contribution that has not been made, and the obligation may be enforced as a debt to the association; or

(B) the association, once formed, may rescind the agreement if the debt remains unpaid more than twenty (20) days after the association demands payment from the person, and upon rescission the person has no further rights or obligations with respect to the association.

(b) Unless the organic rules or an agreement to make a contribution to a limited cooperative association otherwise provides, if a person does not make a required contribution to an association, the person or the person's estate is obligated, at the option of the association, to contribute money equal to the value of the part of the contribution which has not been made.
Added by Laws 2009, c. 68, § 92, eff. Jan. 1, 2010.

§18-441-1004. Allocations of profits and losses.

ALLOCATIONS OF PROFITS AND LOSSES.

(a) The organic rules may provide for allocating profits of a limited cooperative association among members, among persons that are not members but conduct business with the association, to an unallocated account, or to any combination thereof. Unless the organic rules otherwise provide, losses of the association must be allocated in the same proportion as profits.

(b) Unless the organic rules otherwise provide, all profits and losses of a limited cooperative association must be allocated to patron members.

(c) If a limited cooperative association has investor members, the organic rules may not reduce the allocation to patron members to less than fifty percent (50%) of profits. For purposes of this subsection, the following rules apply:

(1) Amounts paid or due on contracts for the delivery to the association by patron members of products, goods, or services are not considered amounts allocated to patron members.

(2) Amounts paid, due, or allocated to investor members as a stated fixed return on equity are not considered amounts allocated to investor members.

(d) Unless prohibited by the organic rules, in determining the profits for allocation under subsections (a), (b) and (c) of this section, the board of directors may first deduct and set aside a part of the profits to create or accumulate:

(1) An unallocated capital reserve; and

(2) Reasonable unallocated reserves for specific purposes, including expansion and replacement of capital assets; education, training, cooperative development; creation and distribution of information concerning principles of cooperation; and community responsibility.

(e) Subject to subsections (b) and (f) of this section and the organic rules, the board of directors shall allocate the amount remaining after any deduction or setting aside of profits for unallocated reserves under subsection (d) of this section:

(1) To patron members in the ratio of each member's patronage to the total patronage of all patron members during the period for which allocations are to be made; and

(2) To investor members, if any, in the ratio of each investor member's contributions to the total contributions of all investor members.

(f) For purposes of allocation of profits and losses or specific items of profits or losses of a limited cooperative association to members, the organic rules may establish allocation units or methods based on separate classes of members or, for patron members, on class, function, division, district, department, allocation units, pooling arrangements, members' contributions, or other equitable methods.

Added by Laws 2009, c. 68, § 93, eff. Jan. 1, 2010.

§18-441-1005. Distributions.

DISTRIBUTIONS.

(a) Unless the organic rules otherwise provide and subject to Section 96 of this act, the board of directors may authorize, and

the limited cooperative association may make, distributions to members.

(b) Unless the organic rules otherwise provide, distributions to members may be made in any form, including money, capital credits, allocated patronage equities, revolving fund certificates, and the limited cooperative association's own or other securities.
Added by Laws 2009, c. 68, § 94, eff. Jan. 1, 2010.

§18-441-1006. Redemption or repurchase.

REDEMPTION OR REPURCHASE. Property distributed to a member by a limited cooperative association, other than money, may be redeemed or repurchased as provided in the organic rules but a redemption or repurchase may not be made without authorization by the board of directors. The board may withhold authorization for any reason in its sole discretion. A redemption or repurchase is treated as a distribution for purposes of Section 96 of this act.
Added by Laws 2009, c. 68, § 95, eff. Jan. 1, 2010.

§18-441-1007. Limitations on distributions.

LIMITATIONS ON DISTRIBUTIONS.

(a) A limited cooperative association may not make a distribution if, after the distribution:

(1) The association would not be able to pay its debts as they become due in the ordinary course of the association's activities; or

(2) The association's assets would be less than the sum of its total liabilities.

(b) A limited cooperative association may base a determination that a distribution is not prohibited under subsection (a) of this section on financial statements prepared on the basis of accounting practices and principles that are reasonable in the circumstances or on a fair valuation or other method that is reasonable in the circumstances.

(c) Except as otherwise provided in subsection (d) of this section, the effect of a distribution allowed under subsection (b) of this section is measured:

(1) In the case of distribution by purchase, redemption, or other acquisition of financial rights in the limited cooperative association, as of the date money or other property is transferred or debt is incurred by the association; and

(2) In all other cases, as of the date:

(A) the distribution is authorized, if the payment occurs not later than one hundred twenty (120) days after that date; or

(B) the payment is made, if payment occurs more than one hundred twenty (120) days after the distribution is authorized.

(d) If indebtedness is issued as a distribution, each payment of principal or interest on the indebtedness is treated as a distribution, the effect of which is measured on the date the payment is made.

(e) For purposes of this section, "distribution" does not include reasonable amounts paid to a member in the ordinary course of business as payment or compensation for commodities, goods, past or present services, or reasonable payments made in the ordinary course of business under a bona fide retirement or other benefits program.

Added by Laws 2009, c. 68, § 96, eff. Jan. 1, 2010.

§18-441-1008. Liability for improper distributions - Limitation of action.

LIABILITY FOR IMPROPER DISTRIBUTIONS; LIMITATION OF ACTION.

(a) A director who consents to a distribution that violates Section 96 of this act is personally liable to the limited cooperative association for the amount of the distribution which exceeds the amount that could have been distributed without the violation if it is established that in consenting to the distribution the director failed to comply with Section 83 or 84 of this act.

(b) A member or transferee of financial rights which received a distribution knowing that the distribution was made in violation of Section 96 of this act is personally liable to the limited cooperative association to the extent the distribution exceeded the amount that could have been properly paid.

(c) A director against whom an action is commenced under subsection (a) may:

(1) Implead in the action any other director who is liable under subsection (a) of this section and compel contribution from the person; and

(2) Implead in the action any person that is liable under subsection (b) of this section and compel contribution from the person in the amount the person received as described in subsection (b) of this section.

(d) An action under this section is barred if it is commenced later than two (2) years after the distribution.

Added by Laws 2009, c. 68, § 97, eff. Jan. 1, 2010.

§18-441-1009. Relation to state securities law.

RELATION TO STATE SECURITIES LAW. Patron members' interest in a limited cooperative association has the same exemption as provided for substantially similar interests in cooperatives under Section 437.27 of Title 18 of the Oklahoma Statutes.

Added by Laws 2009, c. 68, § 98, eff. Jan. 1, 2010.

§18-441-1101. Member's dissociation.

MEMBER'S DISSOCIATION.

(a) A person has the power to dissociate as a member at any time, rightfully or wrongfully, by express will.

(b) Unless the organic rules otherwise provide, a member's dissociation from a limited cooperative association is wrongful only if the dissociation:

(1) Breaches an express provision of the organic rules; or

(2) Occurs before the termination of the limited cooperative association and:

(A) the person is expelled as a member under paragraph (3) or (4) of subsection (d) of this section; or

(B) in the case of a person that is not an individual, trust other than a business trust, or estate, the person is expelled or otherwise dissociated as a member because it dissolved or terminated in bad faith.

(c) Unless the organic rules otherwise provide, a person that wrongfully dissociates as a member is liable to the limited cooperative association for damages caused by the dissociation. The liability is in addition to any other debt, obligation, or liability of the person to the association.

(d) A member is dissociated from the limited cooperative association as a member when:

(1) The association receives notice in a record of the member's express will to dissociate as a member, or if the member specifies in the notice an effective date later than the date the association received notice, on that later date;

(2) An event stated in the organic rules as causing the member's dissociation as a member occurs;

(3) The member is expelled as a member under the organic rules;

(4) The member is expelled as a member by the board of directors because:

(A) it is unlawful to carry on the association's activities with the member as a member;

(B) there has been a transfer of all the member's financial rights in the association, other than:

(i) a creation or perfection of a security interest; or

(ii) a charging order in effect under Section 61 of this act which has not been foreclosed;

(C) the member is a limited liability company, association, or partnership, which has been dissolved, and its business is being wound up; or

(D) the member is a corporation or cooperative and:

(i) the member filed a certificate of dissolution or the equivalent, or the jurisdiction of formation

revoked the association's charter or right to conduct business;

(ii) the association sends a notice to the member that it will be expelled as a member for a reason described in division (i) of this subparagraph; and

(iii) not later than ninety (90) days after the notice was sent under division (ii) of this subparagraph, the member did not revoke its certificate of dissolution or the equivalent, or the jurisdiction of formation did not reinstate the association's charter or right to conduct business; or

(E) the member is an individual and is adjudged incompetent;

(5) In the case of a member who is an individual, the individual dies;

(6) In the case of a member that is a trust or is acting as a member by virtue of being a trustee of a trust, all the trust's financial rights in the association are distributed;

(7) In the case of a member that is an estate, the estate's entire financial interest in the association is distributed;

(8) In the case of a member that is not an individual, partnership, limited liability company, cooperative, corporation, trust, or estate, the member is terminated; or

(9) The association participates in a merger if under the plan of merger as approved under Article 16 of the Uniform Limited Cooperative Association Act of 2009 the member ceases to be a member.

Added by Laws 2009, c. 68, § 99, eff. Jan. 1, 2010.

§18-441-1102. Effect of dissociation as member.

EFFECT OF DISSOCIATION AS MEMBER.

(a) Upon a member's dissociation:

(1) Subject to Section 101 of this act, the person has no further rights as a member; and

(2) Subject to Section 101 of this act and Article 16 of the Uniform Limited Cooperative Association Act of 2009, any financial rights owned by the person in the person's capacity as a member immediately before dissociation are owned by the person as a transferee.

(b) A person's dissociation as a member does not of itself discharge the person from any debt, obligation, or liability to the limited cooperative association which the person incurred under the organic rules, by contract, or by other means while a member.

Added by Laws 2009, c. 68, § 100, eff. Jan. 1, 2010.

§18-441-1103. Power of estate of member.

POWER OF ESTATE OF MEMBER. Unless the organic rules provide for greater rights, if a member is dissociated because of death, dies or is expelled by reason of being adjudged incompetent, the member's personal representative or other legal representative may exercise the rights of a transferee of the member's financial rights and, for purposes of settling the estate of a deceased member, may exercise the informational rights of a current member to obtain information under Section 44 of this act.

Added by Laws 2009, c. 68, § 101, eff. Jan. 1, 2010.

§18-441-1201. Dissolution and winding up.

DISSOLUTION AND WINDING UP. A limited cooperative association is dissolved only as provided in this article and upon dissolution winds up in accordance with this article.

Added by Laws 2009, c. 68, § 102, eff. Jan. 1, 2010.

§18-441-1202. Nonjudicial dissolution.

NONJUDICIAL DISSOLUTION. Except as otherwise provided in Sections 104 and 112 of this act, a limited cooperative association is dissolved and its activities must be wound up:

(1) Upon the occurrence of an event or at a time specified in the articles of organization;

(2) Upon the action of the association's organizers, board of directors, or members under Section 105 or 106 of this act; or

(3) Ninety (90) days after the dissociation of a member, which results in the association having one patron member and no other members, unless the association:

(A) has a sole member that is a cooperative; or

(B) not later than the end of the ninety-day period, admits at least one member in accordance with the organic rules and has at least two members, at least one of which is a patron member.

Added by Laws 2009, c. 68, § 103, eff. Jan. 1, 2010.

§18-441-1203. Judicial dissolution.

JUDICIAL DISSOLUTION. The district court may dissolve a limited cooperative association or order any action that under the circumstances is appropriate and equitable:

(1) In a proceeding initiated by the Attorney General, if:

(A) the association obtained its articles of organization through fraud; or

(B) the association has continued to exceed or abuse the authority conferred upon it by law; or

(2) In a proceeding initiated by a member, if:

(A) the directors are deadlocked in the management of the association's affairs, the members are unable to break

the deadlock, and irreparable injury to the association is occurring or is threatened because of the deadlock;

(B) the directors or those in control of the association have acted, are acting, or will act in a manner that is illegal, oppressive, or fraudulent;

(C) the members are deadlocked in voting power and have failed to elect successors to directors whose terms have expired for two consecutive periods during which annual members meetings were held or were to be held; or

(D) the assets of the association are being misapplied or wasted.

Added by Laws 2009, c. 68, § 104, eff. Jan. 1, 2010.

§18-441-1204. Voluntary dissolution before commencement of activity.

VOLUNTARY DISSOLUTION BEFORE COMMENCEMENT OF ACTIVITY. A majority of the organizers or initial directors of a limited cooperative association that has not yet begun business activity or the conduct of its affairs may dissolve the association.

Added by Laws 2009, c. 68, § 105, eff. Jan. 1, 2010.

§18-441-1205. Voluntary dissolution by the board and members.

VOLUNTARY DISSOLUTION BY THE BOARD AND MEMBERS.

(a) Except as otherwise provided in Section 105 of this act, for a limited cooperative association to voluntarily dissolve:

(1) A resolution to dissolve must be approved by a majority vote of the board of directors unless a greater percentage is required by the organic rules;

(2) The board of directors must call a members meeting to consider the resolution, to be held not later than ninety (90) days after adoption of the resolution; and

(3) The board of directors must mail or otherwise transmit or deliver to each member in a record that complies with Section 47 of this act:

(A) the resolution required by paragraph (1) of this subsection;

(B) a recommendation that the members vote in favor of the resolution or, if the board determines that because of conflict of interest or other special circumstances it should not make a favorable recommendation, the basis of that determination; and

(C) notice of the members meeting, which must be given in the same manner as notice of a special meeting of members.

(b) Subject to subsection (c) of this section, a resolution to dissolve must be approved by:

(1) At least two-thirds (2/3) of the voting power of members present at a members meeting called under paragraph (2) of subsection (a) of this section; and

(2) If the limited cooperative association has investor members, at least a majority of the votes cast by patron members, unless the organic rules require a greater percentage.

(c) The organic rules may require that the percentage of votes under paragraph (1) of subsection (b) of this section is:

(1) A different percentage that is not less than a majority of members voting at the meeting; or

(2) Measured against the voting power of all members; or

(3) A combination of paragraphs (1) and (2) of this subsection.

Added by Laws 2009, c. 68, § 106, eff. Jan. 1, 2010.

§18-441-1206. Winding up.

WINDING UP.

(a) A limited cooperative association continues after dissolution only for purposes of winding up its activities.

(b) In winding up a limited cooperative association's activities, the board of directors shall cause the association to:

(1) Discharge its liabilities, settle and close its activities, and marshal and distribute its assets;

(2) Preserve the association or its property as a going concern for no more than a reasonable time;

(3) Prosecute and defend actions and proceedings;

(4) Transfer association property; and

(5) Perform other necessary acts.

(c) After dissolution and upon application of a limited cooperative association, a member, or a holder of financial rights, the district court may order judicial supervision of the winding up of the association, including the appointment of a person to wind up the association's activities, if:

(1) After a reasonable time, the association has not wound up its activities; or

(2) The applicant establishes other good cause.

(d) If a person is appointed pursuant to subsection (c) of this section to wind up the activities of a limited cooperative association, the association shall promptly deliver to the Secretary of State for filing an amendment to the articles of organization to reflect the appointment.

Added by Laws 2009, c. 68, § 107, eff. Jan. 1, 2010.

§18-441-1207. Distribution of assets in winding up limited cooperative association.

DISTRIBUTION OF ASSETS IN WINDING UP LIMITED COOPERATIVE ASSOCIATION.

(a) In winding up a limited cooperative association's business, the association shall apply its assets to discharge its obligations to creditors, including members that are creditors. The association shall apply any remaining assets to pay in money the net amount distributable to members in accordance with their right to distributions under subsection (b) of this section.

(b) Unless the organic rules otherwise provide, in this subsection "financial interests" means the amounts recorded in the names of members in the records of a limited cooperative association at the time a distribution is made, including amounts paid to become a member, amounts allocated but not distributed to members, and amounts of distributions authorized but not yet paid to members. Unless the organic rules otherwise provide, each member is entitled to a distribution from the association of any remaining assets in the proportion of the member's financial interests to the total financial interests of the members after all other obligations are satisfied.

Added by Laws 2009, c. 68, § 108, eff. Jan. 1, 2010.

§18-441-1208. Known claims against dissolved limited cooperative association.

KNOWN CLAIMS AGAINST DISSOLVED LIMITED COOPERATIVE ASSOCIATION.

(a) Subject to subsection (d) of this section, a dissolved limited cooperative association may dispose of the known claims against it by following the procedure in subsections (b) and (c) of this section.

(b) A dissolved limited cooperative association may notify its known claimants of the dissolution in a record. The notice must:

(1) Specify that a claim be in a record;

(2) Specify the information required to be included in the claim;

(3) Provide an address to which the claim must be sent;

(4) State the deadline for receipt of the claim, which may not be less than one hundred twenty (120) days after the date the notice is received by the claimant; and

(5) State that the claim will be barred if not received by the deadline.

(c) A claim against a dissolved limited cooperative association is barred if the requirements of subsection (b) of this section are met, and:

(1) The association is not notified of the claimant's claim, in a record, by the deadline specified in the notice under paragraph (4) of subsection (b) of this section;

(2) In the case of a claim that is timely received but rejected by the association, the claimant does not commence an action to

enforce the claim against the association within ninety (90) days after receipt of the notice of the rejection; or

(3) If a claim is timely received but is neither accepted nor rejected by the association within one hundred twenty (120) days after the deadline for receipt of claims, the claimant does not commence an action to enforce the claim against the association:

(A) after the one-hundred-twenty-day period; and

(B) not later than ninety (90) days after the one-hundred-twenty-day period.

(d) This section does not apply to a claim based on an event occurring after the date of dissolution or a liability that is contingent on that date.

Added by Laws 2009, c. 68, § 109, eff. Jan. 1, 2010.

§18-441-1209. Other claims against dissolved limited cooperative association.

OTHER CLAIMS AGAINST DISSOLVED LIMITED COOPERATIVE ASSOCIATION.

(a) A dissolved limited cooperative association may publish notice of its dissolution and request persons having claims against the association to present them in accordance with the notice.

(b) A notice under subsection (a) of this section must:

(1) Be published at least once in a newspaper of general circulation in the county in which the dissolved limited cooperative association's principal office is located or, if the association does not have a principal office in this state, in the county in which the association's designated office is or was last located;

(2) Describe the information required to be contained in a claim and provide an address to which the claim is to be sent; and

(3) State that a claim against the association is barred unless an action to enforce the claim is commenced not later than three (3) years after publication of the notice.

(c) If a dissolved limited cooperative association publishes a notice in accordance with subsection (b) of this section, the claim of each of the following claimants is barred unless the claimant commences an action to enforce the claim not later than three (3) years after the first publication date of the notice:

(1) A claimant that is entitled to but did not receive notice in a record under Section 109 of this act; and

(2) A claimant whose claim is contingent or based on an event occurring after the effective date of dissolution.

(d) A claim not barred under this section may be enforced:

(1) Against a dissolved limited cooperative association, to the extent of its undistributed assets; or

(2) If the association's assets have been distributed in connection with winding up the association's activities, against a member or holder of financial rights to the extent of that person's proportionate share of the claim or the association's assets

distributed to the person in connection with the winding up, whichever is less. The person's total liability for all claims under this paragraph shall not exceed the total amount of assets distributed to the person as part of the winding up of the association.
Added by Laws 2009, c. 68, § 110, eff. Jan. 1, 2010.

§18-441-1210. Court proceeding.

COURT PROCEEDING.

(a) Upon application by a dissolved limited cooperative association that has published a notice under Section 110 of this act, the district court in the county where the association's principal office is located or, if the association does not have a principal office in this state, where its designated office in this state is located, may determine the amount and form of security to be provided for payment of claims against the association that are contingent, have not been made known to the association, or are based on an event occurring after the effective date of dissolution but that, based on the facts known to the association, are reasonably anticipated to arise after the effective date of dissolution.

(b) Not later than ten (10) days after filing an application under subsection (a) of this section, a dissolved limited cooperative association shall give notice of the proceeding to each known claimant holding a contingent claim.

(c) The court may appoint a representative in a proceeding brought under this section to represent all claimants whose identities are unknown. The dissolved limited cooperative association shall pay reasonable fees and expenses of the representative, including all reasonable attorney and expert witness fees.

(d) Provision by the dissolved limited cooperative association for security in the amount and the form ordered by the court satisfies the association's obligations with respect to claims that are contingent, have not been made known to the association, or are based on an event occurring after the effective date of dissolution, and the claims may not be enforced against a member that received a distribution.
Added by Laws 2009, c. 68, § 111, eff. Jan. 1, 2010.

§18-441-1211. Administrative dissolution.

ADMINISTRATIVE DISSOLUTION.

(a) The Secretary of State may dissolve a limited cooperative association administratively if the association does not:

(1) Pay, not later than sixty (60) days after the due date, any fee, tax, or penalty due to the Secretary of State under the Uniform Limited Cooperative Association Act of 2009 or other law; or

(2) Deliver not later than sixty (60) days after the due date its annual report to the Secretary of State.

(b) If the Secretary of State determines that a ground exists for dissolving a limited cooperative association administratively, the Secretary of State shall file a record of the determination and serve the association with a copy of the record.

(c) If, not later than sixty (60) days after service of a copy of the Secretary of State's determination under subsection (b) of this section, the association does not correct each ground for dissolution or demonstrate to the satisfaction of the Secretary of State that each uncorrected ground determined by the Secretary of State does not exist, the Secretary of State shall dissolve the association administratively by preparing and filing a declaration of dissolution which states the grounds for dissolution. The Secretary of State shall serve the association with a copy of the declaration.

(d) A limited cooperative association that has been dissolved administratively continues its existence only for purposes of winding up its activities.

(e) The administrative dissolution of a limited cooperative association does not terminate the authority of its agent for service of process.

Added by Laws 2009, c. 68, § 112, eff. Jan. 1, 2010.

§18-441-1212. Reinstatement following administrative dissolution.

REINSTATEMENT FOLLOWING ADMINISTRATIVE DISSOLUTION.

(a) A limited cooperative association that has been dissolved administratively may apply to the Secretary of State for reinstatement not later than two (2) years after the effective date of dissolution. The application must be delivered to the Secretary of State for filing and state:

(1) The name of the association and the effective date of its administrative dissolution;

(2) That the grounds for dissolution either did not exist or have been eliminated; and

(3) That the association's name satisfies the requirements of Section 11 of this act.

(b) If the Secretary of State determines that an application contains the information required by subsection (a) of this section and that the information is correct, the Secretary of State shall:

(1) Prepare a declaration of reinstatement;

(2) File the original of the declaration; and

(3) Serve a copy of the declaration on the association.

(c) When reinstatement under this section becomes effective, it relates back to and takes effect as of the effective date of the administrative dissolution, and the limited cooperative association

may resume or continue its activities as if the administrative dissolution had not occurred.
Added by Laws 2009, c. 68, § 113, eff. Jan. 1, 2010.

§18-441-1213. Denial of reinstatement - Appeal.

DENIAL OF REINSTATEMENT; APPEAL.

(a) If the Secretary of State denies a limited cooperative association's application for reinstatement following administrative dissolution, the Secretary of State shall prepare and file a notice that explains the reason for denial and serve the association with a copy of the notice.

(b) Not later than thirty (30) days after service of a notice of denial of reinstatement by the Secretary of State, a limited cooperative association may appeal the denial by petitioning the district court to set aside the dissolution. The petition must be served on the Secretary of State and contain a copy of the Secretary of State's declaration of dissolution, the association's application for reinstatement, and the Secretary of State's notice of denial.

(c) The court may summarily order the Secretary of State to reinstate the dissolved cooperative association or may take other action the court considers appropriate.
Added by Laws 2009, c. 68, § 114, eff. Jan. 1, 2010.

§18-441-1214. Statement of dissolution.

STATEMENT OF DISSOLUTION.

(a) A limited cooperative association that has dissolved or is about to dissolve may deliver to the Secretary of State for filing a statement of dissolution that states:

(1) The name of the association;

(2) The date the association dissolved or will dissolve; and

(3) Any other information the association considers relevant.

(b) A person has notice of a limited cooperative association's dissolution on the later of:

(1) Ninety (90) days after a statement of dissolution is filed; or

(2) The effective date stated in the statement of dissolution.
Added by Laws 2009, c. 68, § 115, eff. Jan. 1, 2010.

§18-441-1215. Statement of termination.

STATEMENT OF TERMINATION.

(a) A dissolved limited cooperative association that has completed winding up may deliver to the Secretary of State for filing a statement of termination that states:

(1) The name of the association;

(2) The date of filing of its initial articles of organization; and

(3) That the association is terminated.

(b) The filing of a statement of termination does not itself terminate the limited cooperative association.
Added by Laws 2009, c. 68, § 116, eff. Jan. 1, 2010.

§18-441-1301. Derivative action.
DERIVATIVE ACTION. A member may maintain a derivative action to enforce a right of a limited cooperative association if:
(1) The member demands that the association bring an action to enforce the right; and
(2) Any of the following occur:
(A) the association does not, within ninety (90) days after the member makes the demand, agree to bring the action;
(B) the association notifies the member that it has rejected the demand;
(C) irreparable harm to the association would result by waiting ninety (90) days after the member makes the demand; or
(D) the association agrees to bring an action demanded and fails to bring the action within a reasonable time.
Added by Laws 2009, c. 68, § 117, eff. Jan. 1, 2010.

§18-441-1302. Proper plaintiff.
PROPER PLAINTIFF.
(a) A derivative action to enforce a right of a limited cooperative association may be maintained only by a person that:
(1) Is a member or a dissociated member at the time the action is commenced and:
(A) was a member when the conduct giving rise to the action occurred; or
(B) whose status as a member devolved upon the person by operation of law or the organic rules from a person that was a member at the time of the conduct; and
(2) Adequately represents the interests of the association.
(b) If the sole plaintiff in a derivative action dies while the action is pending, the court may permit another member who meets the requirements of subsection (a) of this section to be substituted as plaintiff.
Added by Laws 2009, c. 68, § 118, eff. Jan. 1, 2010.

§18-441-1303. Pleading.
PLEADING. In a derivative action to enforce a right of a limited cooperative association, the complaint must state:
(1) The date and content of the plaintiff’s demand under paragraph (1) of Section 117 of this act and the association’s response;

(2) If ninety (90) days have not expired since the demand, how irreparable harm to the association would result by waiting for the expiration of ninety (90) days; and

(3) If the association agreed to bring an action demanded, that the action has not been brought within a reasonable time.

Added by Laws 2009, c. 68, § 119, eff. Jan. 1, 2010.

§18-441-1304. Approval for discontinuance or settlement.

APPROVAL FOR DISCONTINUANCE OR SETTLEMENT. A derivative action to enforce a right of a limited cooperative association may not be discontinued or settled without the court's approval.

Added by Laws 2009, c. 68, § 120, eff. Jan. 1, 2010.

§18-441-1305. Proceeds and expenses.

PROCEEDS AND EXPENSES.

(a) Except as otherwise provided in subsection (b) of this section:

(1) Any proceeds or other benefits of a derivative action to enforce a right of a limited cooperative association, whether by judgment, compromise, or settlement, belong to the association and not to the plaintiff; and

(2) If the plaintiff in the derivative action receives any proceeds, the plaintiff shall immediately remit them to the association.

(b) If a derivative action to enforce a right of a limited cooperative association is successful in whole or in part, the court may award the plaintiff reasonable expenses, including reasonable attorney fees and costs, from the recovery of the association.

Added by Laws 2009, c. 68, § 121, eff. Jan. 1, 2010.

§18-441-1401. Governing law.

GOVERNING LAW.

(a) The law of the state or other jurisdiction under which a foreign cooperative is organized governs relations among the members of the foreign cooperative and between the members and the foreign cooperative.

(b) A foreign cooperative may not be denied a certificate of authority because of any difference between the law of the jurisdiction under which the foreign cooperative is organized and the law of this state.

(c) A certificate of authority does not authorize a foreign cooperative to engage in any activity or exercise any power that a limited cooperative association may not engage in or exercise in this state.

Added by Laws 2009, c. 68, § 122, eff. Jan. 1, 2010.

§18-441-1402. Application for certificate of authority.

APPLICATION FOR CERTIFICATE OF AUTHORITY.

(a) A foreign cooperative may apply for a certificate of authority by delivering an application to the Secretary of State for filing. The application must state:

(1) The name of the foreign cooperative and, if the name does not comply with Section 11 of this act, an alternative name adopted pursuant to Section 126 of this act;

(2) The name of the state or other jurisdiction under whose law the foreign cooperative is organized;

(3) The street address and, if different, mailing address of the principal office and, if the law of the jurisdiction under which the foreign cooperative is organized requires the foreign cooperative to maintain another office in that jurisdiction, the street address and, if different, mailing address of the required office;

(4) The street address and, if different, mailing address of the foreign cooperative's designated office in this state, and the name of the foreign cooperative's agent for service of process at the designated office; and

(5) The name, street address and, if different, mailing address of each of the foreign cooperative's current directors and officers.

(b) A foreign cooperative shall deliver with a completed application under subsection (a) of this section a certificate of good standing or a similar record signed by the Secretary of State or other official having custody of the foreign cooperative's publicly filed records in the state or other jurisdiction under whose law the foreign cooperative is organized.

Added by Laws 2009, c. 68, § 123, eff. Jan. 1, 2010.

§18-441-1403. Activities not constituting transacting business.

ACTIVITIES NOT CONSTITUTING TRANSACTING BUSINESS.

(a) Activities of a foreign cooperative which do not constitute transacting business in this state under this article include:

(1) Maintaining, defending, and settling an action or proceeding;

(2) Holding meetings of the foreign cooperative's members or directors or carrying on any other activity concerning the foreign cooperative's internal affairs;

(3) Maintaining accounts in financial institutions;

(4) Maintaining offices or agencies for the transfer, exchange, and registration of the foreign cooperative's own securities or maintaining trustees or depositories with respect to those securities;

(5) Selling through independent contractors;

(6) Soliciting or obtaining orders, whether by mail or electronic means, through employees, agents, or otherwise, if the

orders require acceptance outside this state before they become contracts;

(7) Creating or acquiring indebtedness, mortgages, or security interests in real or personal property;

(8) Securing or collecting debts or enforcing mortgages or other security interests in property securing the debts, and holding, protecting, and maintaining property so acquired;

(9) Conducting an isolated transaction that is completed within thirty (30) days and is not one in the course of similar transactions; and

(10) Transacting business in interstate commerce.

(b) For purposes of this article, the ownership in this state of income-producing real property or tangible personal property, other than property excluded under subsection (a) of this section, constitutes transacting business in this state.

(c) This section does not apply in determining the contacts or activities that may subject a foreign cooperative to service of process, taxation, or regulation under law of this state other than the Uniform Limited Cooperative Association Act of 2009.

Added by Laws 2009, c. 68, § 124, eff. Jan. 1, 2010.

§18-441-1404. Issuance of certificate of authority.

ISSUANCE OF CERTIFICATE OF AUTHORITY. Unless the Secretary of State determines that an application for a certificate of authority does not comply with the filing requirements of the Uniform Limited Cooperative Association Act of 2009, the Secretary of State, upon payment by the foreign cooperative of all filing fees, shall file the application, issue a certificate of authority, and send a copy of the filed certificate, together with a receipt for the fees, to the foreign cooperative or its representative.

Added by Laws 2009, c. 68, § 125, eff. Jan. 1, 2010.

§18-441-1405. Noncomplying name of foreign cooperative.

NONCOMPLYING NAME OF FOREIGN COOPERATIVE.

(a) A foreign cooperative whose name does not comply with Section 11 of this act may not obtain a certificate of authority until it adopts, for the purpose of transacting business in this state, an alternative name that complies with Section 11 of this act. After obtaining a certificate of authority with an alternative name, a foreign cooperative’s business in this state must be transacted under that name.

(b) If a foreign cooperative authorized to transact business in this state changes its name to one that does not comply with Section 11 of this act, it may not thereafter transact business in this state until it complies with subsection (a) of this section and obtains an amended certificate of authority.

Added by Laws 2009, c. 68, § 126, eff. Jan. 1, 2010.

§18-441-1406. Revocation of certificate of authority.

REVOCATION OF CERTIFICATE OF AUTHORITY.

(a) A certificate of authority may be revoked by the Secretary of State in the manner provided in subsection (b) of this section if the foreign cooperative does not:

(1) Pay, not later than sixty (60) days after the due date, any fee, tax, or penalty due to the Secretary of State under the Uniform Limited Cooperative Association Act of 2009 or law of this state other than the Uniform Limited Cooperative Association Act of 2009;

(2) Deliver, not later than sixty (60) days after the due date, its annual report;

(3) Appoint and maintain an agent for service of process; or

(4) Deliver for filing a statement of change not later than thirty (30) days after a change has occurred in the name of the agent or the address of the foreign cooperative's designated office.

(b) To revoke a certificate of authority, the Secretary of State must file a notice of revocation and send a copy to the foreign cooperative's registered agent for service of process in this state or, if the foreign cooperative does not appoint and maintain an agent for service of process in this state, to the foreign cooperative's principal office. The notice must state:

(1) The revocation's effective date, which must be at least sixty (60) days after the date the Secretary of State sends the copy; and

(2) The foreign cooperative's noncompliance that is the reason for the revocation.

(c) The authority of a foreign cooperative to transact business in this state ceases on the effective date of the notice of revocation unless before that date the foreign cooperative cures each failure to comply stated in the notice. If the foreign cooperative cures the failures, the Secretary of State shall so indicate on the filed notice.

Added by Laws 2009, c. 68, § 127, eff. Jan. 1, 2010.

§18-441-1407. Cancellation of certificate of authority - Effect of failure to have certificate.

CANCELLATION OF CERTIFICATE OF AUTHORITY; EFFECT OF FAILURE TO HAVE CERTIFICATE.

(a) To cancel its certificate of authority, a foreign cooperative must deliver to the Secretary of State for filing a notice of cancellation. The certificate is canceled when the notice becomes effective under Section 23 of this act.

(b) A foreign cooperative transacting business in this state may not maintain an action or proceeding in this state unless it has a certificate of authority.

(c) The failure of a foreign cooperative to have a certificate of authority does not impair the validity of a contract or act of the foreign cooperative or prevent the foreign cooperative from defending an action or proceeding in this state.

(d) A member of a foreign cooperative is not liable for the obligations of the foreign cooperative solely by reason of the foreign cooperative's having transacted business in this state without a certificate of authority.

(e) If a foreign cooperative transacts business in this state without a certificate of authority or cancels its certificate, it appoints the Secretary of State as its agent for service of process for an action arising out of the transaction of business in this state.

Added by Laws 2009, c. 68, § 128, eff. Jan. 1, 2010.

§18-441-1408. Action by Attorney General.

ACTION BY ATTORNEY GENERAL. The Attorney General may maintain an action to restrain a foreign cooperative from transacting business in this state in violation of this article.

Added by Laws 2009, c. 68, § 129, eff. Jan. 1, 2010.

§18-441-1501. Disposition of assets not requiring member approval.

DISPOSITION OF ASSETS NOT REQUIRING MEMBER APPROVAL. Unless the articles of organization otherwise provide, member approval under Section 131 of this act is not required for a limited cooperative association to:

(1) Sell, lease, exchange, license, or otherwise dispose of all or any part of the assets of the association in the usual and regular course of business; or

(2) Mortgage, pledge, dedicate to the repayment of indebtedness, or encumber in any way all or any part of the assets of the association whether or not in the usual and regular course of business.

Added by Laws 2009, c. 68, § 130, eff. Jan. 1, 2010.

§18-441-1502. Member approval of other disposition of assets.

MEMBER APPROVAL OF OTHER DISPOSITION OF ASSETS. A sale, lease, exchange, license, or other disposition of assets of a limited cooperative association, other than a disposition described in Section 130 of this act, requires approval of the association's members under Sections 132 and 133 of this act if the disposition leaves the association without significant continuing business activity.

Added by Laws 2009, c. 68, § 131, eff. Jan. 1, 2010.

§18-441-1503. Notice and action on disposition of assets.

NOTICE AND ACTION ON DISPOSITION OF ASSETS. For a limited cooperative association to dispose of assets under Section 131 of this act:

(1) A majority of the board of directors, or a greater percentage if required by the organic rules, must approve the proposed disposition; and

(2) The board of directors must call a members meeting to consider the proposed disposition, hold the meeting not later than ninety (90) days after approval of the proposed disposition by the board, and mail or otherwise transmit or deliver in a record to each member:

(A) the terms of the proposed disposition;

(B) a recommendation that the members approve the disposition, or if the board determines that because of conflict of interest or other special circumstances it should not make a favorable recommendation, the basis for that determination;

(C) a statement of any condition of the board's submission of the proposed disposition to the members; and

(D) notice of the meeting at which the proposed disposition will be considered, which must be given in the same manner as notice of a special meeting of members.

Added by Laws 2009, c. 68, § 132, eff. Jan. 1, 2010.

§18-441-1504. Disposition of assets.

DISPOSITION OF ASSETS.

(a) Subject to subsection (b) of this section, a disposition of assets under Section 131 of this act must be approved by:

(1) At least two-thirds (2/3) of the voting power of members present at a members meeting called under paragraph (2) of Section 132 of this act; and

(2) If the limited cooperative association has investor members, at least a majority of the votes cast by patron members, unless the organic rules require a greater percentage vote by patron members.

(b) The organic rules may require that the percentage of votes under paragraph (1) of subsection (a) of this section is:

(1) A different percentage that is not less than a majority of members voting at the meeting;

(2) Measured against the voting power of all members; or

(3) A combination of paragraphs (1) and (2) of this subsection.

(c) Subject to any contractual obligations, after a disposition of assets is approved and at any time before the consummation of the disposition, a limited cooperative association may approve an amendment to the contract for disposition or the resolution

authorizing the disposition or approve abandonment of the disposition:

(1) As provided in the contract or the resolution; and

(2) Except as prohibited by the resolution, with the same affirmative vote of the board of directors and of the members as was required to approve the disposition.

(d) The voting requirements for districts, classes, or voting groups under Section 36 of this act apply to approval of a disposition of assets under this article.

Added by Laws 2009, c. 68, § 133, eff. Jan. 1, 2010.

§18-441-1601. Definitions.

DEFINITIONS. In this article:

(1) "Constituent entity" means an entity that is a party to a merger.

(2) "Constituent limited cooperative association" means a limited cooperative association that is a party to a merger.

(3) "Converted entity" means the organization into which a converting entity converts pursuant to Sections 135 through 138 of this act.

(4) "Converting entity" means an entity that converts into another entity pursuant to Sections 135 through 138 of this act.

(5) "Converting limited cooperative association" means a converting entity that is a limited cooperative association.

(6) "Organizational documents" means articles of incorporation, bylaws, articles of organization, operating agreements, partnership agreements, or other documents serving a similar function in the creation and governance of an entity.

(7) "Personal liability" means personal liability for a debt, liability, or other obligation of an entity imposed, by operation of law or otherwise, on a person that co-owns or has an interest in the entity:

(A) by the entity's organic law solely because of the person co-owning or having an interest in the entity; or

(B) by the entity's organizational documents under a provision of the entity's organic law authorizing those documents to make one or more specified persons liable for all or specified parts of the entity's debts, liabilities, and other obligations solely because the person co-owns or has an interest in the entity.

(8) "Surviving entity" means an entity into which one or more other entities are merged, whether the entity existed before the merger or is created by the merger.

Added by Laws 2009, c. 68, § 134, eff. Jan. 1, 2010.

§18-441-1602. Conversion.

CONVERSION.

(a) An entity that is not a limited cooperative association may convert to a limited cooperative association and a limited cooperative association may convert to an entity that is not a limited cooperative association pursuant to this section, Sections 136 through 138 of this act, and a plan of conversion, if:

(1) The other entity's organic law authorizes the conversion;

(2) The conversion is not prohibited by the law of the jurisdiction that enacted the other entity's organic law; and

(3) The other entity complies with its organic law in effecting the conversion.

(b) A plan of conversion must be in a record and must include:

(1) The name and form of the entity before conversion;

(2) The name and form of the entity after conversion;

(3) The terms and conditions of the conversion, including the manner and basis for converting interests in the converting entity into any combination of money, interests in the converted entity, and other consideration; and

(4) The organizational documents of the proposed converted entity.

Added by Laws 2009, c. 68, § 135, eff. Jan. 1, 2010.

§18-441-1603. Action on plan of conversion by converting limited cooperative association.

ACTION ON PLAN OF CONVERSION BY CONVERTING LIMITED COOPERATIVE ASSOCIATION.

(a) For a limited cooperative association to convert to another entity, a plan of conversion must be approved by a majority of the board of directors, or a greater percentage if required by the organic rules, and the board of directors must call a members meeting to consider the plan of conversion, hold the meeting not later than ninety (90) days after approval of the plan by the board, and mail or otherwise transmit or deliver in a record to each member:

(1) The plan, or a summary of the plan and a statement of the manner in which a copy of the plan in a record may be reasonably obtained by a member;

(2) A recommendation that the members approve the plan of conversion, or if the board determines that because of a conflict of interest or other circumstances it should not make a favorable recommendation, the basis for that determination;

(3) A statement of any condition of the board's submission of the plan of conversion to the members; and

(4) Notice of the meeting at which the plan of conversion will be considered, which must be given in the same manner as notice of a special meeting of members.

(b) Subject to subsections (c) and (d) of this section, a plan of conversion must be approved by:

(1) At least two-thirds (2/3) of the voting power of members present at a members meeting called under subsection (a) of this section; and

(2) If the limited cooperative association has investor members, at least a majority of the votes cast by patron members, unless the organic rules require a greater percentage vote by patron members.

(c) The organic rules may require that the percentage of votes under paragraph (1) of subsection (b) of this section is:

(1) A different percentage that is not less than a majority of members voting at the meeting;

(2) Measured against the voting power of all members; or

(3) A combination of paragraphs (1) and (2) of this subsection.

(d) The vote required to approve a plan of conversion may not be less than the vote required for the members of the limited cooperative association to amend the articles of organization.

(e) Consent in a record to a plan of conversion by a member must be delivered to the limited cooperative association before delivery of articles of conversion for filing if as a result of the conversion the member will have:

(1) Personal liability for an obligation of the association; or

(2) An obligation or liability for an additional contribution.

(f) Subject to subsection (e) of this section and any contractual rights, after a conversion is approved and at any time before the effective date of the conversion, a converting limited cooperative association may amend a plan of conversion or abandon the planned conversion:

(1) As provided in the plan; and

(2) Except as prohibited by the plan, by the same affirmative vote of the board of directors and of the members as was required to approve the plan.

(g) The voting requirements for districts, classes, or voting groups under Section 36 of this act apply to approval of a conversion under this article.

Added by Laws 2009, c. 68, § 136, eff. Jan. 1, 2010.

§18-441-1604. Filings required for conversion - Effective date.

FILINGS REQUIRED FOR CONVERSION; EFFECTIVE DATE.

(a) After a plan of conversion is approved:

(1) A converting limited cooperative association shall deliver to the Secretary of State for filing articles of conversion, which must include:

(A) a statement that the limited cooperative association has been converted into another entity;

(B) the name and form of the converted entity and the jurisdiction of its governing statute;
(C) the date the conversion is effective under the governing statute of the converted entity;
(D) a statement that the conversion was approved as required by the Uniform Limited Cooperative Association Act of 2009;
(E) a statement that the conversion was approved as required by the governing statute of the converted entity; and
(F) if the converted entity is an entity organized in a jurisdiction other than this state and is not authorized to transact business in this state, the street address and, if different, mailing address of an office which the Secretary of State may use for purposes of Section 20 of this act; and

(2) If the converting entity is not a converting limited cooperative association, the converting entity shall deliver to the Secretary of State for filing articles of organization, which must include, in addition to the information required by Section 30 of this act:

(A) a statement that the association was converted from another entity;
(B) the name and form of the converting entity and the jurisdiction of its governing statute; and
(C) a statement that the conversion was approved in a manner that complied with the converting entity's governing statute.

(b) A conversion becomes effective:

(1) If the converted entity is a limited cooperative association, when the articles of conversion take effect pursuant to subsection (c) of Section 23 of this act; or

(2) If the converted entity is not a limited cooperative association, as provided by the governing statute of the converted entity.

Added by Laws 2009, c. 68, § 137, eff. Jan. 1, 2010.

§18-441-1605. Effect of conversion.

EFFECT OF CONVERSION.

(a) An entity that has been converted pursuant to this article is for all purposes the same entity that existed before the conversion and is not a new entity but, after conversion, is organized under the organic law of the converted entity and is subject to that law and other law as it applies to the converted entity.

(b) When a conversion takes effect under this article:

(1) All property owned by the converting entity remains vested in the converted entity;

(2) All debts, liabilities, and other obligations of the converting entity continue as obligations of the converted entity;

(3) An action or proceeding pending by or against the converting entity may be continued as if the conversion had not occurred;

(4) Except as prohibited by other law, all the rights, privileges, immunities, powers, and purposes of the converting entity remain vested in the converted entity;

(5) Except as otherwise provided in the plan of conversion, the terms and conditions of the plan of conversion take effect; and

(6) Except as otherwise provided in the plan of conversion, the conversion does not dissolve a converting limited cooperative association for purposes of Article 12 of the Uniform Limited Cooperative Association Act of 2009.

(c) A converted entity that is an entity organized under the laws of a jurisdiction other than this state consents to the jurisdiction of the courts of this state to enforce any obligation owed by the converting limited cooperative association if, before the conversion, the converting limited cooperative association was subject to suit in this state on the obligation. A converted entity that is an entity organized under the laws of a jurisdiction other than this state and not authorized to transact business in this state appoints the Secretary of State as its agent for service of process for purposes of enforcing an obligation under this subsection. Service on the Secretary of State under this subsection is made in the same manner and with the same consequences as under subsections (c) and (d) of Section 20 of this act.

Added by Laws 2009, c. 68, § 138, eff. Jan. 1, 2010.

§18-441-1606. Merger.

MERGER.

(a) One or more limited cooperative associations may merge with one or more other entities pursuant to this article and a plan of merger if:

(1) The governing statute of each of the other entities authorizes the merger;

(2) The merger is not prohibited by the law of a jurisdiction that enacted any of those governing statutes; and

(3) Each of the other entities complies with its governing statute in effecting the merger.

(b) A plan of merger must be in a record and must include:

(1) The name and form of each constituent entity;

(2) The name and form of the surviving entity and, if the surviving entity is to be created by the merger, a statement to that effect;

(3) The terms and conditions of the merger, including the manner and basis for converting the interests in each constituent entity into any combination of money, interests in the surviving entity, and other consideration;

(4) If the surviving entity is to be created by the merger, the surviving entity's organizational documents;

(5) If the surviving entity is not to be created by the merger, any amendments to be made by the merger to the surviving entity's organizational documents; and

(6) If a member of a constituent limited cooperative association will have personal liability with respect to a surviving entity, the identity of the member by descriptive class or other reasonable manner.

Added by Laws 2009, c. 68, § 139, eff. Jan. 1, 2010.

§18-441-1607. Notice and action on plan of merger by constituent limited cooperative association.

NOTICE AND ACTION ON PLAN OF MERGER BY CONSTITUENT LIMITED COOPERATIVE ASSOCIATION.

(a) For a limited cooperative association to merge with another entity, a plan of merger must be approved by a majority vote of the board of directors or a greater percentage if required by the association's organic rules.

(b) The board of directors shall call a members meeting to consider a plan of merger approved by the board, hold the meeting not later than ninety (90) days after approval of the plan by the board, and mail or otherwise transmit or deliver in a record to each member:

(1) The plan of merger, or a summary of the plan and a statement of the manner in which a copy of the plan in a record may be reasonably obtained by a member;

(2) A recommendation that the members approve the plan of merger, or if the board determines that because of conflict of interest or other special circumstances it should not make a favorable recommendation, the basis for that determination;

(3) A statement of any condition of the board's submission of the plan of merger to the members; and

(4) Notice of the meeting at which the plan of merger will be considered, which must be given in the same manner as notice of a special meeting of members.

Added by Laws 2009, c. 68, § 140, eff. Jan. 1, 2010.

§18-441-1608. Approval or abandonment of merger by members.

APPROVAL OR ABANDONMENT OF MERGER BY MEMBERS.

(a) Subject to subsections (b) and (c) of this section, a plan of merger must be approved by:

(1) At least two-thirds (2/3) of the voting power of members present at a members meeting called under subsection (b) of Section 140 of this act; and

(2) If the limited cooperative association has investor members, at least a majority of the votes cast by patron members, unless the organic rules require a greater percentage vote by patron members.

(b) The organic rules may provide that the percentage of votes under paragraph (1) of subsection (a) of this section is:

(1) A different percentage that is not less than a majority of members voting at the meeting;

(2) Measured against the voting power of all members; or

(3) A combination of paragraphs (1) and (2) of this subsection.

(c) The vote required to approve a plan of merger may not be less than the vote required for the members of the limited cooperative association to amend the articles of organization.

(d) Consent in a record to a plan of merger by a member must be delivered to the limited cooperative association before delivery of articles of merger for filing pursuant to Section 142 of this act if as a result of the merger the member will have:

(1) Personal liability for an obligation of the association; or

(2) An obligation or liability for an additional contribution.

(e) Subject to subsection (d) of this section and any contractual rights, after a merger is approved, and at any time before the effective date of the merger, a limited cooperative association that is a party to the merger may approve an amendment to the plan of merger or approve abandonment of the planned merger:

(1) As provided in the plan; and

(2) Except as prohibited by the plan, with the same affirmative vote of the board of directors and of the members as was required to approve the plan.

(f) The voting requirements for districts, classes, or voting groups under Section 36 of this act apply to approval of a merger under this article.

Added by Laws 2009, c. 68, § 141, eff. Jan. 1, 2010.

§18-441-1609. Filings required for merger - Effective date.

FILINGS REQUIRED FOR MERGER; EFFECTIVE DATE.

(a) After each constituent entity has approved a merger, articles of merger must be signed on behalf of each constituent entity by an authorized representative.

(b) The articles of merger must include:

(1) The name and form of each constituent entity and the jurisdiction of its governing statute;

(2) The name and form of the surviving entity, the jurisdiction of its governing statute, and, if the surviving entity is created by the merger, a statement to that effect;

(3) The date the merger is effective under the governing statute of the surviving entity;

(4) If the surviving entity is to be created by the merger and:

(A) will be a limited cooperative association, the limited cooperative association's articles of organization; or

(B) will be an entity other than a limited cooperative association, the organizational document that creates the entity;

(5) If the surviving entity is not created by the merger, any amendments provided for in the plan of merger to the organizational document that created the entity;

(6) A statement as to each constituent entity that the merger was approved as required by the entity's governing statute;

(7) If the surviving entity is a foreign organization not authorized to transact business in this state, the street address and, if different, mailing address of an office which the Secretary of State may use for the purposes of Section 20 of this act; and

(8) Any additional information required by the governing statute of any constituent entity.

(c) Each limited cooperative association that is a party to a merger shall deliver the articles of merger to the Secretary of State for filing.

(d) A merger becomes effective under this article:

(1) If the surviving entity is a limited cooperative association, upon the later of:

(A) compliance with subsection (c) of this section; or

(B) subject to subsection (c) of Section 23 of this act, as specified in the articles of merger; or

(2) If the surviving entity is not a limited cooperative association, as provided by the governing statute of the surviving entity.

Added by Laws 2009, c. 68, § 142, eff. Jan. 1, 2010.

§18-441-1610. Effect of merger.

EFFECT OF MERGER.

(a) When a merger becomes effective:

(1) The surviving entity continues or comes into existence;

(2) Each constituent entity that merges into the surviving entity ceases to exist as a separate entity;

(3) All property owned by each constituent entity that ceases to exist vests in the surviving entity;

(4) All debts, liabilities, and other obligations of each constituent entity that ceases to exist continue as obligations of the surviving entity;

(5) An action or proceeding pending by or against any constituent entity that ceases to exist may be continued as if the merger had not occurred;

(6) Except as prohibited by law other than the Uniform Limited Cooperative Association Act of 2009, all rights, privileges, immunities, powers, and purposes of each constituent entity that ceases to exist vest in the surviving entity;

(7) Except as otherwise provided in the plan of merger, the terms and conditions of the plan take effect;

(8) Except as otherwise provided in the plan of merger, if a merging limited cooperative association ceases to exist, the merger does not dissolve the association for purposes of Article 12 of this act;

(9) If the surviving entity is created by the merger and:

(A) is a limited cooperative association, the articles of organization become effective; or

(B) is an entity other than a limited cooperative association, the organizational document that creates the entity becomes effective; and

(10) If the surviving entity is not created by the merger, any amendments made by the articles of merger for the organizational documents of the surviving entity become effective.

(b) A surviving entity that is an entity organized under the laws of a jurisdiction other than this state consents to the jurisdiction of the courts of this state to enforce any obligation owed by the constituent entity if, before the merger, the constituent entity was subject to suit in this state on the obligation. A surviving entity that is an entity organized under the laws of a jurisdiction other than this state and not authorized to transact business in this state appoints the Secretary of State as its agent for service of process for purposes of enforcing an obligation under this subsection. Service on the Secretary of State under this subsection is made in the same manner and with the same consequences as in subsections (c) and (d) of Section 20 of this act.

Added by Laws 2009, c. 68, § 143, eff. Jan. 1, 2010.

§18-441-1611. Consolidation.

CONSOLIDATION.

(a) Constituent entities that are limited cooperative associations or foreign cooperatives may agree to call a merger a consolidation under this article.

(b) All provisions governing mergers or using the term merger in this act apply equally to mergers that the constituent entities choose to call consolidations under subsection (a) of this section.

Added by Laws 2009, c. 68, § 144, eff. Jan. 1, 2010.

§18-441-1612. Article not exclusive.

ARTICLE NOT EXCLUSIVE. This article does not prohibit a limited cooperative association from being converted or merged under law other than the Uniform Limited Cooperative Association Act of 2009.
Added by Laws 2009, c. 68, § 145, eff. Jan. 1, 2010.

§18-441-1701. Uniformity of application and construction.

UNIFORMITY OF APPLICATION AND CONSTRUCTION. In applying and construing the Uniform Limited Cooperative Association Act of 2009, consideration must be given to the need to promote uniformity of the law with respect to its subject matter among states that enact it.
Added by Laws 2009, c. 68, § 146, eff. Jan. 1, 2010.

§18-441-1702. Relation to Electronic Signatures in Global and National Commerce Act.

RELATION TO ELECTRONIC SIGNATURES IN GLOBAL AND NATIONAL COMMERCE ACT. The Uniform Limited Cooperative Association Act of 2009 modifies, limits, or supersedes the federal Electronic Signatures in Global and National Commerce Act, 15 U.S.C., Section 7001 et seq., but does not modify, limit, or supersede Section 101(c) of that act, 15 U.S.C., Section 7001(c) or authorize electronic delivery of any of the notices described in Section 103(b) of that act, 15 U.S.C., Section 7003(b).
Added by Laws 2009, c. 68, § 147, eff. Jan. 1, 2010.

§18-441-1703. Savings clause.

SAVINGS CLAUSE. The Uniform Limited Cooperative Association Act of 2009 does not affect an action or proceeding commenced, or right accrued, before January 1, 2010.
Added by Laws 2009, c. 68, § 148, eff. Jan. 1, 2010.

§18-441-1704. Act deemed amendment of Constitution.

ACT DEEMED AMENDMENT OF CONSTITUTION. It is the intent of the Legislature that the Uniform Limited Cooperative Association Act of 2009 be an amendment to, and alteration of, Sections 18 through 34, inclusive, of Article IX of the Constitution of the State of Oklahoma, as authorized by Section 35 of Article IX of the Constitution of the State of Oklahoma.
Added by Laws 2009, c. 68, § 149, eff. Jan. 1, 2010.

§18-471. Venue of actions.

Any foreign corporation, doing business in the State of Oklahoma, and any person now or hereafter having any cause of action against such corporation, arising on contract, tort, or otherwise, may file suit in any county in the State of Oklahoma where the plaintiff resides or where said corporation has its principal place of business, or has property, or in any county where said

corporation has an agent appointed upon whom service of summons or other process may be had.
Laws 1910-11, c. 26, p. 46, § 1.

§18-476. Repealed by Laws 1998, c. 104, § 40, eff. Nov. 1, 1998.

§18-477. Repealed by Laws 1998, c. 104, § 40, eff. Nov. 1, 1998.

§18-478. Repealed by Laws 1998, c. 104, § 40, eff. Nov. 1, 1998.

§18-481. Corporation surety authorized.

Whenever any recognizance, stipulation, bond, or undertaking conditioned for the faithful performance of any duty or for the doing or refraining from doing anything in such recognizances, stipulation, bond or undertaking specified, is by law of the State of Oklahoma required or permitted to be given with one surety, or with two or more sureties, the execution of the same or the guaranteeing of the performance of the conditions thereof shall be sufficient when executed or guaranteed solely by a corporation incorporated under the laws of the United States, or of any state, having power to guarantee the fidelity of persons holding positions of public or private trust, and to execute and guarantee bonds and undertakings in judicial proceedings: Provided, that such recognizance, stipulation, bond or undertaking be approved by the head of department, court, judge, officer, board or body executive, legislative or judicial, required to approve or execute the same.
R.L.1910, § 1344.

§18-482. Permission to do business - Statements - Deposit.

Every company, before transacting any business in the State of Oklahoma, under Section 481 et seq. of this title, shall deposit with the Insurance Commissioner of the state a copy of its charter or articles of incorporation and a statement signed and sworn to by its president and secretary, showing the assets and liabilities. If said Insurance Commissioner shall be satisfied that such company has authority under its charter to do the business provided for in this article, and that it has a paid-up capital of not less than Five Hundred Thousand Dollars ($500,000.00) in cash or its equivalent, and is able tokeep and perform its contracts and has a good reputation for the prompt and equitable settlement and adjustment of liabilities accruing upon its undertakings, he shall grant authority in writing to such company to do business in this state, but before granting such authority the said corporations shall also be required to comply with the requirements of Section 613 of Title 36 of the Oklahoma Statutes, relating to insurers issuing policies of surety insurance. Provided however, the deposit requirements of subsection A of Section 613 of Title 36 of the Oklahoma Statutes shall not

apply to companies that solely write bonds that cover grain warehouse storage.
Amended by Laws 1986, c. 129, § 1, emerg. eff. April 14, 1986; Laws 1988, c. 291, § 1, eff. Nov. 1, 1988.

§18-483. Surety contracts, liberal construction of.

The rule of the common law requiring a strict construction of the obligations of a surety shall have no application to the obligations of a surety or guarantor or indemnitor for hire, but all such obligations shall be liberally construed in accordance with the rules of the general law applicable to policies of insurance.
R.L.1910, § 1346.

§18-484. Quarterly reports - Revocation of authority - Inquiry into solvency - Additional security.

Every such corporation shall, in the months of January, April, July and October of each year, file with the Insurance Commissioner of the state a statement signed and sworn to by its president and secretary, showing its assets and liabilities as required by Section 1345. And the Insurance Commissioner shall have the power, and it shall be his duty, to revoke the authority of any such company to transact any business under this article whenever, in his judgment, said company is not solvent, or is conducting its business in violation of this article. He may institute inquiry, at any time, into the solvency of such company, and may require that additional security be given, at any time, upon any obligation to the state when he deems such company no longer sufficient security.
R.L.1910, § 1347.

§18-485. Actions - Venue - Bond considered made where.

Any surety company doing business under the provisions of this article, may be sued in respect thereof, in any court of the United States or the State of Oklahoma, which has jurisdiction of actions on suits upon such recognizances, stipulations, bond, or undertaking, was made or guaranteed. And for the purpose of this article, such recognizance, stipulation, bond, or undertaking, shall be treated as made or guaranteed in the county in which the office is located, to which it is returnable, or in which it is filed, or in the county in which the principal of such recognizance, stipulation, bond or undertaking, resided when it was made or guaranteed.
R.L.1910, § 1348.

§18-486. Failure to pay judgment.

If any such company shall neglect or refuse to pay any final judgment or decree rendered against it, upon any such recognizance, stipulation, bond, or undertaking made or guaranteed by it under the

provisions of this article, from which no appeal, writ of error or supersedeas has been taken for sixty (60) days after the rendition of such judgment or decree, it shall forfeit all right to do business under this act.
R.L.1910, § 1349.

§18-487. Estopped to deny liability.

Any company which shall execute or guarantee any recognizance, stipulation, bond, or undertaking under the provisions of this article, shall be estopped in any such proceeding to deny the liability which it shall have assumed to incur, or to deny its corporate power to execute or guarantee any such instrument, or assume such liability.
R.L.1910, § 1350.

§18-488. Penalty for failure to comply.

Any company doing business under the provisions of this article, which shall fail to comply with any of its provisions, shall forfeit to the State of Oklahoma for every such failure not less than Five Hundred Dollars ($500.00) nor more than Five Thousand Dollars ($5,000.00) to be recovered by suit in the name of the State of Oklahoma, in the same court in which suit may be brought against such company under the provisions of this article, and such failure shall not affect the validity of any contract entered into by such company.
R.L.1910, § 1351.

§18-489. Fiduciaries - Cost of bond as lawful expense - Amount of bond.

That any receiver, assignee, guardian, trustee, executor, administrator or other fiduciary, required by law or the order of any court or judge, to give a bond or other obligations as such, may include as a part of the lawful expense of executing his trust, such reasonable sum paid a company authorized under the laws of this state so to do, for becoming his surety on such bond as may be allowed by the court in which or a judge before whom, he is required to account, and when any such bond is signed by a surety company as surety, the penalty must not be in excess of the value of the personal property and the probable value of the annual rents, profits and issues of real property, which are likely to come into the hands of such receiver, assignee, guardian, trustee, executor, administrator or other fiduciary. But when real estate is to be sold an additional bond shall be required in amount equal to the probable value of such real estate.
R.L.1910, § 1352; Laws 1913, c. 86, p. 139, § 1.

§18-490. Cancellation of bond - Grounds - Notice.

Where any surety company bond is required to be executed by any county, district, or state officer or his deputy or by any county employee who has in his custody any money or property belonging to the county for the purposes of his employment, whether said bond is required by law or by the board of county commissioners or by the principal officer, such surety or sureties may, if they deem themselves unsafe or insecure, upon thirty (30) days written notice given to the Secretary of State as to state and district officers and as to county officers the board of county commissioners, withdraw and cancel their obligations as surety or sureties on said bond; provided that such cancellation shall not relieve the surety company from any liability previously incurred, and said pro rata share of the unearned premium shall be returned.
Laws 1957, p. 450, § 1.

§18-491. Agreement between principal and surety for deposit of monies and assets.

It shall be lawful for any party of whom a bond, undertaking or other obligation is required, to agree with his surety or sureties for the deposit of any or all monies and assets for which he and his surety or sureties are or may be held responsible, with a bank, savings bank, safe-deposit or trust company, authorized by law to do business as such, or with other depository approved by a court or a judge thereof, if such deposit is otherwise proper, for the safekeeping thereof, and in such manner as to prevent the withdrawal of such money or assets or any part thereof, without the written consent of such surety or sureties, or an order of court, or a judge thereof made on such notice to such surety or sureties as such court or judge may direct; provided, however, that such agreement shall not in any manner release from or change the liability of the principal or sureties as established by the terms of the said bond.
Laws 1959, p. 81, § 1.

§18-543. Right to hold real property limited.

All corporations organized for religious, charitable, educational or scientific purposes may hold all the property of the association owned prior to incorporation, as well as that acquired thereafter in any manner and transact all business relative thereto; but no such corporation shall own or hold more real property than may be reasonably necessary for the business and objects of the said association.
Amended by Laws 1986, c. 292, § 146, eff. Nov. 1, 1986.

§18-549. Charitable and educational corporations may engage in business.

Any corporation heretofore or hereafter organized under the laws of the State of Oklahoma for charitable or educational purposes may

maintain and carry on any and all kinds of business enterprises that an individual or corporation may lawfully carry on under the laws of the State of Oklahoma as auxiliary enterprises and may do so either directly or through any other corporation or corporations, a majority of whose stock it lawfully owns, in order that additional funds may be obtained with which to carry out only the charitable or educational purposes of such corporation.
Amended by Laws 1983, c. 100, § 8, emerg. eff. May 9, 1983.

§18-550. Power to borrow money and incur indebtedness - Mortgage or pledge of property - Liability of property to taxation.

Any such charitable or educational corporation may borrow money and incur debts either for its principal purposes, or for the furtherance of any or all its business enterprises or both. In case money is borrowed to aid any corporation, a majority of whose stock is lawfully owned by such charitable or educational corporation, it may loan or advance the same to such controlled corporation on such terms as may seem advisable to its trustees. Any such charitable or educational corporation so borrowing money to aid any other corporation as aforesaid, may evidence its indebtedness by notes or bonds and secure their payment by mortgaging and pledging all or any part of its property, real, personal and mixed, except the real estate, buildings and personal property consisting of household goods, farm implements and domestic animals used for the ordinary conduct and operation of the institution of such corporations, which last-named property shall never be liable, or in any manner taken for indebtedness, charge or lien of any nature whatsoever contracted by such corporation, to aid another corporation as aforesaid, provided that if any charitable or educational corporation shall maintain or carry on any auxiliary business under the terms of Section 549 of this title, either directly or through any other corporation or corporations, such fact shall be held to be an agreement on its part and on the part of such other corporation or corporations that all property owned by, devoted to, or used in such auxiliary business hereunder, shall be subject to taxation for all purposes in the same manner as taxable property generally and that such property shall not be exempt from taxation by reason of the fact that the revenues or profits or a portion thereof, are used or intended to be used as additional funds for carrying out the charitable or educational purposes of such corporation or for reinvestment by or in behalf of such charitable or educational corporation; and it is hereby declared that no such property shall be exempt from taxation; and provided, further, that the real estate, buildings, and personal property consisting of household goods, farming implements and domestic animals necessary for the ordinary conduct and operation of such charitable or educational corporations, shall be exempt from taxation.

Amended by Laws 1983, c. 100, § 9, emerg. eff. May 9, 1983.

§18-552.1. Citation.

This act may be cited as the Oklahoma Solicitation of Charitable Contributions Act.

Added by Laws 1959, p. 88, § 1.

§18-552.1a. Oklahoma Solicitation of Charitable Contributions Act.

The Oklahoma Solicitation of Charitable Contributions Act is enacted for the purpose of promoting integrity and accountability in the charitable solicitation process; protecting donors and prospective donors who may be solicited for charitable contributions; educating the public, charitable organizations, professional fundraisers, and others in matters relating to ethical and appropriate behavior in fundraising and charitable solicitation activities; preventing fraud and abuse in the fundraising process of charitable organizations and in the solicitation of charitable contributions; and providing transparency to the public in fundraising and charitable solicitation activities of charitable organizations.

Added by Laws 2010, c. 460, § 1, eff. July 1, 2011.

§18-552.2. Definitions.

As used in the Oklahoma Solicitation of Charitable Contributions Act:

1. "Person" means any individual, organization, group, association, partnership, corporation, limited liability company, trust, or other entity, except as otherwise provided in Section 552.1 et seq. of this title;

2. "Charitable organization" means any person soliciting contributions in this state, other than a natural person, that is described in Section 501(c) of Title 26 of the United States Code, that solicits contributions as described in this act and that is organized and operated primarily for religious, charitable, scientific, literary, educational, artistic, cultural, economic development, civic improvement, testing for public safety, research, humanitarian, animal welfare, recreational, or environmental protection purposes; to foster national or international amateur sports competition, but only if no part of its activities involves the provision of athletic facilities or equipment; to prevent cruelty to children, the elderly, identified populations, or animals; to relieve poverty, hunger, or homelessness; to support law enforcement or citizen protection organizations or agencies; or to provide emergency relief. "Charitable organization" shall also include a natural person representing himself or herself as a charitable organization or purporting to act on behalf of a charitable organization;

3. "Contribution" means the promise, gift, donation, payment, pledge, or grant of any money or property of any kind or value, including any contribution for operations, capital, endowment, reserves, dues, memberships, program support, naming opportunities, or other uses. Contribution does not include a payment for goods, services, admission to a museum, performances or programs sold or provided by a charitable organization, if the payment does not exceed the bona fide fair market value of the goods or services provided;

4. "Professional fundraiser" means any person who for compensation or other consideration plans, conducts or manages in this state the solicitation of contributions for or on behalf of any charitable organization, or who engages in the business of or holds himself or herself out to persons in this state as independently engaged in the business of soliciting contributions for such purpose. For purposes of this act, professional fundraiser does not include an employee of a charitable organization who engages in such activities for the charitable organization for which he or she is employed; nor does it include any volunteer who receives no payment, compensation, or remuneration of any kind for soliciting any contributions; provided, a volunteer may receive credit for fulfilling any community service requirement of an educational institution or government agency. In addition, for this purpose consideration does not include incidental benefits that might be received by a noncompensated person, such as meals, supplies, or similar support, and does not include reimbursement for expenses incurred by any noncompensated person in his or her solicitation activities;

5. "Professional solicitor" means any person that is either located within this state or that is soliciting contributions from any person in this state and who is employed or retained for compensation or other consideration by a professional fundraiser to solicit contributions for or on behalf of any charitable organization. Professional solicitor does not include an employee of a charitable organization who is engaged in such activities for the charitable organization for which he or she is employed; nor does it include a volunteer who engages in such activities for the charitable organization for which he or she volunteers if the volunteer receives no payment, compensation or remuneration of any kind for soliciting any contributions; provided, a volunteer may receive credit for fulfilling any community service requirement of an educational institution or government agency. In addition, for this purpose consideration does not include incidental benefits that might be received by a noncompensated person, such as meals, supplies, or similar support, and does not include reimbursement for expenses incurred by any noncompensated person in his or her solicitation activities;

6. "Professional fundraising counsel" means any person that provides, for compensation or other consideration, services, including planning, organizing or managing any solicitation, to a charitable organization, as long as such person does not:

a. directly or indirectly solicit contributions alone or through its employees and agents, or

b. accept, receive, hold, have access to, maintain, manage, invest, or control any contribution generated by the solicitation activity.

However, professional fundraising counsel does not include an employee or volunteer of a charitable organization who is providing such services on behalf of the charitable organization;

7. "Solicitation" means the request or appeal for any contribution on the plea or representation that such contribution will be used by or on behalf of a charitable organization; and

8. "Form 990" means a return of an organization that is exempt from federal income tax. Form 990, includes, but is not limited to, Form 990, Form 990-N, Form 990-PF, and other similar returns as required by federal law.

Added by Laws 1959, p. 88, § 2, emerg. eff. May 8, 1959. Amended by Laws 1978, c. 244, § 1, eff. July 1, 1978; Laws 1983, c. 100, § 10, emerg. eff. May 9, 1983; Laws 1999, c. 421, § 1, eff. Nov. 1, 1999; Laws 2010, c. 460, § 2, eff. July 1, 2011; Laws 2019, c. 281, § 1, eff. Nov. 1, 2019.

§18-552.3. Registration - Fee - Information to be filed - Out-of-state organizations.

A. No charitable organization that is either located within this state or that is soliciting contributions from any person in this state, except those specifically exempt under Section 552.4 of this title, shall solicit contributions until the charitable organization shall have registered with the Office of the Secretary of State and filed information, as required by the Oklahoma Solicitation of Charitable Contributions Act, on forms approved by that office. At the time of registration, each charitable organization, except as otherwise provided in this section, shall pay a fee of Sixty-five Dollars ($65.00). The first Fifteen Dollars ($15.00) of the fee shall be deposited to the credit of the General Revenue Fund of the State Treasury. Thirty-four Dollars ($34.00) of the fee shall be deposited to the credit of the Attorney General Charitable Solicitations Enforcement Revolving Fund and the remaining Sixteen Dollars ($16.00) shall be deposited to the credit of the Secretary of State Charitable Solicitations Revolving Fund. Provided, a charitable organization whose contributions during the previous registration period did not exceed Ten Thousand Dollars ($10,000.00) or if this is the charitable organization's first registration period and the anticipated contributions for the

current registration period are not expected to exceed Ten Thousand Dollars ($10,000.00), shall pay a fee of Fifteen Dollars ($15.00) of which Ten Dollars ($10.00) shall be deposited to the credit of the Attorney General Charitable Solicitations Enforcement Revolving Fund and the remaining Five Dollars ($5.00) shall be deposited to the credit of the Secretary of State Charitable Solicitations Revolving Fund. Each charitable organization that is required to register under this act shall register annually with the Secretary of State by the date that the charitable organization files its Form 990 or by the date, plus extensions, that it is required to file its Form 990, whichever occurs first. Registration shall not be deemed to constitute an endorsement by the state or by the Secretary of State of any charitable organization or the proposed uses of the funds solicited. The information so filed shall be available to the general public. The charitable organization shall provide the following information on the required forms:

1. The legal name of the charitable organization, any trade names that the charitable organization uses, any other name the organization may be identified or known as, and any distinctive names the organization uses for purposes of solicitation of contributions;

2. The mailing address of the charitable organization;

3. The name and mailing address of:
   a. each officer, director, trustee, and/or equivalent, and
   b. each salaried executive employee of the charitable organization;

4. The name and mailing address of:
   a. each professional fundraiser or professional solicitor that will have custody of the contributions, and
   b. each person associated with a professional fundraiser, professional solicitor or charitable organization that is directly responsible for the payment and distribution of funds collected;

5. The name and mailing address of each professional fundraising counsel utilized by the charitable organization;

6. For charitable organizations that register for the first time, a statement of whether or not the charitable organization believes contributions for the first year of registration will exceed Ten Thousand Dollars ($10,000.00);

7. The purposes for which the contributions solicited are to be used;

8. For the initial registration of a newly formed charitable organization, a copy of a letter from the Internal Revenue Service, or other evidence, showing that such organization is exempt from federal income taxation; or, for a charitable organization that has not applied for federal income tax exemption with the Internal Revenue Service or is not required to apply for federal income tax

exemption, evidence showing that said charitable organization is organized in any state or jurisdiction as a not-for-profit entity;

9. An identification of the period of time or periods during which solicitations are to be conducted, which may be specific periods, estimated or projected time frames, or continuous, and which may involve different periods for different types of solicitations by the same charitable organization;

10. An identification of the specific method or methods of solicitation utilized by the charitable organization and its agents;

11. Whether the solicitation is to be conducted by the following for or on behalf of the charitable organization: professional fundraisers, employees or volunteers of the charitable organization, and/or others; and

12. If the solicitation is to be conducted in whole or in part by professional fundraisers, the names and addresses of each professional fundraiser involved in the solicitation; the basis of payment or other consideration payable to each professional fundraiser and the nature of the arrangements between the charitable organization and each professional fundraiser, the specific amount, formula or percentage of compensation, or property of any kind or value to be paid or provided to each professional fundraiser; and if payment is based on a percentage, the amount of compensation as a percentage of the total contributions received, and the net amount of the total contributions received (total contributions received, less expenses of solicitation other than amounts payable to any professional fundraiser).

B. In addition to the required information in subsection A of this section, every charitable organization subject to the provisions of the Oklahoma Solicitation of Charitable Contributions Act that has solicited contributions during the previous fiscal year shall provide the following information:

1. The gross amount of the contributions, gifts, grants and other similar amounts received by the charitable organization;

2. The total Program Service Expenses of the charitable organization;

3. The total Management and General Expenses of the charitable organization;

4. The total Fundraising Expenses of the charitable organization; and

5. The aggregate amount paid, or payable, to professional fundraisers and professional fundraising counsel.

C. Any registration form required to be filed under this section shall be executed by signature, without more, of the person or persons signing the form, in which case the signature or signatures shall constitute the affirmation of the signatory, under penalty of perjury, that the signature is that person's act and deed

or the act and deed of the organization, and that the facts stated therein are true.

D. If a charitable organization that is registered with the Secretary of State to solicit contributions in this state changes its name or the mailing address of its principal office, or plans to engage in the solicitation of contributions using a name that is not listed on its registration form, then it shall, prior to soliciting any funds in this state using any such name, file with the Secretary of State a statement executed by an authorized officer of the organization setting forth any new name and mailing address along with a fee of Twenty-five Dollars ($25.00). Such fee shall be deposited to the credit of the General Revenue Fund of the State Treasury.

E. Any fraternal or membership organization not based in Oklahoma which solicits contributions from any person of this state by telephone, or contracts with professional fundraisers to solicit such contributions, shall be required to have at least one member or employee of the fraternal or membership organization residing within the county where the call is received.

Added by Laws 1959, p. 88, § 3, emerg. eff. May 8, 1959. Amended by Laws 1976, c. 200, § 1, emerg. eff. June 4, 1976; Laws 1978, c. 244, § 2, eff. July 1, 1978; Laws 1980, c. 364, § 1, eff. Oct. 1, 1980; Laws 1984, c. 79, § 1, emerg. eff. April 3, 1984; Laws 1991, c. 320, § 1, eff. Sept. 1, 1991; Laws 1994, c. 235, § 9, eff. Sept. 1, 1994; Laws 1997, c. 334, § 1, eff. July 1, 1997; Laws 1999, c. 421, § 2, eff. Nov. 1, 1999; Laws 2000, c. 6, § 2, emerg. eff. March 20, 2000; Laws 2005, c. 366, § 1, emerg. eff. June 6, 2005; Laws 2010, c. 460, § 3, eff. July 1, 2011; Laws 2013, c. 4, § 1, eff. Nov. 1, 2013.

NOTE: Laws 1999, c. 377, § 2 repealed by Laws 2000, c. 6, § 33, emerg. eff. March 20, 2000.

§18-552.3a. Repealed by Laws 2010, c. 460, § 15, eff. July 1, 2011.

§18-552.4. Persons and organizations exempt.

Except as otherwise specifically provided in the Oklahoma Solicitation of Charitable Contributions Act, the provisions of Sections 552.3 of this title shall not apply to the following persons:

1. Organizations incorporated for religious purposes and actually engaged in bona fide religious programs, and other organizations directly operated, supervised, or controlled by a religious organization;

2. Educational institutions that have a faculty, regularly enrolled students and offer courses of study leading to the granting of recognized degrees when solicitations of contributions are primarily confined to its student body and their families, alumni,

faculty and trustees and any 501(c)(3) organization authorized by and having an established identity with such institutions;

3. Fraternal organizations, when soliciting from their own members, and patriotic and civic organizations, when solicitation of contributions is confined to the membership of said organizations, and the solicitation is managed by their own membership without paid solicitors; and

4. Persons soliciting contributions for a named individual person, when such individual person is specified by name at the time of solicitation, the purpose for such contribution is clearly stated, and if the gross contributions collected, without any deductions whatsoever for the benefit of the solicitor or any other person, be deposited directly to an account in the name of the beneficiary established for that purpose at a licensed local bank, and if such contributions are used for the direct benefit of the named individual person as beneficiary.

Added by Laws 1959, p. 89, § 4, emerg. eff. May 8, 1959. Amended by Laws 1974, c. 70, § 1; Laws 1980, c. 364, § 2, eff. Oct. 1, 1980; Laws 2010, c. 460, § 4, eff. July 1, 2011.

§18-552.5. Repealed by Laws 2010, c. 460, § 15, eff. July 1, 2011.

§18-552.6. Records - Inspection.

Every charitable organization shall keep and maintain a full and true record of the documents and information required for disclosure pursuant to Section 552.3 of this title for five (5) calendar years in such form as will enable such charitable organization to accurately provide the information required herein. All records required hereunder shall be open to inspection during regular business hours, except as otherwise provided by court order, by the Office of the Attorney General and its employees, and upon demand shall be presented to that office for inspection.

Added by Laws 1959, p. 89, § 6, emerg. eff. May 8, 1959. Amended by Laws 1978, c. 244, § 4, eff. July 1, 1978; Laws 1984, c. 79, § 3, emerg. eff. April 3, 1984; Laws 1994, c. 235, § 11, eff. Sept. 1, 1994; Laws 1997, c. 334, § 3, eff. July 1, 1997; Laws 2010, c. 460, § 5, eff. July 1, 2011.

§18-552.7. Professional fundraisers - Registration - Fees - Name and address changes.

A. No person shall act as a professional fundraiser for any charitable organization until the person has first registered with the Office of the Secretary of State. Applications for registration, signed and acknowledged by a party duly authorized to act on behalf of the professional fundraiser, shall state the full legal name of the professional fundraiser, the street address of the principal place of business of the professional fundraiser, the full

legal names and street addresses of the charitable organizations with which it has entered into contracts or agreements relating to the solicitation of contributions, and the names of all professional solicitors employed by the professional fundraiser who will be involved in the solicitation of contributions for charitable organizations. The registration form shall also be accompanied by an annual fee in the amount of Two Hundred Fifteen Dollars ($215.00). The first Fifty Dollars ($50.00) of the fee collected shall be deposited to the credit of the General Revenue Fund of the State Treasury. One Hundred Eleven Dollars ($111.00) of the fee shall be deposited to the credit of the Attorney General Charitable Solicitations Enforcement Revolving Fund and the remaining Fifty-four Dollars ($54.00) shall be deposited to the credit of the Secretary of State Charitable Solicitations Revolving Fund. Registration shall be valid for a period of one (1) year from the date of filing with the Secretary of State, and may be renewed annually upon the filing of a renewal application and fee prescribed herein.

B. No professional fundraiser or solicitor shall engage in the solicitation of contributions for a charitable organization that is not registered with the Secretary of State unless the organization is exempt from registration.

C. Every professional fundraiser registered with the Secretary of State which shall change its name or the mailing address of its principal office, or plans to engage in professional fundraising activities using a name that is not listed on its registration form, shall at least fifteen (15) days prior to engaging in such activities file with the Secretary of State a statement executed by an authorized officer of the organization setting forth its new name or mailing address and pay a filing fee of Twenty-five Dollars ($25.00). Such fee shall be deposited to the credit of the General Revenue Fund of the State Treasury.

D. The professional fundraiser shall not employ or retain a professional solicitor who is not registered pursuant to this act.

E. No professional fundraiser shall solicit any contribution for a charitable organization without the consent of such organization.

F. No person shall act as a professional fundraiser if the officers, directors, or any person with a controlling interest in the business, or any person the professional fundraiser employs or retains to solicit charitable contributions or to advise, consult, plan, or manage the solicitation of any contributions, has been convicted by a court of any state or the United States of a felony or a misdemeanor involving moral turpitude or arising from his or her conduct in connection with fundraising activities, the solicitation of any funds, or the use or expenditure of any funds raised, collected, or received in any fundraising activity.

G. Any registration form required to be filed under this section shall be executed by signature, without more, of the person or persons signing the form, in which case the signature or signatures shall constitute the affirmation of the signatory, under penalty of perjury, that the signature is that person's act and deed or the act and deed of the organization, and that the facts stated therein are true.

Added by Laws 1959, p. 90, § 7, emerg. eff. May 8, 1959. Amended by Laws 1978, c. 244, § 5, eff. July 1, 1978; Laws 1984, c. 79, § 4, emerg. eff. April 3, 1984; Laws 1994, c. 235, § 12, eff. Sept. 1, 1994; Laws 1997, c. 334, § 4, eff. July 1, 1997; Laws 1999, c. 421, § 5, eff. Nov. 1, 1999; Laws 2000, c. 6, § 3, emerg. eff. March 20, 2000; Laws 2001, c. 406, § 7, emerg. eff. June 4, 2001; Laws 2010, c. 460, § 6, eff. July 1, 2011.

NOTE: Laws 1999, c. 325, § 7 and Laws 1999, c. 377, § 3 repealed by Laws 2000, c. 6, § 33, emerg. eff. March 20, 2000.

§18-552.8. Contracts.

A. All contracts entered into by a charitable organization with a professional fundraiser or professional fundraising counsel for charitable solicitations or fundraising services shall be in writing. The charitable organization and the professional fundraiser or professional fundraising counsel shall each keep and maintain such contracts on file in their principal offices for a period of five (5) years from the date that the contract was executed. These contracts shall be available for inspection by the Office of the Attorney General.

B. The contract shall clearly state:

1. The respective obligations of each party;

2. The compensation arrangement. If the compensation payable to the professional fundraiser is based on a percentage or formula, the contract shall state the percentage of the gross revenue derived in connection with the solicitation that the charitable organization will receive or other formula for payment;

3. Any goods or services to be offered to the public;

4. The geographic area where the campaign will take place;

5. In the case of a contract with a professional fundraiser, the period of time or periods during which solicitations are to be conducted, which may be specific periods, estimated or projected time frames, or continuous, and which may involve different periods for different types of solicitations by the same charitable organization;

6. A fundraising budget, if available; and

7. Provisions for a final accounting of contributions raised and expenses incurred.

The contract shall also describe in reasonable detail the services to be provided by the professional fundraiser and shall

clearly state whether the professional fundraiser may, at any time, have custody, possession or control of any contributions.
Added by Laws 1959, p. 90, § 8, emerg. eff. May 8, 1959. Amended by Laws 1978, c. 244, § 6, eff. July 1, 1978; Laws 1984, c. 79, § 5, emerg. eff. April 3, 1984; Laws 1994, c. 235, § 13, eff. Sept. 1, 1994; Laws 1997, c. 334, § 5, eff. July 1, 1997; Laws 1999, c. 421, § 6, eff. Nov. 1, 1999; Laws 2010, c. 460, § 7, eff. July 1, 2011.

§18-552.9. Professional solicitors - Registration - Fees.

A. Every professional solicitor employed or retained by a professional fundraiser required to register pursuant to this act, shall, before engaging in any solicitation of contributions by the professional fundraiser, register with the Office of the Secretary of State. An application for registration, signed by the solicitor, shall state the full legal name and street address of the professional fundraiser that employs the solicitor and shall be accompanied by a fee in the amount of Twenty-five Dollars ($25.00) of which Ten Dollars ($10.00) shall be deposited to the credit of the General Revenue Fund of the State Treasury. Ten Dollars ($10.00) of the fee shall be deposited to the credit of the Attorney General Charitable Solicitations Enforcement Revolving Fund and the remaining Five Dollars ($5.00) shall be deposited to the credit of the Secretary of State Charitable Solicitations Revolving Fund. Registration shall be for a period of one (1) year from the date of filing with the Secretary of State, and may be renewed annually upon the filing of a renewal application accompanied by a payment of the fee prescribed herein.

B. When requesting a contribution, the professional solicitor shall clearly disclose or provide contact information for the following information, if requested by the person being solicited:

1. The name of the professional fundraiser that employs or retains the professional solicitor, as set out in the registration statement filed with the Secretary of State, and the fact that the professional fundraiser is being paid for his or her services;

2. The name of the charitable organization the person represents and a description of how the contributions raised by the solicitation will be used; and

3. The percentage of the contributions solicited that the professional fundraiser is to receive and the registration number of the professional fundraiser, the charitable organization and the professional solicitor, as requested.

C. No person shall act as a professional solicitor if the person has been convicted by a court of any state or the United States of a felony or of a misdemeanor involving moral turpitude or arising from conduct by the person in connection with fundraising or the solicitation of any funds, for or on behalf of a charitable

organization, or the use or expenditure of any funds raised, collected, or received in any fundraising activity.

D. Any registration form required to be filed under this section shall be executed by signature, without more, of the person signing the form, in which case the signature shall constitute the affirmation of the signatory, under penalty of perjury, that the signature is that person's act and deed, and that the facts stated therein are true.

Added by Laws 1959, p. 90, § 9, emerg. eff. May 8, 1959. Amended by Laws 1978, c. 244, § 7, eff. July 1, 1978; Laws 1984, c. 79, § 6, emerg. eff. April 3, 1984; Laws 1994, c. 235, § 14, eff. Sept. 1, 1994; Laws 1997, c. 334, § 6, eff. July 1, 1997; Laws 1999, c. 421, § 7, eff. Nov. 1, 1999; Laws 2000, c. 6, § 4, emerg. eff. March 20, 2000; Laws 2010, c. 460, § 8, eff. July 1, 2011.

NOTE: Laws 1999, c. 377, § 4 repealed by Laws 2000, c. 6, § 33, emerg. eff. March 20, 2000.

§18-552.10. Repealed by Laws 2010, c. 460, § 15, eff. July 1, 2011.

§18-552.11. Repealed by Laws 2010, c. 460, § 15, eff. July 1, 2011.

§18-552.12. Repealed by Laws 2010, c. 460, § 15, eff. July 1, 2011.

§18-552.13. Reciprocal agreements with other states.

The Secretary of State may enter into reciprocal agreements with a like authority of any other state or states for the purpose of exchanging information made available to the Secretary of State. Pursuant to such agreements the Secretary of State may accept information filed by a charitable organization with another state in lieu of the information required to be filed by a charitable organization in accordance with the provisions of Section 552.3 of this title, if such information is substantially similar to the information required to be filed under Section 552.3 of this title.

Added by Laws 1959, p. 91, § 13, emerg. eff. May 8, 1959. Amended by Laws 1978, c. 244, § 8, eff. July 1, 1978; Laws 1984, c. 79, § 7, emerg. eff. April 3, 1984; Laws 1994, c. 235, § 15, eff. Sept. 1, 1994; Laws 1997, c. 334, § 7, eff. July 1, 1997.

§18-552.14. Repealed by Laws 2010, c. 460, § 15, eff. July 1, 2011.

§18-552.14a. Professional fundraisers - Violations of act.

A. Applicable to charitable organizations, professional fundraisers and professional solicitors, the following shall constitute violations of this act:

1. Knowingly making any false material statement or representation on a registration application;

2. Using the name of a person when soliciting contributions or in an advertisement, brochure, stationery or correspondence, without the consent or approval of such person, other than an officer, director or trustee of the charitable organization by or for which contributions are solicited. This paragraph shall not apply to the use of the name of a person that has contributed to or sponsored an event or program of the charitable organization in a report, brochure, program or listing of donors, contributors, sponsors, or supporters issued or published by a charitable organization. This paragraph shall not apply to the use of a public figure's name and/or likeness truthfully and in good faith, so long as such use does not imply a false endorsement;

3. Knowingly using, in connection with solicitation of contributions for the purpose of deceiving the public, a name similar to other charitable organizations, professional fundraiser, professional solicitor or government agency or political subdivision;

4. Failing to register as required pursuant to Sections 552.3, 552.7 or 552.9, as applicable, of Title 18 of the Oklahoma Statutes unless otherwise exempted by this act;

5. Employing in any solicitation or collection of contributions for a charitable organization any device, scheme or artifice to defraud or for obtaining money or property by means of any false pretense, representation or promise; and

6. Failing or refusing to supply requested information as required by Section 552.9 of Title 18 of the Oklahoma Statutes.

B. The Attorney General or a district attorney may bring an action:

1. To obtain a declaratory judgment that an act or practice violates this act;

2. To enjoin, or to obtain a restraining order against a person who has violated or is violating this act;

3. To recover actual damages, restitution, disgorgement and penalties attributed to a violation of this act;

4. To recover reasonable expenses and investigation fees attributable to a violation of this act;

5. To prosecute any civil or criminal actions as provided by this act, as applicable; and

6. To revoke the registration of a charitable organization, professional fundraiser, or professional solicitor for any violation of this act.

C. In lieu of instigating or continuing an action or proceeding, the Attorney General or a district attorney may accept a consent judgment with respect to any act or practice declared to be a violation of this act. Such a consent judgment shall provide for the discontinuance by the person entering the same of any act or practice declared to be a violation of this act, and it may include

a stipulation for the payment by such person of reasonable expenses, attorney fees, investigation costs and penalties incurred by the Attorney General or a district attorney. The consent judgment also may include a stipulation for restitution to be made by such person to contributors of money, property or other things received from contributors in connection with a violation of this act and also may include a stipulation for specific performance. Any consent judgment entered into pursuant to this section shall not be deemed to admit the violation, unless it does so by its terms. Before any consent judgment entered into pursuant to this section shall be effective, it must be approved by the district court and an entry made in the manner required for making an entry of judgment. After such approval is received, any breach of the conditions of such consent judgment shall be treated as a violation of a court order, and shall be subject to all the penalties provided by law therefor.

D. In any action brought by the Attorney General or a district attorney, the court may:

1. Make such orders or judgments as may be necessary to prevent the use or employment by a person of any practice declared to be a violation of this act;

2. Make such orders or judgments as may be necessary to compensate any person for damages sustained;

3. Enjoin any person from engaging in solicitation of charitable contributions in this state;

4. Revoke the registration of a charitable organization, professional fundraiser or professional solicitor;

5. Enter any order that is appropriate in a criminal prosecution of crimes identified in this act or any other state law; and

6. Grant other appropriate relief.

E. When an action is filed under this act by the Attorney General or a district attorney, no action seeking an injunction or declaratory judgment shall be filed in any other district in this state based upon the same transaction or occurrence, series of transactions or occurrences, or allegations that form the basis of the first action filed.

F. When the Attorney General or a district attorney has reason to believe that a person has engaged in, is engaging in or is about to engage in any practice declared to be in violation of this act and he or she believes it to be in the public interest that an investigation should be made to ascertain whether a person has in fact engaged in, is engaging in or is about to engage in any such practice, he or she may execute in writing and cause to be served upon any such person who is believed to have information, documentary material or physical evidence relevant to the alleged violation an investigative demand requiring such person to furnish, under oath or otherwise, a report in writing setting forth the

nonprivileged relevant facts and circumstances of which the person has knowledge, or to appear and testify, or to produce relevant nonprivileged documentary material or physical evidence for examination at such reasonable time and place as may be stated in the investigative demand, concerning the solicitation of charitable contributions.

G. To accomplish the objectives and to carry out the duties prescribed by this act, the Attorney General or district attorney, in addition to other powers conferred on him or her by this act or the laws of this state, may issue subpoenas or other process to any person and conduct hearings in aid of any investigation or inquiry, administer oaths and take sworn statements under penalty of perjury, and serve and execute in any county, search warrants; provided, that none of the powers conferred by this act shall be used for the purpose of compelling any natural person to furnish testimony or evidence that might tend to incriminate him or her or subject him or her to a penalty; and provided further, that information obtained pursuant to the powers conferred by this act shall not be made public or disclosed by the Attorney General, district attorney or their employees unless otherwise provided under this act.

H. In addition to any other penalties provided under this act, a charitable organization, professional fundraiser, or professional solicitor that is found to be in violation of the Oklahoma Solicitation of Charitable Contributions Act in a civil action or who willfully violates the terms of any injunction or court order issued pursuant to the Oklahoma Solicitation of Charitable Contributions Act shall pay a civil penalty of not more than Ten Thousand Dollars ($10,000.00) per violation, taking into account the nature and severity of the violation and the benefit provided to the public by the violator, along with the need for protecting contributors and donors. For the purposes of this section, the district court issuing an injunction shall retain jurisdiction, and in such cases, the Attorney General, acting in the name of the state, or a district attorney may petition for recovery of civil penalties.

I. In administering and pursuing actions under this act, the Attorney General and a district attorney are authorized to sue for and collect reasonable expenses, attorney fees, and investigation fees as determined by the court. Civil penalties or contempt penalties sued for and recovered by the Attorney General or a district attorney shall be used for the furtherance of their duties and activities under this act.

J. In addition to other penalties imposed by this act, any person convicted in a criminal proceeding of committing an act prohibited in paragraph 1, 3 or 5 of subsection A of this section, shall be guilty of a felony and upon conviction thereof shall be subject to a fine not to exceed Ten Thousand Dollars ($10,000.00) or

imprisonment in the custody of the Department of Corrections for not more than five (5) years, or by both such fine and imprisonment. Added by Laws 2010, c. 460, § 9, eff. July 1, 2011.

§18-552.15. Repealed by Laws 2010, c. 460, § 15, eff. July 1, 2011.

§18-552.16. Powers and duties not restricted.

The Oklahoma Solicitation of Charitable Contributions Act shall not be construed to limit or to restrict the exercise of the powers or the performance of the duties of the Attorney General or of any district attorney of this state which they otherwise are authorized to exercise or perform under any other provision of law. Added by Laws 1959, p. 92, § 16, emerg. eff. May 8, 1959. Amended by Laws 2010, c. 460, § 10, eff. July 1, 2011.

§18-552.17. Repealed by Laws 2010, c. 460, § 15, eff. July 1, 2011.

§18-552.18. Repealed by Laws 2010, c. 460, § 15, eff. July 1, 2011.

§18-552.19. Availability of registration information - Electronic registration.

A. The Secretary of State shall make available on the Secretary of State's website all pertinent information related to the entities that are required to register under this act including information included in the entity's registration. The Secretary of State shall also create a numbering system and assign a registration number to each entity that is required to register under this act. The registration number shall also be identified with the registered entity on the website.

B. The Secretary of State shall, on or before July 1, 2012, provide for electronic registration of all entities required to register under this act.

C. The Secretary of State shall notify the Office of the Attorney General if, in the opinion of the Secretary of State, there is such a violation of the Oklahoma Solicitation of Charitable Contributions Act that the Office of the Attorney General needs to be aware of in order to investigate or prosecute.

D. The Office of the Attorney General may review all applications and renewals and other relevant information required to be filed with the Secretary of State pursuant to this act in order to determine the reasonableness and accuracy of such information and to determine if there are any violations of the act. If the Office of the Attorney General finds any questionable information or inaccuracies, it may notify the charitable organization, professional fundraiser or professional solicitor of such discrepancies and allow a reasonable time to cure such discrepancies. If such discrepancies are not cured in a reasonable

time or if the Office of the Attorney General becomes aware of any other violations of this act, then it may investigate and/or prosecute as authorized by this act.

E. If the Office of the Attorney General becomes aware of any charitable organization, professional fundraiser, or professional solicitor that has not registered and that is required to register under the Oklahoma Solicitation of Charitable Contributions Act, then the Office of the Attorney General shall notify such entity in writing that it must comply with the act and register. If the entity has not registered within one month after written notification then the Office of the Attorney General may take enforcement action concerning the failure to register.

Added by Laws 2010, c. 460, § 11, eff. July 1, 2011.

§18-552.20. Secretary of State Charitable Solicitations Revolving Fund.

There is hereby created in the State Treasury a revolving fund for the Office of the Secretary of State to be designated the "Secretary of State Charitable Solicitations Revolving Fund". The fund shall be a continuing fund, not subject to fiscal year limitations, and shall consist of all monies received by the Office of the Secretary of State from sources provided under this act and any appropriations made by the Legislature. All monies accruing to the credit of the fund are hereby appropriated and may be budgeted and expended by the Secretary of State in furtherance of its duties under the provisions of the Oklahoma Solicitation of Charitable Contributions Act. Expenditures from the fund shall be made upon warrants issued by the State Treasurer against claims filed as prescribed by law with the Director of the Office of Management and Enterprise Services for approval and payment.

Added by Laws 2010, c. 460, § 12, eff. July 1, 2011. Amended by Laws 2012, c. 304, § 65.

§18-552.21. Attorney General Charitable Solicitations Enforcement Revolving Fund.

There is hereby created in the State Treasury a revolving fund for the Office of the Attorney General to be designated the "Attorney General Charitable Solicitations Enforcement Revolving Fund". The fund shall be a continuing fund, not subject to fiscal year limitations, and shall consist of all monies received by the Office of the Attorney General from sources provided under this act and any appropriations made by the Legislature. All monies accruing to the credit of the fund are hereby appropriated and may be budgeted and expended by the Attorney General in furtherance of its duties under the provisions of the Oklahoma Solicitation of Charitable Contributions Act. Expenditures from the fund shall be made upon warrants issued by the State Treasurer against claims

filed as prescribed by law with the Director of the Office of Management and Enterprise Services for approval and payment.
Added by Laws 2010, c. 460, § 13, eff. July 1, 2011. Amended by Laws 2012, c. 304, § 66.

§18-552.22. Effectiveness of registrations made prior to act.

All registrations, unless otherwise terminated pursuant to this act, made prior to the effective date of this act shall remain effective until they expire and any registrations occurring after the effective date of this act shall be made with the Office of the Secretary of State pursuant to this act.
Added by Laws 2010, c. 460, § 14, eff. July 1, 2011.

§18-552.23. Restrictions on imposing annual filing or reporting requirements on organizations.

A. Except as required or authorized by federal law, no state agency or official shall impose any annual filing or reporting requirement on an organization regulated or specifically exempted from regulation under the Oklahoma Solicitation of Charitable Contributions Act that is more stringent, restrictive or expansive than the requirements authorized by the laws of this state.

B. Requirements of subsection A of this section shall not apply to state grants, state contracts or fraud investigations, and shall not restrict enforcement actions against specific nonprofit organizations.
Added by Laws 2021, c. 144, § 1, eff. Nov. 1, 2021.

§18-552.24. Notice to Attorney General before certain events — Notice to charitable organizations of objections by Attorney General.

A. The requirements of this section shall only apply to a charitable organization that:

1. Is incorporated, organized, or has its principal place of business in this state, or has assets located in this state with a fair market value in excess of Five Hundred Thousand Dollars ($500,000.00); and

2. Has engaged in solicitation of contributions in this state for a period of one (1) year.

B. A charitable organization required to register under Section 552.3 of Title 18 of the Oklahoma Statutes shall give written notice to the Attorney General no later than forty-five (45) days before any of the following events:

1. Dissolution of the charitable organization;

2. Termination of the charitable organization;

3. Disposition by the charitable organization of all or substantially all of the charitable assets of the charitable organization;

4. Removal of the charitable organization from the jurisdiction of this state;

5. Removal of all or substantially all charitable assets of the charitable organization from this state; or

6. An amendment of the governing document that describes the charitable purposes of the charitable organization and the use and administration of charitable assets held by the charitable organization.

Such events shall not include a grant or other donation by a charitable organization in the ordinary course of its operation and consistent with its past practice.

C. A charitable organization required to register under Section 552.3 of Title 18 of the Oklahoma Statutes shall give written notice to the Attorney General no later than forty-five (45) days before the consummation of a merger, consolidation, or conversion of the charitable organization.

D. A transfer of a charitable asset in connection with an event described in subsection B or C of this section which occurs earlier than forty-five (45) days after giving the notice required in subsection B or C of this section shall be a violation of this section unless before the transfer, the charitable organization receives written consent from the Attorney General to the event or written notice from the Attorney General that the Attorney General will take no action related to the event.

E. A charitable organization required to register under Section 552.3 of Title 18 of the Oklahoma Statutes shall give written notice to the Attorney General no later than twenty (20) days after receipt of a notice of revocation, modification, or denial of its federal charitable income tax exemption.

F. In reviewing any event for which notice is required under subsection B or C of this section, the Attorney General shall consider, among other relevant factors as determined by the Attorney General, the value of the assets or interests transferred, the person or entity to which such transfer is made, the purpose of the transfer, the source of the assets, whether the assets consist of donated funds or property, the donors' intent to the extent it can be determined, and any expression of support by the board of directors and the voting members of the charitable organization that proposes to make the transfer.

G. If the Attorney General objects to any event for which notice is required under subsection B or C of this section, the Attorney General shall give written notice to the charitable organization of the objection. Either the Attorney General or the charitable organization may file an action with the district court of the county in which the charitable organization is located to obtain a review by such district court of the objection of the Attorney General.

Added by Laws 2023, c. 313, § 1, eff. Nov. 1, 2023.

§18-553.1. Solicitation under certain promises prohibited.

It shall be unlawful and deemed a Class D1 felony offense for any person, organization, group, association, partnership, corporation, or combination thereof, to conduct or carry on any drive for, or to solicit or invite, contributions of funds for the purpose of or under the guise or representation or promise of being able to secure old age or other assistance for any person, under any state or federal law, or of securing for such person or persons higher or additional assistance.

Added by Laws 1959, p. 220, § 1. Amended by Laws 1978, c. 244, § 10, eff. July 1, 1978; Laws 2025, c. 486, § 354, eff. Jan. 1, 2026.

§18-553.2. Solicitations by regulated organizations not prohibited.

Provided that nothing in this act shall be construed to prohibit solicitations or other activity by any organization whose activities are regulated by any law or laws of the federal government or any professional organization of the State of Oklahoma.

Laws 1959, p. 221, § 2.

§18-553.3. Penalties.

Any violation of the provisions of Sections 553.1 and 553.2 of this title shall constitute a Class D1 felony offense and any person guilty thereof shall, upon conviction, be fined not more than Ten Thousand Dollars ($10,000.00) , or be confined as provided for in subsections B through F of Section 20N of Title 21 of the Oklahoma Statutes, or by both such fine and imprisonment. Any such prohibited communication by any agent or servant of a corporation shall subject such corporation to the fine above specified in addition to whatever penalty is imposed upon such agent or servant. Any corporation may be enjoined in the manner provided in Section 12, Chapter 70, Title 21, Page 193, Oklahoma Session Laws 1955, when any of the conditions herein set forth are found to exist with respect to a violation of this act, or it may be subject to the cancellation therein specified.

Added by Laws 1959, p. 221, § 3. Amended by Laws 1997, c. 133, § 143, eff. July 1, 1999; Laws 1999, 1st Ex.Sess., c. 5, § 69, eff. July 1, 1999; Laws 2025, c. 486, § 355, eff. Jan. 1, 2026.

NOTE: Laws 1998, 1st Ex.Sess., c. 2, § 23 amended the effective date of Laws 1997, c. 133, § 143 from July 1, 1998, to July 1, 1999.

§18-561. Trustees of religious corporations, selection.

The board of trustees, or other officers of any religious corporation, may be chosen at such times and in such manner as may be in conformity to the rules, usage or general discipline of such corporation.

R.L.1910, § 1467.

§18-562. Alternative articles for religious association - Recording - Powers.

The members of any church or religious society, not less than three, who by its rules, usage and general discipline, or otherwise, do not desire to organize and become incorporated under the foregoing provisions relating to corporations may organize and become corporate, capable of suing and being sued, holding, purchasing and receiving title to real estate and other property by devise, gift, grant or other conveyance, with power to mortgage, sell or convey the same or any part, parcel or portion thereof, by adopting and signing articles containing:

First. The name of the church, society, association or corporation, its general purpose and plan of operation and its place of location.

Second. The terms of admission and qualifications of membership, and the selection of officers and the filling of vacancies, and the manner in which the same is to be governed and managed. Such articles shall be filed in the office of the Secretary of State and a filing fee of Twenty-five Dollars ($25.00) shall be paid to the Secretary of State. The articles shall also be filed in the office of the register of deeds of the county in which such church, society, association or corporation is located; and thereupon such church, society, association or corporation shall have all the powers hereinbefore provided, and may adopt and establish bylaws and make all rules and regulations deemed necessary and expedient for the management of its affairs in accordance with law.

R.L. 1910, § 1468. Amended by Laws 1996, c. 69, § 1, eff. Nov. 1, 1996.

§18-563. Title vests in successors in trust.

All grants or deeds from private individuals, or acts of legislative bodies, transferring, conveying or granting real estate in this state to any bishop, dean, rector, vestryman, deacon, director, minister or any other officer or officers of any church or organized religious society in trust for the use and benefit of such society of which they are such officer or officers, which have been or may be made, done or executed, shall vest in their successor or successors in office, or other officer which such society may at any time designate, all the legal or other title, to the same extent and in all respects the same, as trustee of such trust, for the use and benefit of such society, which such bishop, dean, rector, vestryman, deacon, director, minister or other officer or officers, had under such grant, deed or act; and all transfers or sales made by such officer or officers so acquiring title by virtue of this article, by

succession in office shall have all the validity, force and effect that it would have had had it been made by such bishop, dean, rector, vestryman, deacon, director, minister or other officer or officers, while holding under and by virtue of such grant, deed or act of such legislative body.
R.L.1910, § 1469.

§18-564.1. Extinct church, religious corporation, etc. - Preservation and protection of property.

The property, both real and personal, belonging to or held in trust by or for any church, religious corporation, association, organization, or society, that has or shall become extinct, or that has or shall cease to function and use its property, shall be preserved and protected from waste and dilapidation.
Laws 1943, p. 39, § 1.

§18-564.2. Association, etc. of same denomination or creed to have jurisdiction.

If there is no superior body, presbytery, synod, conference, diocese, convention, or other ecclesiastical body having jurisdiction to take charge of, protect and preserve such property, then, any statewide religious association, organization, society, or corporation of the same or similar denomination, faith, creed, practice or doctrine, shall have and is hereby given jurisdiction to take charge of and preserve such property.
Laws 1943, p. 39, § 2.

§18-564.3. Petition to district court - Final order - Transfer of title and possession.

When the condition of being extinct or of ceasing to function and use its property has existed for two (2) years or longer, and there is no superior body having jurisdiction, the district court of any county where any such property is located, upon petition therefor, after the notice hereinafter provided, and, after hearing and inquiry into the merits, shall make a final order, declaring such church or society extinct and dissolving the same; and shall make a final order transferring the title and possession of all property which may belong to such church or society or which may be held in trust for such church or society to a statewide religious association, organization, society, or corporation of the same or similar denomination, faith, creed, practice, or doctrine.
Laws 1943, p. 39, § 3.

§18-564.4. Notice of hearing.

Notice of hearing of said petition shall be given by publication in a newspaper published in the town or city where the church or religious organization was located if there be one, and if there be

none, then in a newspaper at the county seat of the county, for two (2) consecutive weekly issues, the first publication being at least fifteen (15) days prior to the day of the hearing.
Laws 1943, p. 39, § 4.

§18-564.5. Lien or reversionary interest not affected.

This act shall not affect or impair any valid lien or any reversionary interest.
Laws 1943, p. 39, § 5.

§18-571. School property - How held.

Any corporation formed for the purpose of establishing an institution of learning shall hold the property of the institution solely for the purpose of education, and not for the individual benefit of itself or any contributor to the endowment thereof.
R.L.1910, § 1470.

§18-572. Objects of expenditure.

The trustees or directors of any such corporation shall faithfully apply all the funds collected, or the proceeds of the property belonging to the institution, according to their best judgment, in erecting, completing or repairing suitable buildings, in supporting necessary officers, instructors, agents and employees, and in procuring books, maps, charts, globes and philosophical, chemical and other apparatus or cabinets, necessary to the objects and success of the institution; and all donations, devises or bequests made to it for particular purposes when accepted, shall be applied in conformity with the express condition of the donor or devisor.
R.L.1910, § 1471.

§18-573. Powers of corporation.

Such corporation has power to appoint a president or principal for the institution, and such professors, tutors and other agents and officers, as may be necessary, and to displace any of them as the interests of the institutions may require; to fill vacancies, to prescribe and direct the course of studies and the discipline to be pursued and observed in the institution, and the rates of tuition in the same; and the president and professors shall constitute the faculty of such institution; and they have power to enforce the rules and regulations enacted for the government and discipline of the students, and to suspend and expel offenders, as may be deemed expedient.
R.L.1910, § 1472.

§18-574. Degrees conferred.

Every such corporation having the rank of a college or university, has power to confer, on the recommendation of the faculty, all such degrees or honors as are usually conferred by colleges and universities in the United States, and such others, having reference to the course of studies and the worth and accomplishment of the student, as may be deemed proper.
R.L.1910, § 1473.

§18-575. Mechanics and agriculture.

Such corporation may connect with its institution, to be used as a part of its course of education, any mechanical shops or machinery, or lands for agricultural purposes, not exceeding three hundred and twenty (320) acres, to which may be attached all necessary buildings for carrying on the mechanical and agricultural purposes of such institution.
R.L.1910, § 1474.

§18-581. Benevolent and charitable corporations - Purposes.

The following associations for charitable purposes may become incorporated, as provided in this article, as follows:

1. To establish and maintain hospitals and infirmaries for the cure of the sick and support of the aged and indigent, and asylums for orphans;

2. For the mutual assistance of the members in time of sickness or necessity, and to provide a fund for this purpose by contributions of the members thereof from time to time, and for the like incidental charitable purposes;

3. To establish and maintain lodges, chapters and encampments, of fraternities or associations commonly known as Free Masons, the Independent Order of Odd Fellows, Good Templars, Sons of Temperance, and other like charitable orders or societies;

4. To establish and maintain fire companies in any incorporated city or town; and

5. To establish and maintain youth organizations to promote the ideals of good sportsmanship, honesty, loyalty, courage and reverence by providing supervised competitive athletic games.
Amended by Laws 1983, c. 100, § 11, emerg. eff. May 9, 1983.

§18-582. Transfer of membership.

Any regularly incorporated fraternal beneficiary society shall, on application of its governing body, be permitted to transfer its membership to any other society doing business in this state, and such membership may be accepted without restriction, upon age limit and without new medical examination on the part of the membership so transferred where the entrance age limit of fifty-five (55) years and a medical examination was required and made by the society so transferring its membership.

R.L.1910, § 1476.

§18-583. Fraternal beneficiary societies - Change of name.

Any fraternal beneficiary society incorporated under the laws of this state may change its corporate name on application by its governing body to the Insurance Commissioner of the state. The name selected shall not be such as will appear to be so near the name of any other association or society now doing business in this state as to cause confusion in the minds of the people, or to interfere with the corporate name of such existing association or corporation. On the approval of the Insurance Commissioner the Secretary of State shall cause an amended charter to issue, signed by the Governor and attested by the seal of state, changing the name of such beneficiary society in accordance with the recommendation of the Insurance Commissioner, and such change of name shall have the same effect as if originally set forth in the original articles of incorporation.
R.L.1910, § 1477.

§18-584. Use of society name exclusive.

No person, society, association or corporation shall assume, adopt or use the name of a humane, fraternal or charitable organization, incorporated under the laws of this or of any other state of the United States, or a name so nearly resembling the name of such incorporated organization as to be a colorable imitation thereof, or calculated to deceive persons not members, with respect to such corporation. In all cases where two or more of such societies, associations or corporations claim the right to the same name, or to names substantially similar as above provided, the organization which was first organized and used the name, and first became incorporated under the laws of the United States or of any state of the Union, shall be entitled in this state to the prior and exclusive use of such name, and the rights of such societies, associations or corporations, and of their individual members shall be fixed and determined accordingly.
Amended by Laws 1983, c. 100, § 12, emerg. eff. May 9, 1983.

§18-585. Persons not entitled to wear insignia, use name or claim membership.

No person shall wear or exhibit the badge, button, emblem, decoration, insignia or charm or shall assume or use the name of any humane, fraternal or charitable corporation, incorporated under the laws of this or any other state or of the United States or shall assume or claim to be a member thereof, or of a humane, fraternal or charitable corporation, the name of which shall so nearly resemble the name of any other corporation existing prior to the organization of the corporation or association of which such person may claim to be a member, the name whereof may be calculated to deceive the

people with respect to any such prior corporation, unless he shall be authorized under the laws, statutes, rules, regulations and bylaws of such former corporation, to wear such badge, button, emblem, decoration, insignia or charm, or to use and assume such name as a member thereof.
Amended by Laws 1983, c. 100, § 13, emerg. eff. May 9, 1983.

§18-586. Violation enjoined.

Whenever there shall be an actual or threatened violation of Sections 584 and 585 of this title, an application may be made to the court or judge having jurisdiction, to issue an injunction upon notice to the defendant of not less than five (5) days, for an injunction so restraining such actual or threatened violation, or if it shall appear to such court or justice that the defendant is in fact using the name of a humane, fraternal or charitable corporation, incorporated as aforesaid, or a name so nearly resembling it as to be calculated to deceive the public, or is wearing or exhibiting the badge, insignia or emblem of such corporation without authority thereof, and in violation of Sections 584 and 585 of this title, an injunction may be issued by said court or justice, enjoining or restraining such actual or threatened violation, without requiring proof that any person has in fact been misled or deceived thereby.
Amended by Laws 1983, c. 100, § 14, emerg. eff. May 9, 1983.

§18-587. Penalty.

Any person violating the provisions of Sections 1478 and 1479 of this article, shall be deemed guilty of a misdemeanor, and upon upon conviction thereof, shall be fined not exceeding Fifty Dollars ($50.00), or imprisoned in the county jail not exceeding thirty (30) days, or may be punished by both such fine and imprisonment.
R.L. 1910, § 1481.

§18-588. Benevolent corporations may own real or personal property.

Any charitable corporation, including chartered fraternal, grand and subordinate lodges and societies, are hereby empowered to receive, either by way of gift, purchase, grant, devise or by will, real or personal property, and to hold the same, and to dispose of the same in the carrying out of the purposes of the corporation, society or lodge.
Amended by Laws 1983, c. 100, § 15, emerg. eff. May 9, 1983.

§18-589. Charter as benevolent corporation - Trustees - Bylaws.

Before being competent to so receive such property, such society shall obtain a charter as a charitable corporation in the manner provided by law from the Secretary of State, and elect trustees, who may be the same trustees already elected under their fraternal

rules, and whose bylaws may, so far as they do not contravene the statute laws of the state, be substituted for the bylaws required to be adopted upon obtaining a charter.
Amended by Laws 1983, c. 100, § 16, emerg. eff. May 9, 1983.

§18-590. Community fund or chest corporations - Notice of meetings - Quorum.

Any corporation organized under the laws of this state as a community fund or community chest, or that may hereafter be so organized, may give notice of the time and place of any regular or special meeting of its members by publication for not less than two (2) weeks previous thereto in a newspaper of general circulation in the city or town where the principal office or place of business of the corporation is located. At any such regular or special meeting, the members present in person shall constitute a quorum, and a vote of a majority of such quorum shall be sufficient to transact any or all business properly before such meeting, including the adoption or amendment of bylaws.
Laws 1945, p. 48, § 1.

§18-591. Community fund or chest corporations - Amendment of articles of incorporation.

Any community fund or community chest corporation organized under the laws of this state for which a charter has been issued may amend its articles of incorporation in any particular competent to have been embodied or inserted in the original articles of incorporation of such company, including any provision authorized by this act. In order to amend its articles of incorporation, it shall be necessary for such amendment to have been authorized at any regular meeting of its members, or at a special meeting of such members called for the purpose of making such amendment. When so authorized, new articles signed by the president and secretary of the corporation and entitled "Amended Articles of Incorporation" shall be filed with the Secretary of State, who upon the payment of the fees provided by Section 541, of Title 18, O.S. 1951, shall cause an amended charter to issue, signed by him as Secretary of State and attested by the seal of the state, for which date the amendment shall relate back and be considered a part of the original articles of incorporation to the same effect as if originally set forth therein.
Laws 1945, p. 48, § 2.

§18-592. Fire departments for unincorporated areas - Incorporation.

The authority of persons associated together to become incorporated as a charitable corporation for the purpose of providing either a volunteer or full-time fire department for an unincorporated area or place is hereby ratified and confirmed. Such

a corporate fire department shall have authority to provide fire protective service both to its members and to nonmembers, either within or without the unincorporated area wherein it is situated. Amended by Laws 1983, c. 100, § 17, emerg. eff. May 9, 1983.

§18-593. Fire departments for unincorporated areas - Service fees - Insurance.

A. Any charitable corporation formed for the purpose of providing either a volunteer or a full-time fire department, pursuant to Section 592 of this title, shall have authority to establish a reasonable schedule of fees to be charged for its services in extinguishing fires and all other emergencies of its members and nonmembers who utilize such fire department to extinguish or control a fire or provide services in response to an emergency either within or without the unincorporated area wherein it is situated. Such schedule of fees may contain one fee for members and another fee for nonmembers, except that no fee shall be established in excess of the approximate cost of providing the service. Any member or nonmember utilizing the services of such a fire department to extinguish or control a fire or provide services in response to an emergency shall be liable to said corporation in the amount of the established fee. However, no fee shall be charged by a fire department for merely appearing at the scene of a controlled fire unless called by the person setting the fire or at such person's request. If it is necessary for suit to be brought for collection of such amount due, such liability shall include costs of suit and a reasonable attorney's fee.

B. If insurance coverage is provided for the fee specified in subsection A of this section or for the cost of providing the service rendered by the fire department and an insurer makes payment for the service it shall be the duty of the insured party or the responding fire department to notify the insurer of services rendered. The instrument of payment for the services of the fire department shall be made to the order of the responding fire department and the insured.

Added by Laws 1957, p. 143, § 2. Amended by Laws 1983, c. 100, § 18, emerg. eff. May 9, 1983; Laws 1989, c. 172, § 1, emerg. eff. May 8, 1989; Laws 1993, c. 8, § 1, eff. Sept. 1, 1993; Laws 2014, c. 343, § 1, eff. Nov. 1, 2014.

§18-594. Fire departments for unincorporated areas - Status as state agency - Nonliability for tort.

Any charitable corporation formed in an unincorporated area for the purpose of providing either a volunteer or a full-time fire department, such as is mentioned in Section 592 of this title, shall be considered an agency of the State of Oklahoma while actually performing the function of providing fire protective services either

within or without the unincorporated area wherein it is situated, and while so engaged such corporation shall not be liable in tort for the acts of its members or its firemen.
Amended by Laws 1983, c. 100, § 19, emerg. eff. May 9, 1983.

§18-595. Filing of activity reports – Required information.
Any charitable corporation formed in an unincorporated area for the purpose of providing either a volunteer or a full-time fire department, such as mentioned in Section 592 of Title 18 of the Oklahoma Statutes, shall be required to file the appropriate activity reports utilizing the National Emergency Response Information System (NERIS) with the Office of the State Fire Marshal in Oklahoma City. The activity report forms shall include, but not be limited to, the amount of property and vehicle fire loss, types of fires, inspections, and investigations. The report shall include notification of all fire-related civilian deaths and injuries in the respective jurisdiction and of firefighter deaths in the line of duty and of firefighter injuries in the line of duty requiring the services of a hospital or physician or both, and these fire-related burn injuries and death reports shall be completed within forty-eight (48) hours of the incident.
Added by Laws 2025, c. 76, § 2, eff. Nov. 1, 2025.

§18-601. Right of way - Use of public ground, streets and highways - Use of railroad property - Interstate highway system.
(a) There is hereby granted to the owners of any telegraph or telephone lines operated in this state the right-of-way over lands and real property in this state, and the right to use public grounds, streets, alleys and highways in this state, subject to control of the proper municipal authorities as to what grounds, streets, alleys or highways said lines shall run over or across, and the place the poles to support the wires are located; also the right to condemn and cross over or under, or build their lines along any railroad property or right-of-way, subject to the necessary use of such property or right-of-way by the railroad company; the right-of-way over real property granted in this section may be acquired in the same manner and by like proceedings as provided for railroad corporations.
(b) Provided, however, the State Highway Commission, in the exercise of reasonable discretion, may prevent the installation of such facilities upon limited access highways which are a part of the National System of Interstate and Defense Highways, or such Commission may permit the installation of such facilities on such portion of Interstate and Defense Highways under such reasonable regulations as it may prescribe. Provided, further, nothing herein contained shall affect the right of the owners of telephone and telegraph lines to cross such Interstate and Defense Highways and to

build their lines either aerial or underground along and upon any extension of said interstate and defense highways within urban areas in accordance with Federal Aid Regulations.
R.L.1910, § 1445. Amended by Laws 1961, p. 203, § 1, emerg. eff. Aug. 7, 1961.

§18-602. State highway rights-of-way - Prior notification required.
Any utility installation, relocation or crossing of state highway rights-of-way shall be accomplished with prior notification to the Department of Transportation and shall conform to all state laws.
Added by Laws 2014, c. 408, § 1, eff. July 1, 2014.

§18-603. Request from counties to telephone line owners for future installation information.
Any county may send out a one-time request for information regarding the future installation of lines, poles or wires to the owner of any telephone line operated in the public right-of-way of the county road system of the requesting county. Upon receipt of the request, the owner of the telephone line shall provide to that county notice of the date of installation, the name and contact number of the installation manager or supervisor, and the location of the lines, poles or wires.
Added by Laws 2014, c. 408, § 2, eff. July 1, 2014.

§18-671. Share-purchase options or warrants and shares issued pursuant thereto.
Any option or warrant for the purchase of shares of any domestic corporation heretofore issued by such corporation, although not issued in connection with the allotment of shares or the issuance of bonds or other securities, and any share issued by such corporation pursuant to the exercise of such option or warrant is hereby validated if the issuance of such warrant or option was heretofore expressly authorized, or hereafter is ratified, by the holders of a majority of the shares of such corporation having voting power with respect thereto.
Laws 1961, p. 199, § 1.

§18-801. Short title.
This act is known and may be cited as the "Professional Entity Act".
Added by Laws 1961, p. 204, § 1, emerg. eff. July 26, 1961. Amended by Laws 1995, c. 339, § 1, eff. Nov. 1, 1995.

§18-802. Statutory policy.
This act shall be so construed as to effectuate its general purpose of making available to professional persons the benefits of

the corporate form for the business aspects of their practices while preserving the established professional aspects of the personal relationship between the professional person and those he serves. Laws 1961, p. 204, § 2.

§18-803. Definitions.

A. As used in the Professional Entity Act, unless the context clearly indicates that a different meaning is intended:

1. "Associated act" means the Oklahoma General Corporation Act, in the case of a corporation; the Uniform Limited Partnership Act of 2010, in the case of a limited partnership; or the Oklahoma Limited Liability Company Act, in the case of a limited liability company;

2. "Interest" means a share of stock in a corporation, a partnership interest in a limited partnership or a membership interest in a limited liability company;

3. "Owner" means a shareholder in the case of a corporation, a general or limited partner in the case of a limited partnership or a member in the case of a limited liability company;

4. "Manager" means a director or officer in the case of a corporation, a general partner in the case of a limited partnership or a manager in the case of a limited liability company;

5. "Professional entity" means a domestic or qualified foreign corporation, limited partnership or limited liability company formed for the purpose of rendering professional service or formed for the purpose of owning a professional entity rendering professional service;

6. "Professional service" means the personal service rendered by:

a. a physician, surgeon or doctor of medicine pursuant to a license under Sections 481 through 524 of Title 59 of the Oklahoma Statutes, and any subsequent laws regulating the practice of medicine,

b. an osteopathic physician or surgeon pursuant to a license under Sections 620 through 645 of Title 59 of the Oklahoma Statutes, and any subsequent laws regulating the practice of osteopathy,

c. a chiropractic physician pursuant to a license under Sections 161.1 through 161.20 of Title 59 of the Oklahoma Statutes, and any subsequent laws regulating the practice of chiropractic,

d. a podiatric physician pursuant to a license under Sections 135.1 through 160.2 of Title 59 of the Oklahoma Statutes, and any subsequent laws regulating the practice of podiatric medicine,

e. an optometrist pursuant to a license under Sections 581 through 606 of Title 59 of the Oklahoma Statutes,

and any subsequent laws regulating the practice of optometry,

f. a veterinarian pursuant to a license under Sections 698.1 through 698.30b of Title 59 of the Oklahoma Statutes, and any subsequent laws regulating the practice of veterinary medicine,

g. an architect pursuant to a license under Sections 46.1 through 46.41 of Title 59 of the Oklahoma Statutes, and any subsequent laws regulating the practice of architecture,

h. an attorney pursuant to his or her authority to practice law granted by the Supreme Court of this state,

i. a dentist pursuant to a license under Sections 328.1 through 328.53 of Title 59 of the Oklahoma Statutes, and any subsequent laws regulating the practice of dentistry,

j. a certified public accountant or a public accountant pursuant to his or her authority to practice accounting under Sections 15.1 through 15.38 of Title 59 of the Oklahoma Statutes, and any subsequent laws regulating the practice of public accountancy,

k. a psychologist pursuant to a license under Sections 1351 through 1376 of Title 59 of the Oklahoma Statutes, and any subsequent laws regulating the practice of psychology,

l. a physical therapist pursuant to a license under Sections 887.1 through 887.18 of Title 59 of the Oklahoma Statutes, and any subsequent laws regulating the practice of physical therapy,

m. a registered nurse pursuant to a license under Sections 567.1 through 567.19 of Title 59 of the Oklahoma Statutes, and any other subsequent laws regulating the practice of nursing,

n. a professional engineer pursuant to a license under Sections 475.1 through 475.22a of Title 59 of the Oklahoma Statutes, and any subsequent laws relating to the practice of engineering,

o. a land surveyor pursuant to a license under Sections 475.1 through 475.22a of Title 59 of the Oklahoma Statutes, and any subsequent laws relating to the practice of land surveying,

p. an occupational therapist pursuant to Sections 888.1 through 888.15 of Title 59 of the Oklahoma Statutes and any subsequent law regulating the practice of occupational therapy,

q. a speech pathologist or speech therapist pursuant to Sections 1601 through 1622 of Title 59 of the Oklahoma Statutes, and any subsequent law regulating the practice of speech pathology,
r. an audiologist pursuant to Sections 1601 through 1622 of Title 59 of the Oklahoma Statutes, and any subsequent law regulating the practice of audiology,
s. a registered pharmacist pursuant to Sections 353 through 360 of Title 59 of the Oklahoma Statutes, and any subsequent law regulating the practice of pharmacy,
t. a licensed perfusionist pursuant to Sections 2051 through 2071 of Title 59 of the Oklahoma Statutes, and any subsequent laws regulating the practice of perfusionists,
u. a licensed professional counselor pursuant to Sections 1901 through 1920 of Title 59 of the Oklahoma Statutes, and any subsequent law regulating the practice of professional counseling,
v. a licensed marital and family therapist pursuant to Sections 1925.1 through 1925.18 of Title 59 of the Oklahoma Statutes, and any subsequent law regulating the practice of marital and family therapy,
w. a dietitian licensed pursuant to Sections 1721 through 1739 of Title 59 of the Oklahoma Statutes and any subsequent laws regulating the practice of dietitians,
x. a social worker licensed pursuant to Sections 1250 through 1273 of Title 59 of the Oklahoma Statutes, and any subsequent laws regulating the practice of social work,
y. a licensed alcohol and drug counselor pursuant to Sections 1870 through 1885 of Title 59 of the Oklahoma Statutes, and any subsequent laws regulating the practice of alcohol and drug counseling,
z. a licensed behavioral practitioner pursuant to Sections 1930 through 1949.1 of Title 59 of the Oklahoma Statutes, and any subsequent laws regulating the practice of behavioral health services, or
aa. a certified real estate appraiser licensed pursuant to Sections 858-700 through 858-732 of Title 59 of the Oklahoma Statutes or listed on the National Registry of Appraisers by the Appraisal Subcommittee in compliance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) of 1989, and any subsequent laws regulating the practice of real estate appraisal;

7. "Related professional services" means those services which are combined for professional entity purposes as follows:

a. any combination of the following professionals:

(1) a physician, surgeon or doctor of medicine pursuant to a license under Sections 481 through 524 of Title 59 of the Oklahoma Statutes, and any subsequent laws regulating the practice of medicine,

(2) an osteopathic physician or surgeon pursuant to a license under Sections 620 through 645 of Title 59 of the Oklahoma Statutes, and any subsequent laws relating to the practice of osteopathy,

(3) a dentist pursuant to a license under Sections 328.1 through 328.53 of Title 59 of the Oklahoma Statutes, and any subsequent laws regulating the practice of dentistry,

(4) a chiropractic physician pursuant to a license under Sections 161.1 through 161.20 of Title 59 of the Oklahoma Statutes, and any subsequent laws regulating the practice of chiropractic,

(5) a psychologist pursuant to a license under Sections 1351 through 1376 of Title 59 of the Oklahoma Statutes, and any subsequent laws regulating the practice of psychology,

(6) an optometrist pursuant to a license under Sections 581 through 606 of Title 59 of the Oklahoma Statutes, and any subsequent laws regulating the practice of optometry,

(7) a podiatric physician pursuant to a license under Sections 135.1 through 160.2 of Title 59 of the Oklahoma Statutes, and any subsequent laws regulating the practice of podiatric medicine,

(8) a dietitian licensed pursuant to Sections 1721 through 1739 of Title 59 of the Oklahoma Statutes and subsequent laws regulating the practice of dietitians, or

(9) an occupational therapist pursuant to Sections 888.1 through 888.15 of Title 59 of the Oklahoma Statutes and any subsequent law regulating the practice of occupational therapy, or

b. any combination of the following professions:

(1) an architect pursuant to a license under Sections 46.1 through 46.41 of Title 59 of the Oklahoma Statutes, and any subsequent laws regulating the practice of architecture,

(2) a professional engineer pursuant to a license under Sections 475.1 through 475.22a of Title 59

of the Oklahoma Statutes, and any subsequent laws relating to the practice of engineering, or

(3) a land surveyor pursuant to a license under Sections 475.1 through 475.22a of Title 59 of the Oklahoma Statutes, and any subsequent laws relating to the practice of land surveying;

8. "Regulating board" means the board which is charged with the licensing and regulation of the practice of the profession which the professional entity is organized to render;

9. "Individual", "incorporator" and "shareholder" each include the trustee of an express trust created by a person duly licensed or otherwise permitted to render a professional service who has the right to revoke the trust and who is serving as the trustee of the trust. Any certificate required by the Professional Entity Act to be issued to an individual incorporator or shareholder may be issued to the grantor on behalf of a trust. All references in the Professional Entity Act to death and incapacity of a shareholder shall include the death and incapacity of the grantor of a trust which own stock in a professional corporation;

10. "Incapacity" of a shareholder means a determination by a court of competent jurisdiction, or otherwise by two independent licensed physicians, that the shareholder is fully incapacitated or is partially incapacitated to the extent that the shareholder is not capable of rendering the professional service for which the professional corporation was organized; and

11. "Other personal representative" includes the successor trustee of an express trust owning stock in a professional corporation, which trust was created by a person duly licensed or otherwise permitted to render the professional service for which the professional corporation was organized who has the right to revoke the trust and who is the original trustee of the trust.

B. The definitions of the applicable associated act shall apply to the Professional Entity Act, unless the context clearly indicates that a different meaning is intended.

Added by Laws 1961, p. 204, § 3, emerg. eff. July 26, 1961. Amended by Laws 1963, c. 342, § 1, emerg. eff. June 24, 1963; Laws 1970, c. 95, § 1, emerg. eff. March 30, 1970; Laws 1971, c. 164, § 1, emerg. eff. May 25, 1971; Laws 1976, c. 27, § 1; Laws 1981, c. 312, § 1, eff. Oct. 1, 1981; Laws 1983, c. 4, § 1, eff. Nov. 1, 1983; Laws 1986, c. 292, § 147, eff. Nov. 1, 1986; Laws 1990, c. 328, § 1, eff. Sept. 1, 1990; Laws 1993, c. 345, § 1, eff. Sept. 1, 1993; Laws 1994, c. 216, § 1, emerg. eff. May 20, 1994; Laws 1995, c. 339, § 2, eff. Nov. 1, 1995; Laws 1996, c. 226, § 22, eff. July 1, 1996; Laws 1998, c. 25, § 1, eff. Nov. 1, 1998; Laws 2001, c. 307, § 1, eff. Nov. 1, 2001; Laws 2003, c. 151, § 1, eff. Nov. 1, 2003; Laws 2008, c. 109, § 1, eff. Nov. 1, 2008; Laws 2012, c. 42, § 1, eff. Nov. 1,

2012; Laws 2019, c. 222, § 1, eff. Nov. 1, 2019; Laws 2024, c. 120, § 1, eff. Nov. 1, 2024.

§18-804. Formation of professional entity.

A professional entity may be formed or qualified to render professional services by filing the appropriate instrument required by the associated act with the Secretary of State. The individual or individuals forming a domestic professional entity or qualifying a foreign professional entity shall be managers of the professional entity and duly licensed or otherwise permitted in accordance with the provisions of this state's licensing laws for the profession and in good standing within the profession to be practiced through the professional entity. Such instrument shall meet the requirements of the applicable associated act, shall contain the profession or related professions to be practiced through the professional entity, and shall contain one of the following:

1. A certificate by the regulating board of the profession or related professions involved that each of the persons who will become owners or managers of the domestic professional entity and who will engage in the practice of the profession or related profession in this state is duly licensed or otherwise permitted in accordance with the provisions of this state's licensing laws for the profession or related profession to practice such profession; or

2. A certificate by the regulating board of the profession or related professions involved that the persons who will become the managers of the foreign professional entity and who will be responsible for the practice of the profession or related profession in this state are duly licensed or otherwise permitted in accordance with the provisions of this state's licensing laws for the profession or related profession to practice such profession.

Added by Laws 1961, p. 205, § 4, emerg. eff. July 26, 1961. Amended by Laws 1981, c. 312, § 2, eff. Oct. 1, 1981; Laws 1986, c. 292, § 148, eff. Nov. 1, 1986; Laws 1995, c. 339, § 3, eff. Nov. 1, 1995; Laws 2024, c. 120, § 2, eff. Nov. 1, 2024.

§18-805. Applicability of associated acts.

The respective associated act shall be applicable to each professional entity, and each professional entity shall enjoy the powers and privileges and be subject to the duties, restrictions, and liabilities of other similarly situated business entities, except where inconsistent with this act. This act shall take precedence in the event of any conflict with provisions of the applicable associated act or other laws.

Added by Laws 1961, p. 205, § 5, emerg. eff. July 26, 1961. Amended by Laws 1986, c. 292, § 149, eff. Nov. 1, 1986; Laws 1995, c. 339, § 4, eff. Nov. 1, 1995.

§18-806. Purpose of formation of professional entity.

A professional entity may be formed for the purpose of rendering one specific type of professional service or related professional services and services ancillary thereto and shall not engage in any business other than rendering the professional service or services which it was organized to render and services ancillary thereto; provided, however, that a professional entity may own real and personal property necessary or appropriate for rendering the type of professional services it was organized to render and may invest its funds in real estate, mortgages, stocks, bonds and any other type of investments.

Added by Laws 1961, p. 205, § 6, emerg. eff. July 26, 1961. Amended by Laws 1981, c. 312, § 3, eff. Oct. 1, 1981; Laws 1995, c. 339, § 5, eff. Nov. 1, 1995.

§18-807. Name of domestic professional entity.

The name of every domestic professional entity shall end with one or more of the words or abbreviations permitted in the applicable associated acts; provided, that such words or abbreviations shall be modified by the word "professional" or some abbreviation of the combination, with or without punctuation, including, without limitation: "P.C.", "P.L.P." or "P.L.L.C.". Provided further, each of the regulating boards may by rule adopt further requirements as to the names of professional entities organized to render professional services within the jurisdiction of such regulating board.

Added by Laws 1961, p. 205, § 7, emerg. eff. July 26, 1961. Amended by Laws 1981, c. 312, § 4, eff. Oct. 1, 1981; Laws 1995, c. 339, § 6, eff. Nov. 1, 1995; Laws 1996, c. 69, § 2, eff. Nov. 1, 1996; Laws 2001, c. 406, § 8, emerg. eff. June 4, 2001; Laws 2024, c. 120, § 3, eff. Nov. 1, 2024.

§18-808. Office.

The principal office of the professional business entity shall be designated by street address in the formation or qualification instrument and shall not be changed without amendment of the formation or qualification instrument.

Added by Laws 1961, p. 205, § 8, emerg. eff. July 26, 1961. Amended by Laws 1970, c. 95, § 2, emerg. eff. March 30, 1970; Laws 1986, c. 292, § 150, eff. Nov. 1, 1986; Laws 2001, c. 406, § 9, emerg. eff. June 4, 2001; Laws 2024, c. 120, § 4, eff. Nov. 1, 2024.

§18-809. License requirement.

Except as provided in Section 815 of this title, no person shall hold an interest in a domestic professional entity including a domestic professional entity that owns a domestic professional entity rendering professional service who is not duly licensed or

otherwise permitted in accordance with the provisions of this state's licensing laws for the profession or related profession to render the same professional services or related professional services as those for which the entity is organized. No person shall be a shareholder of a professional corporation who is not duly licensed or otherwise permitted to render the same professional services or related professional services as the services for which the corporation is organized. An owner of a qualified foreign professional entity need not be duly licensed if he or she is not rendering professional services in this state.
Added by Laws 1961, p. 206, § 9, emerg. eff. July 26, 1961. Amended by Laws 1981, c. 312, § 5, eff. Oct. 1, 1981; Laws 1993, c. 345, § 2, eff. Sept. 1, 1993; Laws 1995, c. 339, § 7, eff. Nov. 1, 1995; Laws 2024, c. 120, § 5, eff. Nov. 1, 2024.

§18-810. License requirement for managers.

Every manager of a domestic professional entity responsible for the professional services or related professional services rendered by the professional entity in this state shall be duly licensed or otherwise permitted in accordance with the provisions of this state's licensing laws for the profession or related profession to render the same professional services or related professional services as those for which the entity is formed. Every manager of a foreign professional entity responsible for the professional services or related professional services rendered by the professional entity in this state shall be duly licensed or otherwise permitted in accordance with the provisions of this state's licensing laws for the profession or related profession to render the same professional services or related professional services as those for which the entity is formed.
Added by Laws 1961, p. 206, § 10, emerg. eff. July 26, 1961. Amended by Laws 1963, c. 281, § 1, emerg. eff. June 18, 1963; Laws 1971, c. 30, § 1, emerg. eff. March 22, 1971; Laws 1979, c. 6, § 1; Laws 1981, c. 312, § 6, eff. Oct. 1, 1981; Laws 1993, c. 345, § 3, eff. Sept. 1, 1993; Laws 1995, c. 339, § 8, eff. Nov. 1, 1995; Laws 2024, c. 120, § 6, eff. Nov. 1, 2024.

§18-811. Professional services through owners, managers, employees and agents.

A domestic professional entity may render professional services in this state only through its owners, managers, employees and agents who are duly licensed or otherwise permitted in accordance with the provisions of this state's licensing laws to render professional services. A foreign professional entity may render professional services in this state only through its owners, managers, employees, and agents who are duly licensed or otherwise permitted in accordance with the provisions of this state's

licensing laws to render professional services in this state. The provisions of this section shall not be interpreted to include in the term "employee", as used herein, clerks, secretaries, bookkeepers, technicians and other assistants who are not usually and ordinarily considered by custom and practice to be rendering professional services to the public for which a license is required.
Added by Laws 1961, p. 206, § 11, emerg. eff. July 26, 1961. Amended by Laws 1981, c. 312, § 7, eff. Oct. 1, 1981; Laws 1995, c. 339, § 9, eff. Nov. 1, 1995; Laws 2024, c. 120, § 7, eff. Nov. 1, 2024.

§18-812. Professional relationship preserved.

This act does not alter any law applicable to the relationship between a person rendering professional services and a person receiving such services, including liability arising out of such professional services.
Laws 1961, p. 206, § 12.

§18-813. Professional regulation.

Subject to the provisions of Section 819 of this title, nothing in this act shall restrict or limit in any manner the authority and duty of the regulating boards for the licensing of individual persons rendering professional services or the practice of the profession which is within the jurisdiction of such regulating board, notwithstanding that such person is an owner, manager or employee of a professional entity and rendering such professional services or engaging in the practice of such profession through such professional entity.
Added by Laws 1961, p. 206, § 13, emerg. eff. July 26, 1961. Amended by Laws 1995, c. 339, § 10, eff. Nov. 1, 1995.

§18-814. Prohibited acts.

No professional entity may do any act which is prohibited to be done by individual persons licensed to practice a profession which the professional entity is organized to render.
Added by Laws 1961, p. 206, § 14, emerg. eff. July 26, 1961. Amended by Laws 1981, c. 312, § 8, eff. Oct. 1, 1981; Laws 1995, c. 339, § 11, eff. Nov. 1, 1995.

§18-815. Death or disqualification of shareholders - Sole shareholder - Withdrawal.

A. 1. If the domestic professional entity is a corporation, the certificate of incorporation, bylaws or other agreement may provide for the purchase or redemption of the shares of any shareholder upon the death, incapacity, disqualification or ending of employment of such shareholder. In the absence of a provision in the certificate of incorporation, or the bylaws, or other agreement,

the domestic professional corporation shall purchase the shares of a deceased shareholder, a shareholder who is incapacitated or who is no longer qualified to own shares in such corporation or a shareholder whose employment has ended, within ninety (90) days after such shareholder's death, incapacity, disqualification or ending of employment, as the case may be.

2. The price for such shares shall be the book value as of the end of the month immediately preceding such shareholder's death, incapacity, disqualification or ending of employment of the shareholder. Book value shall be determined from the books and records of the domestic professional corporation in accordance with the regular method of accounting used by the corporation. If the corporation shall fail to purchase the shares by the end of the ninety day period, then the executor or administrator or other personal representative of the deceased, incapacitated or disqualified shareholder may bring an action in the district court of the county in which the principal office or place of practice of the domestic professional corporation is located for the enforcement of this provision. If the plaintiff is successful in such action, he or she shall be entitled to recover the book value of the shares involved, a reasonable attorney's fee and costs. The domestic professional corporation shall repurchase such shares without regard to restrictions upon the repurchase of shares provided for in the Oklahoma General Corporation Act.

3. If there is only one shareholder of a domestic professional corporation, and the shareholder dies or becomes incapacitated, the executor or administrator or other personal representative of the shareholder shall have the authority to sell the shares of capital stock owned by the shareholder to a qualified purchaser, or to cause a dissolution of the domestic professional corporation as provided by law. The vesting of ownership of shares of stock in a domestic professional corporation in the executor or administrator or other personal representative shall be solely for the purposes set forth above and shall not be deemed to contravene any other provisions of Section 801 et seq. of this title.

B. If the domestic professional entity is a limited partnership or a limited liability company, an owner's disqualification shall be deemed a withdrawal, and the domestic professional entity shall respond to the disqualification as it would any other withdrawal.

Added by Laws 1961, p. 206, § 15, emerg. eff. July 26, 1961. Amended by Laws 1974, c. 52, § 1; Laws 1986, c. 292, § 151, eff. Nov. 1, 1986; Laws 1993, c. 345, § 4, eff. Sept. 1, 1993; Laws 1995, c. 339, § 12, eff. Nov. 1, 1995; Laws 2024, c. 120, § 8, eff. Nov. 1, 2024.

§18-817. Prior corporation.

This act shall not apply to any persons within this state who prior to the passage of this act were permitted to organize a corporation and perform professional services by the means of such corporation, and this act shall not apply to any corporation organized by such persons prior to the passage of this act; provided, however, any such persons or any such corporation may bring themselves and such corporation within the provisions of this act by amending the certificate of incorporation in such a manner so as to be consistent with all of the provisions of this act and by affirmatively stating in the amended certificate of incorporation that the shareholders have elected to bring the corporation within the provisions of this act.
Amended by Laws 1986, c. 292, § 152, eff. Nov. 1, 1986.

§18-818. Certificates.

The regulating boards of the respective professions described in Section 803 of this title are hereby authorized and directed to issue the certificates required by Section 804 of this title upon receipt of an affidavit or other instrument reciting the names and addresses of the prospective owners and managers. The regulating boards may charge and collect a reasonable fee for such issuance. The fee shall be deposited and expended as provided by law for other fees collected by each respective regulating board.
Added by Laws 1961, p. 207, § 18, emerg. eff. July 26, 1961.
Amended by Laws 1988, c. 323, § 3, eff. Nov. 1, 1988; Laws 1995, c. 339, § 13, eff. Nov. 1, 1995.

§18-819. Inapplicability of conflicting laws and rules.

All laws and rules and parts of laws and rules in conflict with any of the provisions of the Professional Entity Act or otherwise restricting the forms of organization available to persons providing professional services shall be inapplicable to professional entities formed under the Professional Entity Act; provided, however, that nothing in the Professional Entity Act shall be construed to supersede the provisions of 59 O.S. 1951, Sections 581 through 592, both inclusive, Sections 601 through 606, both inclusive, Sections 858-700 through 858-732, both inclusive, or Sections 941 through 947, of Title 59 of the Oklahoma Statutes, both inclusive, as amended. In the event of the conflict of any of the provisions of the Professional Entity Act with any of the above cited sections, then cited sections shall take precedence over the Professional Entity Act and the Professional Entity Act shall be construed accordingly.
Added by Laws 1961, p. 207, § 20, emerg. eff. July 26, 1961.
Amended by Laws 1995, c. 339, § 14, eff. Nov. 1, 1995; Laws 2019, c. 222, § 2, eff. Nov. 1, 2019.

§18-863. Nonprofit corporations for creating rural water and sewer districts - Exemption from taxation and assessments.

A corporation organized not for profit pursuant to the provisions of the Oklahoma General Corporation Act for the purpose of developing and providing rural water supply and sewage disposal facilities to serve rural residents shall be exempt from all excise taxes of whatsoever nature, and shall be exempt from payment of assessments in any general or special taxing district levied upon the property of said corporation, whether real, personal or mixed; such exemption shall include, but not be limited to, franchise taxes, assessments or fees levied by any county or municipality for inspections of the facilities of the corporation which were not requested by the corporation. Said corporations shall have the right of eminent domain in the same manner and according to the procedures provided for in Sections 51 through 65 of Title 66 of the Oklahoma Statutes, provided, that the use of said eminent domain provisions shall be restricted to the purpose of developing and providing rural gas distribution, water supply and sewage disposal facilities. Provided, however, no personal or real property, easement or right-of-way of any utility may be acquired by eminent domain.

Added by Laws 1970, c. 328, § 1, emerg. eff. April 28, 1970. Amended by Laws 1986, c. 53, § 1, eff. Nov. 1, 1986; Laws 1986, c. 292, § 153, eff. Nov. 1, 1986; Laws 1987, c. 124, § 1; Laws 1998, c. 283, § 1, emerg. eff. May 27, 1998.

§18-865. Liability of directors - Findings of Legislature.

The Legislature finds that nonprofit corporations serve important functions in providing services and assistance to persons in the state and that in order for these nonprofit corporations to function effectively, persons serving on the board of directors should not be subject to vicarious liability for the negligence of corporate employees or other directors. The Legislature finds that potential exposure to vicarious liability has a detrimental effect on the participation of persons as directors of nonprofit corporations and that providing immunity to directors of such corporations for certain types of liability will promote the general health, safety and welfare of citizens in the state.

Added by Laws 1986, c. 195, § 1, eff. Nov. 1, 1986.

§18-866. Immunity of directors - Scope and extent.

A. Except as otherwise provided by this section, no member of the board of directors of a nonprofit corporation that holds a valid exemption from federal income taxation issued pursuant to Section 501(a) of the Internal Revenue Code (26 U.S.C. Section 501(a)) or Section 528 of the Internal Revenue Code (26 U.S.C. Section 528) and is listed as an exempt organization in Section 501(c) of the

Internal Revenue Code (26 U.S.C. Section 501(c)) or files as such pursuant to Section 528 of the Internal Revenue Code shall be held personally liable for damages resulting from:

1. any negligent act or omission of an employee of the nonprofit corporation; or

2. any negligent act or omission of another director.

B. The immunity provided by subsection A of this section shall not extend to intentional torts or grossly negligent acts or omissions personal to any director of the nonprofit corporation.

C. If a nonprofit corporation transfers assets to a member of the board of directors of such corporation or to another nonprofit corporation in order to avoid claims against corporate assets resulting from a judgment rendered as a result of a suit to recover damages for the negligence of the corporation, a corporate employee or a director, the director to whom the asset is transferred or any director of the corporation from which assets are transferred to avoid such claims may be held personally liable for any such judgment rendered and the immunity provided by this section shall be of no force or effect.

D. The provisions of this section shall only apply to suits for recovery of damages based upon causes of action that accrue on or after the effective date of this act.

Added by Laws 1986, c. 195, § 2, eff. Nov. 1, 1986. Amended by Laws 1988, c. 125, § 1, emerg. eff. April 8, 1988; Laws 2004, c. 255, § 1, eff. Nov. 1, 2004.

§18-867. Director - Breach of fiduciary duty - Liability.

In addition to the immunity provisions of Section 866 of Title 18 of the Oklahoma Statutes, no member of the board of directors of a nonprofit corporation shall be personally liable to the corporation, or members thereof, for monetary damages for breach of fiduciary duty as a director, provided that such immunity from liability shall not extend to:

1. any breach of the director's duty of loyalty to the corporation; or

2. any acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of the law; or

3. any transaction from which the director derived an improper personal benefit.

Added by Laws 1987, c. 166, § 1, eff. Nov. 1, 1987.

§18-868. Nonprofit corporations for benefit of towns, cities and counties - Issuance of indebtedness - Exemption from taxation.

A. A corporation organized not for profit pursuant to the provisions of the Oklahoma General Corporation Act and that holds a valid exemption from federal income taxation issued pursuant to Section 501(a) of the Internal Revenue Code (26 U.S.C. Section

501(a)) and is listed as an exempt organization in Section 501(c) of the Internal Revenue Code (26 U.S.C. Section 501(c)) is hereby authorized to issue indebtedness for the purpose of providing funds for the benefit of and on behalf of Oklahoma educational institutions, towns, cities and counties and their citizens throughout the state and to issue such indebtedness on a tax-exempt or taxable basis, as applicable under the Internal Revenue Code (26 U.S.C. Section 1, et seq.) as amended. Such not for profit corporations shall not be subject to the provisions of Sections 695.7, 695.8 and 695.9 of Title 62 of the Oklahoma Statutes, or similar laws thereto.

B. The interest on any indebtedness or obligations issued by any public trust or other entity authorized to issue obligations on which the interest thereon is exempt from federal income taxation and whose purpose includes providing safe, decent and affordable single family or multifamily housing, shall not be subject to taxation by the State of Oklahoma or by any county, municipality, or political subdivision therein when such indebtedness or obligation is issued to provide decent and affordable single family or multifamily housing.

Added by Laws 1998, c. 283, § 2, emerg. eff. May 27, 1998. Amended by Laws 1998, c. 400, § 6, emerg. eff. June 10, 1998; Laws 2000, c. 351, § 13, eff. July 1, 2001.

§18-901. Short title.

This act shall be known and may be cited as the "Oklahoma Business Development Corporation Act".

Laws 1970, c. 187, § 1, emerg. eff. April 13, 1970.

§18-902. Definitions.

As used in this act, unless a different meaning is required by the context, the following words and phrases shall have the following meanings:

(1) "Corporation" means the Oklahoma Business Development Corporation created under the provisions of this act.

(2) "Financial institution" means any bank, trust company, savings and loan association, insurance company, or other institution engaged in lending or investing funds.

(3) "Member" means any financial institution which shall undertake to lend money to a corporation created under the provisions of this act.

(4) "Board of directors" means the board of directors of a corporation created under this act.

(5) "Loan limit" for any member means the maximum amount permitted to be outstanding at one time on loans made by such member to a corporation as determined under the provisions of this act.

(6) "Shareholder" means the holder of record of shares in the corporation.
Laws 1970, c. 187, § 2, emerg. eff. April 13, 1970.

§18-903. Organization - Purpose.

A business development corporation may be incorporated in this state pursuant to the provisions of this act and all the provisions of the Oklahoma General Corporation Act not in conflict with or inconsistent with the provisions of this act shall apply to such corporation except as hereinafter otherwise provided.

Ten or more persons, a majority of whom shall be residents of this state, who desire to create a business development corporation under the provisions of this act, shall by certificate of incorporation filed with the Secretary of State, under their hands and seal, set forth:

(1) The name of the corporation, which shall include the words "Oklahoma Business Development Corporation".

(2) The location of the principal office of the corporation, but such corporation may have offices in such other places within the state as may be fixed by the board of directors.

(3) The purpose for which the corporation is founded, which shall include the following:

The purposes of the corporation shall be to promote, stimulate, develop and advance to business prosperity and economic welfare of the State of Oklahoma and its citizens; to encourage and assist through loans, investments or other business transactions in the location of new business and industry in this state and to improve and assist existing business and industry, and so to stimulate and assist in the expansion of all kinds of business activity which will tend to promote the business development and maintain the economic stability of this state and provide maximum opportunities for employment; to cooperate and act in conjunction with other organizations, public or private, in the promotion and advancement of industrial, commercial, agricultural and recreational developments in this state; and to provide financing for the promotion, development, and conduct of all kinds of business activity in this state.
Amended by Laws 1986, c. 292, § 154, eff. Nov. 1, 1986.

§18-904. Powers.

To accomplish its purposes, the corporation shall, subject to the restrictions and limitations herein contained, have the following powers:

(1) To elect, appoint, and employ officers, agents and employees and to make contracts and incur liabilities for any of the purposes of the corporation.

(2) To borrow money from its members, any agency or governmental entity of the Federal Government or the State of Oklahoma or any agency or department thereof or any other corporation or person, for any of the purposes of the corporation; to issue therefor its bonds, debentures, notes or other evidence of indebtedness, whether secured or unsecured, and to secure the same by mortgage, pledge, deed of trust or other lien on its property, franchises, rights, and privileges of every kind and nature, or any part thereof or interest therein, without securing stockholder or member approval.

(3) To make loans to any person, firm, corporation, association or trust, and to establish and regulate the terms and conditions with respect to any such loans, provided however, that the corporation shall not approve any application for a loan unless and until the person applying for said loan shall show that he has applied for the loan through ordinary banking channels and that the loan has been refused by at least one bank or other financial institution.

(4) To mortgage, hold, pledge or otherwise dispose of the stock, shares, bonds, debentures, notes or other securities and evidences of interest in, or indebtedness of, any person, firm, corporation, joint-stock company, association or trust, and allow the owner or holder thereof to exercise all the rights, powers and privileges of ownership, including the right to vote thereon. In the event of default, the Business Development Corporation must divest itself of the acquired assets within a reasonable period of time.

(5) To cooperate with and avail itself of the facilities of the United States Department of Commerce, the Oklahoma Parks and Industries Board and any other similar state or federal governmental agency; and to cooperate with and assist, and otherwise encourage organizations in the various communities of the state in the promotion, assistance and development of the business prosperity and economic welfare of such communities or of this state or of any part thereof.

(6) To do all acts and things necessary or convenient to carry out the powers expressly granted in this act.

Laws 1970, c. 187, § 4, emerg. eff. April 13, 1970.

§18-905. Limitation on amount of capital stock acquired by member - Minimum capital stock.

(1) Notwithstanding any other provision of law, any person, corporation, public utility, financial institution, or labor union, may acquire, hold, sell, assign, transfer, mortgage, pledge, or otherwise dispose of any bonds, notes, debentures, securities, or other evidences of indebtedness, or the shares of capital stock of a corporation created hereunder; provided that the amount of capital stock which may be acquired by any member of such corporation shall not exceed ten percent (10%) of the loan limit of such member.

(2) The capital stock of any such corporation shall be not less than Two Hundred Fifty Thousand Dollars ($250,000.00) to be evidenced by two thousand five hundred (2,500) shares, having a par value of One Hundred Dollars ($100.00) each, at least ten percent (10%) of the capital stock of any such corporation shall be paid into the treasury before it is authorized to transact any business other than such as relates to its organization.
Laws 1970, c. 187, § 5, emerg. eff. April 13, 1970.

§18-906. Members - Acceptance of loans.

(1) All financial institutions as defined herein are hereby authorized to become members of the corporation and to make loans to the corporation as provided herein.

(2) Any financial institution may request membership in the coporation by making application to the board of directors on such form and in such manner as said board of directors may require, and membership shall become effective upon acceptance of such application by the board.

(3) Each member of the corporation shall make loans to the corporation as and when called upon by it to do so on such terms and other conditions as shall be approved from time to time by the board of directors, subject to the following conditions:

(a) All loan limits shall be established at the thousand-dollar amount nearest to the amount computed in accordance with the provisions of this section.

(b) No loan to the corporation shall be made if immediately thereafter the total amount of the obligations of the corporation would exceed ten times the amount then paid in an outstanding capital stock, reserves or earned surplus of the corporation.

(c) The total amount outstanding at any one time on loans to a development corporation made by any member shall not exceed: (i) twenty percent (20%) of the total amount then outstanding on loans to such development corporation by all members thereof, (ii) the following limit, to be determined as of the time such member becomes a member, on the basis of figures contained in the most recent year-end statement prior to its application for membership; three percent (3%) of the capital and permanent surplus of banks, trust companies; three percent (3%) of the total reserve and surplus accounts of a savings and loan association; one percent (1%) of the capital and unassigned surplus of stock insurance companies, except fire insurance companies; one percent (1%) of the unassigned surplus of mutual insurance companies, except fire insurance companies; one-tenth of one percent (1/10 of 1%) of the assets of fire insurance companies; comparable limits for other financial

institutions as established by the board of directors of the development corporation. All loan limits shall be recomputed as of the first day of January of each even-numbered year, but no member's loan limit shall be increased as the result of such recomputation without the consent of such member.

(d) Each call made by the corporation shall be prorated among the members of the corporation in substantially the same proportion that the adjusted loan limit of each member bears to the aggregate of the adjusted loan limits of all members. The adjusted loan limit of a member shall be the amount of such member's loan limit, reduced by the balance of outstanding loans made by such member to the corporation and the investment in capital stock of the corporation held by such member at the time of such call.

(e) All loans to the corporation by members shall be evidenced by bonds, debentures, notes, or other evidence of indebtedness of the corporation, which shall be freely negotiable at all times, and which shall bear interest at a rate of not less than one-half of one percent (1/2 of 1%) in excess of the rate of interest determined by the board of directors at the date of issuance to be the prime rate prevailing on unsecured commercial loans.

(f) Membership in the corporation shall be for the duration of the corporation provided that: (i) upon written notice given to the corporation one (1) year in advance, a member may withdraw from membership in the corporation at the expiration date of such notice, (ii) a member shall not be obligated to make any loans to the corporation pursuant to calls made subsequent to the receipt of notice of the withdrawal of said member.

Laws 1970, c. 187, § 6, emerg. eff. April 13, 1970.

§18-907. Board of directors.

The business and affairs of a corporation shall be conducted by a board of directors. The number of directors shall be a multiple of three with a minimum of fifteen and a maximum of twenty-one. Two-thirds of the directors shall be elected by the members, and one-third shall be elected by the stockholders. One-third of the original board shall be elected for a term of one (1) year, one-third for a term of two (2) years, and one-third for a term of three (3) years; all directors subsequently elected shall serve for a term of three (3) years. Any vacancy in the office of a director elected by the members shall be filled by the directors elected by the members, and any vacancy in the office of a director elected by the stockholders shall be filled by the directors elected by the stockholders.

Laws 1970, c. 187, § 7, emerg. eff. April 13, 1970.

§18-908. Voting rights.

Each stockholder shall be entitled to one vote, in person or by proxy, for each share of capital stock held, and each member shall be entitled to one vote, in person or by proxy, for each One Thousand Dollars ($1,000.00) of the outstanding loan limit of each member.

Laws 1970, c. 187, § 8, emerg. eff. April 13, 1970.

§18-909. Retention of certain earnings.

Each year the corporation shall set apart as earned surplus not less than ten percent (10%) of its net earnings for the preceding fiscal year until such surplus shall be equal in value to one-half of the amount paid in on the capital stock then outstanding. Whenever the amount of surplus so established shall become impaired, it shall be built up again to the required amount in the manner provided for its original accumulation.

Laws 1970, c. 187, § 9, emerg. eff. April 13, 1970.

§18-910. Deposit of funds.

No corporation organized under the provisions of this act shall at any time be authorized to receive money on deposit. The corporation shall not deposit any of its funds in any banking institution unless such institution has been designated as a depository by a vote of a majority of the directors present at an authorized meeting of the board of directors, exclusive of any director who is an officer or director of the depository so designated.

Laws 1970, c. 187, § 10, emerg. eff. April 13, 1970.

§18-911. Amendment of articles of incorporation.

No amendment to the certificate of incorporation shall be made which increases the obligation of a member to make loans to the corporation or which makes any change in the principal amount, interest rate, maturity date, or in the security or credit position of any outstanding loan made by a member to the corporation or which affects the right of a member to withdraw from membership or the voting rights of such member, without the consent of each member who would be affected by such amendment.

Amended by Laws 1986, c. 292, § 155, eff. Nov. 1, 1986.

§18-912. Audits and reports.

Such corporation shall be subject to an annual examination and audit by one or more certified public accountants to be selected by the board of directors, sufficient to reflect the result of the operations during and the condition of the corporation at the end of

the fiscal year. A report of such examination, audit and condition of such corporation shall be made in writing to each of the members and stockholders of such corporation on or before the one hundred twentieth day of each succeeding fiscal year of said corporation. Laws 1970, c. 187, § 12, emerg. eff. April 13, 1970.

§18-951. Prohibition on forming - Exceptions.

A. It is hereby declared to be the public policy of this state and shall be the prohibition of this act that, notwithstanding the provisions of Section 5 of this act, no foreign corporation shall be formed or licensed under the Oklahoma General Corporation Act for the purpose of engaging in farming or ranching or for the purpose of owning or leasing any interest in land to be used in the business of farming or ranching. A domestic corporation may, however, be formed under the Oklahoma General Corporation Act to engage in such activity if the following requirements are met by that domestic corporation:

1. There shall be no shareholders other than (a) natural persons; (b) estates; (c) trustees of trusts for the benefit of natural persons, if such trustees are either (i) natural persons or (ii) banks or trust companies which either have their principal place of business in Oklahoma or are organized under the laws of the State of Oklahoma; or (d) corporations owned by no shareholders other than those described in paragraph 1 (a), (b) or (c) of this section and meeting the requirements of paragraph 3 of this section.

2. Not more than thirty-five percent (35%) of the corporation's annual gross receipts shall be from any source other than (a) farming or ranching or both, as the case may be, or (b) allowing others to extract from the corporate lands any minerals underlying the same, including, but not limited to, oil and gas. Provided, however, in the event a corporation does not comply with the thirty-five percent (35%) annual gross receipt test, then, in that event the corporation may furnish records of its gross receipts for each of the previous five (5) years, or for each year that it has been in existence if less than five (5) years, and the average of said annual gross receipts shall be used in lieu of the corporation's annual gross receipts for purposes of complying with this section.

3. Except as otherwise provided in this paragraph, there shall not be more than ten shareholders unless said shareholders in excess of ten are related as lineal descendants or are or have been related by marriage to lineal descendants or persons related to lineal descendants by adoption or any combination of same. For a corporation incorporated for the purpose of breeding horses, there shall not be more than twenty-five shareholders.

4. Certificates of incorporation for domestic corporations which intend to engage in farming or ranching or owning or leasing any interest in land to be used in the business of farming or

ranching shall initially be approved by the State Board of Agriculture concerning the purpose prior to filing in the office of the Secretary of State. No stated purpose is to be disapproved by the Board of Agriculture unless such stated purpose violates existing civil or criminal code.

B. The Secretary of State shall provide the State Department of Agriculture a list of corporations registering in the state that list farming or ranching or owning or leasing any interest in land to be used in the business of farming or ranching at least weekly.
Amended by Laws 1986, c. 292, § 156, eff. Nov. 1, 1986; Laws 1991, c. 38, § 2, emerg. eff. April 3, 1991.

§18-952. Revocation of license - Vacation of franchise - Penalties.

A. Any license issued after June 1, 1971, under the Oklahoma Business Corporation Act to a foreign corporation for the purpose of engaging in farming or ranching or for the purpose of owning or leasing any interest in land to be used in the business of farming or ranching shall be revoked within five (5) years of the effective date of this act.

B. The corporate franchise of any existing domestic corporation formed under the Oklahoma Business Corporation Act after June 1, 1971, for the purpose of engaging in farming or ranching or for the purpose of owning or leasing any interest in land to be used in the business of farming or ranching shall be vacated within five (5) years of the effective date of this act unless its articles of incorporation comply with Section 951 of this title.

C. The corporate franchise of any domestic corporation governed by the Oklahoma General Corporation Act formed for the purpose of farming or ranching or for the purpose of owning or leasing any interest in land to be used in the business of farming or ranching and permitted to engage in such activity under this act shall be vacated promptly in the manner prescribed by Section 104 of this act, if the corporation has persistently violated the provisions of subsection A of Section 951 of this title.

D. The State Board of Agriculture shall initiate and prosecute civil or criminal actions and proceedings when deemed necessary to enforce or carry out any of the provisions of this code.

E. This act shall not require any foreign or domestic corporation to dispose of any property acquired on or before June 1, 1971.

F. Any farming or ranching corporation which violates the provisions of Section 951 of this title shall be fined an amount not to exceed Five Hundred Dollars ($500.00). Any other person, corporation or entity who knowingly violates such section shall be deemed guilty of a misdemeanor.
Amended by Laws 1986, c. 292, § 157, eff. Nov. 1, 1986.

§18-953. Actions for divestment of interest in land held by corporation - Exemptions - Dissolution of corporation.

A. No corporation organized for a purpose other than farming or ranching shall own, lease or hold, directly or indirectly, agricultural lands in excess of that amount reasonably necessary to carry out its business purpose.

B. Any resident of the county in which the land is situated, who is of legal age, may initiate an action for the divestment of an interest in land held by a corporation in violation of the provisions of Sections 951 through 954 of this title, in the county in which the land is situated. If such action is successful all costs of the action shall be assessed against the defendant corporation, and a reasonable attorney's fee shall be allowed the plaintiff. Should judgment be rendered for the defendant, such costs and a reasonable attorney's fee for the defendant shall be paid by the plaintiff.

C. In the event an action for the divestment of an interest in land held by a corporation in violation of the provisions of Sections 951 through 954 of this title is successful against said corporation, said corporation shall be required to dispose of said land within such reasonable period of time as may be ordered by the court, subject to the corporation's right of appeal. Except as otherwise provided by Section 954 of this title, the provisions of Sections 951 through 954 of this title shall not apply to corporations engaging in food canning operations, food processing or frozen food processing insofar as such corporations engage in the raising of food products for aforesaid purposes.

D. Upon the petition to a court of competent jurisdiction by shareholders holding twenty-five percent (25%) or more of the shares in a farming or ranching business corporation the court in its discretion, for good cause shown, may order the corporation dissolved and the assets of such corporation divided in kind pro rata to the shareholders or liquidated and the proceeds of such liquidation divided pro rata to the shareholders all according to the procedures specified for the dissolution and liquidation of business corporations under the Oklahoma General Corporation Act. Laws 1971, c. 310, § 3, emerg. eff. June 24, 1971; Laws 1978, c. 101, § 1, emerg. eff. March 29, 1978; Laws 1986, c. 292, § 158, eff. Nov. 1, 1986; Laws 1994, c. 61, § 1, emerg. eff. April 15, 1994.

§18-954. Exemptions.

The provisions of Section 951 et seq. of this title shall not apply where a corporation, either domestic or foreign:

1. Engages in research and/or feeding arrangements or operations concerned with the feeding of livestock or poultry, but only to the extent of such research and/or feeding arrangements or such livestock or poultry operations;

2. Engages in operations concerned with the production and raising of livestock or poultry for sale or use as breeding stock and including only directly related operations, such as breeding or feeding livestock or poultry which are not selected or sold as breeding stock;

3. Engages in swine operations, including only directly related operations, such as facilities for the production of breeding stock, feed mills, processing facilities, and providing supervisory, technical and other assistance to any other persons performing such services on behalf of the corporation;

4. Engages in poultry operations, including only directly related operations, such as operating hatcheries, facilities for the production of breeding stock, feed mills, processing facilities, and providing supervisory, technical and other assistance to any other persons performing such services on behalf of the corporation to the extent of such operations in this state by the corporation on the effective date of this act;

5. Engages in forestry as defined by Section 1-4 of Title 2 of the Oklahoma Statutes;

6. Whose corporate purpose is charitable or eleemosynary; or

7. Presently engages in fluid milk processing within the State of Oklahoma or leases to a fluid milk processor so engaged; provided, this exception is limited to such dairy operations as are necessary to meet such processor's needs.

Added by Laws 1971, c. 310, § 4, emerg. eff. June 24, 1971. Amended by Laws 1988, c. 323, § 32, eff. Nov. 1, 1988; Laws 1991, c. 38, § 1, emerg. eff. April 3, 1991; Laws 1994, c. 61, § 2, emerg. eff. April 15, 1994; Laws 2002, c. 94, § 1, emerg. eff. April 17, 2002.

§18-954.1. Application of Sections 951 through 956 - Production of nursery stock.

The provisions of Sections 951 through 956 of Title 18 of the Oklahoma Statutes shall not apply if a corporation, partnership, limited liability company, or other legal entity, either domestic or foreign engages in the production of nursery stock, as defined in Section 3-11 of Title 2 of the Oklahoma Statutes.

Added by Laws 2000, c. 196, § 1, eff. Nov. 1, 2000.

§18-955. Limitations on ownership - Exceptions.

A. No person, corporation, association or any other entity shall engage in farming or ranching, or own or lease any interest in land to be used in the business of farming or ranching, except the following:

1. Natural persons and the estates of such persons;

2. Trustees of trusts; provided that:

a. each beneficiary shall be a person or entity enumerated in paragraphs 1 through 5 of this subsection, and
b. there shall not be more than ten beneficiaries unless the beneficiaries in excess of ten are related as lineal descendants or are or have been related by marriage or adoption to lineal descendants, and
c. at least sixty-five percent (65%) of the trust's annual gross receipts shall be derived from farming or ranching, or from allowing others to extract minerals underlying lands held by the trust. If the trust cannot comply with the annual gross receipts test, the trust may furnish records of its gross receipts for each of the previous five (5) years, or for each year that it has been in existence if less than five (5) years, and the average of such annual gross receipts may be used for purposes of complying with this section;

3. Corporations, as provided for in Sections 951 through 954 of this title, or as otherwise permitted by law;

4. Partnerships and limited partnerships; provided that:
a. each partner shall be a person or entity enumerated in paragraphs 1 through 5 of this subsection, and
b. there shall not be more than ten partners unless said partners in excess of ten are related as lineal descendants or are or have been related by marriage or adoption to lineal descendants, and
c. at least sixty-five percent (65%) of the partnership's annual gross receipts shall be derived from farming or ranching, or from allowing others to extract minerals underlying lands held by the partnership. If the partnership cannot comply with the annual gross receipts test, the partnership may furnish records of its gross receipts for each of the previous five (5) years, or for each year that it has been in existence if less than five (5) years, and the average of such annual gross receipts may be used for purposes of complying with this section;

5. Limited liability companies formed pursuant to the Oklahoma Limited Liability Company Act; provided that:
a. each member shall be a person or entity enumerated in paragraphs 1 through 5 of this subsection, and
b. there shall not be more than thirty members unless said members in excess of thirty are related as lineal descendants or are or have been related by marriage or adoption to lineal descendants, and

c. at least sixty-five percent (65%) of the limited liability company's annual gross receipts shall be derived from farming or ranching, or from allowing others to extract minerals underlying lands held by the limited liability company. If the limited liability company cannot comply with the annual gross receipts test, the limited liability company may furnish records of its gross receipts for each of the previous five (5) years, or for each year that it has been in existence if less than five (5) years, and the average of such annual gross receipts may be used for purposes of complying with this section.

B. Any farming or ranching corporation, trust, partnership, limited partnership, limited liability company or other entity which violates any provisions of this section shall be fined an amount not to exceed Five Hundred Dollars ($500.00). Any other person or entity who knowingly violates this section shall be deemed guilty of a misdemeanor.

C. The provisions of this act shall not apply to interests in land acquired prior to June 1, 1978.

Added by Laws 1978, c. 169, § 1, emerg. eff. April 10, 1978. Amended by Laws 1993, c. 366, § 1, eff. Sept. 1, 1993; Laws 1994, c. 2, § 6, emerg. eff. March 2, 1994; Laws 2001, c. 208, § 6, emerg. eff. May 14, 2001.

NOTE: Laws 1993, c. 37, § 1 repealed by Laws 1994, c. 2, § 34, emerg. eff. March 2, 1994.

§18-956. Action for divestment - Cost - Attorney fees.

A. Any resident of the county in which the land is situated, who is of legal age, may initiate an action in the district court in the county wherein the land is situated for the divestment of an interest in land held in violation of Section 1 of this act. If such action is successful, all costs of the action shall be assessed against the defendant and a reasonable attorney fee shall be allowed the plaintiff, and, should judgment be rendered for the defendant, such costs and a reasonable attorney fee for the defendant shall be paid by the plaintiff.

B. In the event an action for the divestment of an interest in land held in violation of Section 1 of this act is successful, the defendant shall be required to dispose of said land within such reasonable period of time as may be ordered by the court, subject to the right of appeal of said defendant.

Laws 1978, c. 169, § 2, emerg. eff. April 10, 1978.

§18-1001. Short title.

SHORT TITLE

Sections 1001 through 1144 of this title and Sections 18 and 25 through 27 of this act shall be known and may be cited as the "Oklahoma General Corporation Act". Section captions are part of the Oklahoma General Corporation Act.
Added by Laws 1986, c. 292, § 1, eff. Nov. 1, 1986. Amended by Laws 1987, c. 31, § 1, eff. Nov. 1, 1987; Laws 1988, c. 323, § 4, eff. Nov. 1, 1988.

§18-1002. Scope of Act.

SCOPE OF ACT

A. The provisions of the Oklahoma General Corporation Act shall be applicable to every corporation, whether profit or not for profit, stock or nonstock, existing as of the effective date of this act or thereafter formed or qualified to transact business in this state, and to all securities thereof, except to the extent that:

1. any such corporation is expressly excluded from the operation of the Oklahoma General Corporation Act or portions thereof; or

2. special provisions concerning any such corporation conflict with the provisions of the Oklahoma General Corporation Act, in which case such special provisions shall govern.

B. Any conflicts with the provisions of the Oklahoma General Corporation Act and any tax or unclaimed property laws of this state shall be governed by the tax or unclaimed property provisions, including those provisions relating to personal liability of corporate officers and directors.

C. The provisions of the Oklahoma General Corporation Act concerning qualification of foreign corporations and providing requirements and duties relating to such corporations shall not apply to insurance companies subject to the jurisdiction of the Insurance Commissioner or to foreign transportation companies subject to the jurisdiction of the Corporation Commission, existing as of the effective date of this act or thereafter qualified to transact business in this state.
Added by Laws 1986, c. 292, § 2, eff. Nov. 1, 1986.

§18-1003. Repealed by Laws 1997, c. 418, § 126, eff. Nov. 1, 1997.

§18-1004. Reserved Power of State to Amend or Repeal - Oklahoma General Corporation Act Part of Corporation's Chapter or Certificate of Incorporation.

RESERVED POWER OF STATE TO AMEND OR REPEAL;
OKLAHOMA GENERAL CORPORATION ACT PART OF CORPORATION'S
CHARTER OR CERTIFICATE OF INCORPORATION

The Oklahoma General Corporation Act may be amended or repealed at the pleasure of the Legislature, but any amendment or repeal shall not take away or impair any remedy available pursuant to the

provisions of the Oklahoma General Corporation Act against any corporation or its officers for any liability which shall have been previously incurred. The Oklahoma General Corporation Act and any amendments thereto shall be a part of the charter or certificate of incorporation of every corporation except so far as the same are inapplicable and inappropriate to the objects of the corporation. The provisions of this section shall not affect or impair as to any corporation any rights protected or guaranteed by the Constitution of this state or of the United States.
Added by Laws 1986, c. 292, § 4, eff. Nov. 1, 1986.

§18-1004.1. Application of act to nonstock corporations.

APPLICATION OF ACT TO NONSTOCK CORPORATIONS

A. Except as otherwise provided in subsections B and C of this section, the provisions of this chapter shall apply to nonstock corporations in the manner specified in paragraphs 1 through 4 of this subsection:

1. All references to shareholders of the corporation shall be deemed to refer to members of the corporation;

2. All references to the board of directors of the corporation shall be deemed to refer to the governing body of the corporation;

3. All references to directors or to members of the board of directors of the corporation shall be deemed to refer to members of the governing body of the corporation; and

4. All references to stock, capital stock, or shares thereof of a corporation authorized to issue capital stock shall be deemed to refer to memberships of a nonprofit nonstock corporation and to membership interests of any other nonstock corporation.

B. Subsection A of this section shall not apply to:

1. This subsection or to paragraph 4 of subsection A and paragraphs 1 and 2 of subsection B of Section 1006, subsection A of Section 1013, Sections 1027, 1035, 1060 and 1073, subsection B of Section 1075, and Sections 1076, 1077, 1083, 1084, 1085, 1086, 1087, 1092, 1097, 1119 and 1120 of this title, which apply to nonstock corporations by their terms; and

2. Subsection B of Section 1013, Sections 1032, 1033, 1034, 1036, 1037, subsection D of 1038, 1039, 1042, 1043, 1044, 1045, 1046, 1047, Sections 22 and 23 of this act, 1056, 1057, 1058, 1059, 1061, 1064, 1067, 1075.1, 1078, 1079, 1081, 1082, 1083.1, 1090.3, 1095, 1096, 1130 through 1138, and 1142 of this title.

C. In the case of a nonprofit, nonstock corporation, subsection A of this section shall not apply to:

1. The sections listed in subsection B of this section; and

2. Paragraph 3 of subsection B of Section 1006, paragraph 2 of subsection A of Section 1030, Sections 1032 through 1055, 1062, subsections A and B of 1063, and 1091 of this title.

D. For purposes of the Oklahoma General Corporation Act:

1. A "charitable nonstock corporation" is any nonprofit nonstock corporation that is exempt from taxation under Section 501(c)(3) of the United States Internal Revenue Code, 26 U.S.C. Section 501(c)(3), or any successor provisions;

2. A "membership interest" is, unless otherwise provided in a nonstock corporation's certificate of incorporation, a member's share of the profits and losses of a nonstock corporation, or a member's right to receive distributions of the nonstock corporation's assets, or both;

3. A "nonprofit nonstock corporation" is a nonstock corporation that does not have membership interests;

4. A "nonstock corporation" is any corporation organized under the Oklahoma General Corporation Act that is not authorized to issue capital stock; and

5. The terms "not-for-profit" and "nonprofit" are synonymous.

Added by Laws 2019, c. 88, § 1, eff. Nov. 1, 2019. Amended by Laws 2024, c. 120, § 9, eff. Nov. 1, 2024.

§18-1005. Incorporators - How Corporation Formed - Purposes.

INCORPORATORS; HOW CORPORATION FORMED; PURPOSES

A. Any person, partnership, association or corporation, singly or jointly with others, and without regard to his or their residence, domicile or state of incorporation, may incorporate or organize a corporation pursuant to the provisions of the Oklahoma General Corporation Act by filing with the Secretary of State a certificate of incorporation which shall be executed, acknowledged and filed in accordance with the provisions of Section 7 of this act; provided, however, at least three (3) persons, partnerships, associations, or corporations, or any combination thereof, shall be required to incorporate as a not for profit corporation pursuant to the provisions of the Oklahoma General Corporation Act.

B. A corporation may be incorporated or organized pursuant to the provisions of the Oklahoma General Corporation Act to conduct or promote any lawful business or purposes, except as may otherwise be provided by the Constitution or other law of this state.

C. Corporations for constructing, maintaining and operating public utilities, whether in or outside of this state, may be organized pursuant to the provisions of the Oklahoma General Corporation Act, but corporations for constructing, maintaining and operating public utilities within this state shall be subject to, in addition to the provisions of the Oklahoma General Corporation Act, the special provisions and requirements of Title 17 of the Oklahoma Statutes applicable to such corporations.

Added by Laws 1986, c. 292, § 5, eff. Nov. 1, 1986.

§18-1006. See the following versions:

OS 18-1006v1 (SB 649, Laws 2024, c. 121, § 1).

OS 18-1006v2 (SB 620, Laws 2024, c. 120, § 10).

§18-1006v1. Certificate of incorporation - contents.

CERTIFICATE OF INCORPORATION; CONTENTS

A. The certificate of incorporation shall set forth:

1. The name of the corporation which shall contain one of the words "association", "company", "corporation", "club", "foundation", "fund", "incorporated", "institute", "society", "union", "syndicate", or "limited" or abbreviations thereof, with or without punctuation, or words or abbreviations thereof, with or without punctuation, of like import of foreign countries or jurisdictions; provided that such abbreviations are written in Roman characters or letters, and which shall be such as to distinguish it upon the records in the Office of the Secretary of State from:

a. names of other corporations, whether domestic or foreign, then existing or which existed at any time during the preceding three (3) years,

b. names of partnerships whether general or limited, or domestic or foreign, then in good standing or registered or which were in good standing or registered at any time during the preceding three (3) years,

c. names of limited liability companies, whether domestic or foreign, then in good standing or registered or which were in good standing or registered at any time during the preceding three (3) years,

d. names of registered series of a limited liability company,

e. trade names or fictitious names filed with the Secretary of State, or

f. names of corporations, limited liability companies, limited partnerships, or registered series of limited liability companies reserved with the Secretary of State;

2. The address, including the street, number, city and postal code, of the corporation's registered office in this state, and the name of the corporation's registered agent at such address;

3. The nature of the business or purposes to be conducted or promoted. It shall be sufficient to state, either alone or with other businesses or purposes, that the purpose of the corporation is to engage in any lawful act or activity for which corporations may be organized under the general corporation law of Oklahoma, and by such statement all lawful acts and activities shall be within the purposes of the corporation, except for express limitations, if any;

4. If the corporation is to be authorized to issue only one class of stock, the total number of shares of stock which the corporation shall have authority to issue and the par value of each

of such shares, or a statement that all such shares are to be without par value. If the corporation is to be authorized to issue more than one class of stock, the certificate of incorporation shall set forth the total number of shares of all classes of stock which the corporation shall have authority to issue and the number of shares of each class, and shall specify each class the shares of which are to be without par value and each class the shares of which are to have par value and the par value of the shares of each such class. The provisions of this paragraph shall not apply to corporations which are not organized for profit and which are not to have authority to issue capital stock. In the case of such corporations, the fact that they are not to have authority to issue capital stock shall be stated in the certificate of incorporation. The provisions of this paragraph shall not apply to nonstock corporations. In the case of nonstock corporations, the fact that they are not authorized to issue capital stock shall be stated in the certificate of incorporation. The conditions of membership, or other criteria for identifying members, of nonstock corporations shall likewise be stated in the certificate of incorporation or the bylaws. Nonstock corporations shall have members, but the failure to have members shall not affect otherwise valid corporate acts or work a forfeiture or dissolution of the corporation. Nonstock corporations may provide for classes or groups of members having relative rights, powers and duties, and may make provision for the future creation of additional classes or groups of members having such relative rights, powers and duties as may from time to time be established, including rights, powers and duties senior to existing classes and groups of members. Except as otherwise provided in the Oklahoma General Corporation Act, nonstock corporations may also provide that any member or class or group of members shall have full, limited, or no voting rights or powers, including that any member or class or group of members shall have the right to vote on a specified transaction even if that member or class or group of members does not have the right to vote for the election of members of the governing body of the corporation. Voting by members of a nonstock corporation may be on a per capita, number, financial interest, class, group, or any other basis set forth. The provisions referred to in the three preceding sentences may be set forth in the certificate of incorporation or the bylaws. If neither the certificate of incorporation nor the bylaws of a nonstock corporation state the conditions of membership, or other criteria for identifying members, the members of the corporation shall be deemed to be those entitled to vote for the election of the members of the governing body pursuant to the certificate of incorporation or bylaws of such corporation or otherwise until thereafter otherwise provided by the certificate of incorporation or the bylaws;

5. The name and mailing address of the incorporator or incorporators;

6. If the powers of the incorporator or incorporators are to terminate upon the filing of the certificate of incorporation, the names and mailing addresses of the persons who are to serve as directors until the first annual meeting of shareholders or until their successors are elected and qualify;

7. If the corporation is not for profit:

a. that the corporation does not afford pecuniary gain, incidentally or otherwise, to its members as such,

b. the name and mailing address of each member of the governing body,

c. the number of members of the governing body to be elected at the first meeting, and

d. in the event the corporation is a church, the street address of the location of the church.

The restriction on affording pecuniary gain to members shall not prevent a not-for-profit corporation operating as a cooperative from rebating excess revenues to patrons who may also be members; and

8. If the corporation is a charitable nonstock and does not otherwise provide in its certificate of incorporation:

a. that the corporation is organized exclusively for charitable, religious, educational, and scientific purposes including, for such purposes, the making of distributions to organizations that qualify as exempt organizations under Section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code,

b. that upon the dissolution of the corporation, its assets shall be distributed for one or more exempt purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code, for a public purpose, and

c. that the corporation complies with the requirements in paragraph 7 of this subsection.

B. In addition to the matters required to be set forth in the certificate of incorporation pursuant to the provisions of subsection A of this section, the certificate of incorporation may also contain any or all of the following matters:

1. Any provision for the management of the business and for the conduct of the affairs of the corporation, and any provision creating, defining, limiting and regulating the powers of the corporation, the directors, and the shareholders, or any class of the shareholders, or the governing body, the members, or any class or group of the members of a nonstock corporation, if such provisions are not contrary to the laws of this state. Any

provision which is required or permitted by any provision of the Oklahoma General Corporation Act to be stated in the bylaws may instead be stated in the certificate of incorporation;

2. The following provisions, in substantially the following form:

a. for a corporation, other than a nonstock corporation: "Whenever a compromise or arrangement is proposed between this corporation and its creditors or any class of them and/or between this corporation and its shareholders or any class of them, any court of equitable jurisdiction within the State of Oklahoma, on the application in a summary way of this corporation or of any creditor or shareholder thereof or on the application of any receiver or receivers appointed for this corporation under the provisions of Section 1106 of this title or on the application of trustees in dissolution or of any receiver or receivers appointed for this corporation under the provisions of Section 1100 of this title, may order a meeting of the creditors or class of creditors, and/or of the shareholders or class of shareholders of this corporation, as the case may be, to be summoned in such manner as the court directs. If a majority in number representing three-fourths (3/4) in value of the creditors or class of creditors, and/or of the shareholders or class of shareholders of this corporation, as the case may be, agree to any compromise or arrangement and to any reorganization of this corporation as a consequence of such compromise or arrangement, the compromise or arrangement and the reorganization, if sanctioned by the court to which the application has been made, shall be binding on all the creditors or class of creditors, and/or on all the shareholders or class of shareholders, of this corporation, as the case may be, and also on this corporation", and

b. for a nonstock corporation: "Whenever a compromise or arrangement is proposed between this corporation and its creditors or any class of them and/or between this corporation and its members or any class of them, any court of equitable jurisdiction within the State of Oklahoma may, on the application in a summary way of this corporation or of any creditor or member thereof or on the application of any receiver or receivers appointed for this corporation under the provisions of Section 1106 of this title or on the application of trustees in

dissolution or of any receiver or receivers appointed for this corporation under the provisions of Section 1100 of this title, order a meeting of the creditors or class of creditors, and/or of the members or class of members of this corporation, as the case may be, to be summoned in such manner as the court directs. If a majority in number representing three-fourths (3/4) in value of the creditors or class of creditors, and/or of the members or class of members of this corporation, as the case may be, agree to any compromise or arrangement and to any reorganization of this corporation as a consequence of such compromise or arrangement, the compromise or arrangement and the reorganization, if sanctioned by the court to which the application has been made, shall be binding on all the creditors or class of creditors, and/or on all the members or class of members, of this corporation, as the case may be, and also on this corporation";

3. Such provisions as may be desired granting to the holders of the stock of the corporation, or the holders of any class or series of a class thereof, the preemptive right to subscribe to any or all additional issues of stock of the corporation of any or all classes or series thereof, or to any securities of the corporation convertible into such stock. No shareholder shall have any preemptive right to subscribe to an additional issue of stock or to any security convertible into such stock unless, and except to the extent that, such right is expressly granted to him in the certificate of incorporation. Preemptive rights, if granted, shall not extend to fractional shares;

4. Provisions requiring, for any corporate action, the vote of a larger portion of the stock or of any class or series thereof, or of any other securities having voting power, or a larger number of the directors, than is required by the provisions of the Oklahoma General Corporation Act;

5. A provision limiting the duration of the corporation's existence to a specified date; otherwise, the corporation shall have perpetual existence;

6. A provision imposing personal liability for the debts of the corporation on its shareholders to a specified extent and upon specified conditions; otherwise, the shareholders of a corporation shall not be personally liable for the payment of the corporation's debts, except as they may be liable by reason of their own conduct or acts;

7. A provision eliminating or limiting the personal liability of a director to the corporation or its shareholders for monetary damages for breach of fiduciary duty as a director, provided that

such provision shall not eliminate or limit the liability of a director:

a. for any breach of the director's duty of loyalty to the corporation or its shareholders,
b. for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law,
c. under Section 1053 of this title, or
d. for any transaction from which the director derived an improper personal benefit.

No such provision shall eliminate or limit the liability of a director for any act or omission occurring before the date when such provision becomes effective.

C. It shall not be necessary to set forth in the certificate of incorporation any of the powers conferred on corporations by the provisions of the Oklahoma General Corporation Act.

D. Except for provisions included under paragraphs 1, 2, 5, 6 and 7 of subsection A of this section and paragraphs 2, 5 and 7 of subsection B of this section, and provisions included under paragraph 4 of subsection A of this section specifying the classes, number of shares and par value of shares a corporation other than a nonstock corporation is authorized to issue, any provision of the certificate of incorporation may be made dependent upon facts ascertainable outside the instrument, provided that the manner in which the facts shall operate upon the provision is clearly and explicitly set forth therein. As used in this subsection, the term "facts" includes, but is not limited to, the occurrence of any event, including a determination or action by any person or body, including the corporation.

Added by Laws 1986, c. 292, § 6, eff. Nov. 1, 1986. Amended by Laws 1987, c. 183, § 1, eff. Nov. 1, 1987; Laws 1988, c. 323, § 5, eff. Nov. 1, 1988; Laws 1992, c. 99, § 1, eff. Sept. 1, 1992; Laws 1996, c. 69, § 3, eff. Nov. 1, 1996; Laws 2001, c. 405, § 2, eff. Nov. 1, 2001; Laws 2004, c. 255, § 2, eff. Nov. 1, 2004; Laws 2008, c. 253, § 1; Laws 2019, c. 88, § 2, eff. Nov. 1, 2019; Laws 2024, c. 121, § 1, eff. Nov. 1, 2024.

NOTE: Laws 2008, c. 382, § 315, which changed the effective date of Laws 2008, c. 253, §§ 1-47 to Jan. 1, 2010, was held unconstitutional by the Oklahoma Supreme Court in the case of *Weddington v. Henry*, 202 P.3d 143, 2008 OK 102 (2009).

§18-1006v2. Certificate of incorporation - contents.

CERTIFICATE OF INCORPORATION; CONTENTS

A. The certificate of incorporation shall set forth:

1. The name of the corporation which shall contain one of the words "association", "company", "corporation", "club", "foundation", "fund", "incorporated", "institute", "society", "union",

"syndicate", or "limited" or abbreviations thereof, with or without punctuation, or words or abbreviations thereof, with or without punctuation, of like import of foreign countries or jurisdictions; provided that such abbreviations are written in Roman characters or letters, and which shall be such as to distinguish it upon the records in the Office of the Secretary of State from:

a. names of other corporations, whether domestic or foreign, then existing or which existed at any time during the preceding three (3) years,
b. names of partnerships whether general or limited, or domestic or foreign, then in good standing or registered or which were in good standing or registered at any time during the preceding three (3) years,
c. names of limited liability companies, whether domestic or foreign, then in good standing or registered or which were in good standing or registered at any time during the preceding three (3) years,
d. trade names or fictitious names filed with the Secretary of State, or
e. corporate, limited liability company or limited partnership names reserved with the Secretary of State;

2. The address including the street, number, city and postal code of the corporation's registered office in this state, and the name of the corporation's registered agent at such address;

3. The nature of the business or purposes to be conducted or promoted. It shall be sufficient to state, either alone or with other businesses or purposes, that the purpose of the corporation is to engage in any lawful act or activity for which corporations may be organized under the general corporation law of this state, and by such statement all lawful acts and activities shall be within the purposes of the corporation, except for express limitations, if any;

4. If the corporation is to be authorized to issue only one class of stock, the total number of shares of stock which the corporation shall have authority to issue and the par value of each of such shares, or a statement that all such shares are to be without par value. If the corporation is to be authorized to issue more than one class of stock, the certificate of incorporation shall set forth the total number of shares of all classes of stock which the corporation shall have authority to issue and the number of shares of each class, and shall specify each class the shares of which are to be without par value and each class the shares of which are to have par value and the par value of the shares of each such class. The provisions of this paragraph shall not apply to corporations which are not organized for profit and which are not to have authority to issue capital stock. In the case of such

corporations, the fact that they are not to have authority to issue capital stock shall be stated in the certificate of incorporation. The provisions of this paragraph shall not apply to nonstock corporations. In the case of nonstock corporations, the fact that they are not authorized to issue capital stock shall be stated in the certificate of incorporation. The conditions of membership, or other criteria for identifying members, of nonstock corporations shall likewise be stated in the certificate of incorporation or the bylaws. Nonstock corporations shall have members, but the failure to have members shall not affect otherwise valid corporate acts or work a forfeiture or dissolution of the corporation. Nonstock corporations may provide for classes or groups of members having relative rights, powers and duties, and may make provision for the future creation of additional classes or groups of members having such relative rights, powers and duties as may from time to time be established, including rights, powers and duties senior to existing classes and groups of members. Except as otherwise provided in the Oklahoma General Corporation Act, nonstock corporations may also provide that any member or class or group of members shall have full, limited, or no voting rights or powers, including that any member or class or group of members shall have the right to vote on a specified transaction even if that member or class or group of members does not have the right to vote for the election of members of the governing body of the corporation. Voting by members of a nonstock corporation may be on a per capita, number, financial interest, class, group, or any other basis set forth. The provisions referred to in the three preceding sentences may be set forth in the certificate of incorporation or the bylaws. If neither the certificate of incorporation nor the bylaws of a nonstock corporation state the conditions of membership, or other criteria for identifying members, the members of the corporation shall be deemed to be those entitled to vote for the election of the members of the governing body pursuant to the certificate of incorporation or bylaws of such corporation or otherwise until thereafter otherwise provided by the certificate of incorporation or the bylaws;

5. The name and mailing address of the incorporator or incorporators;

6. If the powers of the incorporator or incorporators are to terminate upon the filing of the certificate of incorporation, the names and mailing addresses of the persons who are to serve as directors until the first annual meeting of shareholders or until their successors are elected and qualify;

7. If the corporation is not for profit:

a. that the corporation does not afford pecuniary gain, incidentally or otherwise, to its members as such,

b. the name and mailing address of each member of the governing body,
c. the number of members of the governing body to be elected at the first meeting, and
d. in the event the corporation is a church, the street address of the location of the church.

The restriction on affording pecuniary gain to members shall not prevent a not-for-profit corporation operating as a cooperative from rebating excess revenues to patrons who may also be members; and

8. If the corporation is a charitable nonstock and does not otherwise provide in its certificate of incorporation:

a. that the corporation is organized exclusively for charitable, religious, educational, and scientific purposes including, for such purposes, the making of distributions to organizations that qualify as exempt organizations under Section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code,
b. that upon the dissolution of the corporation, its assets shall be distributed for one or more exempt purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code, for a public purpose, and
c. that the corresponding section of any future federal tax code, for a public purpose, and
c. that the corporation complies with the requirements in paragraph 7 of this subsection.

B. In addition to the matters required to be set forth in the certificate of incorporation pursuant to the provisions of subsection A of this section, the certificate of incorporation may also contain any or all of the following matters:

1. Any provision for the management of the business and for the conduct of the affairs of the corporation, and any provision creating, defining, limiting and regulating the powers of the corporation, the directors, and the shareholders, or any class of the shareholders, or the governing body, the members, or any class or group of the members of a nonstock corporation, if such provisions are not contrary to the laws of this state. Any provision which is required or permitted by any provision of the Oklahoma General Corporation Act to be stated in the bylaws may instead be stated in the certificate of incorporation;

2. The following provisions, in substantially the following form:

a. for a corporation, other than a nonstock corporation: "Whenever a compromise or arrangement is proposed between this corporation and its creditors or any class of them and/or between this corporation and its shareholders or any class of them, any court of

equitable jurisdiction within this state, on the application in a summary way of this corporation or of any creditor or shareholder thereof or on the application of any receiver or receivers appointed for this corporation under the provisions of Section 1106 of this title or on the application of trustees in dissolution or of any receiver or receivers appointed for this corporation under the provisions of Section 1100 of this title, may order a meeting of the creditors or class of creditors, and/or of the shareholders or class of shareholders of this corporation, as the case may be, to be summoned in such manner as the court directs. If a majority in number representing three-fourths (3/4) in value of the creditors or class of creditors, and/or of the shareholders or class of shareholders of this corporation, as the case may be, agree to any compromise or arrangement and to any reorganization of this corporation as a consequence of such compromise or arrangement, the compromise or arrangement and the reorganization, if sanctioned by the court to which the application has been made, shall be binding on all the creditors or class of creditors, and/or on all the shareholders or class of shareholders, of this corporation, as the case may be, and also on this corporation", and

b. for a nonstock corporation:
"Whenever a compromise or arrangement is proposed between this corporation and its creditors or any class of them and/or between this corporation and its members or any class of them, any court of equitable jurisdiction within this state may, on the application in a summary way of this corporation or of any creditor or member thereof or on the application of any receiver or receivers appointed for this corporation under the provisions of Section 1106 of this title or on the application of trustees in dissolution or of any receiver or receivers appointed for this corporation under the provisions of Section 1100 of this title, order a meeting of the creditors or class of creditors, and/or of the members or class of members of this corporation, as the case may be, to be summoned in such manner as the court directs. If a majority in number representing three-fourths (3/4) in value of the creditors or class of creditors, and/or of the members or class of members of this corporation, as the case may be, agree to any

compromise or arrangement and to any reorganization of this corporation as a consequence of such compromise or arrangement, the compromise or arrangement and the reorganization, if sanctioned by the court to which the application has been made, shall be binding on all the creditors or class of creditors, and/or on all the members or class of members, of this corporation, as the case may be, and also on this corporation";

3. Such provisions as may be desired granting to the holders of the stock of the corporation, or the holders of any class or series of a class thereof, the preemptive right to subscribe to any or all additional issues of stock of the corporation of any or all classes or series thereof, or to any securities of the corporation convertible into such stock. No shareholder shall have any preemptive right to subscribe to an additional issue of stock or to any security convertible into such stock unless, and except to the extent that, such right is expressly granted to him in the certificate of incorporation. Preemptive rights, if granted, shall not extend to fractional shares;

4. Provisions requiring, for any corporate action, the vote of a larger portion of the stock or of any class or series thereof, or of any other securities having voting power, or a larger number of the directors, than is required by the provisions of the Oklahoma General Corporation Act;

5. A provision limiting the duration of the corporation's existence to a specified date; otherwise, the corporation shall have perpetual existence;

6. A provision imposing personal liability for the debts of the corporation on its shareholders to a specified extent and upon specified conditions; otherwise, the shareholders of a corporation shall not be personally liable for the payment of the corporation's debts, except as they may be liable by reason of their own conduct or acts; or

7. A provision eliminating or limiting the personal liability of a director or officer to the corporation or its shareholders for monetary damages for breach of fiduciary duty as a director or officer, provided that such provision shall not eliminate or limit the liability of:

a. a director or officer for any breach of the director's or officer's duty of loyalty to the corporation or its shareholders,

b. a director or officer for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law,

c. a director under Section 1053 of this title,

d. a director or officer for any transaction from which the director or officer derived an improper personal benefit, or

e. an officer in any action by or in the right of the corporation.

No such provision shall eliminate or limit the liability of a director or officer for any act or omission occurring before the date when such provision becomes effective. An amendment, repeal, or elimination of such provision shall not affect its application with respect to an act or omission by a director or officer occurring before the amendment, repeal, or elimination of the provision unless the provision provides otherwise at the time of the act or omission.

Any reference in this subsection to a director shall be deemed to refer to such other persons who, under a provision of the certificate of incorporation in accordance with subsection A of Section 1027 of this title, exercises or performs any of the powers or duties otherwise conferred or imposed upon the board of directors under this title.

C. It shall not be necessary to set forth in the certificate of incorporation any of the powers conferred on corporations by the provisions of the Oklahoma General Corporation Act.

D. Except for provisions included under paragraphs 1, 2, 5, 6 and 7 of subsection A of this section and paragraphs 2, 5 and 7 of subsection B of this section, and provisions included under paragraph 4 of subsection A of this section specifying the classes, number of shares and par value of shares a corporation other than a nonstock corporation is authorized to issue, any provision of the certificate of incorporation may be made dependent upon facts ascertainable outside the instrument, provided that the manner in which the facts shall operate upon the provision is clearly and explicitly set forth therein. As used in this subsection, the term "facts" includes but is not limited to the occurrence of any event including a determination or action by any person or body, including the corporation.

Added by Laws 1986, c. 292, § 6, eff. Nov. 1, 1986. Amended by Laws 1987, c. 183, § 1, eff. Nov. 1, 1987; Laws 1988, c. 323, § 5, eff. Nov. 1, 1988; Laws 1992, c. 99, § 1, eff. Sept. 1, 1992; Laws 1996, c. 69, § 3, eff. Nov. 1, 1996; Laws 2001, c. 405, § 2, eff. Nov. 1, 2001; Laws 2004, c. 255, § 2, eff. Nov. 1, 2004; Laws 2008, c. 253, § 1; Laws 2019, c. 88, § 2, eff. Nov. 1, 2019; Laws 2024, c. 120, § 10, eff. Nov. 1, 2024.

NOTE: Laws 2008, c. 382, § 315, which changed the effective date of Laws 2008, c. 253, §§ 1-47 to Jan. 1, 2010, was held unconstitutional by the Oklahoma Supreme Court in the case of *Weddington v. Henry*, 202 P.3d 143, 2008 OK 102 (2009).

§18-1007. Execution, acknowledgment, filing and effective date of original certificate of incorporation and other instruments - Exceptions.

EXECUTION, ACKNOWLEDGMENT, FILING AND EFFECTIVE DATE OF ORIGINAL CERTIFICATE OF INCORPORATION AND OTHER INSTRUMENTS; EXCEPTIONS

A. Whenever any provision of the Oklahoma General Corporation Act requires any instrument to be filed in accordance with the provisions of this section or with the provisions of the Oklahoma General Corporation Act, the instrument shall be executed as follows:

1. The certificate of incorporation and any other instrument to be filed before the election of the initial board of directors, if the initial directors were not named in the certificate of incorporation, shall be signed by the incorporator or incorporators, or in case of any other instrument, the incorporator's or incorporators' successors and assigns. If any incorporator is not available, then any other instrument may be signed, with the same effect as if the incorporator had signed it, by any person for whom or on whose behalf the incorporator, in executing the certificate of incorporation, was acting directly or indirectly as employee or agent; provided that the other instrument shall state that the incorporator is not available and the reason therefor, that the incorporator in executing the certificate of incorporation was acting directly or indirectly as employee or agent for or on behalf of the person, and that the person's signature on the instrument is otherwise authorized and not wrongful;

2. All other instruments shall be signed:

a. by any authorized officer of the corporation,

b. if it appears from the instrument that there are no such officers, then by a majority of the directors or by those directors designated by the board,

c. if it appears from the instrument that there are no such officers or directors, then by the holders of record, or those designated by the holders of record, of a majority of all outstanding shares of stock, or

d. by the holders of record of all outstanding shares of stock.

B. Whenever any provision of the Oklahoma General Corporation Act requires any instrument to be acknowledged, that requirement is satisfied by either:

1. The formal acknowledgment by the person or one of the persons signing the instrument that it is his or her act and deed or the act and deed of the corporation, as the case may be, and that the facts stated therein are true. The acknowledgment shall be made before a person who is authorized by the law of the place of execution to take acknowledgments of deeds and who shall affix a seal of office, if any, to the instrument; or

2. The signature, without more, of the person or persons signing the instrument, in which case the signature or signatures shall constitute the affirmation or acknowledgment of the signatory, under penalty of perjury, that the instrument is his or her act and deed or the act and deed of the corporation, as the case may be, and that the facts stated therein are true.

C. Whenever any provision of the Oklahoma General Corporation Act requires any instrument to be filed in accordance with the provisions of this section or with the provisions of the Oklahoma General Corporation Act, the requirement means that:

1. One signed instrument shall be delivered to the Office of the Secretary of State;

2. All delinquent franchise taxes authorized by law to be collected by the Oklahoma Tax Commission shall be tendered to the Oklahoma Tax Commission as prescribed by Sections 1201 through 1214 of Title 68 of the Oklahoma Statutes;

3. All fees authorized by law to be collected by the Secretary of State in connection with the filing of the instrument shall be tendered to the Secretary of State; and

4. Upon delivery of the instrument, and upon tender of the required taxes and fees, the Secretary of State shall certify that the instrument has been filed in the Secretary of State's office by endorsing upon the signed instrument the word "Filed", and the date of its filing. This endorsement is the "filing date" of the instrument, and is conclusive of the date of its filing in the absence of actual fraud. Upon request, the Secretary of State shall also endorse the hour that the instrument was filed, which endorsement shall be conclusive of the hour of its filing in the absence of actual fraud. The Secretary of State shall thereupon file and index the endorsed instrument.

D. Any instrument filed in accordance with the provisions of subsection C of this section shall be effective upon its filing date. Any instrument may provide that it is not to become effective until a specified time subsequent to the time it is filed, but that date shall not be later than a time on the ninetieth day after the date of its filing. If any instrument filed in accordance with subsection C of this section provides for a future effective date or time and if the transaction is terminated or its terms are amended to change the future effective date or time prior to the future effective date or time, the instrument shall be terminated or amended by the filing, prior to the future effective date or time set forth in the instrument, of a certificate of termination or amendment of the original instrument, executed in accordance with subsection A of this section, which shall identify the instrument which has been terminated or amended and shall state that the instrument has been terminated or the manner in which it has been amended.

E. If another section of the Oklahoma General Corporation Act specifically prescribes a manner of executing, acknowledging, or filing a specified instrument or a time when an instrument shall become effective which differs from the corresponding provisions of this section, then the provisions of the other section shall govern.

F. Whenever any instrument authorized to be filed with the Secretary of State under any provision of this title has been so filed and is an inaccurate record of the corporate action therein referred to, or was defectively or erroneously executed, sealed, or acknowledged, the instrument may be corrected by filing with the Secretary of State a certificate of correction of the instrument which shall be executed, acknowledged and filed in accordance with the provisions of this section. The certificate of correction shall specify the inaccuracy or defect to be corrected and shall set forth the portion of the instrument in corrected form. The corrected instrument shall be effective as of the date the original instrument was filed, except as to those persons who are substantially and adversely affected by the correction and as to those persons the corrected instrument shall be effective from the filing date of the corrected instrument.

G. If any instrument authorized to be filed with the Secretary of State pursuant to any provision of this title is filed inaccurately or defectively, or is erroneously executed, sealed, or acknowledged, or is otherwise defective in any respect, the Secretary of State shall have no liability to any person for the preclearance for filing, the acceptance for filing, or the filing and indexing of such instrument.

H. When authorized by the rules of the Secretary of State, any signature on any instrument authorized to be filed with the Secretary of State under any provision of this title may be a facsimile signature, a conformed signature, or an electronically transmitted signature.

I. 1. If:

a. (1) together with the actual delivery of an instrument and tender of the required taxes and fees, there is delivered to the Secretary of State a separate affidavit, which in its heading shall be designated as an affidavit of extraordinary condition, attesting, on the basis of personal knowledge of the affiant or a reliable source of knowledge identified in the affidavit, that an earlier effort to deliver the instrument and tender taxes and fees was made in good faith, specifying the nature, date and time of the good faith effort and requesting that the Secretary of State establish the date and time as the filing date of the instrument, or

(2) upon the actual delivery of an instrument and tender of the required taxes and fees, the Secretary of State in his or her discretion provides a written waiver of the requirement for an affidavit stating that it appears to the Secretary of State that an earlier effort to deliver the instrument and tender the taxes and fees was made in good faith and specifying the date and time of the effort, and

b. the Secretary of State determines that an extraordinary condition existed at that date and time, that the earlier effort was unsuccessful as a result of the existence of an extraordinary condition, and that the actual delivery and tender were made within a reasonable period, not to exceed two (2) business days, after the cessation of the extraordinary condition,

then the Secretary of State may establish the date and time as the filing date of the instrument. No fee shall be paid to the Secretary of State for receiving an affidavit of extraordinary condition.

2. For purposes of this subsection, an extraordinary condition means: any emergency resulting from an attack on, invasion or occupation by foreign military forces of, or disaster, catastrophe, war or other armed conflict, revolution or insurrection, or rioting or civil commotion in, the United States or a locality in which the Secretary of State conducts its business or in which the good faith effort to deliver the instrument and tender the required taxes and fees is made, or the immediate threat of any of the foregoing; or any malfunction or outage of the electrical or telephone service to the Secretary of State's office, or weather or other condition in or about a locality in which the Secretary of State conducts its business, as a result of which the Secretary of State's office is not open for the purpose of the filing of instruments under the Oklahoma General Corporation Act or the filing cannot be effected without extraordinary effort. The Secretary of State may require such proof as it deems necessary to make the determination required under subparagraph b of paragraph 1 of this subsection, and any determination shall be conclusive in the absence of actual fraud.

3. If the Secretary of State establishes the filing date of an instrument pursuant to this subsection, the date and time of delivery of the affidavit of extraordinary condition or the date and time of the Secretary of State's written waiver of the affidavit shall be endorsed on the affidavit or waiver and the affidavit or waiver, so endorsed, shall be attached to the filed instrument to which it relates. The filed instrument shall be effective as of the date and time established as the filing date by the Secretary of

State pursuant to this subsection, except as to those persons who are substantially and adversely affected by the establishment and, as to those persons, the instrument shall be effective from the date and time endorsed on the affidavit of extraordinary condition or written waiver attached thereto.
Added by Laws 1986, c. 292, § 7, eff. Nov. 1, 1986. Amended by Laws 1990, c. 328, § 2, eff. Sept. 1, 1990; Laws 1991, c. 331, § 54, eff. Sept. 1, 1991; Laws 1998, c. 422, § 1, eff. Nov. 1, 1998; Laws 2001, c. 405, § 3, eff. Nov. 1, 2001; Laws 2004, c. 255, § 3, eff. Nov. 1, 2004; Laws 2008, c. 253, § 2; Laws 2019, c. 88, § 3, eff. Nov. 1, 2019.
NOTE: Laws 2008, c. 382, § 315, which changed the effective date of Laws 2008, c. 253, §§ 1-47 to Jan. 1, 2010, was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-1008. Certificate of incorporation - Definition.

CERTIFICATE OF INCORPORATION; DEFINITION

The term "certificate of incorporation", as used in the Oklahoma General Corporation Act, unless the context requires otherwise, includes not only the original certificate of incorporation filed to create a corporation but also all other certificates, agreements of merger or consolidation, plans of reorganization, or other instruments, howsoever designated, which are filed pursuant to the provisions of Sections 1006, 1023 through 1026, 1032, 1076 through 1087, 1090.2, or 1118 through 1120 of this title, or any other section of this title, and which have the effect of amending or supplementing in some respect a corporation's certificate of incorporation.
Added by Laws 1986, c. 292, § 8, eff. Nov. 1, 1986. Amended by Laws 2019, c. 88, § 4, eff. Nov. 1, 2019.

§18-1009. Certificate of Incorporation and Other Certificates - Evidence.

CERTIFICATE OF INCORPORATION AND OTHER CERTIFICATES; EVIDENCE

A copy of a certificate of incorporation, or of a restated certificate of incorporation, or of any other certificate which has been filed in the Office of the Secretary of State as required by any provision of Title 18 of the Oklahoma Statutes, when duly certified by the Secretary of State, shall be received in all courts, public offices, and official bodies as prima facie evidence of:

1. Due execution, acknowledgment and filing of the instrument;

2. Observance and performance of all acts and conditions necessary to have been observed and performed precedent to the instrument becoming effective; and

3. Of any other facts required or permitted by law to be stated in the instrument.
Added by Laws 1986, c. 292, § 9, eff. Nov. 1, 1986.

§18-1010. Commencement of Corporate Existence.

COMMENCEMENT OF CORPORATE EXISTENCE

Upon the filing with the Secretary of State of the certificate of incorporation, executed and acknowledged in accordance with the provisions of Section 7 of this act, the incorporator or incorporators who signed the certificate, and his or their successors and assigns, from the date of such filing, shall be and constitute a body corporate by the name set forth in the certificate, subject to the provisions of subsection D of Section 7 of this act and subject to dissolution or other termination of its existence as provided for in the Oklahoma General Corporation Act.
Added by Laws 1986, c. 292, § 10, eff. Nov. 1, 1986.

§18-1011. Powers of Incorporators.

POWERS OF INCORPORATORS

If the persons who are to serve as directors until the first annual meeting of shareholders have not been named in the certificate of incorporation, the incorporator or incorporators, until the directors are elected, shall manage the affairs of the corporation and may do whatever is necessary and proper to perfect the organization of the corporation, including the adoption of the original bylaws of the corporation and the election of directors.
Added by Laws 1986, c. 292, § 11, eff. Nov. 1, 1986.

§18-1012. Organization meeting of incorporators or directors named in certificate of incorporation.

ORGANIZATION MEETING OF INCORPORATORS OR DIRECTORS NAMED IN CERTIFICATE OF INCORPORATION

A. After the filing of the certificate of incorporation, an organization meeting of the incorporator or incorporators, or of the board of directors if the initial directors were named in the certificate of incorporation, shall be held either within or without this state at the call of a majority of the incorporators or directors, as the case may be, for the purposes of adopting bylaws, electing directors if the meeting is of the incorporators, to serve or hold office until the first annual meeting of shareholders or until their successors are elected and qualify, electing officers if the meeting is of the directors, doing any other or further acts to perfect the organization of the corporation, and transacting such other business as may come before the meeting.

B. The persons calling the meeting shall give to each other incorporator or director, as the case may be, at least two (2) days' notice thereof in writing or by electronic transmission by any usual

means of communication, which notice shall state the time, place and purposes of the meeting as fixed by the persons calling it. Notice of the meeting need not be given to anyone who attends the meeting or who signs a waiver of notice either before or after the meeting.

C. Unless otherwise restricted by the certificate of incorporation, any action permitted to be taken at the organization meeting of the incorporators or directors, as the case may be, may be taken without a meeting if each incorporator or director, where there is more than one, or the sole incorporator or director where there is only one, consents thereto in writing or by electronic transmission. A consent may be documented, signed, and delivered in any manner permitted by Section 1014.3 of this title. Any person whether or not then an incorporator or director may provide, whether through instruction to an agent or otherwise, that a consent to action will be effective at a future time including a time determined upon the happening of an event, no later than sixty (60) days after such instruction is given or such provision is made and such consent shall be deemed to have been given for purposes of this subsection at such effective time so long as such person is then an incorporator or director, as the case may be, and did not revoke the consent prior to such time. Any such consent shall be revocable prior to its becoming effective.

D. If any incorporator is not available to act, then any person for whom or on whose behalf the incorporator was acting directly or indirectly as employee or agent may take any action that such incorporator would have been authorized to take under this section or Section 1011 of this title; provided, that any instrument signed by such other person, or any record of the proceedings of a meeting in which such person participated, shall state that such incorporator is not available and the reason therefor, that such incorporator was acting directly or indirectly as employee or agent for or on behalf of such person, and that such person’s signature on such instrument or participation in such meeting is otherwise authorized and not wrongful.

Added by Laws 1986, c. 292, § 12, eff. Nov. 1, 1986. Amended by Laws 2017, c. 323, § 1, eff. Nov. 1, 2017; Laws 2021, c. 51, § 1, eff. Nov. 1, 2021; Laws 2024, c. 120, § 11, eff. Nov. 1, 2024.

§18-1013. Bylaws.

BYLAWS

A. The original or other bylaws of a corporation may be adopted, amended or repealed by the incorporators, by the initial directors of a corporation other than a nonstock corporation or initial members of the governing body of a nonstock corporation if they were named in the certificate of incorporation, or, before a corporation other than a nonstock corporation has received any payment for any of its stock, by its board of directors. After a

corporation other than a nonstock corporation has received any payment for any of its stock, except as otherwise provided in its certificate of incorporation, the power to adopt, amend or repeal bylaws shall be in the shareholders entitled to vote. In the case of a nonstock corporation, the power to adopt, amend or repeal bylaws shall be in its governing body. Notwithstanding the foregoing, any corporation may, in its certificate of incorporation, confer the power to adopt, amend or repeal bylaws upon the directors or, in the case of a nonstock corporation, upon its members. The fact that such power has been so conferred upon the directors or members, as the case may be, shall not divest the shareholders or governing body of the power, nor limit their power to adopt, amend or repeal bylaws.

B. The bylaws may contain any provision, not inconsistent with law or with the certificate of incorporation, relating to the business of the corporation, the conduct of its affairs, and its rights or powers or the rights or powers of its shareholders, directors, officers or employees.

Added by Laws 1986, c. 292, § 13, eff. Nov. 1, 1986. Amended by Laws 2001, c. 405, § 5, eff. Nov. 1, 2001; Laws 2004, c. 255, § 4, eff. Nov. 1, 2004; Laws 2019, c. 88, § 5, eff. Nov. 1, 2019.

§18-1014. Emergency bylaws and other powers in emergency.

EMERGENCY BYLAWS AND OTHER POWERS IN EMERGENCY

A. The board of directors of any corporation may adopt emergency bylaws, subject to repeal or amendment by action of the shareholders, which, notwithstanding any different provision in the Oklahoma General Corporation Act, in the certificate of incorporation, or bylaws, shall be operative during any emergency resulting from an attack on the United States or on a locality in which the corporation conducts its business or customarily holds meetings of its board of directors or its shareholders, or during any nuclear or atomic disaster, or during the existence of any catastrophe, including but not limited to an epidemic or pandemic and a declaration of a national emergency by the United States government, or other similar emergency condition, irrespective of whether a quorum of the board of directors or a standing committee thereof can readily be convened for action. The emergency bylaws contemplated by this section may be adopted by the board of directors or, if a quorum cannot be readily convened for a meeting, by a majority of the directors present. The emergency bylaws may make any provision that may be practical and necessary for the circumstances of the emergency including provisions that:

1. A meeting of the board of directors or a committee thereof may be called by an officer or director in such manner and under such conditions as shall be prescribed in the emergency bylaws;

2. The director or directors in attendance at the meeting, or any greater number fixed by the emergency bylaws, shall constitute a quorum; and

3. The officers or other persons designated on a list approved by the board of directors before the emergency, all in such order of priority and subject to such conditions and for such period of time, not longer than reasonably necessary after the termination of the emergency, as may be provided in the emergency bylaws or in the resolution approving the list, shall, to the extent required to provide a quorum at any meeting of the board of directors, be deemed directors for such meeting.

B. The board of directors, either before or during any such emergency, may provide, and from time to time modify, lines of succession in the event that during such emergency any or all officers or agents of the corporation shall for any reason be rendered incapable of discharging their duties.

C. The board of directors, either before or during any such emergency, may, effective in the emergency, change the head office or designate several alternative head offices or regional offices, or authorize the officers to do so.

D. No officer, director or employee acting in accordance with any emergency bylaws shall be liable except for willful misconduct.

E. To the extent not inconsistent with any emergency bylaws so adopted, the bylaws of the corporation shall remain in effect during any emergency and upon its termination the emergency bylaws shall cease to be operative.

F. Unless otherwise provided in emergency bylaws, notice of any meeting of the board of directors during such an emergency may be given only to such of the directors as it may be feasible to reach at the time and by such means as may be feasible at the time including publication or radio.

G. To the extent required to constitute a quorum at any meeting of the board of directors during such an emergency, the officers of the corporation who are present shall, unless otherwise provided in emergency bylaws, be deemed, in order of rank and within the same rank in order of seniority, directors for such meeting.

H. Nothing contained in this section shall be deemed exclusive of any other provisions for emergency powers consistent with other sections of Section 1001 et seq. of this title which have been or may be adopted by corporations created pursuant to the provisions of Section 1001 et seq. of this title.

I. During any emergency condition of a type described in subsection A of this section, the board of directors or, if a quorum cannot be readily convened for a meeting, a majority of the directors present, may:

1. Take any action that it determines to be practical and necessary to address the circumstances of the emergency condition

with respect to a meeting of shareholders of the corporation, notwithstanding anything to the contrary in this title or in the certificate of incorporation or bylaws including, but not limited to:

a. to postpone any such meeting to a later time or date with the record date for determining the shareholders entitled to notice of, and to vote at, such meeting applying to the postponed meeting irrespective of the requirements of Section 1058 of this title, and

b. with respect to a corporation subject to the reporting requirements of Section 13 or Section 15(d) of the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder, to notify shareholders of any postponement or a change of the place of the meeting or a change to hold the meeting solely by means of remote communication solely by a document publicly filed by the corporation with the Securities and Exchange Commission under Sections 13, 14, or 15(d) of such act and such rules and regulations; and

2. With respect to any dividend that has been declared as to which the record date has not occurred, change both the record date and payment date to a later date or dates if the changed payment date is not more than sixty (60) days after the changed record date; provided that, in either case, the corporation shall give notice of the change to shareholders as soon as practicable thereafter and in any event before the record date in effect. Such notice, in the case of a corporation subject to the reporting requirements of Section 13 or Section 15(d) of the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder, may be given solely by a document publicly filed with the Securities and Exchange Commission under Section 13, Section 14, or Section 15(d) of the Securities Exchange Act of 1934, as amended, and the rules and regulations. No person shall be liable, and no meeting of shareholders shall be postponed or voided, for the failure to make a shareholders list available under Section 1064 of this title if it was not practicable to allow inspection during an emergency condition.

Added by Laws 1986, c. 292, § 14, eff. Nov. 1, 1986. Amended by Laws 2001, c. 405, § 5, eff. Nov. 1, 2001; Laws 2024, c. 120, § 12, eff. Nov. 1, 2024.

§18-1014.1. Interpretation and enforcement of corporate instruments and provisions of this title.

NTERPRETATION AND ENFORCEMENT OF CORPORATE INSTRUMENTS AND PROVISIONS OF THIS TITLE

A. Any shareholder, member or director may bring an action to interpret, apply or enforce or determine the validity of:

1. The provisions of the certificate of incorporation or the bylaws of a domestic corporation;

2. Any instrument, document or agreement (a) by which a corporation creates or sells, or offers to create or sell, any of its stock, or any rights or options respecting its stock, or (b) to which a corporation and one or more holders of its stock are parties, and pursuant to which any such holder or holders sell or offer to sell any of such stock, or (c) by which a corporation agrees to sell, lease or exchange any of its property or assets, and which by its terms provides that one or more holders of its stock approve of or consent to such sale, lease or exchange;

3. Any written restrictions on the transfer, registration of transfer or ownership of securities under Section 1055 of this title;

4. Any proxy under Section 1057 or 1060 of this title;

5. Any voting trust or other voting agreement under Section 1063 of this title;

6. Any agreement, certificate of merger or consolidation, or certificate of ownership and merger governed by Sections 1081 through 1087, or Section 1090.2 of this title;

7. Any certificate of conversion under Section 1090.4 or 1090.5 of this title; or

8. Any other instrument, document, agreement or certificate required by any provision of this title,

may be brought in the district court, except to the extent that a statute confers exclusive jurisdiction on a court, agency or tribunal other than the district court.

B. Any civil action to interpret, apply or enforce any provision of this title may be brought in the district court.

Added by Laws 2001, c. 405, § 6, eff. Nov. 1, 2001. Amended by Laws 2017, c. 323, § 2, eff. Nov. 1, 2017.

§18-1014.2. Forum selection provisions.

FORUM SELECTION PROVISIONS

The certificate of incorporation or the bylaws may require, consistent with applicable jurisdictional requirements, that any or all internal corporate claims shall be brought solely and exclusively in any or all of the courts in this state, and no provision of the certificate of incorporation or the bylaws may prohibit bringing such claims in the courts of this state. "Internal corporate claims" means claims, including claims in the right of the corporation, (a) that are based upon a violation of a duty by a current or former director or officer or shareholder in such capacity, or (b) as to which this title confers jurisdiction upon the district court.

Added by Laws 2017, c. 323, § 3, eff. Nov. 1, 2017.

§18-1014.3. Document form, signature and delivery.

DOCUMENT FORM, SIGNATURE AND DELIVERY

A. Except as provided in subsection B of this section, without limiting the manner in which any act or transaction may be documented, or the manner in which a document may be signed or delivered:

1. Any act or transaction contemplated or governed by this title or the certificate of incorporation or bylaws may be provided for in a document, and an electronic transmission shall be deemed the equivalent of a written document. "Document" means (i) any tangible medium on which information is inscribed, and includes handwritten, typed, printed or similar instruments, and copies of such instruments and (ii) an electronic transmission;

2. Whenever Section 1001 et seq. of this title or the certificate of incorporation or bylaws requires or permits a signature, the signature may be a manual, facsimile, conformed or electronic signature. "Electronic signature" means an electronic symbol or process that is attached to, or logically associated with, a document and executed or adopted by a person with an intent to authenticate or adopt the document. A person may execute a document with that person's signature; and

3. Unless otherwise agreed between the sender and recipient and in the case of a proxy or consent given by or on behalf of a shareholder subject to the requirements set forth in paragraphs 2 and 3 of subsection C of Section 1057 and subsection C of Section 1073 of this title, respectively, an electronic transmission shall be deemed delivered to a person for purposes of this title and the certificate of incorporation and bylaws when it enters an information processing system that the person has designated for the purpose of receiving electronic transmissions of the type delivered, so long as the electronic transmission is in a form capable of being processed by that system and such person is able to retrieve the electronic transmission. Whether a person has so designated an information processing system is determined by the certificate of incorporation, the bylaws or from the context and surrounding circumstances including the parties' conduct. An electronic transmission is delivered under this section even if no person is aware of its receipt. Receipt of an electronic acknowledgement from an information processing system establishes that an electronic transmission was received but, by itself, does not establish that the content sent corresponds to the content received.

Section 1001 et seq. of this title shall not prohibit one or more persons from conducting a transaction in accordance with the Uniform Electronic Transactions Act so long as the part or parts of the transaction that are governed by Section 1001 et seq. of this

title are documented, signed and delivered in accordance with this subsection or otherwise in accordance with Section 1001 et seq. of this title. This subsection shall apply solely for purposes of determining whether an act or transaction has been documented, and the document has been signed and delivered, in accordance with Section 1001 et seq. of this title, the certificate of incorporation and the bylaws.

B. Subsection A of this section shall not apply to:

1. A document filed with or submitted to the Secretary of State or a court or other judicial or governmental body of this state;

2. A document comprising part of the stock ledger;

3. A certificate representing a security;

4. Any document expressly referenced as a notice or waiver of notice by Section 1001 et seq. of this title, the certificate of incorporation or bylaws;

5. A ballot to vote on actions at a meeting of shareholders; and

6. An act or transaction effected pursuant to Section 1100.1 of this title.

The provisions of this subsection shall not create any presumption about the lawful means to document a matter addressed by this subsection, or the lawful means to sign or deliver a document addressed by this subsection. No provision of the certificate of incorporation or bylaws shall limit the application of subsection A of this section except for a provision that expressly restricts or prohibits the use of an electronic transmission or electronic signature or any form thereof, or expressly restricts or prohibits the delivery of an electronic transmission to an information processing system.

C. In the event that any provision of Section 1001 et seq. of this title is deemed to modify, limit or supersede the Electronic Signatures in Global and National Commerce Act, 15 U.S.C. Sections 7001 et seq., the provisions of Section 1001 et seq. of this title shall control to the fullest extent permitted by Section 7002(a)(2) of such act.

Added by Laws 2021, c. 51, § 2, eff. Nov. 1, 2021. Amended by Laws 2024, c. 120, § 13, eff. Nov. 1, 2024.

§18-1015. General Powers.

GENERAL POWERS

In addition to the powers enumerated in Section 16 of this act, every corporation, its officers, directors and shareholders shall possess and may exercise all the powers and privileges granted by the provisions of the Oklahoma General Corporation Act or by any other law or by its certificate of incorporation, together with any powers incidental thereto, so far as such powers and privileges are necessary or convenient to the conduct, promotion or attainment of

the business or purposes set forth in its certificate of incorporation.
Added by Laws 1986, c. 292, § 15, eff. Nov. 1, 1986.

§18-1016. Specific powers.

SPECIFIC POWERS

Every corporation created pursuant to the provisions of the Oklahoma General Corporation Act shall have power to:

1. Have perpetual succession by its corporate name, unless a limited period of duration is stated in its certificate of incorporation;

2. Sue and be sued in all courts and participate, as a party or otherwise, in any judicial, administrative, arbitrative or other proceeding, in its corporate name;

3. Have a corporate seal, which may be altered at pleasure, and use the same by causing it, or a facsimile thereof, to be impressed or affixed or in any other manner reproduced;

4. Purchase, receive, take by grant, gift, devise, bequest or otherwise, lease or otherwise acquire, own, hold, improve, employ, use and otherwise deal in and with real or personal property, or any interest therein, wherever situated and to sell, convey, lease, exchange, transfer or otherwise dispose of, or mortgage or pledge, all or any of its property and assets, or any interest therein, wherever situated, subject to the limitations prescribed by Section 2 of Article XXII of the Oklahoma Constitution and Section 1020 of this title;

5. Appoint or elect such officers and agents as the business of the corporation requires and to pay or otherwise provide for them suitable compensation;

6. Adopt, amend and repeal bylaws;

7. Wind up and dissolve itself in the manner provided for in this act;

8. Conduct its business, carry on its operations, and have offices and exercise its powers within or without this state;

9. Make donations for the public welfare or for charitable, scientific or educational purposes, and in time of war or other national emergency in aid thereof;

10. Be an incorporator, promoter or manager of other corporations of any type or kind;

11. Participate with others in any corporation, partnership, limited partnership, joint venture or other association of any kind, or in any transaction, undertaking or arrangement which the participating corporation would have power to conduct by itself, whether or not such participation involves sharing or delegation of control with or to others;

12. Transact any lawful business which the corporation's board of directors shall find to be in aid of governmental authority;

13. Make contracts, including contracts of guaranty and suretyship, incur liabilities, borrow money at such rates of interest as the corporation may determine, issue its notes, bonds and other obligations, and secure any of its obligations by mortgage, pledge or other encumbrance of all or any of its property, franchises and income, and make contracts of guaranty and suretyship which are necessary or convenient to the conduct, promotion or attainment of the business of:

a. a corporation, all of the outstanding stock of which is owned, directly or indirectly, by the contracting corporation,

b. a corporation which owns, directly or indirectly, all of the outstanding stock of the contracting corporation, or

c. a corporation, all of the outstanding stock of which is owned, directly or indirectly, by a corporation which owns, directly or indirectly, all of the outstanding stock of the contracting corporation, which contracts of guaranty and suretyship shall be deemed to be necessary or convenient to the conduct, promotion or attainment of the business of the contracting corporation, and to make other contracts of guaranty and suretyship which are necessary or convenient to the conduct, promotion or attainment of the business of the contracting corporation;

14. Lend money for its corporate purposes, invest and reinvest its funds, and take, hold and deal with real and personal property as security for the payment of funds so loaned or invested;

15. Pay pensions and establish and carry out pension, profit sharing, stock option, stock purchase, stock bonus, retirement, benefit, incentive and compensation plans, trusts and provisions for any or all of its directors, officers, and employees, and for any or all of the directors, officers, and employees of its subsidiaries;

16. Provide insurance for its benefit on the life of any of its directors, officers, or employees, or on the life of any shareholder for the purpose of acquiring at his death shares of its stock owned by such shareholder; and

17. Renounce in its certificate of incorporation or by action of its board of directors any interest or expectancy of the corporation in, or in being offered an opportunity to participate in, specified business opportunities or specified classes or categories of business opportunities that are presented to the corporation or one or more of its officers, directors or shareholders.

Added by Laws 1986, c. 292, § 16, eff. Nov. 1, 1986. Amended by Laws 2001, c. 405, § 7, eff. Nov. 1, 2001.

§18-1016.1. Protected service area – Establishment of water district required..

Any corporation borrowing money, securing any indebtedness, accepting grants, applying to borrow money, to secure any indebtedness, or to accept grants from the United States of America, or any instrumentality, agency or department thereof, which entitles that corporation to a protected service area under 7 U.S.C., Section 1926(b), and any amendments thereto, must first have established a water district under Title 82 of the Oklahoma Statutes, and any amendment thereto, which district, as established by the Declaration of Incorporation, will define the protected service area.
Added by Laws 2022, c. 115, § 1, eff. Nov. 1, 2022.

§18-1017. Powers respecting securities of other corporations or entities.

POWERS RESPECTING SECURITIES OF
OTHER CORPORATIONS OR ENTITIES

Any corporation organized under the laws of this state may guarantee, purchase, take, receive, subscribe for or otherwise acquire; own, hold, use or otherwise employ; sell, lease, exchange, transfer, or otherwise dispose of; mortgage, lend, pledge or otherwise deal in and with, bonds and other obligations of, or shares or other securities or interests in, or issued by, any other domestic or foreign corporation, partnership, association, or individual, or by any government or agency or instrumentality thereof, subject to the limitation prescribed by Section 41 of Article IX of the Oklahoma Constitution. A corporation while the owner of any such securities may exercise all the rights, powers and privileges of ownership, including the right to vote.
Added by Laws 1986, c. 292, § 17, eff. Nov. 1, 1986. Amended by Laws 1987, c. 146, § 1, operative Nov. 1, 1987.

§18-1018. Lack of Corporate Capacity or Power, Effect - Ultra Vires.

LACK OF CORPORATE CAPACITY OR POWER, EFFECT; ULTRA VIRES

No act of a corporation and no conveyance or transfer of real or personal property to or by a corporation shall be invalid by reason of the fact that the corporation was without capacity or power to do such act or to make or receive such conveyance or transfer, but such lack of capacity or power may be asserted:

1. In a proceeding by a shareholder against the corporation to enjoin the doing of any act or acts or the transfer of real or personal property by or to the corporation. If the unauthorized acts or transfer sought to be enjoined are being, or are to be, performed or made pursuant to any contract to which the corporation is a party, the court, if all of the parties to the contract are parties to the proceeding and if it deems the same to be equitable,

may set aside and enjoin the performance of such contract, and in so doing, may allow to the corporation or to the other parties to the contract, as the case may be, such compensation as may be equitable for the loss or damage sustained by any of them which may result from the action of the court in setting aside and enjoining the performance of such contract. Anticipated profits to be derived from the performance of the contract shall not be awarded by the court as a loss or damage sustained;

2. In a proceeding by the corporation, whether acting directly or through a receiver, trustee, or other legal representative, or through shareholders in a representative suit, against an incumbent or former officer or director of the corporation for loss or damage due to his unauthorized act; or

3. In a proceeding by the Attorney General to dissolve the corporation, or to enjoin the corporation from the transaction of unauthorized business.

Added by Laws 1986, c. 292, § 18, eff. Nov. 1, 1986.

§18-1019. Private foundations; powers and duties.

PRIVATE FOUNDATIONS; POWERS AND DUTIES

A corporation of this state which is a private foundation under the United States internal revenue laws and whose certificate of incorporation does not expressly provide that this section shall not apply to it is required to act or to refrain from acting so as not to subject itself to the taxes imposed by Sections 4941, relating to taxes on self-dealing, 4942, relating to taxes on failure to distribute income, 4943, relating to taxes on excess business holdings, 4944, relating to taxes on investments which jeopardize charitable purpose, or 4945, relating to taxable expenditures, of the Internal Revenue Code of 1954, as amended, or corresponding provisions of any subsequent United States internal revenue law.

Added by Laws 1986, c. 292, § 19, eff. Nov. 1, 1986. Amended by Laws 1987, c. 146, § 2, operative Nov. 1, 1987.

§18-1020. Limitations Upon Real Estate Ownership.

LIMITATIONS UPON REAL ESTATE OWNERSHIP

A. No corporation of any sort, whether coming within the general scope of the Oklahoma General Corporation Act or not, except as provided for in this section, shall own, hold, or take any real estate located in this state outside of any incorporated city or town, or any addition thereto.

B. The provisions of the Oklahoma General Corporation Act shall not be construed to prohibit the owning, holding or taking of: 1. Such real estate as is necessary and proper for carrying on the business for which any corporation has been lawfully formed or domesticated in this state;

2. Naked title to real estate by any trust company, as trustee, to be held solely as security for indebtedness pursuant to such trust or as trustee of an express or testamentary trust for the benefit of natural persons;

3. Any real estate mortgage held by any corporation to secure any loan or debt; 4. Any real estate acquired by any corporation upon the foreclosure of any real estate mortgage held by such corporation or acquired in the collection of any loan or debt due such corporation, except as provided for in subsection C of this section; or

5. Any real estate acquired by any corporation for lease or sale to any other corporation, if such latter corporation could have legally acquired the same in the first instance.

C. Any real estate located in this state outside of any incorporated city or town, or any addition thereto, acquired by any corporation by mortgage foreclosure or in collection of debt as provided for in paragraph 4 of subsection B of this section, shall be sold and disposed of within seven (7) years from such acquisition.

D. The provisions of subsections A through C of this section shall not apply to religious, educational, charitable or scientific corporations, owning or holding taxable property.

E. 1. Any person who takes or holds any real estate for the use or benefit of any corporation with the intent of evading the provisions of this section, shall, upon conviction, be deemed guilty of a misdemeanor and punished by a fine of not less than Fifty Dollars ($50.00) nor more than Five Hundred Dollars ($500.00) or by imprisonment in the county jail for a term not less than thirty (30) days nor more than six (6) months, or by both such fine and imprisonment.

2. Any corporation that fails or refuses to file a statement as required by the provisions of subsection F of this section shall, upon conviction, be deemed guilty of a misdemeanor and punished by a fine not exceeding One Thousand Dollars ($1,000.00).

F. 1. On or before the first day of April of each year, every corporation holding any real estate in contravention of the provisions of this section shall file in the office of the county clerk of each county where such real estate is located, a statement in duplicate containing the legal description of each tract, piece, or parcel of real estate so owned or acquired, the date of the acquisition of each tract, piece, or parcel, the amount of the last preceding assessed valuation thereof and the purpose and method of the acquisition thereof. The statement shall be verified by the oath of an officer or duly appointed agent of the corporation.

2. The county clerk shall keep a permanent index and record of each statement filed by corporations pursuant to the provisions of this subsection in a permanent record book, which shall be in the

form prescribed by the State Auditor and Inspector. One copy of each statement so filed shall be retained as a part of the permanent records of the office of the county clerk.

3. Within thirty (30) days after the statement provided for in paragraph 1 of this subsection is filed, the county clerk shall deliver the other duplicate to the district attorney of such county.

G. 1. Any corporation owning or holding any real estate in violation of the provisions of subsections A through E of this section, in addition to other penalties provided for in the Oklahoma General Corporation Act, shall be required to pay, for each year, or fraction thereof, during which such title or interest is thus unlawfully owned or held, the following penalties:

a. For the first year, one percent (1%) of the assessed value of such real estate unlawfully owned or held;
b. For the second year, two percent (2%) thereof;
c. For the third year, three percent (3%) thereof;
d. For the fourth year, four percent (4%) thereof;
e. For the fifth year, five percent (5%) thereof;
f. For the sixth year, six percent (6%) thereof; and
g. For each year thereafter, six percent (6%) thereof.

2. Provided, however, that no corporation shall be subject to more than one penalty, for each calendar year, for each tract, piece or parcel of real estate thus held in violation of the provisions of this section, but the penalties provided for in paragraph 1 of this subsection shall be cumulative.

3. In determining the penalty under this subsection, the assessed value of the real estate fixed for the purpose of levying ad valorem taxes, which last shall have become due and payable preceding the date of the accrual of such penalty, shall be taken.

4. The penalties, upon collection, shall be immediately paid over to the Commissioners of the Land Office for credit to the permanent school fund of this state created pursuant to Section 2 of Article XI of the Oklahoma Constitution.

5. The state shall have a lien against any piece, parcel or tract of real estate to secure the payment of all penalties, interest, and fees accruing from such unlawful owning or holding of any such real estate; provided, that such lien shall not attach thereto, or in any way affect the title thereof, until an action to subject such real estate to such lien and a foreclosure thereof has been instituted in the district court of the county where such real estate is located. Filing of such action shall be notice lis pendens and anyone thereafter acquiring any such real estate shall take it subject to such lien.

H. 1. Whenever the district attorney of any county has reason to believe that any real estate located in such county is owned or held by a corporation in violation of the provisions of this

section, the district attorney shall give written notice to such corporation that:

a. it is subject to the penalties provided for in this section;

b. such penalties must be paid to the district attorney within thirty (30) days from the date of such notice; and

c. there is additionally due and payable to the district attorney a collection fee equal to fifteen percent (15%) of the total penalties collected as to any tract, piece or parcel of real estate which is unlawfully owned or held. If the institution of an action is necessary to procure a judgment for the collection of such penalties, the collection fee shall be increased to twenty-five percent (25%) of the penalty recovered, and in no event less than One Hundred Dollars ($100.00). Such fee shall be retained by the district attorney as remuneration for services rendered in collecting such penalties, which shall be in addition to any compensation otherwise provided for by law.

2. In the event such penalty shall not be paid within thirty (30) days from the date of such notice, the district attorney shall institute an action in the name of the state in the district court of the county where such real estate is located for the recovery of the penalties, together with interest thereon at the rate of ten percent (10%) per annum from the date of such notice, the collection fee provided for in paragraph 1 of this subsection, all costs of the action, and for a further judgment establishing and foreclosing any lien created pursuant to the provisions of paragraph 5 of subsection G of this section, unless the real estate which is alleged to have been unlawfully owned or held, is disposed of prior to the commencement of the action.

a. The petition in such case shall set forth:

(1) a description of the real estate which is alleged to have been unlawfully owned or held;

(2) the names, as defendants, of the corporation and all persons alleged to be unlawfully holding the real estate;

(3) if the establishment and foreclosure of a lien upon such real estate is sought in the action, the names as defendants, of all persons claiming real estate, including all tenants and persons in actual possession thereof; and

(4) the facts and circumstances in consequence of which it is alleged that such real estate is

owned or held in violation of the provisions of this section.

b. The filing of such petition, and all other procedures relating thereto, in all respects shall be governed by and subject to the same laws as in other civil actions.

c. If the state recovers a judgment against such corporation in such action, the judgment shall include and be entered for:

(1) the amount of the penalties for which the corporation is found liable pursuant to the provisions of this section;

(2) interest on such penalties at the rate of ten percent (10%) per annum from the date such penalties become due and receivable pursuant to the written notice provided for in paragraph 1 of this subsection;

(3) a collection fee of twenty-five percent (25%) of such penalties recovered, which fee shall not be less than One Hundred Dollars ($100.00);

(4) the entire costs of the action; and

(5) if the establishment and foreclosure of a lien upon the real estate is prayed for in the petition, a decree establishing such lien upon such real estate and an order of foreclosure.

d. Upon the judgment becoming final, an execution shall issue for the collection thereof.

Added by Laws 1986, c. 292, § 20, eff. Nov. 1, 1986.

§18-1021. Registered office in state - Principal office or place of business in state.

REGISTERED OFFICE IN STATE; PRINCIPAL OFFICE OR PLACE OF BUSINESS IN STATE

A. Every corporation shall have and maintain in this state a registered office which may, but need not be, the same as its place of business.

B. Whenever the term "corporation's principal office or place of business in this state" or "principal office or place of business of the corporation in this state", or other term of like import, is or has been used in a corporation's certificate of incorporation, or in any other document, or in any statute, it shall be deemed to mean and refer to, unless the context indicates otherwise, the corporation's registered office required by this section. It shall not be necessary for any corporation to amend its certificate of incorporation or any other document to comply with the provisions of this section.

C. As contained in any certificate of incorporation or other document filed with the Secretary of State under this title, the address of a registered office shall include the street, number, city, state and postal code.
Added by Laws 1986, c. 292, § 21, eff. Nov. 1, 1986. Amended by Laws 2017, c. 323, § 4, eff. Nov. 1, 2017.

§18-1022. Registered agent in state - Resident agent.

REGISTERED AGENT IN STATE; RESIDENT AGENT

A. Every domestic corporation shall have and maintain in this state a registered agent, which agent may be any of the following:

1. The domestic corporation itself;

2. An individual resident of this state;

3. A domestic corporation, a domestic partnership whether general or limited and including a limited liability partnership or a limited liability limited partnership or a domestic limited liability company; or

4. A foreign corporation, a foreign limited liability partnership, a foreign limited partnership, a foreign limited liability limited partnership or a foreign limited liability company, if authorized to transact business in this state.

B. Every foreign corporation transacting business in this state shall have and maintain the Secretary of State as its registered agent in this state. In addition, such foreign corporation may have and maintain in this state an additional registered agent, which may be an individual or entity set forth in subsection A of this section; provided, that the foreign corporation may not be its own registered agent. If such additional registered agent is designated, service of process shall be on such agent and not on the Secretary of State.

C. Each registered agent for a domestic corporation or foreign corporation shall:

1. If an entity, maintain a business office identical with the registered office which is open during regular business hours, or if an individual, be generally present at the registered office to accept service of process and otherwise perform the functions of a registered agent;

2. If a foreign entity, be authorized to transact business in this state; and

3. Accept service of process and other communications directed to the corporations for which it serves as registered agent and forward same to the corporation to which the service or communication is directed.

D. Every corporation formed under the laws of this state or qualified to do business in this state shall provide to its registered agent, and update from time to time as necessary, the name, business address and business telephone number of a natural

person who is an officer, director, employee or designated agent of the corporation, who is then authorized to receive communications from the registered agent. Such person shall be deemed the communications contact for the corporation. Every registered agent shall retain, in paper or electronic form, the information required by this subsection concerning the current communications contact for each corporation for which he, she or it serves as a registered agent. If the corporation fails to provide the registered agent with a current communications contact, the registered agent may resign as the registered agent for such corporation pursuant to Section 1026 of this title.

E. Whenever the term "resident agent" or "resident agent in charge of a corporation's principal office or place of business in this state", or other term of like import which refers to a corporation's agent required by statute to be located in this state, is or has been used in a corporation's certificate of incorporation, or in any other document, or in any statute, it shall be deemed to mean and refer to, unless the context indicates otherwise, the corporation's registered agent required by this section. It shall not be necessary for any corporation to amend its certificate of incorporation or any other document to comply with the provisions of this section.

Added by Laws 1986, c. 292, § 22, eff. Nov. 1, 1986. Amended by Laws 1998, c. 422, § 2, eff. Nov. 1, 1998; Laws 2004, c. 255, § 5, eff. Nov. 1, 2004; Laws 2017, c. 323, § 5, eff. Nov. 1, 2017; Laws 2024, c. 120, § 14, eff. Nov. 1, 2024.

§18-1023. Change of location of registered office; change of registered agent.

CHANGE OF LOCATION OF REGISTERED OFFICE; CHANGE OF REGISTERED AGENT

Any corporation, by resolution of its board of directors, may change the location of its registered office in this state to any other place in this state. By like resolution, the registered agent of a corporation may be changed to any other person or corporation, including itself. In either such case, the resolution shall be as detailed in its statement as is required by the provisions of paragraph 2 of subsection A of Section 1006 of this title. Upon the adoption of such a resolution, a certificate certifying the change shall be executed, acknowledged and filed in accordance with the provisions of Section 1007 of this title.

Added by Laws 1986, c. 292, § 23, eff. Nov. 1, 1986. Amended by Laws 1987, c. 146, § 3, operative Nov. 1, 1987; Laws 1990, c. 328, § 3, eff. Sept. 1, 1990.

§18-1024. Change of address or name of registered agent.

CHANGE OF ADDRESS OR NAME OF REGISTERED AGENT

A. A registered agent may change the address of the registered office of the corporation or corporations for which he or she is the registered agent to another address in this state by filing with the Secretary of State a certificate in the name of each affected corporation, executed and acknowledged by the registered agent, setting forth the address at which the registered agent has maintained the registered office, and further certifying to the new address to which the registered office will be changed on a given day, and at which new address the registered agent will thereafter maintain the registered office. Thereafter, or until further change of address, as authorized by law, the registered office in this state shall be located at the new address of the registered agent thereof as given in the certificate.

B. In the event of a change of name of any person or corporation acting as registered agent in this state, the registered agent shall file with the Secretary of State a certificate in the name of each affected, executed and acknowledged by the registered agent, setting forth the new name of the registered agent, the name of the registered agent before it was changed, and the address at which the registered agent has maintained the registered office for the affected corporation. A change of name of any person or corporation acting as registered agent as a result of a merger or consolidation of the registered agent, with or into another person or corporation which succeeds to its assets by operation of law, shall be deemed a change of name for purposes of this section. Added by Laws 1986, c. 292, § 24, eff. Nov. 1, 1986. Amended by Laws 1999, c. 421, § 8, eff. Nov. 1, 1999; Laws 2008, c. 253, § 3. NOTE: Laws 2008, c. 382, § 315, which changed the effective date of Laws 2008, c. 253, §§ 1-47 to Jan. 1, 2010, was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-1025. Resignation of registered agent coupled with appointment of successor.

RESIGNATION OF REGISTERED AGENT COUPLED WITH APPOINTMENT OF SUCCESSOR

The registered agent of one or more corporations may resign and appoint a successor registered agent by filing in the name of each affected corporation a certificate with the Secretary of State stating the name and address of the successor agent, in accordance with the provisions of paragraph 2 of subsection A of Section 1006 of this title. There shall be attached to the certificate a statement of the affected corporation ratifying and approving such change of registered agent. The statement shall be executed and acknowledged in accordance with the provisions of Section 1007 of this title. Upon the filing, the successor registered agent becomes the registered agent of each corporation that has ratified and

approved each substitution and the successor registered agent's address, as stated in each certificate, becomes the address of each such corporation's registered office in this state.
Added by Laws 1986, c. 292, § 25, eff. Nov. 1, 1986. Amended by Laws 2004, c. 255, § 6, eff. Nov. 1, 2004; Laws 2024, c. 120, § 15, eff. Nov. 1, 2024.

§18-1026. Resignation of registered agent not coupled with appointment of successor; absence of registered agent.

RESIGNATION OF REGISTERED AGENT NOT COUPLED WITH APPOINTMENT OF SUCCESSOR; ABSENCE OF REGISTERED AGENT

A. The registered agent of one or more corporations may resign without appointing a successor by filing in the name of each affected corporation a certificate of resignation with the Secretary of State; but a resignation shall not become effective until thirty (30) days after each certificate is filed. The certificate shall:

1. Be acknowledged by the registered agent;

2. Contain a statement that written notice of resignation was given to the corporation at least thirty (30) days prior to the filing of the certificate by mailing or delivering the notice to the corporation at its address last known to the registered agent and specify such address therein; and

3. Set forth the date the notice was mailed.

B. 1. After receipt of the notice of the resignation of its registered agent provided for in subsection A of this section, the corporation for which the registered agent was acting may obtain and designate a new registered agent in the same manner as provided for in Section 1023 of this title for a change of registered agent.

2. If a domestic corporation fails to obtain and designate a new registered agent prior to the expiration of the period of thirty (30) days after the filing by the registered agent of the certificate of resignation, the Secretary of State shall be deemed to be the registered agent of such corporation until a new registered agent is designated. The Office of the Secretary of State shall charge the fee prescribed by Section 1142 of this title for acting as registered agent.

C. After the resignation of a registered agent has become effective, if no new registered agent has been obtained and designated in the time and manner required, service of legal process against the corporation for which the resigned registered agent had been acting shall be upon the Secretary of State as provided in Section 2004 of Title 12 of the Oklahoma Statutes.
Added by Laws 1986, c. 292, § 26, eff. Nov. 1, 1986. Amended by Laws 1988, c. 323, § 6, eff. Nov. 1, 1988; Laws 1991, c. 331, § 55, eff. Sept. 1, 1991; Laws 1998, c. 422, § 3, eff. Nov. 1, 1998.

§18-1027. Board of directors – Powers – Number – Qualifications - Terms and quorum – Committees - Classes of directors - Nonstock corporations - Reliance upon books - Action without meeting; etc.

BOARD OF DIRECTORS; POWERS; NUMBER; QUALIFICATIONS; TERMS AND QUORUM; COMMITTEES; CLASSES OF DIRECTORS; NONSTOCK CORPORATIONS; RELIANCE UPON BOOKS; ACTION WITHOUT MEETING; ETC.

A. The business and affairs of every corporation organized in accordance with the provisions of the Oklahoma General Corporation Act shall be managed by or under the direction of a board of directors, except as may be otherwise provided for in the Oklahoma General Corporation Act or in the corporation's certificate of incorporation. If any provision is made in the certificate of incorporation, the powers and duties conferred or imposed upon the board of directors by the provisions of the Oklahoma General Corporation Act shall be exercised or performed to the extent and by the person or persons stated in the certificate of incorporation.

B. The board of directors of a corporation shall consist of one or more members, each of whom shall be a natural person. The number of directors shall be fixed by or in the manner provided for in the bylaws, unless the certificate of incorporation fixes the number of directors, in which case a change in the number of directors shall be made only by amendment of the certificate. Directors need not be shareholders unless so required by the certificate of incorporation or the bylaws. The certificate of incorporation or bylaws may prescribe other qualifications for directors. Each director shall hold office until a successor is elected and qualified or until his or her earlier resignation or removal. Any director may resign at any time upon notice given in writing or by electronic transmission to the corporation. A resignation is effective when the resignation is delivered unless the resignation specifies a later effective date or an effective date determined upon the happening of an event or events. A resignation that is conditioned upon the director failing to receive a specified vote for reelection as a director may provide that it is irrevocable. A majority of the total number of directors shall constitute a quorum for the transaction of business unless the certificate of incorporation or the bylaws require a greater number. Unless the certificate of incorporation provides otherwise, the bylaws may provide that a number less than a majority shall constitute a quorum which in no case shall be less than one-third (1/3) of the total number of directors. The vote of the majority of the directors present at a meeting at which a quorum is present shall be the act of the board of directors unless the certificate of incorporation or the bylaws shall require a vote of a greater number.

C. 1. The board of directors may designate one or more committees consisting of one or more of the directors of the corporation. The board may designate one or more directors as

alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. The bylaws may provide that in the absence or disqualification of a member of a committee, the member or members present at a meeting and not disqualified from voting, whether or not the member or members constitute a quorum, may unanimously appoint another member of the board of directors to act at the meeting in the place of any absent or disqualified member. Any committee, to the extent provided in the resolution of the board of directors, or in the bylaws of the corporation, shall have and may exercise all the powers and authority of the board of directors in the management of the business and affairs of the corporation, and may authorize the seal of the corporation to be affixed to all papers which may require it; but no committee shall have the power or authority to:

a. approve, adopt, or recommend to the shareholders any action or matter, other than the election or removal of directors, expressly required by the Oklahoma General Corporation Act to be submitted to shareholders for approval, or

b. adopt, amend, or repeal any bylaw of the corporation.

2. Unless otherwise provided in the certificate of incorporation, the bylaws or the resolution of the board of directors designating the committee, a committee may create one or more subcommittees, each subcommittee to consist of one or more members of the committee, and delegate to a subcommittee any or all of the powers and authority of the committee. Except for references to committees and members of committees in this subsection, every reference in this title to a committee of the board of directors or a member of a committee shall be deemed to include a reference to a subcommittee or member of a subcommittee.

3. A majority of the directors then serving on a committee of the board of directors or on a subcommittee of a committee shall constitute a quorum for the transaction of business by the committee or subcommittee, unless the certificate of incorporation, the bylaws, a resolution of the board of directors or a resolution of a committee that created the subcommittee requires a greater or lesser number; provided that in no case shall a quorum be less than one-third (1/3) of the directors then serving on the committee or subcommittee. The vote of the majority of the members of a committee or subcommittee present at a meeting at which a quorum is present shall be the act of the committee or subcommittee, unless the certificate of incorporation, the bylaws, a resolution of the board of directors or a resolution of a committee that created the subcommittee requires a greater number.

D. The directors of any corporation organized under the Oklahoma General Corporation Act, by the certificate of incorporation or by an initial bylaw, or by a bylaw adopted by a

vote of the shareholders, may be divided into one, two, or three classes; the term of office of those of the first class to expire at the first annual meeting held after the classification becomes effective; of the second class one (1) year thereafter; of the third class two (2) years thereafter; and at each annual election held after the classification becomes effective, directors shall be chosen for a full term, as the case may be, to succeed those whose terms expire. The certificate of incorporation or bylaw provision dividing the directors into classes may authorize the board of directors to assign members of the board then in office to such classes when the classification becomes effective. The certificate of incorporation may confer upon holders of any class or series of stock the right to elect one or more directors who shall serve for the term, and have voting powers as shall be stated in the certificate of incorporation. The terms of office and voting powers of the directors elected in the manner so provided in the certificate of incorporation may be greater than or less than those of any other director or class of directors. In addition, the certificate of incorporation may confer upon one or more directors, whether or not elected separately by the holders of any class or series of stock, voting powers greater than or less than those of other directors. Any such provision conferring greater or lesser voting power shall apply to voting in any committee, unless otherwise provided in the certificate of incorporation or bylaws. If the certificate of incorporation provides that directors elected by the holders of a class or series of stock shall have more or less than one vote per director on any matter, every reference in the Oklahoma General Corporation Act to a majority or other proportion of directors shall refer to a majority or other proportion of the votes of the directors.

E. A member of the board of directors, or a member of any committee designated by the board of directors, in the performance of the member's duties, shall be fully protected in relying in good faith upon the records of the corporation and upon information, opinions, reports, or statements presented to the corporation by any of the corporation's officers or employees, or committees of the board of directors, or by any other person as to matters the member reasonably believes are within the officer's, employee's, committee's or other person's competence and who have been selected with reasonable care by or on behalf of the corporation.

F. Unless otherwise restricted by the certificate of incorporation or bylaws:

1. Any action required or permitted to be taken at any meeting of the board of directors, or of any committee thereof may be taken without a meeting if all members of the board or committee, as the case may be, consent thereto in writing or by electronic transmission, and a consent may be documented, signed, and delivered

in any manner permitted by Section 1014.3 of this title. Any person whether or not then a director may provide, whether through instruction to an agent or otherwise, that a consent to action will be effective at a future time (including a time determined upon the happening of an event), no later than sixty (60) days after such instruction is given or such provision is made and such consent shall be deemed to have been given for purposes of this subsection at such effective time so long as such person is then a director and did not revoke the consent prior to such time; and any such consent shall be revocable prior to its becoming effective. After an action is taken, the consent or consents relating thereto shall be filed with the minutes of the proceedings of the board of directors, or the committee thereof, in the same paper or electronic form as the minutes are maintained;

2. The board of directors of any corporation organized in accordance with the provisions of the Oklahoma General Corporation Act may hold its meetings, and have an office or offices, outside of this state;

3. The board of directors shall have the authority to fix the compensation of directors; and

4. Members of the board of directors of any corporation, or any committee designated by the board, may participate in a meeting of the board or committee by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear or otherwise communicate with each other. Participation in a meeting pursuant to the provisions of this subsection shall constitute presence in person at the meeting.

G. 1. The certificate of incorporation or bylaws of any nonstock corporation may provide that less than one-third (1/3) of the members of the governing body may constitute a quorum thereof and may otherwise provide that the business and affairs of the corporation shall be managed in a manner different from that provided for in this section, which differences may include additional classes of directors, longer terms of service, the use of less than unanimous consents for board action, and permitting the Chair of the Board of Directors to designate committees and appoint members.

2. Except as may be otherwise provided by the certificate of incorporation, the provisions of this section shall apply to such a corporation, and when so applied, all references to the board of directors, to members thereof, and to shareholders shall be deemed to refer to the governing body of the corporation, the members thereof and the members of the corporation, respectively; and all references to stock, capital stock, or shares shall be deemed to refer to memberships of a nonprofit nonstock corporation and to membership interests of any other nonstock corporation.

H. 1. Any director or the entire board of directors may be removed, with or without cause, by the holders of a majority of the shares then entitled to vote at an election of directors, except as follows:

a. unless the certificate of incorporation otherwise provides, in the case of a corporation whose board is classified as provided for in subsection D of this section, shareholders may effect such removal only for cause, or

b. in the case of a corporation having cumulative voting, if less than the entire board is to be removed, no director may be removed without cause if the votes cast against the director's removal would be sufficient to elect the director if then cumulatively voted at an election of the entire board of directors, or, if there are classes of directors, at an election of the class of directors of which the director is a part.

2. Whenever the holders of any class or series are entitled to elect one or more directors by the provisions of the certificate of incorporation, the provisions of this subsection shall apply, in respect to the removal without cause of a director or directors so elected, to the vote of the holders of the outstanding shares of that class or series and not to the vote of the outstanding shares as a whole.

Added by Laws 1986, c. 292, § 27, eff. Nov. 1, 1986. Amended by Laws 1988, c. 323, § 7, eff. Nov. 1, 1988; Laws 1998, c. 422, § 4, eff. Nov. 1, 1998; Laws 2001, c. 405, § 8, eff. Nov. 1, 2001; Laws 2004, c. 255, § 7, eff. Nov. 1, 2004; Laws 2008, c. 253, § 4; Laws 2010, c. 384, § 105, eff. Sept. 1, 2010; Laws 2012, c. 1, § 1, emerg. eff. March 1, 2012; Laws 2013, c. 1, § 1, emerg. eff. March 5, 2013; Laws 2019, c. 88, § 6, eff. Nov. 1, 2019; Laws 2024, c. 120, § 16, eff. Nov. 1, 2024.

NOTE: Laws 2008, c. 382, § 315, which changed the effective date of Laws 2008, c. 253, §§ 1-47 to Jan. 1, 2010, was held unconstitutional by the Oklahoma Supreme Court in the case of *Weddington v. Henry*, 202 P.3d 143, 2008 OK 102 (2009).

§18-1028. Officers - Titles, Duties, Selection, Term - Failure to Elect - Vacancies.

OFFICERS; TITLES, DUTIES, SELECTION, TERM; FAILURE TO ELECT; VACANCIES

A. Every corporation organized in accordance with the provisions of the Oklahoma General Corporation Act shall have such officers with such titles and duties as shall be stated in the bylaws or in a resolution of the board of directors which is not inconsistent with the bylaws and as may be necessary to enable it to

sign instruments and stock certificates which comply with the provisions of paragraph 2 of subsection A of Section 7 and Section 39 of this act. One of the officers shall have the duty to record the proceedings of the meetings of the shareholders and directors in a book to be kept for that purpose. Any number of offices may be held by the same person unless the certificate of incorporation or bylaws provide otherwise.

B. Officers shall be chosen in such manner and shall hold their offices for such terms as are prescribed by the bylaws or determined by the board of directors or other governing body. Each officer shall hold his office until his successor is elected and qualified or until his earlier resignation or removal. Any officer may resign at any time upon written notice to the corporation.

C. The corporation may secure the fidelity of any or all of its officers or agents by bond or otherwise.

D. A failure to elect officers shall not dissolve or otherwise affect the corporation.

E. Any vacancy occurring in any office of the corporation by death, resignation, removal or otherwise, shall be filled as the bylaws provide. In the absence of such provision, the vacancy shall be filled by the board of directors or other governing body.

Added by Laws 1986, c. 292, § 28, eff. Nov. 1, 1986.

§18-1029. Loans to Employees and Officers - Guaranty of Obligations of Employees and Officers.

LOANS TO EMPLOYEES AND OFFICERS; GUARANTY OF OBLIGATIONS OF EMPLOYEES AND OFFICERS

Any corporation may lend money to, or guarantee any obligation of, or otherwise assist any officer or other employee of the corporation or of its subsidiary, including any officer or employee who is a director of the corporation or its subsidiary whenever, in the judgment of the directors, such loan, guaranty or assistance may reasonably be expected to benefit the corporation. The loan, guaranty or other assistance may be with or without interest, and may be unsecured, or secured in such manner as the board of directors shall approve, including, without limitation, a pledge of shares of stock of the corporation. Nothing contained in this section shall be construed to deny, limit or restrict the powers of guaranty or warranty of any corporation at common law or under any statute.

Added by Laws 1986, c. 292, § 29, eff. Nov. 1, 1986.

§18-1030. Interested Directors - Quorum.

INTERESTED DIRECTORS; QUORUM

A. No contract or transaction between a corporation and one or more of its directors or officers, or between a corporation and any other corporation, partnership, association, or other organization

in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the board or committee thereof which authorizes the contract or transaction, or solely because his or their votes are counted for such purpose, if:

1. The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the board of directors or the committee, and the board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum;

2. The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the shareholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the shareholders; or

3. The contract or transaction is fair as to the corporation as of the time it is authorized, approved or ratified, by the board of directors, a committee thereof, or the shareholders.

B. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the board of directors or of a committee which authorizes the contract or transaction.

Added by Laws 1986, c. 292, § 30, eff. Nov. 1, 1986.

§18-1031. Indemnification of officers, directors, employees and agents – Insurance.

INDEMNIFICATION OF OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS; INSURANCE

A. A corporation shall have power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative, other than an action by or in the right of the corporation, by reason of the fact that the person is or was a director, officer, employee, or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, against expenses, including attorney fees, judgments, fines, and amounts paid in settlement actually and reasonably incurred by the person in connection with the action, suit, or proceeding if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe the conduct was unlawful. The termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its

equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which the person reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that the conduct was unlawful.

B. A corporation shall have the power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that the person is or was a director, officer, employee, or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise against expenses, including attorney fees, actually and reasonably incurred by the person in connection with the defense or settlement of an action or suit if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue, or matter as to which the person shall have been adjudged to be liable to the corporation unless and only to the extent that the court in which the action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, the person is fairly and reasonably entitled to indemnity for expenses which the court shall deem proper.

C. 1. To the extent that a present or former director or officer of a corporation has been successful on the merits or otherwise in defense of any action, suit, or proceeding referred to in subsection A or B of this section, or in defense of any claim, issue, or matter therein, the person shall be indemnified against expenses, including attorney fees, actually and reasonably incurred by the person in connection therewith.

2. The corporation may indemnify any other person who is not a present or former director or officer of the corporation against expenses including attorney fees actually and reasonably incurred by the person to the extent he or she has been successful on the merits or otherwise in defense of any action, suit, or proceeding referred to in subsections A and B of this section, or in defense of any claim, issue, or matter therein.

D. Any indemnification under the provisions of subsection A or B of this section, unless ordered by a court, shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of the present or former director or officer is proper in the circumstances because the person has met the applicable standard of conduct set forth in subsection A or B of this section. This determination shall be made, with respect to a

person who is a director or officer of the corporation at the time of the determination:

1. By a majority vote of the directors who are not parties to the action, suit, or proceeding, even though less than a quorum;

2. By a committee of directors designated by a majority vote of directors, even though less than a quorum;

3. If there are no such directors, or if such directors so direct, by independent legal counsel in a written opinion; or

4. By the shareholders.

E. Expenses including attorney fees incurred by an officer or director in defending a civil, criminal, administrative or investigative action, suit, or proceeding may be paid by the corporation in advance of the final disposition of the action, suit, or proceeding upon receipt of an undertaking by or on behalf of the director or officer to repay the amount if it shall ultimately be determined that the person is not entitled to be indemnified by the corporation as authorized by the provisions of this section. Expenses including attorney fees incurred by former directors or officers or other employees and agents or persons serving at the request of the corporation as directors, officers, employees or agents of another corporation, partnership, joint venture, trust or other enterprise may be paid upon the terms and conditions, if any, as the corporation deems appropriate.

F. The indemnification and advancement of expenses provided by or granted pursuant to the other subsections of this section shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any bylaw, agreement, vote of shareholders or disinterested directors, or otherwise, both as to action in the person's official capacity and as to action in another capacity while holding an office. A right to indemnification or to advancement of expenses arising under a provision of the certificate of incorporation or a bylaw shall not be eliminated or impaired by an amendment to or repeal or elimination of the certificate of incorporation or the bylaw after the occurrence of the act or omission that is the subject of the civil, criminal, administrative or investigative action, suit or proceeding for which indemnification or advancement of expenses is sought, unless the provision in effect at the time of such act or omission explicitly authorizes such elimination or impairment after such action or omission has occurred.

G. 1. A corporation shall have power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee, or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise against any liability asserted against the person and incurred by the person in any such capacity, or arising out of

the person's status as such, whether or not the corporation would have the power to indemnify the person against liability under the provisions of this section. For purposes of this subsection, "insurance" shall include any insurance provided directly or indirectly, including under any fronting or reinsurance arrangement, by or through a captive insurance company organized and licensed in compliance with the laws of any jurisdiction, including any captive insurance company licensed under the Oklahoma Captive Insurance Company Act within Title 36 of the Oklahoma Insurance Code, provided that the terms of any such captive insurance shall:

a. exclude from coverage and provide that the insurer shall not make any payment for loss in connection with any claim made against any person arising out of, based upon, or attributable to any:
   (1) personal profit or other financial advantage to which such person was not legally entitled, or
   (2) deliberate criminal or deliberate fraudulent act of such person,

   if the conditions of division (1) or (2) of this subparagraph are established by a final, non-appealable adjudication in the underlying proceeding in respect of such claim, which shall not include an action or proceeding initiated by the insurer or the insured to determine coverage under the policy, unless and only to the extent such person is entitled to be indemnified under this section,

b. require that any determination to make a payment under such insurance in respect of a claim against a current director or officer of the corporation shall be made by an independent claims administrator or in accordance with the provisions of paragraphs 1 through 4 of subsection D of this section, and

c. require that, before any payment under such insurance in connection with any dismissal or compromise of any action, suit, or proceeding brought by or in the right of a corporation as to which notice is required to be given to shareholders, such corporation shall include in such notice that a payment is proposed to be made under such insurance in connection with such dismissal or compromise.

2. For purposes of paragraph 1 of this subsection, the conduct of an insured person shall not be imputed to any other insured person.

3. The exclusions in paragraph 1 of this subsection shall permit a captive insurance policy to cover directors and officers for certain liabilities that are non-exculpable under paragraph 7 of subsection B of Section 1006 of this title.

4. Any corporation that establishes or maintains a captive insurance company that provides insurance under this subsection shall not, solely by virtue thereof, be subject to the provisions of Title 36 of the Oklahoma Insurance Code.

5. Nothing in this subsection shall be construed to prevent a foreign corporation from organizing a captive insurer under the Oklahoma Captive Insurance Company Act for the purpose of insuring the same risks described in this section.

6. Any corporation that establishes a captive insurance company may include in the insurance policy limitations or exclusions that are in addition to those prescribed by a statute or regulation.

H. For purposes of this section, references to "the corporation" shall include, in addition to the resulting corporation, any constituent corporation, including any constituent of a constituent, absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, and employees, or agents, so that any person who is or was a director, officer, employee, or agent of a constituent corporation, or is or was serving at the request of a constituent corporation as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, shall stand in the same position under the provisions of this section with respect to the resulting or surviving corporation as the person would have with respect to the constituent corporation if its separate existence had continued.

I. For purposes of this section, references to "other enterprises" shall include, but are not limited to, employee benefit plans; references to "fines" shall include, but are not limited to, any excise taxes assessed on a person with respect to an employee benefit plan; and references to "serving at the request of the corporation" shall include, but are not limited to, any service as a director, officer, employee, or agent of the corporation which imposes duties on, or involves services, by the director, officer, employee, or agent with respect to an employee benefit plan, its participants, or beneficiaries; and a person who acted in good faith and in a manner the person reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the corporation" as referred to in this section.

J. The indemnification and advancement of expenses provided by or granted pursuant to this section, unless otherwise provided when authorized or ratified, shall continue as to a person who has ceased to be a director, officer, employee, or agent and shall inure to the benefit of the heirs, executors, and administrators of the person.

K. The district court is vested with exclusive jurisdiction to hear and determine all actions for advancement of expenses or

indemnification brought under this section or under any bylaw, agreement, vote of shareholders or disinterested directors, or otherwise. The court may summarily determine a corporation's obligation to advance expenses including attorney fees.
Added by Laws 1986, c. 292, § 31, eff. Nov. 1, 1986. Amended by Laws 1987, c. 183, § 2, eff. Nov. 1, 1987; Laws 1998, c. 422, § 5, eff. Nov. 1, 1998; Laws 2017, c. 323, § 6, eff. Nov. 1, 2017; Laws 2024, c. 120, § 17, eff. Nov. 1, 2024.

§18-1032. Classes and series of stock; rights, etc.

CLASSES AND SERIES OF STOCK; RIGHTS, ETC.

A. Every corporation may issue one or more classes of stock or one or more series of stock within any class thereof, any or all of which classes may be of stock with par value or stock without par value and which classes or series may have voting powers, full or limited, or no voting powers, and designations, preferences and relative, participating, optional, or other special rights, and qualifications, limitations, or restrictions thereof, as shall be stated and expressed in the certificate of incorporation or of any amendment thereto, or in the resolution or resolutions providing for the issue of the stock adopted by the board of directors pursuant to authority expressly vested in it by the provisions of its certificate of incorporation. Any of the voting powers, designations, preferences, rights, and qualifications, limitations or restrictions of any class or series of stock may be made dependent upon facts ascertainable outside the certificate of incorporation or of any amendment thereto, or outside the resolution or resolutions providing for the issue of the stock adopted by the board of directors pursuant to authority expressly vested in it by the provisions of its certificate of incorporation; provided, that the manner in which the facts shall operate upon the voting powers, designations, preferences, rights, and qualifications, limitations, or restrictions of the class or series of stock is clearly and expressly set forth in the certificate of incorporation or in the resolution or resolutions providing for the issue of the stock adopted by the board of directors. The power to increase or decrease or otherwise adjust the capital stock as provided for in the Oklahoma General Corporation Act shall apply to all or any such classes of stock. The term "facts", as used in this subsection, includes, but is not limited to, the occurrence of any event, including a determination or action by any person or body, including the corporation.

B. Any stock of any class or series may be made subject to redemption by the corporation at its option or at the option of the holders of the stock or upon the happening of a specified event; provided, however, immediately following any redemption, the corporation shall have outstanding one or more shares or one or more

classes or series of stock, which share, or shares together, shall have full voting powers. Notwithstanding the limitation stated in the foregoing proviso:

1. Any stock of a regulated investment company registered under the Investment Company Act of 1940, as heretofore or hereafter amended, may be made subject to redemption by the corporation at its option or at the option of the holders of the stock.

2. Any stock of a corporation which directly or indirectly holds a license or franchise from a governmental agency to conduct its business or is a member of a national securities exchange, which license, franchise or membership is conditioned upon some or all of the holders of its stock possessing prescribed qualifications, may be made subject to redemption by the corporation to the extent necessary to prevent the loss of the license, franchise or membership or to reinstate it. Any stock which may be made redeemable under this section may be redeemed for cash, property or rights including securities of the same or another corporation, at such time or times, price or prices, or rate or rates, and with any adjustments, as shall be stated in the certificate of incorporation or in the resolution or resolutions providing for the issue of the stock adopted by the board of directors as provided for in subsection A of this section.

C. The holders of preferred or special stock of any class or of any series thereof shall be entitled to receive dividends at such rates, conditions and times as shall be stated in the certificate of incorporation or in the resolution or resolutions providing for the issue of the stock adopted by the board of directors as provided for in subsection A of this section, payable in preference to, or in relation to, the dividends payable on any other class or classes or of any other series of stock, and cumulative or noncumulative as shall be so stated and expressed. When dividends upon the preferred and special stocks, if any, to the extent of the preference to which the stocks are entitled, shall have been paid or declared and set apart for payment, a dividend on the remaining class or classes or series of stock may then be paid out of the remaining assets of the corporation available for dividends as otherwise provided for in the Oklahoma General Corporation Act.

D. The holders of the preferred or special stock of any class or of any series thereof shall be entitled to the rights upon the dissolution of, or upon any distribution of the assets of, the corporation as shall be stated in the certificate of incorporation or in the resolution or resolutions providing for the issue of the stock adopted by the board of directors as provided for in subsection A of this section.

E. Any stock of any class or of any series thereof may be made convertible into, or exchangeable for, at the option of either the holder or the corporation or upon the happening of a specified

event, shares of any other class or classes or any other series of the same or any other class or classes of stock of the corporation, at the price or prices or at the rate or rates of exchange, and with adjustments as shall be stated in the certificate of incorporation or in the resolution or resolutions providing for the issue of the stock adopted by the board of directors as provided for in subsection A of this section.

F. If any corporation shall be authorized to issue more than one class of stock or more than one series of any class, the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences or rights shall be set forth in full or summarized on the face or back of the certificate which the corporation shall issue to represent the class or series of stock; provided that, except as otherwise provided for in Section 1055 of this title, in lieu of the foregoing requirements, there may be set forth on the face or back of the certificate which the corporation shall issue to represent the class or series of stock, a statement that the corporation will furnish without charge to each shareholder who so requests the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of the preferences or rights. Within a reasonable time after the issuance or transfer of uncertificated stock, the corporation shall send to the registered owner a notice, in writing or by electronic transmission, containing the information required to be set forth or stated on certificates pursuant to this section or Section 1037, subsection A of Section 1055 or subsection A of Section 1063 of this title, or with respect to this section a statement that the corporation will furnish without charge to each shareholder who so requests the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of the preferences or rights. Except as otherwise expressly provided by law, the rights and obligations of the holders of uncertificated stock and the rights and obligations of the holder of certificates representing stock of the same class and series shall be identical.

G. 1. When any corporation desires to issue any shares of stock of any class or of any series of any class of which the powers, designations, preferences and relative, participating, optional or other rights, if any, or the qualifications, limitations or restrictions thereof, if any, shall not have been set forth in the certificate of incorporation or in any amendment thereto but shall be provided for in a resolution or resolutions adopted by the board of directors pursuant to authority expressly vested in it by

the provisions of the certificate of incorporation or any amendment thereto, a certificate of designations setting forth a copy of the resolution or resolutions and the number of shares of stock of the class or series to which the resolution or resolutions apply shall be executed, acknowledged and filed, and shall become effective in accordance with the provisions of Section 1007 of this title. Unless otherwise provided in any resolution or resolutions, the number of shares of stock of any series to which the resolution or resolutions apply may be increased, but not above the total number of authorized shares of the class, or decreased, but not below the number of shares thereof then outstanding, by a certificate likewise executed, acknowledged and filed setting forth a statement that a specified increase or decrease therein had been authorized and directed by a resolution or resolutions likewise adopted by the board of directors. In case the number of the shares shall be decreased, the number of shares so specified in the certificate shall resume the status which they had prior to the adoption of the first resolution or resolutions. Unless otherwise provided in the certificate of incorporation, if no shares of stock have been issued of a class or series of stock established by a resolution of the board of directors, the voting powers, designations, preferences and relative, participating, optional or other rights, if any, or the qualifications, limitations or restrictions thereof may be amended by a resolution or resolutions adopted by the board of directors. A certificate which states that no shares of the class or series have been issued, sets forth a copy of the resolution or resolutions, and, if the designation of the class or series is being changed, indicates the original designation and the new designation, shall be executed, acknowledged and filed, and shall become effective, in accordance with the provisions of Section 1007 of this title. When no shares of any class or series are outstanding, either because none were issued or because no issued shares of any class or series remain outstanding, a certificate setting forth a resolution or resolutions adopted by the board of directors that none of the authorized shares of the class or series are outstanding, and that none will be issued subject to the certificate of designations previously filed with respect to the class or series, may be executed, acknowledged and filed in accordance with the provisions of Section 1007 of this title and, when the certificate becomes effective, it shall have the effect of eliminating from the certificate of incorporation all matters set forth in the certificate of designations with respect to the class or series of stock.

2. When any certificate filed pursuant to the provisions of this subsection becomes effective, it shall have the effect of amending the certificate of incorporation; except that neither the filing of the certificate nor the filing of a restated certificate

of incorporation pursuant to Section 1080 of this title shall prohibit the board of directors from subsequently adopting resolutions as authorized by this subsection.
Added by Laws 1986, c. 292, § 32, eff. Nov. 1, 1986. Amended by Laws 1988, c. 323, § 8, eff. Nov. 1, 1988; Laws 1998, c. 422, § 6, eff. Nov. 1, 1998; Laws 1999, c. 421, § 9, eff. Nov. 1, 1999; Laws 2021, c. 51, § 3, eff. Nov. 1, 2021.

§18-1033. Issuance of stock, lawful consideration - Fully paid stock.

ISSUANCE OF STOCK, LAWFUL CONSIDERATION - FULLY PAID STOCK

A. The consideration, as determined pursuant to the provisions of subsections A and B of Section 1034 of this title, for subscriptions to, or the purchase of, the capital stock to be issued by a corporation shall be paid in the form and manner that the board of directors shall determine. The board of directors may authorize capital stock to be issued for consideration consisting of cash, any tangible or intangible property or any benefit to the corporation, or any combination thereof, except for services to be performed. Stock may be issued in one or more transactions in the numbers, at the times, and for the consideration as set forth in a resolution of the board of directors.

B. In addition to the board of directors, a resolution of the board of directors may delegate to a person or body the authority to enter into one or more transactions to issue stock. With respect to such transactions, shares of stock may be issued in the numbers, at the times, and for the consideration as such person or body may determine, provided the resolution fixes:

1. A maximum number of shares that may be issued under such resolution;

2. A period during which such shares may be issued; and

3. A minimum amount of consideration for which such shares may be issued.

No resolution shall permit a person or body to issue stock to such person or body.

C. Any provision of a resolution described by subsection A or B of this section may be made dependent on facts ascertainable outside the resolution, provided the manner in which such facts shall operate upon the resolution is clearly and expressly set forth in the resolution. As used in this subsection, "facts" includes but is not limited to the occurrence of any event, including a determination or action by any person or body including the corporation; provided, if the resolution delegates to a person or body the authority to enter into one or more transactions to issue stock under subsection B of this section, the provisions described in paragraphs 1 through 3 of subsection B of this section shall not

be made dependent on a determination or action by such person or body.

D. In the absence of actual fraud in the transaction, the judgment of the directors as to the value or minimum amount of consideration received by the corporation for the issuance of stock shall be conclusive. The capital stock issued in accordance with the provisions of this section shall be deemed to be fully paid and nonassessable stock upon receipt by the corporation of such consideration. Nothing contained in this section shall prevent the board of directors from issuing partly paid shares in accordance with the provisions of Section 1037 of this title.

Added by Laws 1986, c. 292, § 33, eff. Nov. 1, 1986. Amended by Laws 2008, c. 253, § 5; Laws 2017, c. 323, § 7, eff. Nov. 1, 2017; Laws 2021, c. 51, § 4, eff. Nov. 1, 2021; Laws 2024, c. 120, § 18, eff. Nov. 1, 2024.

NOTE: Laws 2008, c. 382, § 315, which changed the effective date of Laws 2008, c. 253, §§ 1-47 to Jan. 1, 2010, was held unconstitutional by the Oklahoma Supreme Court in the case of *Weddington v. Henry*, 202 P.3d 143, 2008 OK 102 (2009).

§18-1034. Consideration for Stock.

CONSIDERATION FOR STOCK

A. Shares of stock with par value may be issued for such consideration, having a value not less than the par value of the shares so issued, as determined from time to time in accordance with Section 1033 of this title, or by the shareholders if the certificate of incorporation so provides.

B. Shares of stock without par value may be issued for such consideration as determined from time to time in accordance with Section 1033 of this title, or by the shareholders if the certificate of incorporation so provides.

C. Treasury shares may be disposed of by the corporation in the same manner that shares of stock are issued under Section 1033 of this title, or may be disposed of for such consideration as determined by the shareholders if the certificate of incorporation so provides.

D. If the certificate of incorporation reserves to the shareholders the right to determine the consideration for the issue of any shares, the shareholders, unless the certificate requires a greater vote, shall do so by a vote of a majority of the outstanding stock entitled to vote thereon.

Added by Laws 1986, c. 292, § 34, eff. Nov. 1, 1986. Amended by Laws 2024, c. 120, § 19, eff. Nov. 1, 2024.

§18-1035. Determination of amount of capital - Capital, surplus and net assets defined.

DETERMINATION OF AMOUNT OF CAPITAL; CAPITAL,

SURPLUS AND NET ASSETS DEFINED

Any corporation, by resolution of its board of directors, may determine that only a part of the consideration which shall be received by the corporation for any of the shares of its capital stock which it shall issue from time to time shall be capital; but, in case any of the shares issued shall be shares having a par value, the amount of the part of such consideration so determined to be capital shall be in excess of the aggregate par value of the shares issued for such consideration having a par value, unless all the shares issued shall be shares having a par value, in which case the amount of the part of such consideration so determined to be capital need be only equal to the aggregate par value of such shares. In each such case the board of directors shall specify in dollars the part of such consideration which shall be capital. If the board of directors shall not have determined, at the time of issue of any shares of the capital stock of the corporation issued for cash or within sixty (60) days after the issue of any shares of the capital stock of the corporation issued for consideration other than cash, what part of the consideration for such shares shall be capital, the capital of the corporation in respect of such shares shall be an amount equal to the aggregate par value of such shares having a par value, plus the amount of the consideration for such shares without par value. The amount of the consideration so determined to be capital in respect of any shares without par value shall be the stated capital of such shares. The capital of the corporation may be increased from time to time by resolution of the board of directors directing that a portion of the net assets of the corporation in excess of the amount so determined to be capital be transferred to the capital account. The board of directors may direct that the portion of such net assets so transferred shall be treated as capital in respect of any shares of the corporation of any designated class or classes. The excess, if any, at any given time, of the net assets of the corporation over the amount so determined to be capital shall be surplus. "Net assets" means the amount by which total assets exceed total liabilities. Capital and surplus are not liabilities for this purpose. Notwithstanding anything in this section to the contrary, for purposes of this section and Sections 1041 and 1049 of this title, the capital of any nonstock corporation shall be deemed to be zero.

Added by Laws 1986, c. 292, § 35, eff. Nov. 1, 1986. Amended by Laws 2008, c. 253, § 6; Laws 2019, c. 88, § 7, eff. Nov. 1, 2019.

NOTE: Laws 2008, c. 382, § 315, which changed the effective date of Laws 2008, c. 253, §§ 1-47 to Jan. 1, 2010, was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-1036. Fractions of Shares.

FRACTIONS OF SHARES

A corporation may, but shall not be required to, issue fractions of a share. If it does not issue fractions of a share, it shall:

1. arrange for the disposition of fractional interests by those entitled thereto; or

2. pay in cash the fair value of fractions of a share as of the time when those entitled to receive such fractions are determined; or

3. issue scrip or warrants in registered form (either represented by a certificate or be uncertificated) or in bearer form (represented by a certificate) which shall entitle the holder to receive a certificate for a full share upon the surrender of such scrip or warrants aggregating a full share.

A certificate for a fractional share or an uncertificated fractional share shall, but scrip or warrants shall not unless otherwise provided therein, entitle the holder to exercise voting rights, to receive dividends thereon, and to participate in any of the assets of the corporation in the event of liquidation. The board of directors may cause scrip or warrants to be issued subject to the conditions that they shall become void if not exchanged for certificates representing the full shares or uncertificated full shares before a specified date, or subject to the conditions that the shares for which scrip or warrants are exchangeable may be sold by the corporation and the proceeds thereof distributed to the holders of scrip or warrants, or subject to any other conditions which the board of directors may impose.

Added by Laws 1986, c. 292, § 36, eff. Nov. 1, 1986.

§18-1037. Partly paid shares.

PARTLY PAID SHARES

Any corporation may issue the whole or any part of its shares as partly paid and subject to call for the remainder of the consideration to be paid therefor. Upon the face or back of each stock certificate issued to represent any partly paid shares, or upon the books and records of the corporation in the case of uncertificated partly paid shares, the total amount of the consideration to be paid therefor and the amount paid thereon shall be stated and the corporation shall comply with applicable provisions of Section 8-209 of Title 12A of the Oklahoma Statutes. Upon the declaration of any dividend on fully paid shares, the corporation shall declare a dividend upon partly paid shares of the same class, but only upon the basis of the percentage of the consideration actually paid thereon.

Added by Laws 1986, c. 292, § 37, eff. Nov. 1, 1986. Amended by Laws 1999, c. 141, § 3, eff. Nov. 1, 1999.

§18-1038. Rights and options respecting stock.

RIGHTS AND OPTIONS RESPECTING STOCK

A. Subject to any provisions in the certificate of incorporation, every corporation may create and issue, whether or not in connection with the issue and sale of any shares of stock or other securities of the corporation, rights or options entitling the holders thereof to acquire from the corporation any shares of its capital stock of any class or classes of the corporation.

B. The terms upon which, including the time or times, which may be limited or unlimited in duration, at or within which, and the consideration, including any formula by which such consideration may be determined, for which any such shares may be acquired from the corporation upon the exercise of any such right or option, shall be such as shall be stated in the certificate of incorporation, or in a resolution adopted by the board of directors or by another person or body authorized under this section.

C. In addition to the board of directors, the board of directors may adopt a resolution to delegate to a person or body the authority to enter into one or more transactions to issue rights or options. With respect to such transactions, the rights or options may be issued in the numbers, at the times, and for the consideration as such person or body may determine, provided the resolution fixes:

1. The maximum number of rights or options, and the maximum number of shares issuable upon exercise thereof, that may be issued under such resolution;

2. The period during which such rights or options, and during which the shares issuable upon exercise thereof, may be issued; and

3. A minimum amount of consideration, if any, for which such rights or options may be issued and a minimum amount of consideration for the shares issuable upon exercise thereof.

No such resolution shall permit a person or body to issue rights or options to such person or body.

D. Any provision in a resolution described by subsection B or C of this section may be made dependent on facts ascertainable outside the resolution, provided the manner in which such facts shall operate upon the resolution is clearly and expressly set forth in such resolution. As used in this subsection, "facts" includes but is not limited to the occurrence of any event, including a determination or action by any person or body including the corporation; provided, if the resolution delegates to a person or body the authority to enter into one or more transactions to issue rights or options under subsection C of this section, the provisions described by paragraphs 1 through 3 of subsection C of this section may not be made dependent on a determination or action by such person or body.

E. The minimum consideration to be received for the shares of stock of the corporation to be issued upon exercise of such rights

or options shall be no less than the amount set forth in Section 1034 of this title.
Added by Laws 1986, c. 292, § 38, eff. Nov. 1, 1986. Amended by Laws 2004, c. 255, § 8, eff. Nov. 1, 2004; Laws 2008, c. 253, § 7; Laws 2021, c. 51, § 5, eff. Nov. 1, 2021; Laws 2024, c. 120, § 20, eff. Nov. 1, 2024.
NOTE: Laws 2008, c. 382, § 315, which changed the effective date of Laws 2008, c. 253, §§ 1-47 to Jan. 1, 2010, was held unconstitutional by the Oklahoma Supreme Court in the case of *Weddington v. Henry*, 202 P.3d 143, 2008 OK 102 (2009).

§18-1039. Stock certificates – Uncertificated shares.

STOCK CERTIFICATES; UNCERTIFICATED SHARES

The shares of a corporation shall be represented by certificates, provided that the board of directors of the corporation may provide by resolution or resolutions that some or all of any or all classes or series of its stock shall be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until the certificate is surrendered to the corporation. Every holder of stock represented by certificates shall be entitled to have a certificate signed by, or in the name of, the corporation by any two authorized officers of the corporation representing the number of shares registered in certificate form. Any or all the signatures on the certificate may be a facsimile. In case any officer, transfer agent, or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent, or registrar before the certificate is issued, it may be issued by the corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issue. A corporation shall not have the power to issue a certificate in bearer form.
Added by Laws 1986, c. 292, § 39, eff. Nov. 1, 1986. Amended by Laws 2004, c. 255, § 9, eff. Nov. 1, 2004; Laws 2008, c. 253, § 8; Laws 2017, c. 323, § 8, eff. Nov. 1, 2017.
NOTE: Laws 2008, c. 382, § 315, which changed the effective date of Laws 2008, c. 253, §§ 1-47 to Jan. 1, 2010, was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-1040. Shares of Stock - Personal Property, Transfer and Taxation.

SHARES OF STOCK; PERSONAL PROPERTY, TRANSFER AND TAXATION

The shares of stock in every corporation shall be deemed personal property and transferable as provided for in the Uniform Commercial Code - Investment Securities. No stock or bonds issued by any corporation organized in accordance with the provisions of the Oklahoma General Corporation Act shall be taxed by this state

when the same shall be owned by nonresidents of this state or by foreign corporations.
Added by Laws 1986, c. 292, § 40, eff. Nov. 1, 1986.

§18-1041. Corporation's powers respecting ownership, voting, etc. of its own stock - Rights of stock called for redemption.

CORPORATION'S POWERS RESPECTING OWNERSHIP, VOTING, ETC. OF ITS OWN STOCK; RIGHTS OF STOCK CALLED FOR REDEMPTION

A. Every corporation may purchase, redeem, receive, take, or otherwise acquire, own, hold, sell, lend, exchange, transfer, or otherwise dispose of, pledge, use and otherwise deal in and with its own shares; provided, however, that no corporation shall:

1. Purchase or redeem its own shares of capital stock for cash or other property when the capital of the corporation is impaired or when the purchase or redemption would cause any impairment of the capital of the corporation, except that a corporation other than a nonstock corporation may purchase or redeem out of capital any of its own shares which are entitled upon any distribution of its assets, whether by dividend or in liquidation, to a preference over another class or series of its stock, or, if no shares entitled to a preference are outstanding, any of its own shares if such shares will be retired upon their acquisition and the capital of the corporation reduced in accordance with the provisions of Sections 1078 and 1079 of this title. Nothing in this subsection shall invalidate or otherwise affect a note, debenture, or other obligation of a corporation given by it as consideration for its acquisition by purchase, redemption, or the exchange of its shares of stock if at the time such note, debenture, or obligation was delivered by the corporation its capital was not then impaired or did not thereby become impaired;

2. Purchase, for more than the price at which they may then be redeemed, any of its shares which are redeemable at the option of the corporation; or

3. a. In the case of a corporation other than a nonstock corporation, redeem any of its shares unless their redemption is authorized by subsection B of Section 1032 of this title and then only in accordance with the provisions of that section and the certificate of incorporation, or

   b. In the case of a nonstock corporation, redeem any of its membership interests, unless their redemption is authorized by the certificate of incorporation and then only in accordance with the certificate of incorporation.

B. Nothing in this section shall be construed to limit or affect a corporation's right to resell any of its shares theretofore purchased or redeemed out of surplus and which have not been

retired, for consideration fixed by the board of directors or by the shareholders if the certificate of incorporation so provides.

C. Shares of a corporation's capital stock shall neither be entitled to vote nor be counted for quorum purposes if the shares belong to:

1. The corporation;

2. Another corporation, if a majority of the shares entitled to vote in the election of directors of the other corporation is held, directly or indirectly; or

3. Any other entity, if a majority of the voting power of such other entity is held directly or indirectly by the corporation, or if such other entity is otherwise controlled directly or indirectly by the corporation.

Nothing in this section shall be construed as limiting the right of any corporation to vote stock including, but not limited to, its own stock, held by it in a fiduciary capacity.

D. Shares which have been called for redemption shall not be deemed to be outstanding shares for the purpose of voting or determining the total number of shares entitled to vote on any matter on and after the date on which written notice of redemption has been sent to holders thereof and a sum sufficient to redeem those shares has been irrevocably deposited or set aside to pay the redemption price to the holders of the shares upon surrender of the certificates.

Added by Laws 1986, c. 292, § 41, eff. Nov. 1, 1986. Amended by Laws 1998, c. 422, § 7, eff. Nov. 1, 1998; Laws 2019, c. 88, § 8, eff. Nov. 1, 2019; Laws 2024, c. 120, § 21, eff. Nov. 1, 2024.

§18-1042. Issuance of Additional Stock - When and by Whom.

ISSUANCE OF ADDITIONAL STOCK; WHEN AND BY WHOM

The directors, at any time and from time to time, if all of the shares of capital stock which the corporation is authorized by its certificate of incorporation to issue have not been issued, subscribed for, or otherwise committed to be issued, may issue or take subscriptions for additional shares of its capital stock up to the amount authorized in its certificate of incorporation.

Added by Laws 1986, c. 292, § 42, eff. Nov. 1, 1986.

§18-1043. Liability of Shareholder or Subscriber for Stock not Paid in Full.

LIABILITY OF SHAREHOLDER OR SUBSCRIBER FOR STOCK NOT PAID IN FULL

A. When the whole of the consideration payable for shares of a corporation has not been paid in, and the assets shall be insufficient to satisfy the claims of its creditors, each holder of or subscriber for such shares shall be bound to pay on each share held or subscribed for by him the sum necessary to complete the

amount of the unpaid balance of the consideration for which such shares were issued or to be issued by the corporation.

B. The amounts which shall be payable as provided in subsection A of this section may be recovered as provided for in Section 124 of this act, after a writ of execution against the corporation has been returned unsatisfied as provided for in that section.

C. Any person becoming an assignee or transferee of shares or of a subscription for shares in good faith and without knowledge or notice that the full consideration therefor has not been paid shall not be personally liable for any unpaid portion of such consideration, but the transferor shall remain liable therefor.

D. No person holding shares in any corporation as collateral security shall be personally liable as a shareholder but the person pledging such shares shall be considered the holder thereof and shall be so liable. No executor, administrator, guardian, trustee or other fiduciary shall be personally liable as a shareholder, but the estate or funds held by such executor, administrator, guardian, trustee or other fiduciary in such fiduciary capacity shall be liable.

E. No liability under the provisions of this section or under the provisions of Section 124 of this act shall be asserted more than six (6) years after the issuance of the stock or the date of the subscription upon which the assessment is sought.

F. In any action by a receiver or trustee of an insolvent corporation or by a judgment creditor to obtain an assessment under the provisions of this section, any shareholder or subscriber for stock of the insolvent corporation may appear and contest the claim or claims of such receiver or trustee.

Added by Laws 1986, c. 292, § 43, eff. Nov. 1, 1986.

§18-1044. Payment for Stock Not Paid in Full.

PAYMENT FOR STOCK NOT PAID IN FULL

The capital stock of a corporation shall be paid for in such amounts and at such times as the directors may require. The directors, from time to time, may demand payment, in respect of each share of stock not fully paid, of such sum of money as the necessities of the business, in the judgment of the board of directors, may require, not exceeding in the whole the balance remaining unpaid on such stock, and such sum so demanded shall be paid to the corporation at such times and by such installments as the directors shall direct. The directors shall give written notice of the time and place of such payments, which notice shall be mailed at least thirty (30) days before the time for such payment, to each holder of or subscriber for stock which is not fully paid at his last-known post office address.

Added by Laws 1986, c. 292, § 44, eff. Nov. 1, 1986.

§18-1045. Failure to Pay for Stock - Remedies.

FAILURE TO PAY FOR STOCK; REMEDIES

When any shareholder fails to pay any installment or call upon his stock which may have been properly demanded by the directors, at the time when such payment is due, the directors may collect the amount of any such installment or call or any balance thereof remaining unpaid, from the said shareholder by an action at law, or they shall sell at public sale such part of the shares of such delinquent shareholder as will pay all demands then due from him with interest and all incidental expenses, and shall transfer the shares so sold to the purchaser, who shall be entitled to a certificate therefor. Notice of the time and place of such sale and of the sum due on each share shall be given by advertisement at least one (1) week before the sale, in a newspaper of the county in this state where such corporation's registered office is located, and such notice shall be mailed by the corporation to such delinquent shareholder at his last-known post office address, at least twenty (20) days before such sale. If no bidder can be had to pay the amount due on the stock, and if the amount is not collected by an action at law, which may be brought within the county where the corporation has its registered office, within one (1) year from the date of the bringing of such action at law, said stock and the amount previously paid in by the delinquent shareholder on the stock shall be forfeited to the corporation.

Added by Laws 1986, c. 292, § 45, eff. Nov. 1, 1986.

§18-1046. Revocability of Pre-Incorporation Subscriptions.

REVOCABILITY OF PRE-INCORPORATION SUBSCRIPTIONS

Unless otherwise provided for by the terms of the subscription, a subscription for stock of a corporation to be formed shall be irrevocable, except with the consent of all other subscribers or the corporation, for a period of six (6) months from its date.

Added by Laws 1986, c. 292, § 46, eff. Nov. 1, 1986.

§18-1047. Formalities Required of Stock Subscriptions.

FORMALITIES REQUIRED OF STOCK SUBSCRIPTIONS

A subscription for stock of a corporation, whether made before or after the formation of a corporation, shall not be enforceable against a subscriber, unless in writing and signed by the subscriber or by his agent.

Added by Laws 1986, c. 292, § 47, eff. Nov. 1, 1986.

§18-1047.1. Lost, stolen, or destroyed stock certificates; Issuance of new certificate or uncertificated shares.

LOST, STOLEN, OR DESTROYED STOCK CERTIFICATES; ISSUANCE OF NEW CERTIFICATE OR UNCERTIFICATED SHARES

A corporation may issue a new certificate of stock or uncertificated shares in place of any certificate previously issued by it that is alleged to have been lost, stolen, or destroyed. The corporation may require the owner of the lost, stolen, or destroyed certificate, or such owner's legal representative, to give the corporation a bond sufficient to indemnify it against any claim that may be made against it on account of the alleged loss, theft, or destruction of any such certificate or the issuance of such new certificate or uncertificated shares.
Added by Laws 2024, c. 120, § 22, eff. Nov. 1, 2024.

§18-1047.2. Judicial proceedings to compel issuance of new certificate or uncertificated shares.

JUDICIAL PROCEEDINGS TO COMPEL ISSUANCE OF NEW CERTIFICATE OR UNCERTIFICATED SHARES

A. If a corporation refuses to issue new uncertificated shares or a new certificate of stock in place of a certificate previously issued by it, or by any corporation of which it is the lawful successor, that is alleged to have been lost, stolen, or destroyed, the owner of the lost, stolen, or destroyed certificate or such owner's legal representative may apply to the district court for an order requiring the corporation to show cause why it should not issue new uncertificated shares or a new certificate of stock in place of the certificate that is lost, stolen, or destroyed. Such application shall be by a complaint which shall state the name of the corporation, the number and date of the certificate if known or ascertainable by the plaintiff, the number of shares of stock represented thereby and to whom issued, and a statement of the circumstances attending to the loss, theft, or destruction. The court shall order the corporation to show cause at a designated time and place, as to why it should not issue new uncertificated shares or a new certificate of stock in place of the one described in the complaint. A copy of the complaint and order shall be served upon the corporation at least five (5) days before the time designated in the order.

B. Upon hearing, if the district court is satisfied that the plaintiff is the lawful owner of the number of shares of capital stock or any part thereof described in the complaint, that the certificate for such shares has been lost, stolen, or destroyed, and that no sufficient cause has been shown why new uncertificated shares or a new certificate should not be issued in place thereof, the court shall order the corporation to issue and deliver to the plaintiff new uncertificated shares or a new certificate for such shares. The court shall direct in such order that, before the issuance and delivery to the plaintiff of such new uncertificated shares or a new certificate, the plaintiff give the corporation a bond in such form and with such security that the court deems

sufficient to indemnify the corporation against any claim that may be made against it on account of the alleged loss, theft, or destruction of any such certificate or the issuance of such new uncertificated shares or new certificate. No corporation which has issued uncertificated shares or a certificate under a court order entered under this section shall be liable in an amount in excess of the amount specified in the bond.
Added by Laws 2024, c. 120, § 23, eff. Nov. 1, 2024.

§18-1048. Situs of Ownership of Stock.

SITUS OF OWNERSHIP OF STOCK

For all purposes of title, action, attachment, garnishment and jurisdiction of all courts held in this state, but not for the purpose of taxation, the situs of the ownership of the capital stock of all corporations existing under the laws of this state, whether organized in accordance with the provisions of the Oklahoma General Corporation Act or otherwise, shall be regarded as in this state.
Added by Laws 1986, c. 292, § 48, eff. Nov. 1, 1986.

§18-1049. Dividends - Payment - Wasting asset corporations.

DIVIDENDS; PAYMENT; WASTING ASSET CORPORATIONS

A. The directors of every corporation, subject to any restrictions contained in its certificate of incorporation, may declare and pay dividends upon the shares of its capital stock, either out of its surplus, as defined in and computed in accordance with the provisions of Sections 1035 and 1079 of this title, or in case there is no surplus, out of its net profits for the fiscal year in which the dividend is declared or the preceding fiscal year. If the capital of the corporation, computed in accordance with the provisions of Sections 1035 and 1079 of this title, shall have been diminished by depreciation in the value of its property, or by losses, or otherwise, to an amount less than the aggregate amount of the capital represented by the issued and outstanding stock of all classes having a preference upon the distribution of assets, the directors of the corporation shall not declare and pay out of the net profits any dividends upon any shares of any classes of its capital stock until the deficiency in the amount of capital represented by the issued and outstanding stock of all classes having a preference upon the distribution of assets shall have been repaired. Nothing in this subsection shall invalidate or otherwise affect a note, debenture, or other obligation of the corporation paid by it as a dividend on shares of its stock, or any payment made thereon, if at the time the note, debenture, or obligation was delivered by the corporation, the corporation had either surplus or net profits as provided in this subsection from which the dividend could lawfully have been paid.

B. Subject to any restrictions contained in its certificate of incorporation, the directors of any corporation engaged in the exploitation of wasting assets including, but not limited to, a corporation engaged in the exploitation of natural resources or other wasting assets, including patents, or engaged primarily in the liquidation of specific assets, may determine the net profits derived from the exploitation of wasting assets or the net proceeds derived from liquidation without taking into consideration the depletion of such assets resulting from lapse of time, consumption, liquidation, or exploitation.
Added by Laws 1986, c. 292, § 49, eff. Nov. 1, 1986. Amended by Laws 1998, c. 422, § 8, eff. Nov. 1, 1998; Laws 2001, c. 405, § 9, eff. Nov. 1, 2001; Laws 2019, c. 88, § 9, eff. Nov. 1, 2019.

§18-1050. Special Purpose Reserves.

SPECIAL PURPOSE RESERVES

The directors of a corporation may set apart out of any of the funds of the corporation available for dividends a reserve or reserves for any proper purpose and may abolish any such reserve.
Added by Laws 1986, c. 292, § 50, eff. Nov. 1, 1986.

§18-1051. Liability of directors as to dividends or stock redemption.

LIABILITY OF DIRECTORS AS TO DIVIDENDS OR STOCK REDEMPTION

A member of the board of directors, or a member of any committee designated by the board of directors, shall be fully protected in relying in good faith upon the records of the corporation and upon such information, opinions, reports or statements presented to the corporation by any of its officers or employees, or committees of the board of directors, or by any other person as to matters the director reasonably believes are within such officer's, employee's, committee's or other person's competence and who have been selected with reasonable care by or on behalf of the corporation, as to the value and amount of the assets, liabilities and/or net profits of the corporation, or any other facts pertinent to the existence and amount of surplus or other funds from which dividends might properly be declared and paid, or with which the corporation's stock might properly be purchased or redeemed.
Added by Laws 1986, c. 292, § 51, eff. Nov. 1, 1986. Amended by Laws 1988, c. 323, § 9, eff. Nov. 1, 1988.

§18-1052. Declaration and Payment of Dividends.

DECLARATION AND PAYMENT OF DIVIDENDS

No corporation shall pay dividends except in accordance with the provisions of the Oklahoma General Corporation Act. Dividends may be paid in cash, in property, or in shares of the corporation's capital stock. If the dividend is to be paid in shares of the

corporation's theretofore unissued capital stock, the board of directors, by resolution, shall direct that there be designated as capital in respect of such shares an amount which is not less than the aggregate par value of par value shares being declared as a dividend and, in the case of shares without par value being declared as a dividend, such amount as shall be determined by the board of directors. No such designation as capital shall be necessary if shares are being distributed by a corporation pursuant to a split-up or division of its stock rather than as payment of a dividend declared payable in stock of the corporation.
Added by Laws 1986, c. 292, § 52, eff. Nov. 1, 1986.

§18-1053. Liability of Directors for Unlawful Payment of Dividend or Unlawful Stock Purchase or Redemption - Exoneration from Liability - Contribution among Directors - Subrogation.

LIABILITY OF DIRECTORS FOR UNLAWFUL PAYMENT OF DIVIDEND OR UNLAWFUL STOCK PURCHASE OR REDEMPTION; EXONERATION FROM LIABILITY; CONTRIBUTION AMONG DIRECTORS; SUBROGATION

A. In case of any willful or negligent violation of the provisions of Sections 41 and 52 of this act, the directors under whose administration the same may happen shall be jointly and severally liable, at any time within six (6) years after paying any unlawful dividend or after any unlawful stock purchase or redemption, to the corporation, and to its creditors in the event of its dissolution or insolvency, to the full amount of the dividend unlawfully paid, or to the full amount unlawfully paid for the purchase or redemption of the corporation's stock, with interest from the time such liability accrued. Any director who may have been absent when the same was done, or who may have dissented from the act or resolution by which the same was done, may exonerate himself from such liability by causing his dissent to be entered on the books containing the minutes of the proceedings of the directors at the time the same was done, or immediately after he has notice of the same.

B. Any director against whom a claim is successfully asserted under the provisions of this section shall be entitled to contribution from the other directors who voted for or concurred in the unlawful dividend, stock purchase or stock redemption.

C. Any director against whom a claim is successfully asserted under this section shall be entitled, to the extent of the amount paid by him as a result of such claim, to be subrogated to the rights of the corporation against shareholders who received the dividend on, or assets for the sale or redemption of, their stock with knowledge of facts indicating that such dividend, stock purchase or redemption was unlawful pursuant to the provisions of the Oklahoma General Corporation Act, in proportion to the amounts received by such shareholders respectively.

Added by Laws 1986, c. 292, § 53, eff. Nov. 1, 1986.

§18-1054. Transfer of Stock, Stock Certificates and Uncertificated Stock.

TRANSFER OF STOCK, STOCK CERTIFICATES AND UNCERTIFICATED STOCK

Except as otherwise provided for in the Oklahoma General Corporation Act, the transfer of stock and the certificates of stock which represent the stock or uncertificated stock shall be governed by the Uniform Commercial Code - Investment Securities. To the extent that any provision of the Oklahoma General Corporation Act is inconsistent with any provision of the Uniform Commercial Code - Investment Securities, the provisions of the Uniform Commercial Code - Investment Securities shall be controlling.

Added by Laws 1986, c. 292, § 54, eff. Nov. 1, 1986.

§18-1055. Restriction on transfer of securities.

RESTRICTION ON TRANSFER OF SECURITIES

A. A written restriction or restrictions on the transfer or registration of transfer of a security of a corporation, or on the amount of a corporation's securities that may be owned by any person or group of persons, if permitted by this section and noted conspicuously on the certificate or certificates representing the security or securities so restricted or, in the case of uncertificated shares, contained in the notice or notices sent pursuant to the provisions of subsection F of Section 1032 of this title, may be enforced against the holder of the restricted security or securities or any successor or transferee of the holder including an executor, administrator, trustee, guardian or other fiduciary entrusted with like responsibility for the person or estate of the holder. Unless noted conspicuously on the certificate or certificates representing the security or securities so restricted or, in the case of uncertificated shares, contained in the notice or notices sent pursuant to the provisions of subsection F of Section 1032 of this title, a restriction, even though permitted by this section, is ineffective except against a person with actual knowledge of the restriction.

B. A restriction on the transfer or registration of transfer of securities of a corporation, or on the amount of a corporation's securities that may be owned by any person or group of persons, may be imposed either by the certificate of incorporation or by the bylaws or by an agreement among any number of security holders or among such holders and the corporation. No restriction so imposed shall be binding with respect to securities issued prior to the adoption of the restriction unless the holders of the securities are parties to an agreement or voted in favor of the restriction.

C. A restriction on the transfer or registration of transfer of securities of a corporation or on the amount of a corporation's

securities that may be owned by any person or group of persons is permitted by the provisions of this section if it:

1. Obligates the holder of the restricted securities to offer to the corporation or to any other holders of securities of the corporation or to any other person or to any combination of the foregoing, a prior opportunity, to be exercised within a reasonable time, to acquire the restricted securities;

2. Obligates the corporation or any holder of securities of the corporation or any other person or any combination of the foregoing, to purchase the securities which are the subject of an agreement respecting the purchase and sale of the restricted securities;

3. Requires the corporation or the holders of any class of securities of the corporation to consent to any proposed transfer of the restricted securities or to approve the proposed transferee of the restricted securities or to approve the amount of securities of the corporation that may be owned by any person or group of persons;

4. Obligates the holder of the restricted securities to sell or transfer an amount of restricted securities to the corporation or to any other holders of securities of the corporation or to any other person or to any combination of the foregoing, or causes or results in the automatic sale or transfer of an amount of restricted securities to the corporation or to any other holders of securities of the corporation or to any other person or to any combination of the foregoing; or

5. Prohibits or restricts the transfer of the restricted securities to, or the ownership of restricted securities by, designated persons or classes of persons or groups of persons, and such designation is not manifestly unreasonable.

D. Any restriction on the transfer or the registration of transfer of the securities of a corporation, or on the amount of securities of a corporation that may be owned by a person or group of persons, shall be conclusively presumed to be for a reasonable purpose for any of the following purposes:

1. Maintaining any local, state, federal or foreign tax advantage to the corporation or its shareholders, including without limitation:

   a. maintaining the corporation’s status as an electing small business corporation under Subchapter S of the United States Internal Revenue Code,
   b. maintaining or preserving any tax attribute, including, without limitation, net operating losses, or
   c. qualifying or maintaining the qualification of the corporation as a real estate investment trust pursuant to the United States Internal Revenue Code or regulations adopted pursuant to the United States Internal Revenue Code; or

2. Maintaining any statutory or regulatory advantage or complying with any statutory or regulatory requirements under applicable local, state, federal, or foreign law.

E. Any other lawful restriction on transfer or registration of transfer of securities, or on the amount of securities that may be owned by any person or group of persons, is permitted by the provisions of this section.

Added by Laws 1986, c. 292, § 55, eff. Nov. 1, 1986. Amended by Laws 2001, c. 405, § 10, eff. Nov. 1, 2001.

§18-1055.1. Ratification of defective corporate acts and stock.

RATIFICATION OF DEFECTIVE CORPORATE ACTS AND STOCK

A. Subject to subsection F of this section, no defective corporate act or putative stock shall be void or voidable solely as a result of a failure of authorization if ratified as provided in this section or validated by the District Court in a proceeding brought under Section 1055.2 of this title.

B. 1. In order to ratify one or more defective corporate acts pursuant to this section, other than the ratification of an election of the initial board of directors pursuant to paragraph 2 of this subsection, the board of directors of the corporation shall adopt resolutions stating:

a. the defective corporate act or acts to be ratified,
b. the date of each defective corporate act or acts,
c. if such defective corporate act or acts involved the issuance of shares of putative stock, the number and type of shares of putative stock issued and the date or dates upon which such putative shares were purported to have been issued,
d. the nature of the failure of authorization in respect of each defective corporate act to be ratified, and
e. that the board of directors approves the ratification of the defective corporate act or acts.

The resolutions may also provide that, at any time before the validation effective time for the defective act or acts, notwithstanding approval of the ratification by shareholders, the board of directors may abandon the ratification without further action of the shareholders. The quorum and voting requirements applicable to the ratification by the board of directors shall be the quorum and voting requirements applicable at the time to the type of defective corporate act proposed to be ratified when the board adopts the resolutions ratifying the defective corporate act; provided, that if the certificate of incorporation or bylaws of the corporation, any plan or agreement to which the corporation was a party or any provision of this title, in each case as in effect as of the time of the defective corporate act, would have required a larger number or portion of directors or of specified directors for

a quorum to be present or to approve the defective corporate act, such larger number or portion of such directors or such specified directors shall be required for a quorum to be present or to adopt the ratifying resolutions, as applicable, except that the presence or approval of any director elected, appointed or nominated by holders of any class or series of which no shares are then outstanding, or by any person that is no longer a shareholder, shall not be required.

2. To ratify a defective corporate act in respect of the election of the initial board of directors of the corporation, a majority of the persons who, at the time the resolutions required by this paragraph are adopted, are exercising the powers of directors under claim and color of an election or appointment as such may adopt resolutions stating:

a. the name of the person or persons who first took action in the name of the corporation as the initial board of directors of the corporation,

b. the earlier of the date on which such persons first took such action or were purported to have been elected as the initial board of directors, and

c. that the ratification of the election of such person or persons as the initial board of directors is approved.

C. Each defective corporate act ratified pursuant to paragraph 1 of subsection B of this section shall be submitted to shareholders for approval as provided in subsection D of this section, unless:

1. a. No other provision of this title, and no provision of the certificate of incorporation or bylaws of the corporation, or of any plan or agreement to which the corporation is a party, would have required shareholder approval of the defective corporate act to be ratified, either at the time of the defective corporate act or at the time the board of directors adopts the resolutions ratifying the defective corporate act pursuant to paragraph 1 of subsection B of this section.

b. The defective corporate act did not result from a failure to comply with Section 1090.3 of this title; or

2. As of the record date for determining the shareholders entitle to vote on the ratification of the defective corporate act, there are no shares of valid stock outstanding and entitled to vote thereon, regardless of whether there then exist any shares of putative stock.

D. If ratification of a defective corporate act is required to be submitted to shareholders for approval pursuant to subsection C of this section, due notice of the time, place, if any, and purpose

of the meeting shall be given at least twenty (20) days before the date of the meeting to each holder of valid stock and putative stock, whether voting or nonvoting, at the address of such holder as it appears or most recently appeared, as appropriate, on the records of the corporation. The notice shall also be given to the holders of record of valid stock and putative stock, whether voting or nonvoting, as of the time of the defective corporate act, or, in the case of any defective corporate act that involved the establishment of a record date for notice of or voting at any meeting of shareholders, for action by written consent of shareholders in lieu of a meeting, or for any other purpose, as of the record date for notice of or voting at such meeting, the record date for action by written consent, or the record date for such other action, as the case may be, except that no notice need be given to holders whose identities or addresses cannot be determined from the records of the corporation. The notice shall contain a copy of the resolutions adopted by the board of directors pursuant to paragraph 1 of subsection B of this section or the information required by paragraphs a through e of paragraph 1 of subsection B of this section and a statement that any claim that the defective corporate act or putative stock ratified hereunder is void or voidable due to the failure of authorization, or that the District Court should declare in its discretion that a ratification in accordance with this section not be effective or be effective only on certain conditions must be brought within one hundred twenty (120) days from the validation effective time. At such meeting the quorum and voting requirements applicable to the ratification of such defective corporate act shall be the quorum and voting requirements applicable to the type of defective corporate act proposed to be ratified at the time of the approval of the ratification, except that:

1. If the certificate of incorporation or bylaws of the corporation, any plan or agreement to which the corporation was a party or any provision of this title in effect as of the time of the defective corporate act would have required a larger number or portion of stock or of any class or series thereof or of specified shareholders for a quorum to be present or to approve the defective corporate act, the presence or approval of such larger number or portion of stock or of such class or series thereof or of such specified shareholders shall be required for a quorum to be present or to approve the ratification of the defective corporate act, as applicable, except that the presence or approval of shares of any class or series of which no shares are then outstanding, or of any person that is no longer a shareholder, shall not be required;

2. The approval by shareholders of the ratification of the election of a director shall require the affirmative vote of the majority of shares present at the meeting and entitled to vote on the election of such director, except that if the certificate of

incorporation or bylaws of the corporation then in effect or in effect at the time of the defective election require or required a larger number or portion of stock or of any class or series thereof or of specified shareholders to elect such director, the affirmative vote of such larger number or portion of stock or of any class or series thereof or of specified shareholders shall be required to ratify the election of such director, except that the presence or approval of shares of any class or series of which no shares are then outstanding, or of any person that is no longer a shareholder, shall not be required; and

3. In the event of a failure of authorization resulting from failure to comply with the provisions of Section 1090.3 of this title, the ratification of the defective corporate act shall require the vote set forth in paragraph 3 of subsection A of Section 1090.3 of this title, regardless of whether such vote would have otherwise been required.

Shares of putative stock on the record date for determining shareholders entitled to vote on any matter submitted to shareholders pursuant to subsection C of this section, and without giving effect to any ratification that becomes effective after such record date, shall neither be entitled to vote nor counted for quorum purposes in any vote to ratify any defective corporate act.

E. If a defective corporate act ratified pursuant to this section would have required under any other section of this title the filing of a certificate in accordance with Section 1007 of this title, then, whether or not a certificate was previously filed in respect of such defective corporate act and in lieu of filing the certificate otherwise required by this title, the corporation shall file a certificate of validation with respect to such defective corporate act in accordance with Section 1007 of this title. A separate certificate of validation shall be required for each defective corporate act requiring the filing of a certificate of validation under this section, except that (i) two or more defective corporate acts may be included in a single certificate of validation if the corporation filed, or to comply with this title would have filed, a single certificate under another provision of this title to effect such acts, and (ii) two or more overissues of shares of any class, classes or series of stock may be included in a single certificate of validation, provided that the increase in the number of authorized shares of each such class or series set forth in the certificate of validation shall be effective as of the date of the first such overissue. The certificate of validation shall set forth:

1. Each defective corporate act that is the subject of the certificate of validation including, in the case of any defective corporate act involving the issuance of shares of putative stock, the number and type of shares of putative stock issued and the date

or dates upon which such putative shares were purported to have been issued, the date of such defective corporate act and the nature of the failure of authorization in respect of such defective corporate act;

2. A statement that such defective corporate act was ratified in accordance with this section including the date on which the board of directors ratified such defective corporate act and the date, if any, on which the shareholders approved the ratification of such defective corporate act; and

3. The information required by one of the following paragraphs:

a. if a certificate was previously filed under Section 1007 of this title in respect of such defective corporate act and no changes to such certificate are required to give effect to such defective corporate act in accordance with this section, the certificate of validation shall set forth (1) the name, title and filing date of the certificate previously filed and of any certificate of correction thereto and (2) a statement that a copy of the certificate previously filed, together with any certificate of correction thereto, is attached as an exhibit to the certificate of validation,

b. if a certificate was previously filed under Section 1007 of this title in respect of the defective corporate act and such certificate requires any change to give effect to the defective corporate act in accordance with this section, including a change to the date and time of the effectiveness of such certificate, the certificate of validation shall set forth (1) the name, title and filing date of the certificate so previously filed and of any certificate of correction thereto, (2) a statement that a certificate containing all of the information required to be included under the applicable section or sections of this title to give effect to the defective corporate act is attached as an exhibit to the certificate of validation, and (3) the date and time that such certificate shall be deemed to have become effective pursuant to this section, or

c. if a certificate was not previously filed under Section 1007 of this title in respect of the defective corporate act and the defective corporate act ratified pursuant to this section would have required under any other section of this title the filing of a certificate in accordance with Section 1007 of this title, the certificate of validation shall set forth (1) a statement that a certificate containing all of

the information required to be included under the applicable section or sections of this title to give effect to the defective corporate act is attached as an exhibit to the certificate of validation, and (2) the date and time that such certificate shall be deemed to have become effective pursuant to this section.

A certificate attached to a certificate of validation pursuant to subparagraph b or c of paragraph 3 of this subsection need not be separately executed and acknowledged and need not include any statement required by any other section of this title that such instrument has been approved and adopted in accordance with the provisions of such other section.

F. From and after the validation effective time, unless otherwise determined in an action brought pursuant to Section 1055.2 of this title:

1. Subject to the last sentence of subsection D of this section, each defective corporate act ratified in accordance with this section shall no longer be deemed void or voidable as a result of the failure of authorization described in the adopted resolutions and such effect shall be retroactive to the time of the defective corporate act; and

2. Subject to the last sentence of subsection D of this section, each share or fraction of a share of putative stock issued or purportedly issued pursuant to any such defective corporate act shall no longer be deemed void or voidable and shall be deemed to be an identical share or fraction of a share of outstanding stock as of the time it was purportedly issued.

G. In respect of each defective corporate act ratified by the board of directors pursuant to subsection B of this section, prompt notice of the ratification shall be given to all holders of valid stock and putative stock, whether voting or nonvoting, as of the date the board of directors adopts the resolutions approving such defective corporate act, or as of a date within sixty (60) days after the date of adoption, as established by the board of directors, at the address of such holder as it appears or most recently appeared, as appropriate, on the records of the corporation. The notice shall also be given to the holders of record of valid stock and putative stock, whether voting or nonvoting, as of the time of the defective corporate act, other than holders whose identities or addresses cannot be determined from the records of the corporation. The notice shall contain a copy of the resolutions adopted pursuant to subsection B of this section or the information specified in subparagraphs a through e of paragraph 1 of subsection B of this section or subparagraphs a through c of paragraph 2 of subsection B of this section, as applicable, and a statement that any claim that the defective corporate act or

putative stock ratified hereunder is void or voidable due to the failure of authorization, or that the district court should declare in its discretion that a ratification in accordance with this section not be effective or be effective only on certain conditions must be brought within one hundred twenty (120) days from the later of the validation effective time or the time at which the notice required by this subsection is given. Notwithstanding the foregoing, no such notice shall be required if notice of the ratification of the defective corporate act is to be given in accordance with subsection D of this section, and in the case of a corporation that has a class of stock listed on a national securities exchange, the notice required by this subsection and subsection D of this section may be deemed given if disclosed in a document publicly filed by the corporation with the Securities and Exchange Commission pursuant to Sections 13, 14 or 15(d) of the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder, or the corresponding provisions of any subsequent United States federal securities laws, rules or regulations. If any defective corporate act has been approved by shareholders acting pursuant to Section 1073 of this title, the notice required by this subsection may be included in any notice required to be given pursuant to subsection F of Section 1073 of this title and, if so given, shall be sent to the shareholders entitled to notice under subsection F of Section 1073 of this title and to all holders of valid and putative stock to whom notice would be required under this subsection if the defective corporate act had been approved at a meeting other than any shareholder who approved the action by consent in lieu of a meeting pursuant to Section 1073 of this title or any holder of putative stock who otherwise consented thereto in writing. Solely for purposes of subsection D of this section and this subsection, notice to holders of putative stock, and notice to holders of valid stock and putative stock as of the time of the defective corporate act, shall be treated as notice to holders of valid stock for purposes of Sections 1067, 1073, 1074, 1075, 1075.2 and 1075.3 of this title.

H. As used in this section and in Section 1055.2 of this title only, the term:

1. "Defective corporate act" means an overissue, an election or appointment of directors that is void or voidable due to a failure of authorization, or any act or transaction purportedly taken by or on behalf of the corporation that is, and at the time such act or transaction was purportedly taken would have been, within the power of a corporation under this title, without regard to the failure of authorization identified in subparagraph d of paragraph 1 of subsection B of this section, but is void or voidable due to a failure of authorization;

2. "Failure of authorization" means:

a. the failure to authorize or effect an act or transaction in compliance with:
(1) the provisions of this title,
(2) the certificate of incorporation or bylaws of the corporation, or
(3) any plan or agreement to which the corporation is a party or the disclosure set forth in any proxy or consent solicitation statement, if and to the extent such failure would render such act or transaction void or voidable, or

b. the failure of the board of directors or any officer of the corporation to authorize or approve any act or transaction taken by or on behalf of the corporation that would have required for its due authorization the approval of the board of directors or such officer;

3. "Overissue" means the purported issuance of (a) shares of capital stock of a class or series in excess of the number of shares of such class or series the corporation has the power to issue under Section 1042 of this title at the time of such issuance, or (b) shares of any class or series of capital stock that is not then authorized for issuance by the certificate of incorporation of the corporation;

4. "Putative stock" means the shares of any class or series of capital stock of the corporation, including shares issued upon exercise of options, rights, warrants or other securities convertible into shares of capital stock of the corporation, or interests with respect thereto that were created or issued pursuant to a defective corporate act, that: (a) but for any failure of authorization, would constitute valid stock, or (b) cannot be determined by the board of directors to be valid stock;

5. "Time of the defective corporate act" means the date and time the defective corporate act was purported to have been taken;

6. "Valid stock" means the shares of any class or series of capital stock of the corporation that have been duly authorized and validly issued in accordance with this title; and

7. "Validation effective time" with respect to any defective corporate act ratified pursuant to this section means the latest of (a) the time at which the defective act submitted to the shareholders for approval pursuant to subsection C of this section is approved by such shareholders, or if no such vote of shareholders is required to approve the ratification, the time at which the board of directors adopts the resolutions required by paragraphs 1 or 2 of subsection B of this section, (b) where no certificate of validation is required to be filed pursuant to subsection E of this section, the time, if any, specified by the board of directors in the resolutions adopted pursuant to paragraphs 1 or 2 of subsection B of this section, which time shall not precede the time at which such

resolutions are adopted; and (c) the time at which any certificate of validation filed pursuant to subsection E of this section shall become effective in accordance with Section 1007 of this title.

In the absence of actual fraud in the transaction, the judgment of the board of directors that shares of stock are valid stock or putative stock shall be conclusive, unless otherwise determined by the District Court in a proceeding brought pursuant to Section 1055.2 of this title.

I. Ratification under this section or validation under Section 1055.2 of this title shall not be deemed to be the exclusive means of ratifying or validating any act or transaction taken by or on behalf of the corporation, including any defective corporate act, or any issuance of stock, including any putative stock, or of adopting or endorsing any act or transaction taken by or in the name of the corporation prior to the commencement of its existence, and the absence or failure of ratification in accordance with either this section or validation under Section 1055.2 of this title shall not, of itself, affect the validity or effectiveness of any act or transaction or the issuance of any stock properly ratified under common law or otherwise, nor shall it create a presumption that any such act or transaction is or was a defective corporate act or that such stock is void or voidable.

Added by Laws 2017, c. 323, § 9, eff. Nov. 1, 2017. Amended by Laws 2021, c. 51, § 6, eff. Nov. 1, 2021.

§18-1055.2. Proceedings regarding validity of defective corporate acts and stock.

PROCEEDINGS REGARDING VALIDITY OF DEFECTIVE CORPORATE ACTS AND STOCK

A. Subject to subsection F of this section, upon application by the corporation, any successor entity to the corporation, any member of the board of directors, any record or beneficial holder of valid stock or putative stock, any record or beneficial holder of valid or putative stock as of the time of a defective corporate act ratified pursuant to Section 9 of this act, or any other person claiming to be substantially and adversely affected by a ratification pursuant to Section 9 of this act, the district court may:

1. Determine the validity and effectiveness of any defective corporate act ratified pursuant to Section 9 of this act;

2. Determine the validity and effectiveness of the ratification of any defective corporate act pursuant to Section 9 of this act;

3. Determine the validity and effectiveness of any defective corporate act not ratified or not ratified effectively pursuant to Section 9 of this act;

4. Determine the validity of any corporate act or transaction and any stock, rights or options to acquire stock; and

5. Modify or waive any of the procedures set forth in Section 9 of this act to ratify a defective corporate act.

B. In connection with an action under this section, the district court may:

1. Declare that a ratification in accordance with and pursuant to Section 9 of this act is not effective or shall only be effective at a time or upon conditions established by the court;

2. Validate and declare effective any defective corporate act or putative stock and impose conditions upon such validation by the court;

3. Require measures to remedy or avoid harm to any person substantially and adversely affected by a ratification pursuant to Section 9 of this act or from any order of the court pursuant to this section, excluding any harm that would have resulted if the defective corporate act had been valid when approved or effectuated;

4. Order the Secretary of State to accept an instrument for filing with an effective time specified by the court, which effective time may be prior or subsequent to the time of such order; provided, that the filing date of such instrument shall be determined in accordance with paragraph 4 of subsection C of Section 1007 of Title 18 of the Oklahoma Statutes;

5. Approve a stock ledger for the corporation that includes any stock ratified or validated in accordance with this section or with Section 9 of this act;

6. Declare that shares of putative stock are shares of valid stock or require a corporation to issue and deliver shares of valid stock in place of any shares of putative stock;

7. Order that a meeting of holders of valid stock or putative stock be held and exercise the powers provided to the court under Section 1027 of Title 18 of the Oklahoma Statutes with respect to such a meeting;

8. Declare that a defective corporate act validated by the court shall be effective as of the time of the defective corporate act or at such other time as the court shall determine;

9. Declare that putative stock validated by the court shall be deemed to be an identical share or fraction of a share of valid stock as of the time originally issued or purportedly issued or at such other time as the court shall determine; and

10. Make such other orders regarding such matters as it deems proper under the circumstances.

C. Service of the application under subsection A of this section upon the registered agent of the corporation shall be deemed to be service upon the corporation, and no other party need be joined in order for the district court to adjudicate the matter. In an action filed by the corporation, the court may require notice of the action be provided to other persons specified by the court and permit such other persons to intervene in the action.

D. In connection with the resolution of matters pursuant to subsections A and B of this section, the district court may consider the following:

1. Whether the defective corporate act was originally approved or effectuated with the belief that the approval or effectuation was in compliance with the provisions of Title 18 of the Oklahoma Statutes, the certificate of incorporation or bylaws of the corporation;

2. Whether the corporation and board of directors has treated the defective corporate act as a valid act or transaction and whether any person has acted in reliance on the public record that such defective corporate act was valid;

3. Whether any person will be or was harmed by the ratification or validation of the defective corporate act, excluding any harm that would have resulted if the defective corporate act had been valid when approved or effectuated;

4. Whether any person will be harmed by the failure to ratify or validate the defective corporate act; and

5. Any other factors or considerations the court deems just and equitable.

E. The district court is hereby vested with exclusive jurisdiction to hear and determine all actions brought under this section.

F. Notwithstanding any other provision of this section, no action asserting:

1. That a defective corporate act or putative stock ratified in accordance with Section 9 of this act is void or voidable due to a failure of authorization identified in the resolution adopted in accordance with subsection B of Section 9 of this act; or

2. That the district court should declare in its discretion that a ratification in accordance with Section 9 of this act not be effective or be effective only on certain conditions,

may be brought after the expiration of one hundred twenty (120) days from the later of the validation effective time and the time notice, if any, that is required to be given pursuant to subsection G of Section 9 of this act is given with respect to such ratification, except that this subsection shall not apply to an action asserting that a ratification was not accomplished in accordance with Section 9 of this act or to any person to whom notice of the ratification was required to have been given pursuant to subsection D or G of Section 9 of this act, but to whom such notice was not given.
Added by Laws 2017, c. 323, § 10, eff. Nov. 1, 2017.

§18-1056. Meetings of shareholders.

MEETINGS OF SHAREHOLDERS

A. 1. Meetings of shareholders may be held at such place, either within or without this state, as may be designated by or in

the manner provided in the certificate of incorporation or bylaws or, if not so designated, as determined by the board of directors. If, pursuant to this paragraph or the certificate of incorporation or the bylaws of the corporation, the board of directors is authorized to determine the place of a meeting of shareholders, the board of directors may, in its sole discretion, determine that the meeting shall not be held at any place, but may instead be held solely by means of remote communication as authorized by paragraph 2 of this subsection.

2. If authorized by the board of directors in its sole discretion, and subject to such guidelines and procedures as the board of directors may adopt, shareholders and proxyholders not physically present at a meeting of shareholders may, by means of remote communication:

a. participate in a meeting of shareholders, and

b. be deemed present in person and vote at a meeting of shareholders whether the meeting is to be held at a designated place or solely by means of remote communication, provided that:

(1) the corporation shall implement reasonable measures to verify that each person deemed present and permitted to vote at the meeting by means of remote communication is a shareholder or proxyholder,

(2) the corporation shall implement reasonable measures to provide such shareholders and proxyholders a reasonable opportunity to participate in the meeting and to vote on matters submitted to the shareholders, including an opportunity to read or hear the proceedings of the meeting substantially concurrently with the proceedings, and

(3) if any shareholder or proxyholder votes or takes other action at the meeting by means of remote communication, a record of the vote or other action shall be maintained by the corporation.

B. 1. Unless directors are elected by written consent in lieu of an annual meeting as permitted by this subsection, an annual meeting of shareholders shall be held for the election of directors on a date and at a time designated by or in the manner provided for in the bylaws. Shareholders may, unless the certificate of incorporation otherwise provides, act by written consent to elect directors; provided, however, that if the consent is less than unanimous, the action by written consent may be in lieu of holding an annual meeting only if all of the directorships to which directors could be elected at an annual meeting held at the

effective time of the action are vacant and are filled by the action.

2. Any other proper business may be transacted at the annual meeting.

C. A failure to hold the annual meeting at the designated time or to elect a sufficient number of directors to conduct the business of the corporation shall not affect otherwise valid corporate acts or work a forfeiture or dissolution of the corporation except as may be otherwise specifically provided for in this act. If the annual meeting for election of directors is not held on the date designated therefor or action by written consent to elect directors in lieu of an annual meeting has not been taken, the directors shall cause the meeting to be held as soon as is convenient. If there is a failure to hold the annual meeting or action by written consent to elect directors in lieu of an annual meeting for a period of thirty (30) days after the date designated for the annual meeting, or if no date has been designated, for a period of thirteen (13) months after the latest to occur of the organization of the corporation, its last annual meeting, or the last action by written consent to elect directors in lieu of an annual meeting, the district court may summarily order a meeting to be held upon the application of any shareholder or director. The shares of stock represented at the meeting, either in person or by proxy, and entitled to vote thereat, shall constitute a quorum for the purpose of the meeting, notwithstanding any provision of the certificate of incorporation or bylaws to the contrary. The district court may issue orders as may be appropriate, including, without limitation, orders designating the time and place of the meeting, the record date or dates for determination of shareholders entitled to notice of the meeting and to vote, and the form of notice of the meeting.

D. Special meetings of the shareholders may be called by the board of directors or by the person or persons as may be authorized by the certificate of incorporation or by the bylaws.

E. All elections of directors shall be by written ballot, unless otherwise provided for in the certificate of incorporation; if authorized by the board of directors, the requirement of a written ballot shall be satisfied by a ballot submitted by electronic transmission; provided that the electronic transmission must either set forth or be submitted with information from which it can be determined that the electronic transmission was authorized by the shareholder or proxyholder.

Added by Laws 1986, c. 292, § 56, eff. Nov. 1, 1986. Amended by Laws 1998, c. 422, § 9, eff. Nov. 1, 1998; Laws 2001, c. 405, § 11, eff. Nov. 1, 2001; Laws 2017, c. 323, § 11, eff. Nov. 1, 2017.

§18-1057. Voting Rights of Shareholders - Proxies - Limitations.

VOTING RIGHTS OF SHAREHOLDERS; PROXIES; LIMITATIONS

A. Unless otherwise provided for in the certificate of incorporation and subject to the provisions of Section 1058 of this title, each shareholder shall be entitled to one vote for each share of capital stock held by the shareholder. If the certificate of incorporation provides for more or less than one vote for any share on any matter, every reference in Section 1001 et seq. of this title to a majority or other proportion of stock, voting stock or shares shall refer to such majority or other proportion of the votes of such stock, voting stock or shares.

B. Each shareholder entitled to vote at a meeting of shareholders or to express consent or dissent to corporate action in writing without a meeting may authorize another person or persons to act for the shareholder by proxy, but no proxy shall be voted or acted upon after three (3) years from its date, unless the proxy provides for a longer period.

C. Without limiting the manner in which a shareholder may authorize another person or persons to act as a proxy pursuant to subsection B of this section, the following shall constitute a valid means by which a shareholder may grant such authority:

1. A shareholder or the shareholder's authorized officer, director, employee, or agent may execute a writing authorizing another person or persons to act for him or her as proxy.

2. A shareholder may authorize another person or persons to act for him or her as proxy by transmitting or authorizing the transmission of a telegram, cablegram, or other means of electronic transmission to the person who will be the holder of the proxy or to a proxy solicitation firm, proxy support service organization, or like agent duly authorized by the person who will be the holder of the proxy to receive the transmission; provided, that any telegram, cablegram, or other means of electronic transmission must either set forth, or be submitted with information from which it can be determined, that the telegram, cablegram, or other electronic transmission was authorized by the shareholder. If it is determined that telegrams, cablegrams, or other electronic transmissions are valid, the inspectors or, if there are no inspectors, any other person making that determination shall specify the information upon which they relied.

3. The authorization of a person to act as a proxy may be documented, signed, and delivered in accordance with Section 1014.3 of this title, provided that the authorization shall set forth, or be delivered with information enabling the corporation to determine, the identity of the shareholder granting the authorization.

D. Any copy, facsimile telecommunication, or other reliable reproduction of the writing or transmission created pursuant to subsection C of this section may be substituted or used in lieu of the original writing or transmission for any and all purposes for which the original writing or transmission could be used; provided,

that the copy, facsimile telecommunication, or other reproduction shall be a complete reproduction of the entire original writing or transmission.

E. A duly executed proxy shall be irrevocable if it states that it is irrevocable and if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power. A proxy may be made irrevocable regardless of whether the interest with which it is coupled is an interest in the stock itself or an interest in the corporation generally.

Added by Laws 1986, c. 292, § 57, eff. Nov. 1, 1986. Amended by Laws 1998, c. 422, § 10, eff. Nov. 1, 1998; Laws 2004, c. 255, § 10, eff. Nov. 1, 2004; Laws 2024, c. 120, § 24, eff. Nov. 1, 2024.

§18-1058. Fixing date for determination of shareholders of record.

FIXING DATE FOR DETERMINATION OF SHAREHOLDERS OF RECORD

A. In order that the corporation may determine the shareholders entitled to notice of or to vote at any meeting of shareholders or any adjournment thereof, the board of directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the board of directors, and which record date shall not be more than sixty (60) nor less than ten (10) days before the date of such meeting. If the board of directors so fixes a date, such date shall also be the record date for determining the shareholders entitled to vote at such meeting unless the board of directors determines, at the time it fixes such record date, that a later date on or before the date of the meeting shall be the date for making such determination. If no record date is fixed by the board of directors, the record date for determining shareholders entitled to notice of or to vote at a meeting of shareholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of shareholders of record entitled to notice of or to vote at a meeting of shareholders shall apply to any adjournment of the meeting; provided, however, that the board of directors may fix a new record date for the adjourned meeting and in such case shall also fix as the record date for shareholders entitled to notice of such adjourned meeting the same or an earlier date as that fixed for determination of shareholders entitled to vote in accordance with the foregoing provisions of this section at the adjourned meeting.

B. In order that the corporation may determine the shareholders entitled to consent to corporate action without a meeting in accordance with Section 1073 of this title, the board of directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the board of directors, and which date shall not be more than ten (10)

days after the date upon which the resolution fixing the record date is adopted by the board of directors. If no record date has been fixed by the board of directors, the record date for determining shareholders entitled to consent to corporate action without a meeting, when no prior action by the board of directors is required by the Oklahoma General Corporation Act, shall be the first date on which a signed consent setting forth the action taken or proposed to be taken is delivered to the corporation in accordance with subsection D of Section 1073 of this title. If no record date has been fixed by the board of directors and prior action by the board of directors is required by the Oklahoma General Corporation Act, the record date for determining shareholders entitled to consent to corporate action in writing without a meeting shall be at the close of business on the day on which the board of directors adopts the resolution taking such prior action.

C. In order that the corporation may determine the shareholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the shareholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the board of directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than sixty (60) days prior to such action. If no record date is fixed, the record date for determining shareholders for any such purpose shall be at the close of business on the day on which the board of directors adopts the resolution relating thereto.

Added by Laws 1986, c. 292, § 58, eff. Nov. 1, 1986. Amended by Laws 1988, c. 323, § 10, eff. Nov. 1, 1988; Laws 2017, c. 323, § 12, eff. Nov. 1, 2017; Laws 2024, c. 120, § 25, eff. Nov. 1, 2024.

§18-1059. Cumulative Voting.

CUMULATIVE VOTING

The certificate of incorporation of any corporation may provide that at all elections of directors of the corporation, or at elections held under specified circumstances, each holder of stock or of any class or classes or of a series or series thereof shall be entitled to as many votes as shall equal the number of votes which, except for such provision as to cumulative voting, he would be entitled to cast for the election of directors with respect to his shares of stock multiplied by the number of directors to be elected by him, and that he may cast all of such votes for a single director or may distribute them among the number to be voted for, or for any two (2) or more of them as he may see fit.

Added by Laws 1986, c. 292, § 59, eff. Nov. 1, 1986.

§18-1060. Voting rights of members of nonstock corporations - Quorum - Proxies.

VOTING RIGHTS OF MEMBERS OF NONSTOCK CORPORATIONS; QUORUM; PROXIES

A. The provisions of Sections 1056 through 1059 and 1061 of this title shall not apply to nonstock corporations, except that subsections A and D of Section 1056 and subsections C, D and E of Section 1057 of this title shall apply to nonstock corporations, and, when so applied, all references therein to shareholders and to the board of directors shall be deemed to refer to the members and the governing body of a nonstock corporation, respectively; and all references to stock, capital stock, or shares thereof shall be deemed to refer to memberships of a nonprofit nonstock corporation and to membership interests of any other nonstock corporation.

B. Unless otherwise provided for in the certificate of incorporation or the bylaws of a nonstock corporation, and subject to subsection F of this section, each member shall be entitled at every meeting of members to one vote on each matter submitted to a vote of members. A member may exercise such voting rights in person or by proxy, but no proxy shall be voted on after three (3) years from its date, unless the proxy provides for a longer period.

C. Unless otherwise provided for in the Oklahoma General Corporation Act, the certificate of incorporation or bylaws of a nonstock corporation may specify the number of members having voting power who shall be present or represented by proxy at any meeting in order to constitute a quorum for, and the votes that shall be necessary for, the transaction of any business. In the absence of such specification in the certificate of incorporation or bylaws of a nonstock corporation:

1. One-third (1/3) of the members of the corporation shall constitute a quorum at a meeting of the members;

2. In all matters other than the election of the governing body of the corporation, the affirmative vote of a majority of the members present in person or represented by proxy at the meeting and entitled to vote on the subject matter shall be the act of the members, unless the vote of a greater number is required by the provisions of the Oklahoma General Corporation Act, the certificate of incorporation or bylaws;

3. Members of the governing body shall be elected by a plurality of the votes of the members of the corporation present in person or represented by proxy at the meeting and entitled to vote; and

4. When a separate vote by a class or group or classes or groups is required, a majority of the members of such class or group or classes or groups, present in person or represented by proxy, shall constitute a quorum entitled to take action with respect to that vote on that matter and, in all matters other than the election

of members of the governing body, the affirmative vote of the majority of the members of such class or group or classes or groups present in person or represented by proxy at the meeting shall be the act of such class or group or classes or groups.

D. If the election of the governing body of any nonstock corporation shall not be held on the day designated by the bylaws, the governing body shall cause the election to be held as soon thereafter as convenient. The failure to hold such an election at the designated time shall not work any forfeiture or dissolution of the corporation, but the district court may summarily order such an election to be held upon the application of any member of the corporation. At any election pursuant to such order the persons entitled to vote in such election who shall be present at such meeting, either in person or by proxy, shall constitute a quorum for such meeting, notwithstanding any provision of the certificate of incorporation or the bylaws of the corporation to the contrary.

E. If authorized by the governing body, any requirement of a written ballot shall be satisfied by a ballot submitted by electronic transmission, provided that the electronic transmission shall either set forth or be submitted with information from which it can be determined that the electronic transmission was authorized by the member or proxy holder.

F. Except as otherwise provided in the certificate of incorporation, in the bylaws, or by resolution of the governing body, the record date for any meeting or corporate action shall be deemed to be the date of such meeting or corporate action; provided, however, that no record date may precede any action by the governing body fixing such record date.

Added by Laws 1986, c. 292, § 60, eff. Nov. 1, 1986. Amended by Laws 1999, c. 421, § 10, eff. Nov. 1, 1999; Laws 2004, c. 255, § 11, eff. Nov. 1, 2004; Laws 2019, c. 88, § 10, eff. Nov. 1, 2019.

§18-1061. Quorum and required vote for stock corporations.

QUORUM AND REQUIRED VOTE FOR STOCK CORPORATIONS

Subject to the provisions of the Oklahoma General Corporation Act, in respect of the vote that shall be required for a specified action, the certificate of incorporation or bylaws of any corporation authorized to issue stock may specify the number of shares and/or the amount of other securities having voting power the holders of which shall be present or represented by proxy at any meeting in order to constitute a quorum for, and the votes that shall be necessary for, the transaction of any business, but in no event shall a quorum consist of less than one-third (1/3) of the shares entitled to vote at the meeting, except that, where a separate vote by a class or series or classes or series is required, a quorum shall consist of no less than one-third (1/3) of the share of that class or series or classes or series. In the absence of

such specification in the certificate of incorporation or bylaws of the corporation:

1. A majority of the shares entitled to vote, present in person or represented by proxy, shall constitute a quorum at a meeting of shareholders;

2. In all matters other than the election of directors, the affirmative vote of the majority of shares present in person or represented by proxy at the meeting and entitled to vote on the subject matter shall be the act of the shareholders;

3. Directors shall be elected by a plurality of the votes of the shares present in person or represented by proxy at the meeting and entitled to vote on the election of directors; and

4. Where a separate vote by a class or series or classes or series is required, a majority of the outstanding shares of such class or series or classes or series, present in person or represented by proxy, shall constitute a quorum entitled to take action with respect to that vote on that matter and the affirmative vote of the majority of shares of such class or series or classes or series present in person or represented by proxy at the meeting shall be the act of such class or series or classes or series.

Added by Laws 1986, c. 292, § 61, eff. Nov. 1, 1986. Amended by Laws 1988, c. 323, § 11, eff. Nov. 1, 1988; Laws 1999, c. 421, § 11, eff. Nov. 1, 1999.

§18-1062. Voting Rights of Fiduciaries, Pledgors and Joint Owners of Stock.

VOTING RIGHTS OF FIDUCIARIES, PLEDGORS AND JOINT OWNERS OF STOCK

A. Persons holding stock in a fiduciary capacity shall be entitled to vote the shares so held. Persons whose stock is pledged shall be entitled to vote, unless in the transfer by the pledgor on the books of the corporation he has expressly empowered the pledgee, to vote thereon, in which case only the pledgee, or his proxy may represent such stock and vote thereon.

B. If shares or other securities having voting power stand of record in the names of two (2) or more persons, whether fiduciaries, members of a partnership, joint tenants, tenants in common, tenants by the entirety or otherwise, or if two (2) or more persons have the same fiduciary relationship respecting the same shares, unless the secretary of the corporation is given written notice to the contrary and is furnished with a copy of the instrument or order appointing them or creating the relationship wherein it is so provided, their acts with respect to voting shall have the following effect:

1. If only one (1) vote, his act binds all; or

2. If more than one (1) vote, the act of the majority so voting binds all; or

3. If more than one (1) vote, but the vote is evenly split on any particular matter, each faction may vote the securities in question proportionally, or any person voting the shares, or a beneficiary, if any, may apply to the district court to appoint an additional person to act with the persons so voting the shares, which shall then be voted as determined by a majority of such persons and the person appointed by such court. If the instrument so filed shows that any such tenancy is held in unequal interests, a majority or even-split for the purpose of this subsection shall be a majority or even-split in interest.
Added by Laws 1986, c. 292, § 62, eff. Nov. 1, 1986.

§18-1063. Voting trusts and other voting agreements.

VOTING TRUSTS AND OTHER VOTING AGREEMENTS

A. One (1) or more shareholders, by agreement in writing, may deposit capital stock of an original issue with or transfer capital stock to any person or persons, or entity or entities, authorized to act as trustee, for the purpose of vesting in the person or persons, or entity or entities, who may be designated voting trustee, or voting trustees, the right to vote thereon for any period of time determined by the agreement upon the terms and conditions stated in the agreement. The agreement may contain any other lawful provisions not inconsistent with its purpose. After delivery of a copy of the agreement to the registered office of the corporation in this state or the principal place of business of the corporation, which copy shall be open to the inspection of any shareholder of the corporation or any beneficiary of the trust under the agreement daily during business hours, certificates of stock or uncertificated stock shall be issued to the voting trustee or trustees to represent any stock of an original issue so deposited with the trustee or trustees, and any certificates of stock or uncertificated stock so transferred to the voting trustee or trustees shall be surrendered and canceled and new certificates or uncertificated stock shall be issued therefor to the voting trustee or trustees. In the certificate so issued, if any, it shall be stated that it is issued pursuant to the agreement and that fact shall also be stated in the stock ledger of the corporation. The voting trustee or trustees may vote the stock so issued or transferred during the period specified in the agreement. Stock standing in the name of the voting trustee or trustees may be voted either in person or by proxy. In voting the stock, the voting trustee or trustees shall incur no responsibility as shareholder, trustee, or otherwise, except for the trustee's or trustees' own individual malfeasance. In any case where two (2) or more persons or entities are designated as voting trustees, and the right and method of voting any stock standing in their names at any meeting of the corporation are not fixed by the agreement appointing the trustees, the right to vote the stock and

the manner of voting it at the meeting shall be determined by a majority of the trustees, or if they be equally divided or the right and manner of voting the stock in any particular case, the vote of the stock shall be divided equally among the trustees.

B. Any amendment to a voting trust agreement shall be made by a written agreement, a copy of which shall be delivered to the registered office of the corporation in this state or the principal place of business of the corporation.

C. An agreement between two (2) or more shareholders, if in writing and signed by the parties thereto, may provide that in exercising any voting rights, the shares held by them shall be voted as provided by the agreement, or as the parties may agree, or as determined in accordance with a procedure agreed upon by them.

D. This section shall not be construed to invalidate any voting or other agreement among shareholders or any irrevocable proxy which is not otherwise illegal.

Added by Laws 1986, c. 292, § 63, eff. Nov. 1, 1986. Amended by Laws 1987, c. 146, § 4, emerg. eff. June 24, 1987; Laws 1998, c. 422, § 11, eff. Nov. 1, 1998; Laws 2004, c. 255, § 12, eff. Nov. 1, 2004; Laws 2017, c. 323, § 13, eff. Nov. 1, 2017.

§18-1064. List of shareholders entitled to vote - Penalty for refusal to produce stock ledger.

LIST OF SHAREHOLDERS ENTITLED TO VOTE; PENALTY FOR REFUSAL TO PRODUCE STOCK LEDGER

A. The corporation shall prepare, no later than the tenth day before each meeting of shareholders, a complete list of the shareholders entitled to vote at the meeting; provided, however, if the record date for determining the shareholders entitled to vote is less than ten (10) days before the meeting date, the list shall reflect the shareholders entitled to vote as of the tenth day before the meeting date, arranged in alphabetical order, and showing the address of each shareholder and the number of shares registered in the name of each shareholder. Nothing contained in this section shall require the corporation to include electronic mail addresses or other electronic contact information on the list. The list shall be open to the examination of any shareholder, for any purpose germane to the meeting for a period of ten (10) days ending on the day before the meeting date:

1. On a reasonably accessible electronic network; provided, that the information required to gain access to the list is provided with the notice of the meeting; or

2. During ordinary business hours, at the principal place of business of the corporation. In the event that the corporation determines to make the list available on an electronic network, the corporation may take reasonable steps to ensure that the information is available only to shareholders of the corporation.

B. If the corporation or an officer or agent of the corporation refuses to permit examination of the list by a shareholder, such shareholder may apply to the district court for an order to compel the corporation to permit such examination. The burden of proof shall be on the corporation to establish that the examination the shareholder seeks is for a purpose not germane to the meeting. The court may summarily order the corporation to permit examination of the list upon such conditions as the court may deem appropriate and may make such additional orders as may be appropriate including but not limited to postponing the meeting or voiding the results of the meeting.

C. For the purposes of the Oklahoma General Corporation Act, "stock ledger" means one or more records administered by or on behalf of the corporation in which the names of all the corporation's shareholders of record, the address and number of shares registered in the name of each such shareholder and all issuances and transfers of stock of the corporation are recorded in accordance with Section 1069 of this title. The stock ledger shall be the only evidence as to who are the shareholders entitled by this section to examine the list required by this section or to vote in person or by proxy at any meeting of shareholders.

Added by Laws 1986, c. 292, § 64, eff. Nov. 1, 1986. Amended by Laws 2001, c. 405, § 12, eff. Nov. 1, 2001; Laws 2004, c. 255, § 13, eff. Nov. 1, 2004; Laws 2017, c. 323, § 14, eff. Nov. 1, 2017; Laws 2021, c. 51, § 7, eff. Nov. 1, 2021; Laws 2024, c. 120, § 26, eff. Nov. 1, 2024.

§18-1065. Inspection of books and records.

INSPECTION OF BOOKS AND RECORDS

A. As used in this section:

1. "Shareholder" means a shareholder of record in a stock corporation, or a person who is the beneficial owner of shares of stock held either in a voting trust or by a nominee on behalf of a person;

2. "Under oath" includes statements the declarant affirms to be true under penalty of perjury under the laws of the United States or any state; and

3. "Subsidiary" means any entity directly or indirectly owned, in whole or in part, by the corporation of which the shareholder is a shareholder and over the affairs of which the corporation directly or indirectly exercises control, and includes but is not limited to corporations, partnerships, limited partnerships, limited liability partnerships, limited liability companies, statutory trusts and joint ventures.

B. Any shareholder, in person or by attorney or other agent, upon written demand under oath stating the purpose thereof, shall

have the right during the usual hours for business to inspect for any proper purpose, and to make copies and extracts from:

1. The corporation's stock ledger, a list of shareholders, and its other books and records; and

2. A subsidiary's books and records, to the extent that:

a. the corporation has actual possession and control of the records of the subsidiary, or

b. the corporation could obtain the records through the exercise of control over the subsidiary,

provided that as of the date of the making of the demand:

(1) shareholder inspection of the books and records of the subsidiary would not constitute a breach of an agreement between the corporation or the subsidiary and a person or person not affiliated with the corporation, and

(2) the subsidiary would not have the right under the law applicable to it to deny the corporation access to the books and records upon demand by the corporation.

In every instance where the shareholder is other than a record holder of stock in a stock corporation, or a member of a nonstock corporation, the demand under oath shall state the person's status as a shareholder or member, be accompanied by documentary evidence of beneficial ownership of the stock or beneficial membership, and state that the documentary evidence is a true and correct copy of what it purports to be. A proper purpose shall mean a purpose reasonably related to a person's interest as a shareholder or member. In every instance where an attorney or other agent shall be the person who seeks the right to inspection, the demand under oath shall be accompanied by a power of attorney or other writing which authorizes the attorney or other agent to so act on behalf of the shareholder. The demand under oath shall be directed to the corporation at its registered office in this state or at its principal place of business.

C. 1. If the corporation or an officer or agent thereof refuses to permit an inspection sought by a shareholder or attorney or other agent acting for the shareholder pursuant to the provisions of subsection B of this section or does not reply to the demand within five (5) business days after the demand has been made, the shareholder may apply to the district court for an order to compel an inspection. The court may summarily order the corporation to permit the shareholder to inspect the corporation's stock ledger, an existing list of shareholders, and its other books and records, and to make copies or extracts therefrom; or the court may order the corporation to furnish to the shareholder a list of its shareholders as of a specific date on condition that the shareholder first pay to

the corporation the reasonable cost of obtaining and furnishing the list and on other conditions as the court deems appropriate.

2. Where the shareholder seeks to inspect the corporation's books and records, other than its stock ledger or list of shareholders, the shareholder shall first establish that:

a. the shareholder is a shareholder,

b. the shareholder has complied with the provisions of this section respecting the form and manner of making demand for inspection of the documents, and

c. the inspection the shareholder seeks is for a proper purpose.

3. Where the shareholder seeks to inspect the corporation's stock ledger or list of shareholders and has complied with the provisions of this section respecting the form and manner of making demand for inspection of the documents, the burden of proof shall be upon the corporation to establish that the inspection the shareholder seeks is for an improper purpose. The court may, in its discretion, prescribe any limitations or conditions upon the inspection, or award other or further relief as the court may deem just and proper. The court may order books, documents, and records, pertinent extracts therefrom, or duly authenticated copies thereof, to be brought within this state and kept in this state upon such terms and conditions as the order may prescribe.

D. Any director shall have the right to examine the corporation's stock ledger, a list of its shareholders, and its other books and records for a purpose reasonably related to his or her position as a director. The district court may summarily order the corporation to permit the director to inspect any and all books and records, the stock ledger, and the list of shareholders and to make copies or extracts therefrom. The court, in its discretion, may prescribe any limitations or conditions with reference to the inspection, or award other or further relief as the court may deem just and proper. The burden of proof shall be upon the corporation to establish that the inspection the director seeks is for an improper purpose.

Added by Laws 1986, c. 292, § 65, eff. Nov. 1, 1986. Amended by Laws 1998, c. 422, § 12, eff. Nov. 1, 1998; Laws 2004, c. 255, § 14, eff. Nov. 1, 2004; Laws 2019, c. 88, § 11, eff. Nov. 1, 2019.

§18-1065.1. Access to proxy solicitation materials – Proxy expense reimbursement.

ACCESS TO PROXY SOLICITATION MATERIALS; PROXY EXPENSE REIMBURSEMENT

A. The bylaws may provide that if the corporation solicits proxies with respect to an election of directors, it may be required, to the extent and subject to such procedures or conditions as may be provided in the bylaws, to include in its

proxy solicitation materials, including any form of proxy it distributes, in addition to individuals nominated by the board of directors, one or more individuals nominated by a shareholder. Such procedures or conditions may include any of the following:

1. A provision requiring a minimum record or beneficial ownership, or duration of ownership, of shares of the corporation's capital stock, by the nominating shareholder, and defining beneficial ownership to take into account options or other rights in respect of or related to such stock;

2. A provision requiring the nominating shareholder to submit specified information concerning the shareholder and the shareholder's nominees, including information concerning ownership by such persons of shares of the corporation's capital stock, or options or other rights in respect of or related to such stock;

3. A provision conditioning eligibility to require inclusion in the corporation's proxy solicitation materials upon the number or proportion of directors nominated by shareholders or whether the shareholder previously sought to require such inclusion;

4. A provision precluding nominations by any person if such person, any nominee of such person, or any affiliate or associate of such person or nominee, has acquired or publicly proposed to acquire shares constituting a specified percentage of the voting power of the corporation's outstanding voting stock within a specified period before the election of directors;

5. A provision requiring that the nominating shareholder undertake to indemnify the corporation in respect of any loss arising as a result of any false or misleading information or statement submitted by the nominating shareholder in connection with a nomination; and

6. Any other lawful condition.

B. The bylaws may provide for the reimbursement by the corporation of expenses incurred by a shareholder in soliciting proxies in connection with an election of directors, subject to such procedures or conditions as the bylaws may prescribe, including:

1. Conditioning eligibility for reimbursement upon the number or proportion of persons nominated by the shareholder seeking reimbursement or whether such shareholder previously sought reimbursement for similar expenses;

2. Limitations on the amount of reimbursement based upon the proportion of votes cast in favor of one or more of the persons nominated by the shareholder seeking reimbursement, or upon the amount spent by the corporation in soliciting proxies in connection with the election;

3. Limitations concerning elections of directors by cumulative voting pursuant to Section 1059 of Title 18 of the Oklahoma Statutes; or

4. Any other lawful condition.

C. No bylaw so adopted shall apply to elections for which any record date precedes its adoption.

Added by Laws 2017, c. 323, § 15, eff. Nov. 1, 2017.

§18-1066. Voting, Inspection and Other Rights of Bondholders and Debenture Holders.

VOTING, INSPECTION AND OTHER RIGHTS OF BONDHOLDERS AND DEBENTURE HOLDERS

Every corporation, in its certificate of incorporation, may confer upon the holders of any bonds, debentures or other obligations issued or to be issued by the corporation the power to vote in respect to the corporate affairs and management of the corporation to the extent and in the manner provided in the certificate of incorporation, and may confer upon such holders of bonds, debentures or other obligations the same right of inspection of its books, accounts and other records, and also any other rights, which the shareholders of the corporation have or may have by reason of the provisions of the Oklahoma General Corporation Act or of its certificate of incorporation. If the certificate of incorporation so provides, such holders of bonds, debentures or other obligations shall be deemed to be shareholders, and their bonds, debentures or other obligations shall be deemed to be shares of stock, for the purpose of any provision of the Oklahoma General Corporation Act which requires the vote of shareholders as a prerequisite to any corporate action and the certificate of incorporation may divest the holders of capital stock, in whole or in part, of their right to vote on any corporate matter whatsoever, except as set forth in paragraph 2 of subsection B of Section 77 of this act.

Added by Laws 1986, c. 292, § 66, eff. Nov. 1, 1986.

§18-1067. Notice of meetings and adjourned meetings.

NOTICE OF MEETINGS AND ADJOURNED MEETINGS

A. Whenever shareholders are required or permitted to take any action at a meeting, a notice of the meeting shall be given in accordance with Section 1075.2 of this title. The notice shall state the place, if any, date and hour of the meeting, the means of remote communications, if any, by which shareholders and proxyholders may be deemed to be present in person and vote at the meetings, the record date for determining the shareholders entitled to vote at the meeting, if such date is different from the record date for determining shareholders entitled to notice of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called.

B. Unless otherwise provided for in the Oklahoma General Corporation Act, the written notice of any meeting shall be given not less than ten (10) nor more than sixty (60) days before the date

of the meeting to each shareholder entitled to vote at such meeting as of the record date for determining the shareholders entitled to notice of the meeting. If mailed, notice is given when deposited in the United States mail, postage prepaid, directed to the shareholder at his or her address as it appears on the records of the corporation. An affidavit of the secretary or an assistant secretary or of the transfer agent or other agent of the corporation that the notice has been given, in the absence of fraud, shall be prima facie evidence of the facts stated therein.

C. Unless the bylaws otherwise require, when a meeting is adjourned to another time or place, including an adjournment taken to address a technical failure to convene or continue a meeting using remote communication, notice need not be given of the adjourned meeting if the time, place, if any, thereof, and the means of remote communications, if any, by which shareholders and proxyholders may be deemed to be present in person and vote at the adjourned meeting are:

1. Announced at the meeting at which the adjournment is taken;

2. Displayed during the time scheduled for the meeting on the same electronic network used to enable shareholders and proxy holders to participate in the meeting by means of remote communication; or

3. Set forth in the notice of meeting given in accordance with subsection A of this section.

At the adjourned meeting the corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than thirty (30) days, a notice of the adjourned meeting shall be given to each shareholder of record entitled to vote at the meeting. If after the adjournment a new record date for shareholders entitled to vote is fixed for the adjourned meeting, the board of directors shall fix a new record date for notice of such adjourned meeting in accordance with subsection A of Section 1058 of this title, and shall give notice of the adjourned meeting to each shareholder of record entitled to vote at such adjourned meeting as of the record date fixed for notice of such adjourned meeting.

Added by Laws 1986, c. 292, § 67, eff. Nov. 1, 1986. Amended by Laws 2001, c. 405, § 13, eff. Nov. 1, 2001; Laws 2017, c. 323, § 16, eff. Nov. 1, 2017; Laws 2024, c. 120, § 27, eff. Nov. 1, 2024.

§18-1068. Vacancies and newly created directorships.

VACANCIES AND NEWLY CREATED DIRECTORSHIPS

A. 1. Unless otherwise provided in the certificate of incorporation or bylaws:

a. vacancies and newly created directorships resulting from any increase in the authorized number of directors elected by all of the shareholders having

the right to vote as a single class may be filled by a majority of the directors then in office, although less than a quorum, or by a sole remaining director, and

b. whenever the holders of any class or classes of stock or series thereof are entitled to elect one or more directors by the provisions of the certificate of incorporation, vacancies and newly created directorships of such class or classes or series may be filled by a majority of the directors elected by such class or classes or series thereof then in office, or by a sole remaining director so elected.

2. If at any time, by reason of death or resignation or other cause, a corporation should have no directors in office, then any officer or any shareholder or an executor, administrator, trustee or guardian of a shareholder, or other fiduciary entrusted with like responsibility for the person or estate of a shareholder, may call a special meeting of shareholders in accordance with the provisions of the certificate of incorporation or the bylaws, or may apply to the district court for a decree summarily ordering an election as provided for in Sections 1056 and 1060 of this title.

B. In the case of a corporation the directors of which are divided into classes, any directors chosen under subsection A of this section shall hold office until the next election of the class for which such directors shall have been chosen, and until their successors shall be elected and qualified.

C. If, at the time of filling any vacancy or any newly created directorship, the directors then in office shall constitute less than a majority of the whole board, as constituted immediately prior to any such increase, the district court, upon application of any shareholder or shareholders holding at least ten percent (10%) of the voting stock at the time outstanding having the right to vote for such directors, may summarily order an election to be held to fill any such vacancies or newly created directorships, or to replace the directors chosen by the directors then in office, which election shall be governed by the provisions of Sections 1056 and 1060 of this title as far as applicable.

D. Unless otherwise provided in the certificate of incorporation or bylaws, when one or more directors shall resign from the board, effective at a future date, a majority of the directors then in office, including those who have so resigned, shall have power to fill such vacancy or vacancies, the vote thereon to take effect when such resignation or resignations shall become effective, and each director so chosen shall hold office as provided for in this section in the filling of other vacancies.

Added by Laws 1986, c. 292, § 68, eff. Nov. 1, 1986. Amended by Laws 2004, c. 255, § 15, eff. Nov. 1, 2004; Laws 2017, c. 323, § 17, eff. Nov. 1, 2017.

§18-1069. Form of records.

FORM OF RECORDS

Any records administered by or on behalf of a corporation in the regular course of its business including its stock ledger, books of account and minute books may be kept on, or by means of, or be in the form of, any information storage device, method or one or more electronic networks or databases including one or more distributed electronic networks or databases; provided that the records so kept can be converted into clearly legible paper form within a reasonable time, and, with respect to the stock ledger, that the records so kept (i) can be used to prepare the list of shareholders specified in Sections 1064 and 1065 of this title, (ii) record the information specified in Sections 1037, 1040 and 1063, and subsection A of Section 1062 of this title, and (iii) record transfers of stock as governed by Article 8 of the Uniform Commercial Code. Any corporation shall convert any records so kept into clearly legible paper form upon the request of any person entitled to inspect the records pursuant to any provision of the Oklahoma General Corporation Act. Where records are kept in the manner, a clearly legible paper form prepared from or by means of the information storage device, method shall be admissible in evidence and shall be accepted for all other purposes, to the same extent as an original paper record of the same information would have been, when the paper form accurately portrays the record.

Added by Laws 1986, c. 292, § 69, eff. Nov. 1, 1986. Amended by Laws 2001, c. 405, § 14, eff. Nov. 1, 2001; Laws 2021, c. 51, § 8, eff. Nov. 1, 2021.

§18-1070. Contested election of directors - Proceedings to determine validity.

CONTESTED ELECTION OF DIRECTORS;
PROCEEDINGS TO DETERMINE VALIDITY

A. Upon application of any shareholder or director, or any officer whose title to office is contested, the district court may hear and determine the validity of any election, appointment, removal or resignation of any director or officer of any corporation, and the right of any person to hold, or continue to hold, such office, and, in case any such office is claimed by more than one person, may determine the person entitled thereto; and to that end make such order or decree in any such case as may be just and proper, with power to enforce the production of any books, papers and records of the corporation relating to the issue. In case it should be determined that no valid election has been held,

the district court may order an election to be held in accordance with the provisions of Section 1056 or 1060 of this title. In any such application, service of copies of the application upon the registered agent of the corporation shall be deemed to be service upon the corporation and upon the person whose title to office is contested and upon the person, if any, claiming such office; and the registered agent shall forward immediately a copy of the application to the corporation and to the person whose title to office is contested and to the person, if any, claiming such office, in a postpaid, sealed, registered letter addressed to such corporation and such person at their post office addresses last known to the registered agent or furnished to the registered agent by the applicant shareholder. The court may make such order respecting further or other notice of such application as it deems proper under the circumstances.

B. Upon application of any shareholder or upon application of the corporation itself, the district court may hear and determine the result of any vote of shareholders upon matters other than the election of directors or officers. Service of the application upon the registered agent of the corporation shall be deemed to be service upon the corporation, and no other party need be joined in order for the court to adjudicate the result of the vote. The court may make such order respecting notice of the application as it deems proper under the circumstances.

C. If one or more directors has been convicted of a felony in connection with the duties of such director or directors to the corporation, or if there has been a prior judgment on the merits by a court of competent jurisdiction that one or more directors has committed a breach of the duty of loyalty in connection with the duties of such director or directors to that corporation, then, upon application by the corporation, or derivatively in the right of the corporation by any shareholder, in a subsequent action brought for such purpose, the district court may remove from office such director or directors if the court determines that the director or directors did not act in good faith in performing the acts resulting in the prior conviction or judgment and judicial removal is necessary to avoid irreparable harm to the corporation. In connection with such removal, the court may make such orders as are necessary to effect such removal. In any such application, service of copies of the application upon the registered agent of the corporation shall be deemed to be service upon the corporation and upon the director or directors whose removal is sought; and the registered agent shall forward immediately a copy of the application to the corporation and to such director or directors, in a postpaid, sealed, registered letter addressed to such corporation and such director or directors at their post office addresses last known to the registered agent or furnished to the registered agent by the

applicant. The court may make such order respecting further or other notice of such application as it deems proper under the circumstances.
Added by Laws 1986, c. 292, § 70, eff. Nov. 1, 1986. Amended by Laws 2004, c. 255, § 16, eff. Nov. 1, 2004; Laws 2017, c. 323, § 18, eff. Nov. 1, 2017.

§18-1071. Appointment of custodian or receiver of corporation on deadlock or for other cause.

APPOINTMENT OF CUSTODIAN OR RECEIVER OF CORPORATION ON DEADLOCK OR FOR OTHER CAUSE

A. The district court, upon application of any shareholder, may appoint one or more persons to be custodians, and, if the corporation is insolvent, to be receivers, of and for any corporation when:

1. At any meeting held for the election of directors the shareholders are so divided that they have failed to elect successors to directors whose terms have expired or would have expired upon qualification of their successors;

2. The business of the corporation is suffering or is threatened with irreparable injury because the directors are so divided respecting the management of the affairs of the corporation that the required vote for action by the board of directors cannot be obtained and the shareholders are unable to terminate this division; or

3. The corporation has abandoned its business and has failed within a reasonable time to take steps to dissolve, liquidate or distribute its assets.

B. A custodian appointed pursuant to the provisions of this section shall have all the powers and title of a receiver appointed by the court under applicable law, but the authority of the custodian is to continue the business of the corporation and not to liquidate its affairs and distribute its assets, except when the court shall otherwise order and except in cases arising pursuant to paragraph 3 of subsection A of this section.

C. In the case of a charitable nonstock corporation, the applicant shall provide a copy of any application referred to in subsection A of this section to the Attorney General of this state within one (1) week of its filing with the district court.
Added by Laws 1986, c. 292, § 71, eff. Nov. 1, 1986. Amended by Laws 2019, c. 88, § 12, eff. Nov. 1, 2019.

§18-1072. Powers of court in elections of directors.

POWERS OF COURT IN ELECTIONS OF DIRECTORS

A. The district court, in any proceeding instituted pursuant to the provisions of Section 1056, 1060 or 1070 of this title, may determine the right and power of persons claiming to own stock, or

in the case of a corporation without capital stock, of the persons claiming to be members, to vote at any meeting of the shareholders.

B. The district court may appoint a master to hold any election provided for in Section 1056, 1060 or 1070 of this title under such orders and powers as it deems proper; and it may punish any officer or director for contempt in case of disobedience of any order made by the court; and, in case of disobedience by a corporation of any order made by the court, may enter a decree against such corporation for a penalty of not more than Five Thousand Dollars ($5,000.00). Added by Laws 1986, c. 292, § 72, eff. Nov. 1, 1986. Amended by Laws 2019, c. 88, § 13, eff. Nov. 1, 2019.

§18-1073. Consent of shareholders in lieu of meeting.

CONSENT OF SHAREHOLDERS IN LIEU OF MEETING

A. Unless otherwise provided for in the certificate of incorporation, any action required by the provisions of the Oklahoma General Corporation Act to be taken at any annual or special meeting of shareholders of a corporation or any action which may be taken at any annual or special meeting of shareholders, may be taken without a meeting, without prior notice, and without a vote, if a consent or consents, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take the action at a meeting at which all shares entitled to vote thereon were present and voted and shall be delivered to the corporation in the manner required by this section.

B. Unless otherwise provided for in the certificate of incorporation, any action required by the provisions of the Oklahoma General Corporation Act to be taken at a meeting of the members of a nonstock corporation, or any action which may be taken at any meeting of the members of a nonstock corporation, may be taken without a meeting, without prior notice and without a vote, if a consent or consents, setting forth the action taken, shall be signed by members having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all members having a right to vote thereon were present and voted and shall be delivered to the corporation in the manner required by this section.

C. A consent must be set forth in writing or in an electronic transmission. No consent shall be effective to take the corporate action referred to therein unless consent signed by a sufficient number of holders or members to take action is delivered to the corporation in the manner required by this section within sixty (60) days of the first date on which a consent is so delivered to the corporation. Any person executing a consent may provide, whether through instruction to an agent or otherwise, that such a consent will be effective at a future time including a time determined upon

the happening of an event, no later than sixty (60) days after such instruction is given or such provision is made if evidence of such instruction or provision is provided to the corporation. If the person is not a shareholder or member of record when the consent is executed, the consent shall not be valid unless the person is a shareholder or member of record as of the record date for determining shareholders or members entitled to consent to the action. Unless otherwise provided, any such consent shall be revocable prior to its becoming effective. All references to a "consent" in this section mean a consent permitted by this section.

D. A consent permitted by this section shall be delivered:

1. To the principal place of business of the corporation;

2. To an officer or agent of the corporation who has custody of the book in which proceedings of meetings of shareholders or members are recorded;

3. To the registered office of the corporation in this state in person or by certified or registered mail, return receipt requested; or

4. In accordance with Section 1014.3 of this title to an information processing system, if any, designated by the corporation for receiving such consents. Consent delivered under this paragraph shall set forth or be delivered with information that enables the corporation to determine the date of delivery of such consent and the identity of the person giving such consent. If such consent is given by a person authorized to act for a shareholder or member as proxy, such consent shall comply with the applicable provisions of paragraphs 2 and 3 of subsection C of Section 1075.2 of this title.

Any copy, facsimile, or other reliable reproduction of a consent in writing may be substituted or used in lieu of the original writing for any purposes for which the original writing could be used, provided that the copy, facsimile, or other reliable reproduction shall be a complete reproduction of the entire original writing. A consent may be documented and signed in accordance with Section 1014.3 of this title, and when so documented and signed shall be deemed to be in writing for purposes of this title. If such consent is delivered under paragraph 1, 2, or 3 of this subsection, such consent must be reproduced and delivered in paper form.

E. Prompt notice of the taking of the corporate action without a meeting by less than unanimous consent shall be given to those shareholders or members who have not consented and who, if the action had been taken at a meeting, would have been entitled to notice of the meeting if the record date for notice of the meeting had been the date that consents signed by a sufficient number of shareholders or members to take the action were delivered to the corporation as provided in this section. In the event that the action for which consent is given is an action that would have

required the filing of a certificate under any other section of this title if the action had been voted on by shareholders or by members at a meeting thereof the certificate filed under the other section shall state, in lieu of any statement required by the section concerning any vote of shareholders or members, that consent has been given in accordance with the provisions of this section.
Added by Laws 1986, c. 292, § 73, eff. Nov. 1, 1986. Amended by Laws 1988, c. 323, § 12, eff. Nov. 1, 1988; Laws 1991, c. 53, § 1, eff. Sept. 1, 1991; Laws 1998, c. 422, § 13, eff. Nov. 1, 1998; Laws 2001, c. 405, § 15, eff. Nov. 1, 2001; Laws 2004, c. 255, § 17, eff. Nov. 1, 2004; Laws 2010, c. 384, § 106, eff. Sept. 1, 2010; Laws 2017, c. 323, § 19, eff. Nov. 1, 2017; Laws 2021, c. 51, § 9, eff. Nov. 1, 2021; Laws 2024, c. 120, § 28, eff. Nov. 1, 2024.

§18-1074. Waiver of notice.

WAIVER OF NOTICE

Whenever notice is required to be given under any provision of the Oklahoma General Corporation Act or of the certificate of incorporation or bylaws, a written waiver thereof, signed by the person entitled to notice, or a waiver by electronic transmission by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the shareholders, directors, or members of a committee of directors need be specified in any written waiver of notice or any waiver by electronic transmission unless so required by the certificate of incorporation or the bylaws.
Added by Laws 1986, c. 292, § 74, eff. Nov. 1, 1986. Amended by Laws 2001, c. 405, § 16, eff. Nov. 1, 2001.

§18-1075. Exception to requirements of notice.

EXCEPTION TO REQUIREMENTS OF NOTICE

A. Whenever notice is required to be given, pursuant to any provision of this title or of the certificate of incorporation or bylaws of any corporation, to any person with whom communication is unlawful, the giving of such notice to such person shall not be required and there shall be no duty to apply to any governmental authority or agency for a license or permit to give such notice to such person. Any action or meeting which shall be taken or held without notice to any such person with whom communication is unlawful shall have the same force and effect as if such notice had been duly given. In the event that the action taken by the

corporation is such as to require the filing of a certificate under any of the other sections of this title, the certificate shall state, if such is the fact and if notice is required, that notice was given to all persons entitled to receive notice except such persons with whom communication is unlawful.

B. Whenever notice is required to be given pursuant to any provision of the Oklahoma General Corporation Act or the certificate of incorporation or bylaws of any corporation, to any shareholder or, if the corporation is a nonstock corporation, to any member to whom:

1. Notice of two consecutive annual meetings and all notices of meetings or of the taking of action by written consent without a meeting to such person during the period between such two consecutive annual meetings; or

2. All, and at least two, payments, if sent by first-class mail, of dividends or interest on securities during a twelve-month period,

have been mailed addressed to such person at the person's address as shown on the records of the corporation and have been returned undeliverable, the giving of such notice to such person shall not be required. Any action or meeting which shall be taken or held without notice to such person shall have the same force and effect as if such notice had been duly given. If any such person shall deliver to the corporation a written notice setting forth the person's then current address, the requirement that notice be given to such person shall be reinstated. In the event that the action taken by the corporation is such as to require the filing of a certificate under any of the other sections of this act, the certificate need not state that notice was not given to persons to whom notice was not required to be given pursuant to the provisions of this subsection.

C. The exception in paragraph 1 of subsection B to the requirement that notice be given shall not be applicable to any notice returned as undeliverable if the notice was given by electronic transmission.

Added by Laws 1986, c. 292, § 75, eff. Nov. 1, 1986. Amended by Laws 2001, c. 405, § 17, eff. Nov. 1, 2001.

§18-1075.1. Voting procedures and inspectors of elections.

VOTING PROCEDURES AND INSPECTORS OF ELECTIONS

A. The corporation shall, in advance of any meeting of shareholders, appoint one or more inspectors to act at the meeting and make a written report thereof. The corporation may designate one or more persons as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting of shareholders, the person presiding at the meeting shall appoint one or more inspectors to act at the meeting. Each

inspector, before entering upon the discharge of the duties of inspector, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of the inspector's ability.

B. The inspectors shall:

1. Ascertain the number of shares outstanding and the voting power of each;

2. Determine the shares represented at a meeting and the validity of proxies and ballots;

3. Count all votes and ballots;

4. Determine and retain for a reasonable period a record of the disposition of any challenges made to any determination by the inspectors; and

5. Certify their determination of the number of shares represented at the meeting, and their count of all votes and ballots.

The inspectors may appoint or retain other persons or entities to assist the inspectors in the performance of the duties of the inspectors.

C. The date and time of the opening and the closing of the polls for each matter upon which the shareholders will vote at a meeting shall be announced at the meeting. No ballot, proxies or votes, nor any revocations thereof or changes thereto, shall be accepted by the inspectors after the closing of the polls unless the district court upon application by a shareholder shall determine otherwise.

D. In determining the validity and counting of proxies and ballots, the inspectors shall be limited to an examination of the proxies, any envelopes submitted with those proxies, any information provided in accordance with subsection E of Section 1056 or paragraph 2 of subsection C of Section 1057 of this title, or any information provided pursuant to divisions (1) or (3) of subparagraph b of paragraph 2 of subsection A of Section 1056 of this title, ballots and the regular books and records of the corporation, except that the inspectors may consider other reliable information for the limited purpose of reconciling proxies and ballots submitted by or on behalf of banks, brokers, their nominees or similar persons which represent more votes than the holder of a proxy is authorized by the record owner to cast or more votes than the shareholder holds of record. If the inspectors consider other reliable information for the limited purpose permitted herein, the inspectors at the time they make their certification pursuant to paragraph 5 of subsection B of this section shall specify the precise information considered by them including the person or persons from whom they obtained the information, when the information was obtained, the means by which the information was

obtained and the basis for the inspectors' belief that the information is accurate and reliable.

E. Unless otherwise provided in the certificate of incorporation or bylaws, this section shall not apply to a corporation that does not have a class of voting stock that is:

1. Listed on a national securities exchange;

2. Authorized for quotation on an interdealer quotation system of a registered national securities association; or

3. Held of record by more than 2,000 shareholders.

Added by Laws 2001, c. 405, § 18, eff. Nov. 1, 2001.

§18-1075.2. Electronic notice – Effectiveness - Revocation of consent.

ELECTRONIC NOTICE; EFFECTIVENESS; REVOCATION OF CONSENT

A. Without limiting the manner of which notice otherwise may be given effectively to shareholders, any notice to shareholders given by the corporation under any provision of the Oklahoma General Corporation Act, the certificate of incorporation, or the bylaws may be given in writing directed to the shareholder's mailing address or by electronic transmission directed to the shareholder's electronic mail address, as applicable, as it appears on the records of the corporation, and shall be given:

1. If mailed, when the notice is deposited with the United States Postal Service, postage prepaid;

2. If delivered by courier service, the earlier of when the notice is received or left at the shareholder's address; or

3. If given by electronic mail, when directed to such shareholder's electronic mail address unless the shareholder has notified the corporation in writing or by electronic transmission of an objection to receiving notice by electronic mail, or if such notice is prohibited by subsection E of this section. A notice by electronic mail must include a prominent legend that the communication is an important notice regarding the corporation.

B. Without limiting the manner by which notice otherwise may be given effectively to shareholders, but subject to subsection E of this section, any notice to shareholders given by the corporation under any provision of this title, the certificate of incorporation, or the bylaws shall be effective if given by a form of electronic transmission consented to by the shareholder to whom the notice is given. Any such consent shall be revocable by the shareholder by written notice or electronic transmission to the corporation. A corporation may give a notice by electronic mail in accordance with subsection A of this section without obtaining the consent required by this subsection.

C. Notice given pursuant to subsection A of this section shall be deemed given if by:

1. Facsimile telecommunication, when directed to a number at which the shareholder has consented to receive notice;

2. A posting on an electronic network together with separate notice to the shareholder of the specific posting, upon the later of:

a. the posting, and

b. the giving of the separate notice; and

3. Any other form of electronic transmission, when directed to the shareholder.

D. Notwithstanding the provisions of this section, a notice may not be given by an electronic transmission from and after the time that:

1. The corporation is unable to deliver by electronic transmission two consecutive notices given by the corporation; and

2. The inability becomes known to the secretary or assistant secretary of the corporation or to the transfer agent, or other person responsible for the giving of notice; provided, however, the inadvertent failure to discover such inability shall not invalidate any meeting or other action.

E. An affidavit of the secretary or an assistant secretary or of the transfer agent or other agent of the corporation that the notice has been given by a form of electronic transmission shall, in the absence of fraud, be prima facie evidence of the facts stated therein.

F. For purposes of the Oklahoma General Corporation Act:

1. "Electronic mail" means an electronic transmission directed to a unique electronic mail address. Electronic mail shall be deemed to include any files attached thereto and any information hyperlinked to a website if such electronic mail includes the contact information of an officer or agent of the corporation who is available to assist with accessing such files and information;

2. "Electronic mail address" means a destination, commonly expressed as a string of characters, consisting of a unique user name or mailbox, commonly referred to as the local part of the address, and a reference to an internet domain, commonly referred to as the domain part of the address, whether or not displayed, to which electronic mail can be sent or delivered; and

3. "Electronic transmission" means any form of communication, not directly involving the physical transmission of paper including the use of, or participation in, one or more electronic networks or databases including one or more distributed electronic networks or databases, that creates a record that may be retained, retrieved and reviewed by a recipient thereof, and that may be directly reproduced in paper form by such a recipient through an automated process.

G. No provision of this section, except for paragraph 1 of subsection A or paragraphs 1 and 2 of subsection D of this section, shall apply to Sections 1045, 1111, 1119, or 1123 of this title.

Added by Laws 2001, c. 405, § 19, eff. Nov. 1, 2001. Amended by Laws 2019, c. 88, § 14, eff. Nov. 1, 2019; Laws 2021, c. 51, § 10, eff. Nov. 1, 2021; Laws 2024, c. 120, § 29, eff. Nov. 1, 2024.

§18-1075.3. Single written notice to shareholders sharing an address.

SINGLE WRITTEN NOTICE TO SHAREHOLDERS SHARING AN ADDRESS

A. Without limiting the manner by which notice otherwise may be given effectively to shareholders, any notice to shareholders given by the corporation under any provision of the Oklahoma General Corporation Act, the certificate of incorporation, or the bylaws shall be effective if given by a single written notice to shareholders who share an address if consented to by the shareholders at that address to whom such notice is given. Any such consent shall be revocable by the shareholder by written notice to the corporation.

B. Any shareholder who fails to object in writing to the corporation, within sixty (60) days of having been given written notice by the corporation of its intention to send the single notice permitted under subsection A of this section, shall be deemed to have consented to receiving such single written notice.

C. This section shall not apply to Section 1045, 1111, 1119 or 1120 of this title.

Added by Laws 2004, c. 255, § 18, eff. Nov. 1, 2004. Amended by Laws 2019, c. 88, § 15, eff. Nov. 1, 2019.

§18-1076. Amendment of certificate of incorporation before receipt of payment for stock.

AMENDMENT OF CERTIFICATE OF INCORPORATION BEFORE RECEIPT OF PAYMENT FOR STOCK

A. Before a corporation has received any payment for any of its stock, or before it has any members, as applicable, it may amend its certificate of incorporation at any time or times, in any and as many respects as may be desired, so long as its certificate of incorporation as amended would contain only such provisions as it would be lawful and proper to insert in an original certificate of incorporation filed at the time of filing the amendment.

B. The amendment of certificate of incorporation authorized by the provisions of this section shall be adopted by a majority of the incorporators, if directors were not named in the original certificate of incorporation or have not yet been elected, or, if directors were named in the original certificate of incorporation or have been elected and have qualified, by a majority of the directors. A certificate setting forth the amendment and certifying that the corporation has not received any payment for any of its stock, or that the corporation has no members, as applicable, and that the amendment has been duly adopted in accordance with the

provisions of this section shall be executed, acknowledged and filed in accordance with the provisions of Section 1007 of this title. Upon such filing, the corporation's certificate of incorporation shall be deemed to be amended accordingly as of the date on which the original certificate of incorporation became effective, except as to those persons who are substantially and adversely affected by the amendment and as to those persons the amendment shall be effective from the filing date.

C. This section shall apply to a nonstock corporation before such a corporation has any members; provided, however, that all references to directors shall be deemed to be references to members of the governing body of the corporation.

Added by Laws 1986, c. 292, § 76, eff. Nov. 1, 1986. Amended by Laws 2019, c. 88, § 16, eff. Nov. 1, 2019.

§18-1077. Amendment of certificate of incorporation after receipt of payment for stock - Nonstock corporations.

AMENDMENT OF CERTIFICATE OF INCORPORATION AFTER RECEIPT OF PAYMENT FOR STOCK - NONSTOCK CORPORATIONS

A. 1. After a corporation has received payment for any of its capital stock, or after a nonstock corporation has members, it may amend its certificate of incorporation, from time to time, in any and as many respects as may be desired, so long as its certificate of incorporation as amended would contain only such provisions as it would be lawful and proper to insert in an original certificate of incorporation filed at the time of the filing of the amendment; and if a change in stock or the rights of shareholders, or an exchange, reclassification, subdivision, combination, or cancellation of stock or rights of shareholders is to be made, such provisions as may be necessary to effect such change, exchange, reclassification, subdivision, combination, or cancellation. In particular, and without limitation upon the general power of amendment, a corporation may amend its certificate of incorporation, from time to time, so as:

a. to change its corporate name,

b. to change, substitute, enlarge or diminish the nature of its business or its corporate powers and purposes,

c. to increase or decrease its authorized capital stock or to reclassify the same, by changing the number, par value, designations, preferences, or relative, participating, optional, or other special rights of the shares, or the qualifications, limitations or restrictions of such rights, or by changing shares with par value into shares without par value, or shares without par value into shares with par value either with or without increasing or decreasing the number of shares or by subdividing or combining the

outstanding shares of any class or series of a class of shares into a greater or lesser number of outstanding shares,

d. to cancel or otherwise affect the right of the holders of the shares of any class to receive dividends which have accrued but have not been declared,

e. to create new classes of stock having rights and preferences either prior and superior or subordinate and inferior to the stock of any class then authorized, whether issued or unissued,

f. to change the period of its duration, or

g. to delete (1) such provisions of the original certificate of incorporation which named the incorporator or incorporators, the initial board of directors and the original subscribers for shares, and (2) such provisions contained in any amendment to the certificate of incorporation as were necessary to effect a change, exchange, reclassification, subdivision, combination or cancellation of stock, if such change, exchange, reclassification, subdivision, combination or cancellation has become effective.

2. Any or all changes or alterations provided for in paragraph 1 of this subsection may be effected by one certificate of amendment.

B. Every amendment authorized by the provisions of subsection A of this section shall be made and effected in the following manner:

1. If the corporation has capital stock, its board of directors shall adopt a resolution setting forth the amendment proposed, declaring its advisability, and either calling a special meeting of the shareholders entitled to vote in respect thereof for the consideration of the amendment or directing that the amendment proposed be considered at the next annual meeting of shareholders; provided, however, that unless otherwise expressly required by the certificate of incorporation, no meeting or vote of shareholders shall be required to adopt an amendment that effects only changes described in paragraph (a) or (g) of subsection A of this section. The special or annual meeting shall be called and held upon notice in accordance with the provisions of Section 1067 of this title. The notice shall set forth the amendment in full or a brief summary of the changes to be effected thereby, unless such notice constitutes a notice of Internet availability of proxy materials under the rules promulgated under the Securities Exchange Act of 1934. At the meeting a vote of the shareholders entitled to vote thereon shall be taken for and against any proposed amendment that requires adoption by shareholders. If no vote of shareholders is required to effect such amendment, or if a majority of the outstanding stock entitled to vote thereon, and a majority of the

outstanding stock of each class entitled to vote thereon as a class, has been voted in favor of the amendment, a certificate setting forth the amendment and certifying that the amendment has been duly adopted in accordance with the provisions of this section shall be executed, acknowledged and filed and shall become effective in accordance with the provisions of Section 1007 of this title.

2. The holders of the outstanding shares of a class shall be entitled to vote as a class upon a proposed amendment, whether or not entitled to vote thereon by the provisions of the certificate of incorporation, if the amendment would increase or decrease the aggregate number of authorized shares of the class, increase or decrease the par value of the shares of the class, or alter or change the powers, preferences or special rights of the shares of the class so as to affect them adversely. If any proposed amendment would alter or change the powers, preferences or special rights of one or more series of any class so as to affect them adversely, but shall not so affect the entire class, then only the shares of the series so affected by the amendment shall be considered a separate class for the purposes of this paragraph. The number of authorized shares of any such class or classes of stock may be increased or decreased, but not below the number of shares thereof then outstanding, by the affirmative vote of the holders of a majority of the stock of the corporation entitled to vote irrespective of the provisions of this paragraph, if so provided in the original certificate of incorporation, in any amendment thereto which created the class or classes of stock or which was adopted prior to the issuance of any shares of the class or classes of stock, or in any amendment thereto which was authorized by a resolution or resolutions adopted by the affirmative vote of the holders of a majority of the class or classes of stock.

3. If the corporation is a nonstock corporation, then the governing body thereof shall adopt a resolution setting forth the amendment proposed and declaring its advisability. If a majority of all the members of the governing body shall vote in favor of the amendment, a certificate thereof shall be executed, acknowledged and filed and shall become effective in accordance with the provisions of Section 1007 of this title. The certificate of incorporation of any nonstock corporation may contain a provision requiring an amendment thereto to be approved by a specified number or percentage of the members or of any specified class of members of the corporation in which event the proposed amendment shall be submitted to the members or to any specified class of members of the corporation in the same manner, so far as applicable, as is provided for in this section for an amendment to the certificate of incorporation of a stock corporation; and in the event of the adoption thereof by the members, a certificate evidencing the amendment shall be executed, acknowledged and filed and shall become

effective in accordance with the provisions of Section 1007 of this title.

4. Whenever the certificate of incorporation shall require action by the board of directors of a corporation other than a nonstock corporation or by the governing body of a nonstock corporation, by the holders of any class or series of shares or by the members, or by the holders of any other securities having voting power, the vote of a greater number or proportion than is required by the provisions of the Oklahoma General Corporation Act, the provision of the certificate of incorporation requiring a greater vote shall not be altered, amended, or repealed except by a greater vote.

C. The resolution authorizing a proposed amendment to the certificate of incorporation may provide that at any time prior to the effectiveness of the filing of the amendment with the Secretary of State, notwithstanding authorization of the proposed amendment by the shareholders of the corporation or by the members of a nonstock corporation, the board of directors or governing body may abandon the proposed amendment without further action by the shareholders or members.

Added by Laws 1986, c. 292, § 77, eff. Nov. 1, 1986. Amended by Laws 1996, c. 69, § 4, eff. Nov. 1, 1996; Laws 1998, c. 422, § 14, eff. Nov. 1, 1998; Laws 1999, c. 421, § 12, eff. Nov. 1, 1999; Laws 2001, c. 405, § 20, eff. Nov. 1, 2001; Laws 2017, c. 323, § 20, eff. Nov. 1, 2017.

§18-1078. Retirement of stock.

RETIREMENT OF STOCK

A. A corporation, by resolution of its board of directors, may retire any shares of its capital stock that are issued but are not outstanding.

B. Whenever any shares of the capital stock of a corporation are retired, they shall resume the status of authorized and unissued shares of the class or series to which they belong unless the certificate of incorporation otherwise provides. If the certificate of incorporation prohibits the reissuance of such shares, or prohibits the reissuance of such shares as a part of a specific series only, a certificate stating that reissuance of the shares, as part of the class or series, is prohibited identifying the shares and reciting their retirement shall be executed, acknowledged and filed and shall become effective in accordance with the provisions of Section 1007 of this title. When such certificate becomes effective, it shall have the effect of amending the certificate of incorporation so as to reduce accordingly the number of authorized shares of the class or series to which such shares belong or, if such retired shares constitute all of the authorized shares of the class or series to which they belong, of eliminating from the

certificate of incorporation all reference to such class or series of stock.

C. If the capital of the corporation will be reduced by or in connection with the retirement of shares, the reduction of capital shall be effected pursuant to the provisions of Section 1079 of this title.

Added by Laws 1986, c. 292, § 78, eff. Nov. 1, 1986. Amended by Laws 1987, c. 146, § 5, operative Nov. 1, 1987; Laws 1988, c. 323, § 13, eff. Nov. 1, 1988.

§18-1079. Reduction of Capital.

REDUCTION OF CAPITAL

A. A corporation, by resolution of its board of directors, may reduce its capital in any of the following ways:

1. By reducing or eliminating the capital represented by shares of capital stock which have been retired; or

2. By applying to an otherwise authorized purchase or redemption of outstanding shares of its capital stock some or all of the capital represented by the shares being purchased or redeemed, or any capital that has not been allocated to any particular class of its capital stock; or

3. By applying to an otherwise authorized conversion or exchange of outstanding shares of its capital stock some or all of the capital represented by the shares being converted or exchanged, or some or all of any capital that has not been allocated to any particular class of its capital stock, or both, to the extent that such capital in the aggregate exceeds the total aggregate par value or the stated capital of any previously unissued shares issuable upon such conversion or exchange; or

4. By transferring to surplus:

   a. some or all of the capital not represented by any particular class of its capital stock; or

   b. some or all of the capital represented by issued shares of its par value capital stock, which capital is in excess of the aggregate par value of such shares; or

   c. some of the capital represented by issued shares of its capital stock without par value.

B. Notwithstanding the other provisions of this section, no reduction of capital shall be made or effected unless the assets of the corporation remaining after such reduction shall be sufficient to pay any debts of the corporation for which payment has not been otherwise provided. No reduction of capital shall release any liability of any shareholder whose shares have not been fully paid.

Added by Laws 1986, c. 292, § 79, eff. Nov. 1, 1986.

§18-1080. Restated certificate of incorporation.

RESTATED CERTIFICATE OF INCORPORATION

A. A corporation, whenever desired, may integrate into a single instrument all of the provisions of its certificate of incorporation which are then in effect and operative as a result of there having up to that time been filed with the Secretary of State one or more certificates or other instruments pursuant to any of the sections referred to in Section 1008 of this title, and it may at the same time also further amend its certificate of incorporation by adopting a restated certificate of incorporation.

B. If the restated certificate of incorporation merely restates and integrates but does not further amend the certificate of incorporation, as up to that time amended or supplemented by any instrument that was filed pursuant to any of the sections mentioned in Section 1008 of this title, it may be adopted by the board of directors without a vote of the shareholders, or it may be proposed by the directors and submitted by them to the shareholders for adoption, in which case the procedure and vote required, if any, by Section 1077 of this title for amendment of the certificate of incorporation shall be applicable. If the restated certificate of incorporation restates and integrates and also further amends in any respect the certificate of incorporation, as up to that time amended or supplemented, it shall be proposed by the directors and adopted by the shareholders in the manner and by the vote prescribed by Section 1077 of this title or, if the corporation has not received any payment for any of its stock, in the manner and by the vote prescribed by Section 1076 of this title.

C. A restated certificate of incorporation shall be specifically designated as such in its heading. It shall state, either in its heading or in an introductory paragraph, the corporation's present name, and, if it has been changed, the name under which it was originally incorporated, and the date of filing of its original certificate of incorporation with the Secretary of State. If it was adopted by the board of directors without a vote of the shareholders, unless it was adopted pursuant to the provisions of Section 1076 of this title or without a vote of members pursuant to paragraph 3 of subsection B of Section 1077 of this title, it shall state that it only restates and integrates and does not further amend the provisions of the corporation's certificate of incorporation as up to that time amended or supplemented, and that there is no discrepancy between those provisions and the provisions of the restated certificate. A restated certificate of incorporation may omit:

1. Such provisions of the original certificate of incorporation which named the incorporator or incorporators, the initial board of directors, and the original subscribers for shares; and

2. Such provisions contained in any amendment to the certificate of incorporation as were necessary to effect a change,

exchange, reclassification, subdivision, combination or cancellation of stock, if such change, exchange, reclassification, subdivision, combination or cancellation has become effective.

Any such omissions shall not be deemed a further amendment.

D. A restated certificate of incorporation shall be executed, acknowledged and filed in accordance with the provisions of Section 1007 of this title. Upon its filing with the Secretary of State, the original certificate of incorporation, as up to that time amended or supplemented, shall be superseded. From that time forward, the restated certificate of incorporation, including any further amendments or changes made thereby, shall be the certificate of incorporation of the corporation, but the original date of incorporation shall remain unchanged.

E. Any amendment or change effected in connection with the restatement and integration of the certificate of incorporation shall be subject to any other provision of the Oklahoma General Corporation Act, not inconsistent with the provisions of this section, which would apply if a separate certificate of amendment were filed to effect such amendment or change.

Added by Laws 1986, c. 292, § 80, eff. Nov. 1, 1986. Amended by Laws 1996, c. 69, § 5, eff. Nov. 1, 1996; Laws 2004, c. 255, § 19, eff. Nov. 1, 2004; Laws 2017, c. 323, § 21, eff. Nov. 1, 2017.

§18-1081. Merger or consolidation of domestic corporations.

MERGER OR CONSOLIDATION OF DOMESTIC CORPORATIONS

A. Any two or more domestic corporations may merge into a single surviving corporation, which may be any one of the constituent corporations or may consolidate into a new resulting corporation formed by the consolidation, pursuant to an agreement of merger or consolidation, as the case may be, complying and approved in accordance with the provisions of this section.

B. The board of directors of each corporation which desires to merge or consolidate shall adopt a resolution approving an agreement of merger or consolidation and declaring its advisability. The agreement shall state:

1. The terms and conditions of the merger or consolidation;

2. The mode of carrying the same into effect;

3. In the case of a merger, the amendments or changes in the certificate of incorporation of the surviving corporation as are desired to be effected by the merger, which amendments or changes may amend and restate the certificate of incorporation of the surviving corporation in its entirety, or, if no amendments or changes are desired, a statement that the certificate of incorporation of the surviving corporation shall be its certificate of incorporation of the surviving or resulting corporation;

4. In the case of a consolidation, that the certificate of incorporation of the resulting corporation shall be as is set forth in an attachment to the agreement;

5. The manner, if any, of converting the shares of each of the constituent corporations into shares or other securities of the corporation surviving or resulting from the merger or consolidation, or of canceling some or all of the shares, and, if any shares of any of the constituent corporations are not to remain outstanding, to be converted solely into shares or other securities of the surviving or resulting corporation or to be canceled, the cash, property, rights, or securities of any other corporation or entity which the holders of the shares are to receive in exchange for or upon conversion of the shares and the surrender of any certificates evidencing them, which cash, property, rights or securities of any other corporation or entity may be in addition to or in lieu of shares or other securities of the surviving or resulting corporation; and

6. Other details or provisions as are deemed desirable, including without limiting the generality of the foregoing, a provision for the payment of cash in lieu of the issuance or recognition of fractional shares, rights or other securities of the surviving or resulting corporation or of any other corporation or entity the shares, rights or other securities of which are to be received in the merger or consolidation, or for any other arrangement with respect thereto, consistent with the provisions of Section 1036 of this title. The agreement so adopted shall be executed and acknowledged in accordance with the provisions of Section 1007 of this title. Any of the terms of the agreement of merger or consolidation may be made dependent upon facts ascertainable outside of the agreement; provided, that the manner in which these facts shall operate upon the terms of the agreement is clearly and expressly set forth in the agreement of merger or consolidation. The term "facts" as used in this paragraph includes, but is not limited to, the occurrence of any event including a determination or action by any person or body including the corporation.

C. The agreement required by the provisions of subsection B of this section shall be submitted to the shareholders of each constituent corporation at an annual or special meeting thereof for the purpose of acting on the agreement. Due notice of the time, place, and purpose of the meeting shall be mailed to each holder of stock whether voting or nonvoting, of the corporation at the address which appears on the records of the corporation, at least twenty (20) days before the date of the meeting. The notice shall contain a copy of the agreement or a brief summary thereof; provided, however, the notice shall be effective only with respect to mergers or consolidations for which the notice of the shareholders meeting to vote thereon has been mailed after November 1, 1988. At the

meeting the agreement shall be considered and a vote taken for its adoption or rejection. If a majority of the outstanding stock of the corporation entitled to vote thereon shall be voted for the adoption of the agreement, that fact shall be certified on the agreement by the secretary or the assistant secretary of the corporation; provided, that such certification on the agreement shall not be required if a certificate of merger or consolidation is filed in lieu of filing the agreement. If the agreement shall be so adopted and certified by each constituent corporation, it shall then be filed and shall become effective in accordance with the provisions of Section 1007 of this title. In lieu of filing an agreement of merger or consolidation required by this section, the surviving or resulting corporation may file a certificate of merger or consolidation executed in accordance with the provisions of Section 1007 of this title and which states:

1. The name and state of incorporation of each of the constituent corporations;

2. That an agreement of merger or consolidation has been approved, adopted, executed and acknowledged by each of the constituent corporations in accordance with the provisions of this section;

3. The name of the surviving or resulting corporation;

4. In the case of a merger, the amendments or changes in the certificate of incorporation of the surviving corporation, which may be amended and restated, that are desired to be effected by the merger, which amendments or changes may amend and restate the certificate of incorporation of the surviving corporation in its entirety, or, if no amendments or changes are desired, a statement that the certificate of incorporation of the surviving corporation shall be its certificate of incorporation;

5. In the case of a consolidation, that the certificate of incorporation of the resulting corporation shall be as is set forth in an attachment to the certificate;

6. That the executed agreement of consolidation or merger is on file at the principal place of business of the surviving or resulting corporation, stating the address thereof; and

7. That a copy of the agreement of consolidation or merger will be furnished by the surviving or resulting corporation, on request and without cost, to any shareholder of any constituent corporation. For purposes of Sections 1084 and 1086 of this title, the term "shareholder" shall be deemed to include "member".

D. Any agreement of merger or consolidation may contain a provision that at any time prior to the time that the agreement, or a certificate filed with the Secretary of State in lieu thereof, becomes effective in accordance with Section 1007 of this title, the agreement may be terminated by the board of directors of any constituent corporation notwithstanding approval of the agreement by

the shareholders of all or any of the constituent corporations; provided, if the agreement of merger or consolidation is terminated after the filing of the agreement, or a certificate filed with the Secretary of State in lieu thereof, but before the agreement or certificate has become effective, a certificate of termination of merger or consolidation shall be filed in accordance with Section 1007 of this title. Any agreement of merger or consolidation may contain a provision that the boards of directors of the constituent corporations may amend the agreement at any time prior to the time that the agreement, or a certificate filed with the Secretary of State in lieu thereof, becomes effective in accordance with Section 1007 of this title; provided, that an amendment made subsequent to the adoption of the agreement by the shareholders of any constituent corporation shall not:

1. Alter or change the amount or kind of shares, securities, cash, property or rights to be received in exchange for or on conversion of all or any of the shares of any class or series thereof of the constituent corporation;

2. Alter or change any term of the certificate of incorporation of the surviving corporation to be effected by the merger or consolidation; or

3. Alter or change any of the terms and conditions of the agreement if an alteration or change would adversely affect the holders of any class or series thereof of the constituent corporation.

If the agreement of merger or consolidation is amended after the filing of the agreement, or a certificate in lieu thereof, with the Secretary of State, but before the agreement or certificate has become effective, a certificate of amendment of merger or consolidation shall be filed in accordance with Section 1007 of this title.

E. In the case of a merger, the certificate of incorporation of the surviving corporation shall automatically be amended to the extent, if any, that changes in the certificate of incorporation are set forth in the certificate of merger.

F. Notwithstanding the requirements of subsection C of this section, unless required by its certificate of incorporation, no vote of shareholders of a constituent corporation surviving a merger shall be necessary to authorize a merger if:

1. The agreement of merger does not amend in any respect the certificate of incorporation of the constituent corporation;

2. Each share of stock of the constituent corporation outstanding immediately prior to the effective date of the merger is to be an identical outstanding or treasury share of the surviving corporation after the effective date of the merger; and

3. Either no shares of common stock of the surviving corporation and no shares, securities or obligations convertible

into such stock are to be issued or delivered under the plan of merger, or the authorized unissued shares or the treasury shares of common stock of the surviving corporation to be issued or delivered under the plan of merger plus those initially issuable upon conversion of any other shares, securities or obligations to be issued or delivered under the plan do not exceed twenty percent (20%) of the shares of common stock of the constituent corporation outstanding immediately prior to the effective date of the merger. No vote of shareholders of a constituent corporation shall be necessary to authorize a merger or consolidation if no shares of the stock of the corporation shall have been issued prior to the adoption by the board of directors of the resolution approving the agreement of merger or consolidation. If an agreement of merger is adopted by the constituent corporation surviving the merger, by action of its board of directors and without any vote of its shareholders pursuant to the provisions of this subsection, the secretary or assistant secretary of that corporation shall certify on the agreement that the agreement has been adopted pursuant to the provisions of this subsection and:

a. if it has been adopted pursuant to paragraph 1 of this subsection, that the conditions specified have been satisfied, or
b. if it has been adopted pursuant to paragraph 2 of this subsection, that no shares of stock of the corporation were issued prior to the adoption by the board of directors of the resolution approving the agreement of merger or consolidation; provided, that such certification on the agreement shall not be required if a certificate of merger or consolidation is filed in lieu of filing the agreement.

The agreement so adopted and certified shall then be filed and shall become effective in accordance with the provisions of Section 1007 of this title. Filing shall constitute a representation by the person who executes the certificate that the facts stated in the certificate remain true immediately prior to filing.

G. 1. Notwithstanding the requirements of subsection C of this section, unless expressly required by its certificate of incorporation, no vote of shareholders of a constituent corporation shall be necessary to authorize a merger with or into a single direct or indirect wholly owned subsidiary of the constituent corporation if:

a. the constituent corporation and the direct or indirect wholly owned subsidiary of the constituent corporation are the only constituent entities to the merger,
b. each share or fraction of a share of the capital stock of the constituent corporation outstanding immediately before the effective time of the merger is converted

in the merger into a share or equal fraction of share of capital stock of a holding company having the same designations, rights, powers and preferences, and the qualifications, limitations and restrictions thereof, as the share of stock of the constituent corporation being converted in the merger,

c. the holding company and the constituent corporation are domestic corporations and the direct or indirect wholly owned subsidiary that is the other constituent entity to the merger is a domestic corporation or limited liability company,

d. the certificate of incorporation and bylaws of the holding company immediately following the effective time of the merger contain provisions identical to the certificate of incorporation and bylaws of the constituent corporation immediately before the effective time of the merger, other than provisions, if any, regarding the incorporator or incorporators, the corporate name, the registered office and agent, the initial board of directors and the initial subscribers of shares and provisions contained in any amendment to the certificate of incorporation as were necessary to effect a change, exchange, reclassification, subdivision, combination or cancellation of stock, if a change, exchange, reclassification or cancellation has become effective,

e. as a result of the merger, the constituent corporation or its successor corporation becomes or remains a direct or indirect wholly owned subsidiary of the holding company,

f. the directors of the constituent corporation become or remain the directors of the holding company upon the effective time of the merger,

g. the organizational documents of the surviving entity immediately following the effective time of the merger contain provisions requiring that:

(1) any act or transaction by or involving the surviving entity, other than the election or removal of directors or managers, managing members or other members of the governing body of the surviving entity, that if taken by the constituent corporation immediately before the effective time of the merger would require for its adoption under the Oklahoma General Corporation Act or under the certificate of incorporation or bylaws of the constituent corporation immediately before the effective time

of the merger the approval of the shareholders of the constituent corporation, shall, by specific reference to this subsection, require, in addition to approval of the shareholders or members of the surviving entity, the approval of the shareholders of the holding company or any successor by merger, by the same vote as is required by the Oklahoma General Corporation Act and/or under the certificate of incorporation or bylaws of the constituent corporation immediately before the effective time of the merger; provided, however, that for purposes of this division, managers, managing members or other members of the entity, which would require the approval of the shareholders of the surviving entity if subject to the Oklahoma General Corporation Act, any amendment of the organizational documents of a surviving entity that is not a corporation, which amendment would, if adopted by a corporation subject to the Oklahoma General Corporation Act, be required to be included in the certificate of incorporation of such corporation, shall, by specific reference to this subsection, require, in addition, the approval of the shareholders of the holding company, or any successor by merger, by the same vote as is required by the Oklahoma General Corporation Act and/or by the certificate of incorporation or bylaws of the constituent corporation immediately before the effective time of the merger, and

(2) the business and affairs of a surviving entity that is not a corporation shall be managed by or under the direction of a board of directors, board of managers or other governing body consisting of individuals who are subject to the same fiduciary duties applicable to, and who are liable for breach of such duties to the same extent as, directors of a corporation subject to the Oklahoma General Corporation Act; and

h. the shareholders of the constituent corporation do not recognize gain or loss for federal income tax purposes as determined by the board of directors of the constituent corporation.

Neither subparagraph g of paragraph 1 of this subsection nor any provision of a surviving entity’s organizational documents required by subparagraph g of paragraph 1 of this subsection shall be deemed

or construed to require approval of the shareholders of the holding company to elect or remove directors or managers, managing members or other members of the governing body of the surviving entity.

2. As used in this subsection, the term "holding company" means a corporation which, from its incorporation until consummation of a merger governed by this subsection, was at all times a direct or indirect wholly owned subsidiary of the constituent corporation and whose capital stock is issued in a merger.

3. As used in this subsection, the term "organizational documents" means, when used in reference to a corporation, the certificate of incorporation of the corporation and, when used in reference to a limited liability company, the articles of organization and the operating agreement of the limited liability company.

4. From and after the effective time of a merger adopted by a constituent corporation by action of its board of directors and without any vote of shareholders pursuant to this subsection:

a. to the extent the restriction of Section 1090.3 of this title applied to the constituent corporation and its shareholders at the effective time of the merger, restrictions shall apply to the holding company and its shareholders immediately after the effective time of the merger as though it were the constituent corporation, and all shareholders of stock of the holding company acquired in the merger shall for purposes of Section 1090.3 of this title be deemed to have been acquired at the time that the shares of stock of the constituent corporation converted in the merger were acquired; provided, that any shareholder who immediately before the effective time of the merger was not an interested shareholder within the meaning of Section 1090.3 of this title shall not solely by reason of the merger become an interested shareholder of the holding company,

b. if the corporate name of the holding company immediately following the effective time of the merger is the same as the corporate name of the constituent corporation immediately before the effective time of the merger, the shares of capital stock of the holding company into which the shares of capital stock of the constituent corporation are converted in the merger shall be represented by the stock certificates that previously represented the shares of capital stock of the constituent corporation, and

c. to the extent a shareholder of the constituent corporation immediately before the merger had standing to institute or maintain derivative litigation on

behalf of the constituent corporation, nothing in this section shall be deemed to limit or extinguish such standing.

5. If any agreement of merger is adopted by a constituent corporation by action of its board of directors and without any vote of shareholders pursuant to this subsection, the secretary or assistant secretary of the constituent corporation shall certify on the agreement that the agreement has been adopted pursuant to this subsection and that the conditions specified in paragraph 1 of this subsection have been satisfied; provided, that such certification on the agreement shall not be required if a certificate of merger or consolidation is filed in lieu of filing the agreement. The agreement so adopted and certified shall then be filed and become effective in accordance with Section 1007 of this title. Filing shall constitute a representation by the person who executes the agreement that the facts stated in the certificate remain true immediately before the filing.

H. Notwithstanding the requirements of subsection C of this section, unless expressly required by its certificate of incorporation, no vote of shareholders of a constituent corporation that has a class or series of stock that is listed on a national securities exchange or held of record by more than two thousand holders immediately prior to the execution of the agreement of merger by such constituent corporation shall be necessary to authorize a merger if:

1. The agreement of merger expressly (a) permits or requires such merger to be effected under this subsection and (b) provides that such merger shall be effected as soon as practicable following the consummation of the offer referred to in paragraph 2 of this subsection if such merger is effected under this subsection;

2. A corporation consummates an offer for all of the outstanding stock of such constituent corporation on the terms provided in such agreement of merger that, absent this subsection, would be entitled to vote on the adoption or rejection of the agreement of merger; provided, however, that such offer may be conditioned on the tender of a minimum number or percentage of shares of the stock of such constituent corporation, or of any class or series thereof, and such offer may exclude any excluded stock; and provided further, that the corporation may consummate separate offers for separate classes or series of the stock of such constituent corporation;

3. Immediately following the consummation of the offer referred to in paragraph 2 of this subsection, the stock irrevocably accepted for purchase or exchange pursuant to such offer and received by the depository prior to expiration of such offer, together with the stock otherwise owned by the consummating corporation or its affiliates and any rollover stock, equals at least such percentage

of the shares of stock of such constituent corporation, and of each class or series thereof, that, absent this subsection, would be required to adopt the agreement of merger by this chapter and by the certificate of incorporation of such constituent corporation;

4. The corporation consummating the offer referred to in paragraph 2 of this subsection merges with or into such constituent corporation pursuant to such agreement;

5. Each outstanding share, other than shares of excluded stock, of each class or series of stock of the constituent corporation that is the subject of and not irrevocably accepted for purchase or exchange in the offer referred to in paragraph 2 of this subsection is to be converted in such merger into, or into the right to receive, the same amount and kind of cash, property, rights or securities paid for shares of such class or series of stock of such constituent corporation irrevocably accepted for purchase or exchange in such offer; and

6. As used in this subsection only, the term:

a. "affiliate" means, in respect of the corporation making the offer referred to in paragraph 2 of this subsection, any person that (1) owns, directly or indirectly, all of the outstanding stock of such corporation or (2) is a direct or indirect wholly owned subsidiary of such corporation or of any person referred to in proviso (1) of this subparagraph,

b. "consummates", and with correlative meaning, "consummation" and "consummating", means irrevocably accepts for purchase or exchange stock tendered pursuant to an offer,

c. "depository" means an agent including a depository, appointed to facilitate consummation of the offer referred to in paragraph 2 of this subsection,

d. "excluded stock" means (1) stock of such constituent corporation that is owned at the commencement of the offer referred to in paragraph 2 of this subsection by such constituent corporation, the corporation making the offer referred to in paragraph 2 of this subsection, any person that owns, directly or indirectly, all of the outstanding stock of the corporation making such offer, or any direct or indirect wholly owned subsidiary of any of the foregoing and (2) rollover stock,

e. "person" means any individual, corporation, partnership, limited liability company, unincorporated association or other entity,

f. "received" solely for purposes of paragraph 3 of this subsection means (1) with respect to certificated shares, physical receipt of a stock certificate

accompanied by an executed letter of transmittal, (2) with respect to uncertificated shares held of record by a clearing corporation as nominee, transfer into the depository's account by means of an agent's message, and (3) with respect to uncertificated shares held of record by a person other than a clearing corporation as nominee, physical receipt of an executed letter of transmittal by the depository; provided, however, that shares shall cease to be "received" (4) with respect to certificated shares, if the certificate representing such shares was canceled prior to consummation of the offer referred to in paragraph 2 of this subsection, or (5) with respect to uncertificated shares, to the extent such uncertificated shares have been reduced or eliminated due to any sale of such shares prior to consummation of the offer referred to in paragraph 2 of this subsection, and

g. "rollover stock" means any shares of stock of such constituent corporation that are the subject of a written agreement requiring such shares to be transferred, contributed or delivered to the consummating corporation or any of its affiliates in exchange for stock or other equity interests in such consummating corporation or an affiliate thereof; provided, however, that such shares of stock shall cease to be rollover stock for purposes of paragraph 3 of this subsection if, immediately prior to the time the merger becomes effective under this chapter, such shares have not been transferred, contributed or delivered to the consummating corporation or any of its affiliates pursuant to such written agreement.

If an agreement of merger is adopted without the vote of shareholders of a corporation pursuant to this subsection, the secretary or assistant secretary of the surviving corporation shall certify on the agreement that the agreement has been adopted pursuant to this subsection and that the conditions specified in this subsection, other than the condition listed in paragraph 4 of this subsection, have been satisfied; provided, that such certification on the agreement shall not be required if a certificate of merger is filed in lieu of filing the agreement. The agreement so adopted and certified shall then be filed and shall become effective, in accordance with Section 1007 of this title. Such filing shall constitute a representation by the person who executes the agreement that the facts stated in the certificate remain true immediately prior to such filing.

Added by Laws 1986, c. 292, § 81, eff. Nov. 1, 1986. Amended by Laws 1988, c. 323, § 14, eff. Nov. 1, 1988; Laws 1998, c. 422, § 15, eff. Nov. 1, 1998; Laws 1999, c. 421, § 13, eff. Nov. 1, 1999; Laws 2001, c. 405, § 21, eff. Nov. 1, 2001; Laws 2004, c. 255, § 20, eff. Nov. 1, 2004; Laws 2008, c. 253, § 9; Laws 2017, c. 323, § 22, eff. Nov. 1, 2017; Laws 2021, c. 51, § 11, eff. Nov. 1, 2021; Laws 2024, c. 120, § 30, eff. Nov. 1, 2024.
NOTE: Laws 2008, c. 382, § 315, which changed the effective date of Laws 2008, c. 253, §§ 1-47 to Jan. 1, 2010, was held unconstitutional by the Oklahoma Supreme Court in the case of *Weddington v. Henry*, 202 P.3d 143, 2008 OK 102 (2009).

§18-1082. Merger or consolidation of domestic and foreign corporations - Service of process upon surviving or resulting corporation.

MERGER OR CONSOLIDATION OF DOMESTIC AND FOREIGN CORPORATIONS; SERVICE OF PROCESS UPON SURVIVING OR RESULTING CORPORATION

A. Any one or more domestic corporations may merge or consolidate with one or more foreign corporations, unless the laws of the jurisdiction or jurisdictions under which such foreign corporation or corporations are organized prohibit the merger or consolidation. The constituent corporations may merge into a single surviving corporation, which may be any one of the constituent corporations, or they may consolidate into a new resulting corporation formed by the consolidation, which may be a corporation of the jurisdiction of organization of any one of the constituent corporations, pursuant to an agreement of merger or consolidation, as the case may be, complying and approved in accordance with the provisions of this section.

B. All the constituent corporations shall enter into an agreement of merger or consolidation. The agreement shall state:

1. The terms and conditions of the merger or consolidation;

2. The mode of carrying the same into effect;

3. In the case of a merger in which the surviving corporation is a domestic corporation, such amendments or changes in the certificate of incorporation of the surviving corporation as are desired to be effected by the merger, which amendments or changes may amend and restate the certificate of incorporation of the surviving corporation in its entirety, or, if no such amendments or changes are desired, a statement that the certificate of incorporation of the surviving corporation shall be its certificate of incorporation;

4. In the case of a consolidation in which the resulting corporation is a domestic corporation, that the certificate of incorporation of the resulting corporation shall be as is set forth in an attachment to the agreement;

5. The manner, if any, of converting the shares of each of the constituent corporations into shares or other securities of the corporation surviving or resulting from the merger or consolidation, or of canceling some or all of the shares, and, if any shares of any of the constituent corporations are not to remain outstanding, to be converted solely into shares or other securities of the surviving or resulting corporation or to be canceled, the cash, property, rights or securities of any other corporation or entity which the holder of the shares is to receive in exchange for, or upon conversion of, the shares and the surrender of any certificates evidencing them, which cash, property, rights or securities of any other corporation or entity may be in addition to or in lieu of the shares or other securities of the surviving or resulting corporation;

6. Other details or provisions as are deemed desirable including, without limiting the generality of the foregoing, a provision for the payment of cash in lieu of the issuance or recognition of fractional shares, rights or other securities of the surviving or resulting corporation or of any other corporation or entity, the shares, rights or other securities of which are to be received in the merger or consolidation, or for some other arrangement with respect thereto consistent with the provisions of Section 1036 of this title; and

7. Other provisions or facts as shall be required to be set forth in an agreement of merger or consolidation including any provision for amendment of the certificate of incorporation or equivalent document of a surviving or resulting corporation and that can be stated in the case of a merger or consolidation. Any of the terms of the agreement of merger or consolidation may be made dependent upon facts ascertainable outside of the agreement; provided, that the manner in which the facts shall operate upon the terms of the agreement is clearly and expressly set forth in the agreement of merger or consolidation. The term "facts" as used in this paragraph includes, but is not limited to, the occurrence of any event including a determination or action by any person or body including the corporation.

C. The agreement shall be adopted, approved, executed, and acknowledged by each of the constituent corporations in accordance with the laws under which it is organized, and, in the case of a domestic corporation, in the same manner as is provided for in Section 1081 of this title. The agreement shall be filed and shall become effective for all purposes of the laws of this state when and as provided for in Section 1081 of this title with respect to the merger or consolidation of domestic corporations. In lieu of filing the agreement of merger or consolidation, the surviving or resulting corporation may file a certificate of merger or consolidation executed in accordance with the provisions of Section 1007 of this title, which states:

1. The name and jurisdiction of organization of each of the constituent corporations;

2. That an agreement of merger or consolidation has been approved, adopted, executed and acknowledged by each of the constituent corporations in accordance with the provisions of this subsection;

3. The name of the surviving or resulting corporation;

4. In the case of a merger in which the surviving corporation is a domestic corporation, the amendments or changes in the certificate of incorporation of the surviving corporation, which may be amended and restated, that are effected by the merger, which amendments or changes may amend and restate the certificate of incorporation of the surviving corporation in its entirety, or, if no amendments or changes are desired, a statement that the certificate of incorporation of the surviving corporation shall be its certificate of incorporation;

5. In the case of a consolidation in which the resulting corporation is a domestic corporation, that the certificate of incorporation of the resulting corporation shall be as is set forth in an attachment to the certificate;

6. That the executed agreement of consolidation or merger is on file at the principal place of business of the surviving or resulting corporation, and the address thereof;

7. That a copy of the agreement of consolidation or merger will be furnished by the surviving or resulting corporation, on request and without cost, to any shareholder of any constituent corporation;

8. If the corporation surviving or resulting from the merger or consolidation is a domestic corporation, the authorized capital stock of each constituent corporation which is not a domestic corporation; and

9. The agreement, if any, required by the provisions of subsection D of this section. For purposes of Section 1085 of this title, the term "shareholder" in subsection D of this section shall be deemed to include "member".

D. If the corporation surviving or resulting from the merger or consolidation is a foreign corporation, it shall agree that it may be served with process in this state in any proceeding for enforcement of any obligation of any constituent corporation of this state, as well as for enforcement of any obligation of the surviving or resulting corporation arising from the merger or consolidation, including any suit or other proceeding to enforce the right of any shareholders as determined in appraisal proceedings pursuant to the provisions of Section 1091 of this title, and shall irrevocably appoint the Secretary of State as its agent to accept service of process in any suit or other proceedings and shall specify the address to which a copy of process shall be mailed by the Secretary of State. In the event of service upon the Secretary of State in

accordance with the provisions of Section 2004 of Title 12 of the Oklahoma Statutes, the Secretary of State shall immediately notify the surviving or resulting corporation thereof by letter, certified mail, return receipt requested, directed to the surviving or resulting corporation at the address specified unless the surviving or resulting corporation shall have designated in writing to the Secretary of State a different address for this purpose, in which case it shall be mailed to the last address so designated. The notice shall include a copy of the process and any other papers served on the Secretary of State pursuant to the provisions of this subsection. It shall be the duty of the plaintiff in the event of such service to serve process and any other papers in duplicate, to notify the Secretary of State that service is being effected pursuant to the provisions of this subsection, and to pay the Secretary of State the fee provided for in paragraph 7 of subsection A of Section 1142 of this title, which fee shall be taxed as part of the costs in the proceeding. The Secretary of State shall maintain an alphabetical record of any such service setting forth the name of the plaintiff and the defendant, the title, docket number and nature of the proceeding in which process has been served upon the Secretary of State, the fact that service has been effected pursuant to the provisions of this subsection, the return date thereof, and the date service was made. The Secretary of State shall not be required to retain such information longer than five (5) years from receipt of the service of process by the Secretary of State.

E. The provisions of subsection D of Section 1081 of this title shall apply to any merger or consolidation pursuant to the provisions of this section. The provisions of subsection E of Section 1081 of this title shall apply to a merger pursuant to the provisions of this section in which the surviving corporation is a domestic corporation. The provisions of subsections F and H of Section 1081 of this title shall apply to any merger pursuant to the provisions of this section.

Added by Laws 1986, c. 292, § 82, eff. Nov. 1, 1986. Amended by Laws 1987, c. 146, § 6, operative Nov. 1, 1987; Laws 1988, c. 323, § 15, eff. Nov. 1, 1988; Laws 1998, c. 422, § 16, eff. Nov. 1, 1998; Laws 1999, c. 421, § 14, eff. Nov. 1, 1999; Laws 2004, c. 255, § 21, eff. Nov. 1, 2004; Laws 2008, c. 253, § 10; Laws 2017, c. 323, § 23, eff. Nov. 1, 2017; Laws 2021, c. 51, § 12, eff. Nov. 1, 2021.

NOTE: Laws 2008, c. 382, § 315, which changed the effective date of Laws 2008, c. 253, §§ 1-47 to Jan. 1, 2010, was held unconstitutional by the Oklahoma Supreme Court in the case of *Weddington v. Henry*, 202 P.3d 143, 2008 OK 102 (2009).

§18-1083. Merger of parent corporation and subsidiary corporation or corporations.

MERGER OF PARENT CORPORATION AND SUBSIDIARY

CORPORATION OR CORPORATIONS

A. In any case in which at least ninety percent (90%) of the outstanding shares of each class of stock of a corporation or corporations, other than a corporation which has in its certificate of incorporation the provision required by division (1) of subparagraph g of paragraph 1 of subsection G of Section 1081 of this title of which class there are outstanding shares that, absent this subsection, would be entitled to vote on such merger, is owned by a domestic corporation or a foreign corporation, and one or more of such corporations is a domestic corporation, unless the laws of the jurisdiction or jurisdictions under which the foreign corporation or corporations are organized prohibit such merger, the parent corporation may either merge the subsidiary corporation or corporations into itself and assume all of its or their obligations, or merge itself, or itself and one or more of the other subsidiary corporations, into one of the other subsidiary corporations by executing, acknowledging, and filing, in accordance with the provisions of Section 1007 of this title, a certificate of ownership and merger setting forth a copy of the resolution of its board of directors to merge and the date of its adoption; provided, however, that in case the parent corporation shall not own all the outstanding stock of all the subsidiary corporations which are parties to the merger, the resolution of the board of directors of the parent corporation shall state the terms and conditions of the merger, including the securities, cash, property, or rights to be issued, paid, delivered, or granted by the surviving corporation upon surrender of each share of the subsidiary corporation or corporations not owned by the parent corporation or the cancellation of some or all of the shares. Any of the terms of the resolution of the board of directors to so merge may be made dependent upon facts ascertainable outside of such resolution, provided that the manner in which such facts shall operate upon the terms of the resolution is clearly and expressly set forth in the resolution. The term "facts", as used in the preceding sentence includes, but is not limited to, the occurrence of any event including a determination or action by any person or body, including the corporation. If the parent corporation is not the surviving corporation, the resolution shall include provision for the pro rata issuance of stock of the surviving corporation to the holders of the stock of the parent corporation on surrender of any certificates therefor, and the certificate of ownership and merger shall state that the proposed merger has been approved by a majority of the outstanding stock of the parent corporation entitled to vote thereon at a meeting thereof duly called and held after twenty (20) days' notice of the purpose of the meeting is mailed to each shareholder at the shareholder's address as it appears on the records of the corporation if the parent corporation is a domestic corporation or shall state that the

proposed merger has been adopted, approved, certified, executed, and acknowledged by the parent corporation in accordance with the laws under which it is organized if the parent corporation is a foreign corporation. If the surviving corporation is a foreign corporation, the provisions of subsection D of Section 1082 of this title or subsection C of Section 1087 of this title, as applicable, shall also apply to a merger pursuant to the provisions of this section, and the terms and conditions of the merger shall obligate the surviving corporation to provide the agreement, and take the actions, required by subsection D of Section 1082 of this title or subsection C of Section 1087 of this title, as applicable.

B. Subject to the provisions of paragraph 1 of subsection A of Section 1006 of this title, if the surviving corporation is an Oklahoma corporation, it may change its corporate name by the inclusion of a provision to that effect in the resolution of merger adopted by the directors of the parent corporation and set forth in the certificate of ownership and merger, and upon the effective date of the merger, the name of the corporation shall be changed.

C. The provisions of subsection D of Section 1081 of this title shall apply to a merger pursuant to the provisions of this section, and the provisions of subsection E of Section 1081 of this title shall apply to a merger pursuant to the provisions of this section in which the surviving corporation is the subsidiary corporation and is a domestic corporation. For purposes of this subsection, references to "agreement of merger" in subsections D and E of Section 1081 of this title shall mean the resolution of merger adopted by the board of directors of the parent corporation. Any merger which effects any changes other than those authorized by the provisions of this section or made applicable by this subsection shall be accomplished in accordance with the provisions of Section 1081, 1082, 1083.1, 1085 or 1087 of this title. The provisions of Section 1091 of this title shall not apply to any merger effected pursuant to the provisions of this section, except as provided for in subsection D of this section.

D. In the event all of the stock of a subsidiary Oklahoma corporation party to a merger effected pursuant to the provisions of this section is not owned by the parent corporation immediately prior to the merger, the shareholders of the subsidiary Oklahoma corporation party to the merger shall have appraisal rights as set forth in Section 1091 of this title.

E. This section shall apply to nonstock corporations if the parent corporation is such a corporation and is the surviving corporation of the merger; provided, however, that references to the directors of the parent corporation shall be deemed to be references to members of the governing body of the parent corporation, and references to the board of directors of the parent corporation shall

be deemed to be references to the governing body of the parent corporation.

F. Nothing in this section shall be deemed to authorize the merger of a corporation with a charitable nonstock corporation, if the charitable status of such charitable nonstock corporation would thereby be lost or impaired.

Added by Laws 1986, c. 292, § 83, eff. Nov. 1, 1986. Amended by Laws 1988, c. 323, § 16, eff. Nov. 1, 1988; Laws 1998, c. 422, § 17, eff. Nov. 1, 1998; Laws 2001, c. 405, § 22, eff. Nov. 1, 2001; Laws 2004, c. 255, § 22, eff. Nov. 1, 2004; Laws 2019, c. 88, § 17, eff. Nov. 1, 2019.

§18-1083.1. Merger of parent entity and subsidiary corporation or corporations.

MERGER OF PARENT ENTITY AND SUBSIDIARY CORPORATION OR CORPORATIONS

A. In any case in which:

1. At least ninety percent (90%) of the outstanding shares of each class of the stock of a corporation or corporations, other than a corporation which has in its certificate of incorporation the provision required by division (1) of subparagraph g of paragraph 1 of subsection G of Section 1081 of this title, of which class there are outstanding shares that, absent this subsection, would be entitled to vote on such merger, is owned by an entity; and

2. One or more of such corporations is a domestic corporation. Unless the laws of the jurisdiction or jurisdictions under which such entity or such foreign corporations are formed or organized prohibit such merger, the entity having such stock ownership may either merge the corporation or corporations into itself and assume all of its or their obligations, or merge itself, or itself and one or more of such corporations, into one of the other corporations by:

a. authorizing such merger in accordance with such entity's governing documents and the laws of the jurisdiction under which such entity is formed or organized, and

b. acknowledging and filing with the Secretary of State, in accordance with Section 1007 of this title, a certificate of such ownership and merger certifying:

(1) that such merger was authorized in accordance with such entity's governing documents and the laws of the jurisdiction under which such entity is formed or organized, such certificate executed in accordance with such entity's governing documents and in accordance with the laws of the jurisdiction under which such entity is formed or organized, and

(2) the type of entity of each constituent entity to the merger; provided, however, that in case the entity shall not own all the outstanding stock of all the corporations, parties to a merger as aforesaid:

(a) the certificate of ownership and merger shall state the terms and conditions of the merger including the securities, cash, property, or rights to be issued, paid, delivered or granted by the surviving constituent party upon surrender of each share of the corporation or corporations not owned by the entity, or the cancellation of some or all of such shares, and

(b) such terms and conditions of the merger may not result in a holder of stock in a corporation becoming a general partner in a surviving entity that is a partnership, other than a limited liability partnership or a limited liability limited partnership.

Any of the terms of the merger may be made dependent upon facts ascertainable outside of the certificate of ownership and merger, provided that the manner in which such facts shall operate upon the terms of the merger is clearly and expressly set forth in the certificate of ownership and merger. The term "facts", as used in the preceding sentence includes, but is not limited to, the occurrence of any event including a determination or action by any person or body including the entity. If the surviving constituent party is an entity formed or organized under the laws of a jurisdiction other than this state, subsection D of Section 1082 of this title shall also apply to a merger under this section; if the surviving constituent party is the entity, the word "corporation" where applicable, as used in subsection D of Section 1082 of this title, shall be deemed to include an entity as defined herein; and the terms and conditions of the merger shall obligate the surviving constituent party to provide the agreement, and take the actions required by subsection D of Section 1082 of this title.

B. Sections 1088, 1090 and 1127 of this title shall, insofar as they are applicable, apply to a merger under this section, and Section 1089 and subsection E of Section 1081 of this title shall apply to a merger under this section in which the surviving constituent party is a corporation of this state. For purposes of this subsection, references to "agreement of merger" in subsection F of Section 1081 of this title shall mean the terms and condition of the merger set forth in the certificate of ownership and merger, and references to "corporation" in Sections 1088, 1089 and 1090 of this title and Section 1127 of this title shall be deemed to include the

entity, as applicable. Section 1091 of this title shall not apply to any merger effected under this section, except as provided in subsection C of this section.

C. In the event all of the stock of a domestic corporation party to a merger effected under this section is not owned by the entity immediately prior to the merger, the shareholders of such domestic corporation party to the merger shall have appraisal rights as set forth in Section 1091 of this title.

D. As used in this section:

1. "Constituent party" means an entity or corporation to be merged pursuant to this section;

2. "Entity" means a partnership, whether general or limited, and including a limited liability partnership and a limited liability limited partnership, a limited liability company, and any unincorporated nonprofit or for-profit association, trust or enterprise having members or having outstanding shares of stock or other evidences of financial, beneficial or membership interest therein, whether formed by agreement or under statutory authority or otherwise and whether formed or organized under the laws of this state or the laws of any other jurisdiction; and

3. "Governing documents" means a partnership agreement, operating agreement, articles of association or any other instrument containing the provisions by which an entity is formed or organized.

Added by Laws 2017, c. 323, § 24, eff. Nov. 1, 2017.
Amended by Laws 2021, c. 51, § 13, eff. Nov. 1, 2021.

§18-1084. Merger or consolidation of domestic nonstock not for profit corporations.

MERGER OR CONSOLIDATION OF DOMESTIC NONSTOCK NOT FOR PROFIT CORPORATIONS

A. Any two or more nonstock domestic corporations, whether or not organized for profit, may merge into a single corporation, which may be any one of the constituent corporations, or they may consolidate into a new nonstock corporation, whether or not organized for profit, formed by the consolidation, pursuant to an agreement of merger or consolidation, as the case may be, complying and approved in accordance with the provisions of this section.

B. Subject to subsection D of this section:

1. The governing body of each corporation which desires to merge or consolidate shall adopt a resolution approving an agreement of merger or consolidation. The agreement shall state:

a. the terms and conditions of the merger or consolidation,

b. the mode of carrying the same into effect,

c. in the case of a merger, such amendments or changes in the certificate of incorporation of the surviving corporation as are desired to be effected by the

merger, which amendments or changes may amend and restate the certificate of incorporation of the surviving corporation in its entirety, or, if no such amendments or changes are desired, a statement that the certificate of incorporation of the surviving corporation shall be its certificate of incorporation,

d. in the case of a consolidation, that the certificate of incorporation of the resulting corporation shall be as is set forth in an attachment to the agreement,

e. the manner, if any, of converting the memberships or membership interests of each of the constituent corporations into memberships or membership interests of the corporation surviving or resulting from the merger or consolidation, or of canceling some or all of the memberships or membership interests if any memberships or membership interests of any of the constituent corporations are not to remain outstanding, to be converted solely into memberships or membership interests of the surviving or resulting corporation or to be cancelled, the cash, property, rights or securities of any other corporation or entity which the holders of such memberships or membership interests are to receive in exchange for, or upon conversion of, such memberships or membership interests, which cash, property, rights or securities of any other corporation or entity may be in addition to or in lieu of memberships or membership interests to the surviving or resulting corporation, and

f. other details or provisions as are deemed desirable including, without limiting the generality of the foregoing, a provision for the payment of cash in lieu of the issuance or recognition of fractional shares, rights or other securities of any other corporation or entity the shares, rights or other securities of which are to be received in the merger or consolidation or for some other arrangement with respect thereto, consistent with Section 1036 of this title; and

2. The agreement so adopted shall be executed and acknowledged in accordance with Section 1007 of this title. Any of the terms of the agreement of merger or consolidation may be made dependent upon facts ascertainable outside of the agreement; provided, that the manner in which the facts shall operate upon the terms of the agreement is clearly and expressly set forth in the agreement of merger or consolidation. The term "facts" as used in this paragraph, includes, but is not limited to, the occurrence of any event, including a determination or action by any person or body, including the corporation.

C. Subject to subsection D of this section, the agreement shall be submitted to the members of each constituent corporation at an annual or special meeting for the purpose of acting on the agreement. Due notice of the time, place, and purpose of the meeting shall be mailed to each member of each corporation who has the right to vote for the election of the members of the governing body of the corporation and to each other member who is entitled to vote on the merger under the certificate of incorporation or the bylaws of such corporation, at the member's address as it appears on the records of the corporation at least twenty (20) days prior to the date of the meeting. The notice shall contain a copy of the agreement or a brief summary thereof, as the governing body shall deem advisable. At the meeting, the agreement shall be considered and a vote, in person or by proxy, taken for the adoption or rejection of the agreement. If the agreement is adopted by a majority of the members of each corporation entitled to vote for the election of the members of the governing body of the corporation and any other members entitled to vote on the merger under the certificate of incorporation or the bylaws of such corporation, then that fact shall be certified on the agreement by the officer of each corporation performing the duties ordinarily performed by the secretary or assistant secretary of a corporation; provided that such certification on the agreement shall not be required if a certificate of merger or consolidation is filed in lieu of filing the agreement. The agreement shall be adopted and certified by each constituent corporation in accordance with this section, and it shall be filed and shall become effective in accordance with the provisions of Section 1007 of this title. The provisions of paragraphs 1 through 6 of subsection C of Section 1081 of this title shall apply to a merger or consolidation under this section, and the reference therein to "shareholder" shall be deemed to include "member" hereunder.

D. Notwithstanding subsection B or C of this section, if, under the provisions of the certificate of incorporation or the bylaws of any one or more of the constituent corporations, there shall be no members who have the right to vote for the election of the members of the governing body of the corporation, or for the merger, other than the members of the governing body themselves, no further action by the governing body or the members of such corporation shall be necessary if the resolution approving an agreement of merger or consolidation has been adopted by a majority of all the members of the governing body thereof, and that fact shall be certified on the agreement in the same manner as is provided in the case of the adoption of the agreement by the vote of the members of a corporation; provided that such certification on the agreement shall not be required if a certificate of merger or consolidation is filed

in lieu of filing the agreement, and thereafter the same procedure shall be followed to consummate the merger or consolidation.

E. The provisions of subsection D of Section 1081 of this title shall apply to a merger under this section; provided, however, that references to the board of directors, to shareholders, and to shares of a constituent corporation shall be deemed to be references to the governing body of the corporation, to members of the corporation, and to memberships or membership interests, as applicable, respectively.

F. The provisions of subsection E of Section 1081 of this title shall apply to a merger pursuant to the provisions of this section.

G. Nothing in this section shall be construed to authorize the merger of a charitable nonstock corporation into a nonstock corporation if the charitable nonstock corporation would thereby have its charitable status lost or impaired; but a nonstock corporation may be merged into a charitable nonstock corporation which shall continue as the surviving corporation.

Added by Laws 1986, c. 292, § 84, eff. Nov. 1, 1986. Amended by Laws 1988, c. 323, § 17, eff. Nov. 1, 1988; Laws 1998, c. 422, § 18, eff. Nov. 1, 1998; Laws 2001, c. 405, § 23, eff. Nov. 1, 2001; Laws 2004, c. 255, § 23, eff. Nov. 1, 2004; Laws 2019, c. 88, § 18, eff. Nov. 1, 2019.

§18-1085. Merger or consolidation of domestic and foreign nonstock corporations - Service of process upon surviving or resulting corporation.

MERGER OR CONSOLIDATION OF DOMESTIC AND FOREIGN NONSTOCK CORPORATIONS; SERVICE OF PROCESS UPON SURVIVING OR RESULTING CORPORATION

A. Any one or more nonstock domestic corporations may merge or consolidate with one or more other foreign nonstock corporations, unless the laws of the jurisdiction or jurisdictions under which such foreign nonstock corporation or corporations are organized prohibit such merger or consolidation. The constituent corporations may merge into a single surviving corporation, which may be any one of the constituent corporations, or they may consolidate into a new resulting nonstock corporation formed by the consolidation, which may be a corporation of the jurisdiction of organization of any one of the constituent corporations, pursuant to an agreement of merger or consolidation, as the case may be, complying and approved in accordance with the provisions of this section. The term "foreign nonstock corporation" means a nonstock corporation organized under the laws of any jurisdiction other than this state.

B. 1. All the constituent corporations shall enter into an agreement of merger or consolidation. The agreement shall state:

a. the terms and conditions of the merger or consolidation,

b. the mode of carrying the same into effect,
c. in the case of a merger in which the surviving corporation is a domestic corporation, such amendments or changes in the certificate of incorporation of the surviving corporation as are desired to be effected by the merger, which amendments or changes many amend and restate the certificate of incorporation of the surviving corporation in its entirety, or, if no such amendments or changes are desired, a statement that the certificate of incorporation of the surviving corporation shall be its certificate of incorporation,
d. in the case of a consolidation in which the resulting corporation is a domestic corporation, that the certificate of incorporation of the resulting corporation shall be as is set forth in an attachment to the agreement,
e. the manner, if any, of converting the memberships or membership interests of each of the constituent corporations into memberships or membership interests of the corporation surviving or resulting from such merger or consolidation, or of canceling some or all of the memberships or membership interests, and if any memberships or membership interests of any of the constituent corporations are not to remain outstanding, to be converted solely into memberships or membership interests of the surviving or resulting corporation or to be cancelled, the cash, property, rights or securities of any other corporation or entity which the holders of such memberships or membership interests are to receive in exchange for, or upon conversion of, such memberships or membership interests, which cash, property, rights or securities of any other corporation or entity may be in addition to or in lieu of memberships or membership interests of the surviving or resulting corporation,
f. such other details and provisions as shall be deemed desirable including, without limiting the generality of the foregoing, a provision for the payment of cash in lieu of the issuance or recognition of fractional shares, rights or other securities of any other corporation or entity the shares, rights or other securities of which are to be received in the merger or consolidation, or for some other arrangement with respect thereto, consistent with Section 1036 of this title, and
g. such other provisions or facts as required to set forth in an agreement of merger or consolidation,

including any provision for amendment of the certificate of incorporation or equivalent document, or a surviving foreign nonstock corporation by the laws of each jurisdiction under which any of the foreign nonstock corporation are organized.

2. Any of the terms of the agreement of merger or consolidation may be made dependent upon facts ascertainable outside of such agreement, provided that the manner in which such facts shall operate upon the terms of the agreement is clearly and expressly set forth in the agreement of merger or consolidation. The term "facts," as used in the preceding sentence includes, but is not limited to, the occurrence of any event including a determination or action by any person or body, including the corporation.

C. The agreement shall be adopted, approved, certified, executed and acknowledged by each of the constituent corporations in accordance with the laws under which it is organized and, in the case of domestic corporation, in the same manner as is provided for in Section 1084 of this title. The agreement shall be filed and shall become effective for all purposes of the laws of this state when and as provided for in Section 1084 of this title with respect to the merger of nonstock domestic corporations. Insofar as they may be applicable, the provisions of paragraphs 1 through 9 of subsection C of Section 1082 of this title shall apply to a merger under this section, and the reference therein to "shareholder" shall be deemed to include "member" hereunder.

D. If the corporation surviving or resulting from the merger or consolidation is a foreign nonstock corporation, it shall agree that it may be served with process in this state in any proceeding for enforcement of any obligation of any constituent domestic corporation, as well as for enforcement of any obligation of the surviving or resulting corporation arising from the merger or consolidation and shall irrevocably appoint the Secretary of State as its agent to accept service of process in any suit or other proceedings and shall specify the address to which a copy of such process shall be mailed by the Secretary of State. In the event of such service upon the Secretary of State in accordance with the provisions of Section 2004 of Title 12 of the Oklahoma Statutes, the Secretary of State shall immediately notify such surviving or resulting corporation thereof by letter, certified mail, return receipt requested, directed to such corporation at its address so specified, unless such surviving or resulting corporation shall have designated in writing to the Secretary of State a different address for such purpose, in which case it shall be mailed to the last address so designated. Such letter shall enclose a copy of the process and any other papers served upon the Secretary of State. It shall be the duty of the plaintiff in the event of such service to serve process and any other papers in duplicate, to notify the

Secretary of State that service is being made pursuant to the provisions of this subsection, and to pay the Secretary of State the fee prescribed by paragraph 7 of Section 1142 of this title, which fee shall be taxed as part of the costs in the proceeding if the plaintiff shall prevail therein. The Secretary of State shall maintain an alphabetical record of any such service setting forth the name of the plaintiff and defendant, the title, docket number and nature of the proceeding in which process has been served upon him, the fact that service has been effected pursuant to the provisions of this subsection, the return date thereof, and the date when the service was made. The Secretary of State shall not be required to retain such information for a period longer than five (5) years from his receipt of service of process.

E. The provisions of subsection E of Section 1081 of this title shall apply to a merger pursuant to the provisions of this section if the corporation surviving the merger is a domestic corporation.

F. The provisions of subsection D of Section 1081 of this title shall apply to a merger under this section; provided, however, that references to the board of directors, to shareholders, and to shares of a constituent corporation shall be deemed to be references to the governing body of the corporation, to members of the corporation, and to memberships or membership interests, as applicable, respectively.

G. Nothing in this section shall be construed to authorize the merger of a charitable nonstock corporation into a nonstock corporation if the charitable nonstock corporation would thereby have its charitable status lost or impaired; but a nonstock corporation may be merged into a charitable nonstock corporation which shall continue as the surviving corporation.

Added by Laws 1986, c. 292, § 85, eff. Nov. 1, 1986. Amended by Laws 2004, c. 255, § 24, eff. Nov. 1, 2004; Laws 2019, c. 88, § 19, eff. Nov. 1, 2019.

§18-1086. Merger or consolidation of domestic stock and nonstock corporations.

MERGER OR CONSOLIDATION OF DOMESTIC STOCK AND NONSTOCK CORPORATIONS

A. Any one or more domestic nonstock corporations, whether or not organized for profit, may merge or consolidate with one or more domestic stock corporations, whether or not organized for profit. The constituent corporations may merge into a single surviving corporation, which may be any one of the constituent corporations, or they may consolidate into a new resulting corporation formed by the consolidation, pursuant to an agreement of merger or consolidation, as the case may be, complying and approved in accordance with the provisions of this section. The surviving constituent corporation or the resulting corporation may be

organized for profit or not organized for profit and may be a stock corporation or a nonstock corporation.

B. The board of directors of each stock corporation which desires to merge or consolidate and the governing body of each nonstock corporation which desires to merge or consolidate shall adopt a resolution approving an agreement of merger or consolidation. The agreement shall state:

1. The terms and conditions of the merger or consolidation;

2. The mode carrying the same into effect;

3. In the case of a merger, such amendments or changes in the certificate of incorporation of the surviving corporation as are desired to be effected by the merger, which amendments or changes may amend and restate the certificate of incorporation of the surviving corporation in its entirety, or, if no such amendments or changes are desired, a statement that the certificate of incorporation of the surviving corporation shall be its certificate of incorporation;

4. In the case of a consolidation, that the certificate of incorporation of the resulting corporation shall be as is set forth in an attachment to the agreement;

5. The manner, if any, of converting the shares of stock of a stock corporation and the memberships or membership interests of a nonstock corporation into shares or other securities of a stock corporation or memberships or membership interests of a nonstock corporation surviving or resulting from such merger or consolidation, or of canceling some or all of the shares or memberships or membership interests, and if any shares of any such stock corporation or memberships or membership interests of any such nonstock corporation are not to remain outstanding, to be converted solely into shares or other securities of the stock corporation or memberships or membership interests of the nonstock corporation surviving or resulting from such merger or consolidation, or to be canceled, the cash, property, rights or securities of any other corporation or entity which the holders of shares of any such stock corporation or memberships or membership interests of any such nonstock corporation are to receive in exchange for, or upon conversion of such shares or memberships or membership interests, and the surrender of any certificates evidencing them, which cash, property, rights or securities of any other corporation or entity may be in addition to or in lieu of shares or other securities of any stock corporation or memberships or membership interests of any nonstock corporation surviving or resulting from such merger or consolidation; and

6. Such other details or provisions as are deemed desirable including, without limiting the generality of the foregoing, a provision for the payment of cash in lieu of the issuance or recognition of fractional shares, rights or other securities of any

other corporation or entity the shares, rights or other securities of which are to be received in the merger or consolidation, or for some other arrangement with respect thereto, consistent with Section 1036 of this title.

C. Any of the terms of the agreement of merger or consolidation may be made dependent upon facts ascertainable outside of such agreement, provided that the manner in which such facts shall operate upon the terms of the agreement is clearly and expressly set forth in the agreement of merger or consolidation. The term "facts", as used in the preceding sentence includes, but is not limited to, the occurrence of any event, including a determination or action by any person or body, including the corporation.

D. The agreement, required by subsection B of this section in the case of each constituent stock corporation, shall be adopted, approved, certified, executed and acknowledged by each constituent corporation in the same manner as is provided for in Section 1081 of this title and, in the case of each constituent nonstock corporation, shall be adopted, approved, certified, executed and acknowledged by each of said constituent corporations in the same manner as is provided for in Section 1084 of this title. The agreement shall be filed and shall become effective for all purposes of the laws of this state when and as provided for in Section 1081 of this title with respect to the merger of stock corporations of this state. Insofar as they may be applicable, the provisions of paragraphs 1 through 7 of subsection C of Section 1081 of this title shall apply to a merger under this section, and the reference therein to "shareholder" shall be deemed to include "member" hereunder.

E. The provisions of subsection E of Section 1081 of this title shall apply to a merger pursuant to the provisions of this section. The provisions of subsection D of Section 1081 of this title shall apply to any constituent stock corporation participating in a merger or consolidation pursuant to the provisions of this section. The provisions of subsection F of Section 1081 of this title shall apply to any constituent stock corporation participating in a merger pursuant to the provisions of this section.

F. The provisions of subsection D of Section 1081 of this title shall apply to a merger pursuant to the provisions of this section; provided, however, that for purposes of a constituent nonstock corporation, references to the board of directors, to shareholders, and to shares of a constituent corporation shall be deemed to be references to the governing body of the corporation, to members of the corporation, and to memberships or membership interests, as applicable, respectively.

G. Nothing in this section shall be construed to authorize the merger of a charitable nonstock corporation into a stock corporation, if the charitable status of such nonstock corporation

would thereby be lost or impaired; but a stock corporation may be merged into a charitable nonstock corporation which shall continue as the surviving corporation.
Added by Laws 1986, c. 292, § 86, eff. Nov. 1, 1986. Amended by Laws 1990, c. 328, § 4, eff. Sept. 1, 1990; Laws 1999, c. 421, § 15, eff. Nov. 1, 1999; Laws 2004, c. 255, § 25, eff. Nov. 1, 2004; Laws 2019, c. 88, § 20, eff. Nov. 1, 2019.

§18-1087. Merger or consolidation of domestic and foreign stock and nonstock corporations.

MERGER OR CONSOLIDATION OF DOMESTIC AND FOREIGN STOCK AND NONSTOCK CORPORATIONS

A. Any one or more domestic corporations, whether stock or nonstock corporations and whether or not organized for profit, may merge or consolidate with one or more foreign corporations, unless the laws of the jurisdiction or jurisdictions under which such foreign corporation or corporations are organized prohibit such merger or consolidation. The constituent corporations may merge into a single surviving corporation, which may be any one of the constituent corporations, or they may consolidate into a new resulting corporation formed by the consolidation, which may be a corporation of the jurisdiction of organization of any one of the constituent corporations, pursuant to an agreement of merger or consolidation, as the case may be, complying and approved in accordance with the provisions of this section. The surviving or resulting corporation may be either a domestic or foreign stock corporation or a domestic or foreign nonstock corporation, as shall be specified in the agreement of merger or consolidation required by the provisions of subsection B of this section. For purposes of this section, the term "foreign corporation" includes a nonstock corporation organized under the laws of any jurisdiction other than this state.

B. The method and procedure to be followed by the constituent corporations so merging or consolidating shall be as prescribed in Section 1086 of this title in the case of domestic corporations. The agreement of merger or consolidation shall be as provided in Section 1086 of this title and also set forth such other provisions or facts as required to be set forth in an agreement of merger or consolidation, including any provision for amendment of the certificate of incorporation or equivalent document of a surviving foreign corporation, by the laws of the jurisdiction or jurisdictions which are stated in the agreement to be the laws under which the foreign corporation or corporations are organized. The agreement, in the case of foreign corporations, shall be adopted, approved, certified, executed and acknowledged by each of the constituent foreign corporations in accordance with the laws under which each is organized.

C. The requirements of the provisions of subsection D of Section 1082 of this title as to the appointment of the Secretary of State to receive process and the manner of serving the same in the event the surviving or resulting corporation is a foreign corporation shall also apply to mergers or consolidations effected under this section and such appointment, if any, shall be included in the certificate of merger or consolidation, if any, filed pursuant to subsection B of this section. The provisions of subsection E of Section 1081 of this title shall apply to mergers effected pursuant to the provisions of this section if the surviving corporation is a domestic corporation. The provisions of subsection D of Section 1081 of this title shall apply to any constituent stock corporation participating in a merger or consolidation pursuant to the provisions of this section; provided, however, that for purposes of a constituent nonstock corporation, references to the board of directors, to shareholders, and to shares shall be deemed to be references to the governing body of the corporation, to members of the corporation, and to memberships or membership interests of the corporation, as applicable, respectively. The provisions of subsection F of Section 1081 of this title shall apply to any constituent stock corporation participating in a merger pursuant to the provisions of this section.

D. Nothing in this section shall be construed to authorize the merger of a charitable nonstock corporation into a stock corporation, if the charitable status of such nonstock corporation would thereby be lost or impaired but a stock corporation may be merged into a charitable nonstock corporation which shall continue as the surviving corporation.

Added by Laws 1986, c. 292, § 87, eff. Nov. 1, 1986. Amended by Laws 2019, c. 88, § 21, eff. Nov. 1, 2019.

§18-1088. Status, Rights, Liabilities, etc. of Constituent and Surviving or Resulting Corporations Following Merger or Consolidation.

STATUS, RIGHTS, LIABILITIES, ETC. OF CONSTITUENT AND SURVIVING OR RESULTING CORPORATIONS FOLLOWING MERGER OR CONSOLIDATION

When any merger or consolidation shall have become effective pursuant to the provisions of the Oklahoma General Corporation Act, for all purposes of the laws of this state the separate existence of all the constituent corporations, or of all such constituent corporations except the one into which the other or others of such constituent corporations have been merged, as the case may be, shall cease and the constituent corporations shall become a new corporation, or be merged into one of such corporations, as the case may be, possessing all the rights, privileges, powers and franchises as well of public as of a private nature, and being subject to all the restrictions, disabilities and duties of each of such

corporations so merged or consolidated; and all and singular, the rights, privileges, powers and franchises of each of said corporations, and all property, real, personal and mixed, and all debts due to any of said constituent corporations on whatever account, as well for stock subscriptions as all other things in action or belonging to each of such corporations shall be vested in the corporation surviving or resulting from such merger or consolidation; and all property, rights, privileges, powers and franchises, and all and every other interest shall be thereafter as effectually the property of the surviving or resulting corporation as they were of the several and respective constituent corporations, and the title to any real estate vested by deed or otherwise, under the laws of this state, in any of such constituent corporations, shall not revert or be in any way impaired by reason of the provisions of the Oklahoma General Corporation Act; but all rights of creditors and all liens upon any property of any of said constituent corporations shall be preserved unimpaired, and all debts, liabilities and duties of the respective constituent corporations, from that time forward, shall attach to said surviving or resulting corporation, and may be enforced against it to the same extent as if said debts, liabilities and duties had been incurred or contracted by it.
Added by Laws 1986, c. 292, § 88, eff. Nov. 1, 1986.

§18-1089. Powers of Corporation Surviving or Resulting from Merger or Consolidation - Issuance of Stock, Bonds or Other Indebtedness.

POWERS OF CORPORATION SURVIVING OR RESULTING FROM MERGER OR CONSOLIDATION; ISSUANCE OF STOCK, BONDS OR OTHER INDEBTEDNESS

When two or more corporations are merged or consolidated, the corporation surviving or resulting from the merger may issue bonds or other obligations, negotiable or otherwise, and with or without coupons or interest certificates thereto attached, to an amount sufficient with its capital stock to provide for all payments it will be required to make, or obligations it will be required to assume, in order to effect the merger or consolidation. For the purpose of securing the payment of any such bonds and obligations, it shall be lawful for the surviving or resulting corporation to mortgage its corporate franchise, rights, privileges and property, real, personal or mixed. The surviving or resulting corporation may issue certificates of its capital stock or uncertificated stock if authorized to do so and other securities to the shareholders of the constituent corporations in exchange or payment for the original shares, in such amount as shall be necessary in accordance with the terms of the agreement of merger or consolidation in order to effect such merger or consolidation in the manner and on the terms specified in the agreement.
Added by Laws 1986, c. 292, § 89, eff. Nov. 1, 1986.

§18-1090. Effect of Merger Upon Pending Actions.

EFFECT OF MERGER UPON PENDING ACTIONS

Any action or proceeding, whether civil, criminal or administrative, pending by or against any corporation which is a party to a merger or consolidation shall be prosecuted as if such merger or consolidation had not taken place, or the corporation surviving or resulting from such merger or consolidation may be substituted in such action or proceeding.

Added by Laws 1986, c. 292, § 90, eff. Nov. 1, 1986.

§18-1090.1. Share acquisitions.

SHARE ACQUISITIONS

A. One or more corporations may acquire all or part of the outstanding shares of one or more other corporations, if the board of directors of each corporation adopts and its shareholders approve, if required by subsection C of this section, the agreement of acquisition.

B. The agreement of acquisition shall set forth:

1. the name or names of the corporation or corporations whose shares will be acquired and the name or names of the acquiring corporation or corporations;

2. the terms and conditions of the acquisitions;

3. the manner and basis of exchanging the shares to be acquired for the consideration proffered;

4. any amendments or changes in the certificate of incorporation of a corporation which is a party to the agreement; and

5. such other provisions as the directors shall deem advisable.

C. After adopting an agreement of acquisition, the board of directors of each corporation whose shares are to be acquired, in whole or in part, or whose certificate of incorporation is to be amended, shall submit the agreement of acquisition for approval by the shareholders entitled to vote thereon. Due notice of the meeting shall be mailed to each holder of stock, whether voting or nonvoting, of the corporation at his address as it appears on the records of the corporation, at least twenty (20) days prior to the meeting. The notice shall contain a copy of the agreement or a brief summary thereof, as the directors shall deem advisable. At the meeting, the agreement shall be considered and a vote taken for its adoption or rejection. If a majority of the outstanding stock of the corporation entitled to vote thereon shall be voted for the adoption of the agreement, that fact shall be certified on the agreement by the secretary or assistant secretary of the corporation. If the agreement shall be adopted and approved in accordance with the provisions of this section, it shall then be filed and shall become effective in accordance with the provisions

of Section 1007 of this title. In lieu of filing an agreement of acquisition required by this section, the acquiring corporation may file a certificate of acquisition, executed in accordance with the provisions of Section 1007 of this title, which states:

1. the name and jurisdiction of incorporation of each corporation which is a party to the agreement;

2. that the agreement of acquisition has been adopted, approved, certified, executed, and acknowledged in accordance with the provisions of this section;

3. whether the corporation is an acquiring corporation or a corporation whose shares are to be acquired;

4. the amendments or changes, if any, in the certificate of incorporation that are to be effected by the agreement of acquisition;

5. that the executed agreement of acquisition is on file at the principal place of business of each corporation, stating the address thereof; and

6. that a copy of the agreement of acquisition will be furnished by each corporation, on request and without cost, to any of its shareholders.

D. Any agreement of acquisition may contain a provision that at any time prior to the filing of the agreement with the Secretary of State, the agreement may be terminated by the board of directors of any affected corporation notwithstanding approval of the agreement by the shareholders of one or more of the affected corporations. Any agreement of acquisition may contain a provision that the board of directors of the affected corporations may amend the agreement at any time prior to the filing of the agreement, or a certificate in lieu thereof, with the Secretary of State, provided that an amendment made subsequent to the adoption of the agreement by the shareholders of any affected corporation shall not:

a. alter or change the amount or kind of consideration to be received in exchange for or on conversion of all or part of the shares to be acquired;

b. alter or change any term of the certificate of incorporation of the affected corporations; or

c. alter or change any of the terms and consideration of the agreement if such alteration or change would adversely affect the holders of any class or series of a corporation whose shares are to be acquired.

E. The holders of the outstanding shares of a class shall be entitled to vote as a class upon an agreement of acquisition, whether or not entitled to vote thereon by the provisions of the certificate of incorporation, if the agreement provides for the acquisition of all or part of the shares of the class.

F. This section shall not limit the power of a corporation to acquire all or part of the shares of one or more classes or series of another corporation through a voluntary exchange or otherwise.

G. Any shareholder whose shares are to be acquired pursuant to an agreement of acquisition adopted and approved in accordance with this section and who has complied with the procedural steps specified in subsection D of Section 1091 of this title for mergers and consolidations and who has neither voted in favor of the share acquisition nor consented thereto in writing shall be entitled to an appraisal by the district court of the fair value of his shares in compliance with the same provisions and procedures and with the same rights and limitations as set out in subsections E through K of Section 1091 of this title.

H. If the entity acquiring shares pursuant to this section is governed by the laws of the District of Columbia or any state other than this state, the entity shall agree that it may be served with process in this state in any proceeding for enforcement of any obligation of the acquiring corporation arising from the share acquisition, including any suit or other proceeding to enforce the right of any shareholders as determined in appraisal proceedings pursuant to the provisions of Section 1091 of this title, and shall irrevocably appoint the Secretary of State as its agent to accept service of process in any such suit or other proceedings and shall specify the address to which a copy of such process shall be mailed by the Secretary of State. In the event of such service upon the Secretary of State in accordance with this subsection, the Secretary of State shall forthwith notify such acquiring corporation thereof by letter sent by certified mail, with return receipt requested, directed to such acquiring corporation at its address so specified, unless such acquiring corporation shall have designated in writing to the Secretary of State a different address for such purpose, in which case it shall be mailed to the last address so designated. Such letter shall enclose a copy of the process and any other papers served on the Secretary of State pursuant to this subsection. It shall be the duty of the plaintiff in the event of such service to serve process and any other papers in duplicate, to notify the Secretary of State that service is being effected pursuant to this subsection and to pay the Secretary of State the fee provided for in paragraph 7 of Section 1142 of this title, which fee shall be taxed as part of the costs in the proceeding, if the plaintiff shall prevail therein. The Secretary of State shall maintain an alphabetical record of any such service setting forth the name of the plaintiff and the defendant, the title, docket number and nature of the proceeding in which process has been served upon the Secretary of State, the fact that service has been served upon the Secretary of State, the fact that service has been effected pursuant to this subsection, the return date thereof, and the date service

was made. The Secretary of State shall not be required to retain such information longer than five (5) years from receipt of the service of process by the Secretary of State.
Added by Laws 1988, c. 323, § 18, eff. Nov. 1, 1988. Amended by Laws 1990, c. 328, § 5, eff. Sept. 1, 1990.

§18-1090.2. Merger or consolidation of a domestic corporation and an entity.

MERGER OR CONSOLIDATION OF A DOMESTIC CORPORATION AND AN ENTITY

A. Any one or more domestic corporations may merge or consolidate with one or more domestic or foreign entities, unless the laws of the jurisdiction or jurisdictions under which such entity or entities are formed prohibit the merger or consolidation. A corporation or corporations and one or more entities may merge with or into a surviving corporation, which may be any one of the corporations, or they may merge with or into a surviving entity, which may be any one of the entities, or they may consolidate into a new resulting corporation or entity formed by the consolidation, which shall be a domestic corporation or a domestic or foreign entity formed, pursuant to an agreement of merger or consolidation, as the case may be, complying and approved in accordance with this section. As used in this section, "entity" means a domestic or foreign partnership whether general or limited, and including a limited liability partnership and a limited liability limited partnership, a limited liability company, and any unincorporated nonprofit or for-profit association, trust or enterprise having members or having outstanding shares of stock or other evidences of financial, beneficial or membership interest therein, whether formed by agreement or under statutory authority or otherwise formed under the laws of this state or the laws of any other jurisdiction. The "articles" of an entity mean the articles of organization, certificate of formation or equivalent document filed with the jurisdiction to form the entity.

B. Each corporation and entity merging or consolidating shall enter into a written agreement of merger or consolidation. The agreement shall state:

1. The terms and conditions of the merger or consolidation;

2. The mode of carrying the consolidation into effect;

3. In the case of a merger in which the surviving entity is a domestic corporation or entity, such amendments or changes in the certificate of incorporation of the surviving corporation or articles of the surviving entity as are desired to be effected by the merger, which amendments or changes may amend and restate the certificate of incorporation of the surviving corporation or articles of the surviving entity in its entirety, or, if no such amendments or changes are desired, a statement that the certificate

of incorporation of the surviving corporation or articles of the surviving entity shall be its certificate of incorporation or articles;

4. In the case of a consolidation in which the resulting entity is a domestic corporation or entity, that the certificate of incorporation of the resulting corporation or articles of the resulting entity shall be as is set forth in an attachment to the agreement;

5. The manner, if any, of converting the shares of stock or memberships or membership interests of each such corporation and the memberships, or membership, economic or ownership interests of each entity into shares, memberships, or membership, economic or ownership interests, or other securities of the entity surviving or resulting from the merger or consolidation, or of canceling some or all of the shares or interests, and if any shares, memberships or interests are not to remain outstanding, to be converted solely into shares, memberships, interests, or other securities of the entity surviving or resulting from the merger or consolidation or to be canceled, the cash, property, rights, or securities of any other rights or securities of any other corporation or entity which the holders of such shares, memberships, or interests are to receive in exchange for, or upon conversion of, the shares, memberships or interests and the surrender of any certificates evidencing them, which cash, property, rights, or securities of any other corporation or entity may be in addition to or in lieu of shares, memberships, interests or other securities of the entity surviving or resulting from the merger or consolidation;

6. Other details or provisions as are deemed desirable including, but not limited to, a provision for the payment of cash in lieu of the issuance or recognition of fractional shares, rights, other securities or interests of the surviving or resulting corporation or entity or of any other corporation or entity the shares, rights, other securities or interests of which are to be received in the merger or consolidation, or for some other arrangement with respect thereto, consistent with Section 1036 of this title; and

7. Such other provisions or facts as required to be set forth in an agreement of merger or consolidation by the laws of each jurisdiction under which any of the entities is formed.

Any of the terms of the agreement of merger or consolidation may be made dependent upon facts ascertainable outside of the agreement; provided, that the manner in which such facts shall operate upon the terms of the agreement is clearly and expressly set forth in the agreement of merger or consolidation. The term "facts" as used in this paragraph, includes, but is not limited to, the occurrence of any event, including a determination or action by any person or body, including the corporation.

C. The agreement required by subsection B of this section shall be adopted, approved, certified, executed, and acknowledged by each of the corporations in the same manner as is provided in Section 1081 of this title and, in the case of the entities, in accordance with their constituent agreements and in accordance with the laws of the jurisdiction under which they are formed, as the case may be; provided that no holder of securities, membership or an interest in a constituent entity who has not voted for or consented to the merger or consolidation shall be required to accept a membership or interest in the surviving or resulting entity if acceptance would expose the holder to personal liability for the debts of the surviving entity. The agreement shall be filed and recorded and shall become effective for all purposes of the laws of this state when and as provided in Section 1081 or 1084 of this title with respect to the merger or consolidation of domestic corporations. In lieu of filing and recording the agreement of merger or consolidation, the surviving or resulting corporation or entity may file a certificate of merger or consolidation, executed in accordance with Section 1007 of this title if the surviving or resulting entity is a corporation, or by a person authorized to act for the entity, if the surviving or resulting entity is an entity, which states:

1. The name, jurisdiction of formation or organization, and type of entity of each of the constituent entities;

2. That an agreement of merger or consolidation has been approved, adopted, certified, executed, and acknowledged by each of the constituent entities in accordance with this subsection;

3. The name of the surviving or resulting corporation or entity;

4. In the case of a merger in which a corporation is the surviving entity, any amendments or changes in the certificate of incorporation of the surviving corporation, which may be amended and restated, that are desired to be effected by the merger, which amendments or changes may amend and restate the certificate of incorporation of the surviving corporation in its entirety, or, if no amendments or changes are desired, a statement that the certificate of incorporation of the surviving corporation shall be its certificate of incorporation;

5. In the case of a consolidation in which a corporation is the resulting entity, that the certificate of incorporation of the resulting corporation shall be as set forth in an attachment to the certificate;

6. In the case of a consolidation in which an entity other than a corporation is the resulting entity, that the articles of the resulting entity shall be as set forth in an attachment to the certificate;

7. That the executed agreement of consolidation or merger is on file at the principal place of business of the surviving or resulting corporation or entity and the address thereof;

8. That a copy of the agreement of consolidation or merger shall be furnished by the surviving or resulting entity, on request and without cost, to any shareholder of any constituent corporation or any member of any constituent entity; and

9. The agreement, if any, required by subsection D of this section.

D. If the entity surviving or resulting from the merger or consolidation is a foreign entity, the entity shall agree that it may be served with process in this state in any proceeding for enforcement of any obligation of any constituent domestic corporation or domestic entity, as well as for enforcement of any obligation of the surviving or resulting corporation or entity arising from the merger or consolidation, including any suit or other proceeding to enforce the right of any shareholders as determined in appraisal proceedings pursuant to the provisions of Section 1091 of this title, and shall irrevocably appoint the Secretary of State as its agent to accept service of process in any such suit or other proceedings and shall specify the address to which a copy of any process shall be mailed by the Secretary of State. In the event of service upon the Secretary of State pursuant to Section 2004 of Title 12 of the Oklahoma Statutes, the Secretary of State shall forthwith notify the surviving or resulting corporation or entity by a letter, sent by certified mail with return receipt requested, directed to the surviving or resulting corporation or entity at its specified address, unless the surviving or resulting corporation or entity shall have designated in writing to the Secretary of State a different address for that purpose, in which case it shall be mailed to the last address designated. Such letter shall enclose a copy of the process and any other papers served on the Secretary of State pursuant to this subsection. It shall be the duty of the plaintiff in the event of any service to serve process and any other papers in duplicate, to notify the Secretary of State that service is being effected pursuant to this subsection and to pay the Secretary of State the fee provided for in paragraph 7 of subsection A of Section 1142 of this title, which fee shall be taxed as part of the costs in the proceeding, if the plaintiff shall prevail therein. The Secretary of State shall maintain an alphabetical record of any such service, setting forth the name of the plaintiff and the defendant, the title, docket number, and nature of the proceeding in which process has been served upon the Secretary of State, the fact that service has been served upon the Secretary of State, the fact that service has been effected pursuant to this subsection, the return date thereof, and the date service was made. The Secretary of State shall not be

required to retain this information longer than five (5) years from the date of receipt of the service of process by the Secretary of State.

E. Subsections C, D, E and F of Section 1081 of this title, subsections C, D, E and F of Section 1084 of this title, and Sections 1088 through 1090 and 1127 of this title, insofar as they are applicable, shall apply to mergers or consolidations between corporations and entities; provided, however, that for purposes of a nonstock corporation or entity, references to the board of directors shall be deemed to be references to the governing body of the corporation or entity, references to shareholders shall be deemed to be references to the members or owners of the corporation or entity, and references to shares shall be deemed to be references to memberships or membership, economic or ownership interests in the corporation or entity, as applicable.

F. Nothing in this section shall be deemed to authorize the merger of a charitable nonstock corporation into an entity, if the charitable status of such nonstock corporation would thereby be lost or impaired; but an entity may be merged into a charitable nonstock corporation, which shall continue as the surviving corporation.

Added by Laws 1990, c. 328, § 12, eff. Sept. 1, 1990. Amended by Laws 1998, c. 422, § 19, eff. Nov. 1, 1998; Laws 1999, c. 421, § 16, eff. Nov. 1, 1999; Laws 2001, c. 405, § 24, eff. Nov. 1, 2001; Laws 2004, c. 255, § 26, eff. Nov. 1, 2004; Laws 2008, c. 253, § 11; Laws 2019, c. 88, § 22, eff. Nov. 1, 2019.

NOTE: Laws 2008, c. 382, § 315, which changed the effective date of Laws 2008, c. 253, §§ 1-47 to Jan. 1, 2010, was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-1090.3. Business combinations with interested shareholders.

BUSINESS COMBINATIONS WITH INTERESTED SHAREHOLDERS

A. Notwithstanding any other provisions of this title, a corporation shall not engage in any business combination with any interested shareholder for a period of three (3) years following the time that the person became an interested shareholder, unless:

1. Prior to that time, the board of directors of the corporation approved either the business combination or the transaction which resulted in the person becoming an interested shareholder;

2. Upon consummation of the transaction which resulted in the person becoming an interested shareholder, the interested shareholder owned at least eighty-five percent (85%) of the outstanding voting stock of the corporation at the time the transaction commenced, excluding for purposes of determining the outstanding voting stock, but not the outstanding voting stock owned by the interested shareholder, those shares owned by:

a. persons who are directors and also officers, and
b. employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or

3. At or subsequent to such time, the business combination is approved by the board of directors and authorized at an annual or special meeting of shareholders, and not by written consent, by the affirmative vote of at least two-thirds (2/3) of the outstanding voting stock which is not owned by the interested shareholder.

B. The restrictions contained in this section shall not apply if:

1. The corporation's original certificate of incorporation contains a provision expressly electing not to be governed by this section;

2. The corporation, by action of its board of directors, adopted an amendment to its bylaws by November 30, 1991, expressly electing not to be governed by this section, which amendment shall not be further amended by the board of directors;

3. a. The corporation, with the approval of its shareholders, adopts an amendment to its certificate of incorporation or bylaws expressly electing not to be governed by this section; provided that, in addition to any other vote required by law, an amendment to the certificate of incorporation or bylaws must be adopted by the affirmative vote of a majority of the outstanding voting stock of the corporation.

b. In the case of a corporation that both:
(1) has never had a class of voting stock that falls within any of the two categories set out in paragraph 4 of this subsection, and
(2) has not elected by a provision in its original certificate of incorporation or any amendment thereto to be governed by this section, such amendment shall become effective upon (i) in the case of an amendment to the certificate of incorporation, the date and time at which the certificate filed in accordance with Section 1007 of this title becomes effective, or (ii) in the case of an amendment to the bylaws, the date of the adoption of such amendment.

c. In all other cases, an amendment adopted pursuant to this paragraph shall become effective (i) in the case of an amendment to the certificate of incorporation, twelve (12) months after the date and time at which the certificate filed in accordance with Section 1007

of this title becomes effective, or (ii) in the case of an amendment to the bylaws, twelve (12) months after the date of the adoption of such amendment, and in either case, the election not to be governed by this section shall not apply to any business combination between a corporation and any person who became an interested shareholder of the corporation on or before (i) in the case of an amendment to the certificate of incorporation, the date and time at which the certificate filed in accordance with Section 1007 of this title becomes effective, or (ii) in the case of an amendment to the bylaws, the date of the adoption of such amendment. A bylaw amendment adopted pursuant to this paragraph shall not be further amended by the board of directors;

4. The corporation does not have a class of voting stock that is:
   a. listed on a national securities exchange, or
   b. held of record by one thousand or more shareholders, unless any of the foregoing results from action taken, directly or indirectly, by an interested shareholder or from a transaction in which a person becomes an interested shareholder;

5. A person becomes an interested shareholder inadvertently and:
   a. as soon as practicable divests itself of ownership of sufficient shares so that the person ceases to be an interested shareholder, and
   b. would not, at any time within the three-year period immediately prior to a business combination between the corporation and the person, have been an interested shareholder but for the inadvertent acquisition;

6. a. The business combination is proposed prior to the consummation or abandonment of, and subsequent to the earlier of the public announcement or the notice required hereunder of, a proposed transaction which:
      (1) constitutes one of the transactions described in subparagraph b of this paragraph,
      (2) is with or by a person who:
         (a) was not an interested shareholder during the previous three (3) years, or
         (b) became an interested shareholder with the approval of the corporation's board of directors or during the period described in paragraph 7 of this subsection, and

(3) is approved or not opposed by a majority of the members of the board of directors then in office, but not less than one, who were directors prior to any person becoming an interested shareholder during the previous three (3) years or were recommended for election or elected to succeed the directors by a majority of the directors.

b. The proposed transactions referred to in subparagraph a of this paragraph are limited to:

(1) a share acquisition pursuant to Section 1090.1 of this title, or a merger or consolidation of the corporation, except for a merger in respect of which, pursuant to subsection F or G of Section 1081 of this title, no vote of the shareholders of the corporation is required,

(2) a sale, lease, exchange, mortgage, pledge, transfer, or other disposition, in one transaction or a series of transactions, whether as part of a dissolution or otherwise, of assets of the corporation or of any direct or indirect majority-owned subsidiary of the corporation, other than to any direct or indirect wholly owned subsidiary or to the corporation, having an aggregate market value equal to fifty percent (50%) or more of either the aggregate market value of all of the assets of the corporation determined on a consolidated basis or the aggregate market value of all the outstanding stock of the corporation, or

(3) a proposed tender or exchange offer for outstanding stock of the corporation which represents fifty percent (50%) or more of the outstanding voting stock of the corporation. The corporation shall give not less than twenty (20) days' notice to all interested shareholders prior to the consummation of any of the transactions described in divisions (1) or (2) of this subparagraph; or

7. The business combination is with an interested shareholder who became an interested shareholder at a time when the restriction contained in this section did not apply by reason of any of paragraphs 1 through 4 of this subsection; provided, however, that this paragraph shall not apply if, at the time the interested shareholder became an interested shareholder, the corporation's certificate of incorporation contained a provision authorized by subsection C of this section.

C. Notwithstanding paragraphs 1, 2, 3 and 4 of subsection B of this section, a corporation may elect by a provision of its original certificate of incorporation or any amendment thereto to be governed by this section; provided, that any amendment to the certificate of incorporation shall not apply to restrict a business combination between the corporation and an interested shareholder of the corporation if the interested shareholder became an interested shareholder before the date and time at which the certificate filed in accordance with Section 1007 of this title becomes effective.

D. As used in this section:

1. "Affiliate" means a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, another person;

2. "Associate", when used to indicate a relationship with any person, means:

a. any corporation, partnership, unincorporated association, or other entity of which the person is a director, officer, or partner or is the owner of twenty percent (20%) or more of any class of voting stock,

b. any trust or other estate in which the person has at least a twenty-percent beneficial interest or as to which such person serves as trustee or in a similar fiduciary capacity, and

c. any relative or spouse of the person, or any relative of the spouse, who has the same residence as the person;

3. "Business combination", when used in reference to any corporation and any interested shareholder of the corporation, means:

a. any merger or consolidation of the corporation or any direct or indirect majority-owned subsidiary of the corporation with:

(1) the interested shareholder, or

(2) any other corporation, partnership, unincorporated association, or other entity if the merger or consolidation is caused by the interested shareholder and, as a result of the merger or consolidation subsection A of this section is not applicable to the surviving entity,

b. any sale, lease, exchange, mortgage, pledge, transfer, or other disposition, in one transaction or a series of transactions, except proportionately as a shareholder of the corporation, to or with the interested shareholder, whether as part of a dissolution or otherwise, of assets of the corporation

or of any direct or indirect majority-owned subsidiary of the corporation which assets have an aggregate market value equal to ten percent (10%) or more of either the aggregate market value of all the assets of the corporation determined on a consolidated basis or the aggregate market value of all the outstanding stock of the corporation,

c. any transaction which results in the issuance or transfer by the corporation or by any direct or indirect majority-owned subsidiary of the corporation of any stock of the corporation or of the subsidiary to the interested shareholder, except:
   (1) pursuant to the exercise, exchange, or conversion of securities exercisable for, exchangeable for, or convertible into stock of the corporation or any subsidiary which securities were outstanding prior to the time that the interested shareholder became an interested shareholder,
   (2) pursuant to a merger under subsection G of Section 1081 of this title,
   (3) pursuant to a dividend or distribution paid or made, or the exercise, exchange, or conversion of securities exercisable for, exchangeable for, or convertible into stock of the corporation or any subsidiary which security is distributed, pro rata, to all holders of a class or series of stock of the corporation subsequent to the time the interested shareholder became an interested shareholder,
   (4) pursuant to an exchange offer by the corporation to purchase stock made on the same terms to all holders of the stock, or
   (5) any issuance or transfer of stock by the corporation; provided, however, that in no case under divisions (3) through (5) of this subparagraph shall there be an increase in the interested shareholder's proportionate share of the stock of any class or series of the corporation or of the voting stock of the corporation,

d. any transaction involving the corporation or any direct or indirect majority-owned subsidiary of the corporation which has the effect, directly or indirectly, of increasing the proportionate share of the stock of any class or series, or securities convertible into the stock of any class or series, or the outstanding voting stock, of the corporation or of

any subsidiary which is owned by the interested shareholder, except as a result of immaterial changes due to fractional share adjustments or as a result of any purchase or redemption of any shares of stock not caused, directly or indirectly, by the interested shareholder,

e. any receipt by the interested shareholder of the benefit, directly or indirectly, except proportionately as a shareholder of the corporation, of any loans, advances, guarantees, pledges, or other financial benefits, other than those expressly permitted in subparagraphs a through d of this paragraph, provided by or through the corporation or any direct or indirect majority-owned subsidiary, or

f. any share acquisition by the interested shareholder from the corporation or any direct or indirect majority-owned subsidiary of the corporation pursuant to Section 1090.1 of this title;

4. "Control" including the terms "controlling", "controlled by" and "under common control with", means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting stock, by contract, or otherwise. A person who is the owner of twenty percent (20%) or more of the outstanding voting stock of any corporation, partnership, unincorporated association or other entity shall be presumed to have control of the entity, in the absence of proof by a preponderance of the evidence to the contrary. Notwithstanding the foregoing, a presumption of control shall not apply where the person holds stock, in good faith and not for the purpose of circumventing this section, as an agent, bank, broker, nominee, custodian, or trustee for one or more owners who do not individually or as a group have control of the entity;

5. a. "Interested shareholder" means:

(1) any person, other than the corporation and any direct or indirect majority-owned subsidiary of the corporation, that:

(a) is the owner of fifteen percent (15%) or more of the outstanding voting stock of the corporation, or

(b) is an affiliate or associate of the corporation and was the owner of fifteen percent (15%) or more of the outstanding voting stock of the corporation at any time within the three-year period immediately prior to the date on which it is sought to be determined whether the person is an interested shareholder, and

(2) the affiliates and associates of the person.

b. "Interested shareholder" shall not mean:

(1) any person who:

(a) owned shares in excess of the fifteen percent (15%) limitation set forth herein as of, or acquired such shares pursuant to a tender offer commenced prior to, September 1, 1991, or pursuant to an exchange offer announced prior to September 1, 1991, and commenced within ninety (90) days thereafter and either:

i. continued to own shares in excess of the fifteen percent (15%) limitation or would have but for action by the corporation, or

ii. is an affiliate or associate of the corporation and so continued, or so would have continued but for action by the corporation, to be the owner of fifteen percent (15%) or more of the outstanding voting stock of the corporation at any time within the three-year period immediately prior to the date on which it is sought to be determined whether the person is an interested shareholder, or

(b) acquired the shares from a person described in subdivision (a) of this division by gift, inheritance, or in a transaction in which no consideration was exchanged, or

(2) any person whose ownership of shares in excess of the fifteen percent (15%) limitation set forth herein is the result of action taken solely by the corporation; provided, that the person shall be an interested shareholder if thereafter the person acquires additional shares of voting stock of the corporation, except as a result of further corporate action not caused, directly or indirectly, by the person.

c. For the purpose of determining whether a person is an interested shareholder, the stock of the corporation deemed to be outstanding shall include stock deemed to be owned by the person through application of paragraph 9 of this subsection, but shall not include any other unissued stock of the corporation which may be issuable pursuant to any agreement, arrangement, or

understanding, or upon exercise of conversion rights, warrants, or options, or otherwise;

6. "Person" means any individual, corporation, partnership, unincorporated association, any other entity, any group and any member of a group;

7. "Stock" means, with respect to any corporation, capital stock and, with respect to any other entity, any equity interest;

8. "Voting stock" means, with respect to any corporation, stock of any class or series entitled to vote generally in the election of directors and, with respect to any entity that is not a corporation, any equity interest entitled to vote generally in the election of the governing body of the entity. Every reference to a percentage of voting stock refers to the percentage of the votes of the voting stock; and

9. "Owner" including the terms "own" and "owned", when used with respect to any stock, means a person who individually or with or through any of its affiliates or associates:

a. beneficially owns the stock, directly or indirectly, or

b. has:

(1) the right to acquire the stock, whether the right is exercisable immediately or only after the passage of time, pursuant to any agreement, arrangement, or understanding, or upon the exercise of conversion rights, exchange rights, warrants, or options, or otherwise; provided, however, that a person shall not be deemed the owner of stock tendered pursuant to a tender or exchange offer made by the person or any of the person's affiliates or associates until the tendered stock is accepted for purchase or exchange, or

(2) the right to vote the stock pursuant to any agreement, arrangement or understanding; provided, however, that a person shall not be deemed the owner of any stock because of the person's right to vote the stock if the agreement, arrangement or understanding to vote the stock arises solely from a revocable proxy or consent given in response to a proxy or consent solicitation made to ten or more persons, or

c. has any agreement, arrangement or understanding for the purpose of acquiring, holding or voting, except voting pursuant to a revocable proxy or consent as described in division (2) of subparagraph b of this paragraph, or disposing of the stock with any other person that beneficially owns, or whose affiliates or

associates beneficially own, directly or indirectly, the stock.

E. No provisions of a certificate of incorporation or bylaw shall require, for any vote of shareholders required by this section, a greater vote of shareholders than that specified in this section.

Added by Laws 1991, c. 53, § 2, eff. Sept. 1, 1991. Amended by Laws 1998, c. 422, § 20, eff. Nov. 1, 1998; Laws 1999, c. 421, § 17, eff. Nov. 1, 1999; Laws 2001, c. 405, § 25, eff. Nov. 1, 2001; Laws 2004, c. 255, § 27, eff. Nov. 1, 2004; Laws 2017, c. 323, § 25, eff. Nov. 1, 2017; Laws 2021, c. 51, § 14, eff. Nov. 1, 2021.

§18-1090.4. Conversion of an entity to a domestic corporation.

CONVERSION OF AN ENTITY TO A DOMESTIC CORPORATION

A. As used in this section, the term "entity" means a domestic or foreign partnership, whether general or limited and including a limited liability partnership and a limited liability limited partnership, a foreign corporation including a public benefit corporation, a domestic or foreign limited liability company including a public benefit limited liability company, and any unincorporated nonprofit or for-profit association, trust or enterprise having members or having outstanding shares of stock or other evidences of financial, beneficial or membership interest therein, whether formed by agreement or under statutory authority or otherwise and whether formed or organized under the laws of this state or the laws of any other jurisdiction.

B. Any entity may convert to a domestic corporation by complying with subsection G of this section and filing in the office of the Secretary of State a certificate of conversion that has been executed in accordance with subsection H of this section and filed in accordance with Section 1007 of this title, to which shall be attached, a certificate of incorporation that has been prepared, executed and acknowledged in accordance with Section 1007 of this title. Each of the certificates required by this subsection shall be filed simultaneously in the office of the Secretary of State.

C. The certificate of conversion to a corporation shall state:

1. The date on which the entity was first formed;

2. The name, jurisdiction of formation or organization, and type of entity of the entity when formed and, if changed, its name, jurisdiction and type of entity immediately before the filing of the certificate of conversion;

3. The name of the corporation as set forth in its certificate of incorporation filed in accordance with subsection B of this section; and

4. The future effective date or time, which shall be a date or time certain not later than ninety (90) days after the filing, of the conversion to a corporation if the conversion is not to be

effective upon the filing of the certificate of conversion and the certificate of incorporation provides for the same future effective date as authorized in subsection D of Section 1007 of this title.

D. Upon the effective date or time of the certificate of conversion and the certificate of incorporation, the entity shall be converted to a domestic corporation and the corporation shall thereafter be subject to all of the provisions of this title, except that notwithstanding Section 1007 of this title, the existence of the corporation shall be deemed to have commenced on the date the entity commenced its existence.

E. The conversion of any entity to a domestic corporation shall not be deemed to affect any obligations or liabilities of the entity incurred before its conversion to a domestic corporation or the personal liability of any person incurred before such conversion.

F. When an entity has converted to a domestic corporation under this section, the domestic corporation shall be deemed to be the same entity as the converting entity. All of the rights, privileges and powers of the entity that has converted, and all property, real, personal and mixed, and all debts due to the entity, as well as all other things and causes of action belonging to the entity, shall remain vested in the domestic corporation to which the entity has converted and shall be the property of the domestic corporation and the title to any real property vested by deed or otherwise in the entity shall not revert or be in any way impaired by reason of the conversion; but all rights of creditors and all liens upon any property of the entity shall be preserved unimpaired, and all debts, liabilities and duties of the entity that has converted shall remain attached to the domestic corporation to which the entity has converted, and may be enforced against it to the same extent as if the debts, liabilities and duties had originally been incurred or contracted by it in its capacity as a domestic corporation. The rights, privileges, powers and interests in property of the entity, as well as the debts, liabilities and duties of the entity, shall not be deemed, as a consequence of the conversion, to have been transferred to the domestic corporation to which the entity has converted for any purpose of the laws of this state.

G. Unless otherwise agreed or otherwise provided by any laws of this state applicable to the converting entity, the converting entity shall not be required to wind up its affairs or pay its liabilities and distribute its assets, and the conversion shall not be deemed to constitute a dissolution of such entity and shall constitute a continuation of the existence of the converting entity in the form of a domestic corporation.

H. Before the time a certificate of conversion becomes effective in accordance with Section 1007 of this title, the conversion shall be approved in the manner provided for by the document, instrument, agreement or other writing, as the case may

be, governing the internal affairs of the entity and the conduct of its business or by applicable law, as appropriate, and a certificate of incorporation shall be approved by the same authorization required to approve the conversion.

I. The certificate of conversion to a corporation shall be signed by an officer, director, trustee, manager, partner or other person performing functions equivalent to those of an officer or director of a domestic corporation, however named or described, and who is authorized to sign the certificate of conversion on behalf of the entity.

J. In a conversion of an entity to a domestic corporation under this section, rights or securities of, or memberships or membership, economic or ownership interests in, the entity which is to be converted to a domestic corporation may be exchanged for or converted into cash, property or shares of stock, rights or securities of the domestic corporation or, in addition to or in lieu thereof, may be exchanged for or converted into cash, property or shares of stock, rights or securities of or interests in another domestic corporation or entity or may be canceled.

Added by Laws 2001, c. 405, § 26, eff. Nov. 1, 2001. Amended by Laws 2008, c. 253, § 12; Laws 2019, c. 88, § 23, eff. Nov. 1, 2019; Laws 2021, c. 51, § 15, eff. Nov. 1, 2021; Laws 2024, c. 120, § 31, eff. Nov. 1, 2024.

NOTE: Laws 2008, c. 382, § 315, which changed the effective date of Laws 2008, c. 253, §§ 1-47 to Jan. 1, 2010, was held unconstitutional by the Oklahoma Supreme Court in the case of *Weddington v. Henry*, 202 P.3d 143, 2008 OK 102 (2009).

§18-1090.5. Conversion of domestic corporation to an entity.

CONVERSION OF DOMESTIC CORPORATION TO AN ENTITY

A. A domestic corporation may, upon the authorization of such conversion in accordance with this section, convert to an entity. As used in this section, the term "entity" means a domestic or foreign partnership, whether general or limited, and including a limited liability partnership and a limited liability limited partnership, a foreign corporation including a public benefit corporation, a domestic or foreign limited liability company including a public benefit limited liability company, and any unincorporated nonprofit or for-profit association, trust or enterprise having members or having outstanding shares of stock or other evidences of financial, beneficial or membership interest therein, whether formed by agreement or under statutory authority or otherwise and whether formed or organized under the laws of this state or the laws of any other jurisdiction.

B. The board of directors of the corporation which desires to convert under this section shall adopt a resolution approving such conversion, specifying the type of entity into which the corporation

shall be converted and recommending the approval of the conversion by the shareholders of the corporation. The resolution shall be submitted to the shareholders of the corporation at an annual or special meeting. Due notice of the time and purpose of the meeting shall be mailed to each holder of shares, whether voting or nonvoting, of the corporation at the address of the shareholder as it appears on the records of the corporation, at least twenty (20) days prior to the date of the meeting. At the meeting, the resolution shall be considered and a vote taken for its adoption or rejection. If a majority of the outstanding shares of stock of the corporation entitled to vote shall vote for the adoption of the resolution, the conversion shall be authorized provided that, if the corporation is converting to a partnership having one or more general partners, then in addition to such approval, authorization of the conversion shall require approval of each shareholder of the corporation who will become a general partner of such partnership as a result of the conversion.

C. If the corporation has converted in accordance with this section and the governing act of the domestic entity to which the corporation is converting does not provide for the filing of a conversion notice with the Secretary of State or the corporation is converting to a foreign entity, the corporation shall file with the Secretary of State a certificate of conversion executed in accordance with Section 1007 of this title which certifies:

1. The name of the corporation and, if it has been changed, the name under which it was originally incorporated;

2. The date of filing of its original certificate of incorporation with the Secretary of State;

3. The name of the entity to which the corporation shall be converted, its jurisdiction of formation if a foreign entity, and the type of entity;

4. That the conversion has been approved in accordance with the provisions of this section;

5. The future effective date or time of the conversion to an entity, which shall be a date or time certain not later than ninety (90) days after the filing, if it is not to be effective upon the filing of the certificate of conversion;

6. The agreement of the foreign entity that it may be served with process in this state in any action, suit or proceeding for enforcement of any obligation of the foreign entity arising while it was a domestic corporation and for enforcement of any obligation of such other entity arising from the conversion including any suit or other proceeding to enforce the right of any shareholders as determined in appraisal proceedings under Section 1091 of this title, and that it irrevocably appoints the Secretary of State as its agent to accept service of process in any such action, suit or proceeding;

7. The address to which a copy of the process referred to in this subsection shall be mailed by the Secretary of State. In the event of such service upon the Secretary of State in accordance with the provisions of Section 2004 of Title 12 of the Oklahoma Statutes, the Secretary of State shall immediately notify such corporation that has converted out of this state by letter, certified mail, return receipt requested, directed to the corporation at the address specified unless the corporation shall have designated in writing to the Secretary of State a different address for this purpose, in which case it shall be mailed to the last address so designated. The notice shall include a copy of the process and any other papers served on the Secretary of State pursuant to the provisions of this subsection. It shall be the duty of the plaintiff in the event of such service to serve process and any other papers in duplicate, to notify the Secretary of State that service is being effected pursuant to the provisions of this subsection, and to pay the Secretary of State the fee provided for in paragraph 7 of subsection A of Section 1142 of this title, which fee shall be taxed as part of the costs in the proceeding. The Secretary of State shall maintain an alphabetical record of any such service setting forth the name of the plaintiff and the defendant, the title, docket number, and nature of the proceeding in which process has been served upon the Secretary of State, the fact that service has been effected pursuant to the provisions of this subsection, the return date thereof, and the date service was made. The Secretary of State shall not be required to retain such information longer than five (5) years from receipt of the service of process by the Secretary of State; and

8. If the entity to which the corporation is converting was required to make a filing with the Secretary of State as a condition of its formation, the type and date of such filing.

D. Upon the filing of a conversion notice with the Secretary of State, whether under subsection C of this section or under the governing act of the domestic entity to which the corporation is converting, the filing of any formation document required by the governing act of the domestic entity to which the corporation is converting, and payment to the Secretary of State of all prescribed fees, the corporation shall cease to exist as a domestic corporation at the time the certificate of conversion becomes effective in accordance with Section 1007 of this title. A copy of the certificate of conversion issued by the Secretary of State shall be prima facie evidence of the conversion by the corporation.

E. The conversion of a corporation under this section and the resulting cessation of its existence as a domestic corporation shall not be deemed to affect any obligations or liabilities of the corporation incurred before such conversion or the personal liability of any person incurred before the conversion, nor shall it

be deemed to affect the choice of law applicable to the corporation with respect to matters arising before the conversion.

F. Unless otherwise provided in a resolution of conversion adopted in accordance with this section, the converting corporation shall not be required to wind up its affairs or pay its liabilities and distribute its assets, and the conversion shall not constitute a dissolution of such corporation.

G. In a conversion of a domestic corporation to an entity under this section, shares of stock of the converting domestic corporation may be exchanged for or converted into cash, property, rights or securities of, or memberships or membership, economic or ownership interests in, the entity to which the domestic corporation is being converted or, in addition to or in lieu thereof, may be exchanged for or converted into cash, property, shares of stock, rights or securities of, or interests in, another corporation or entity or may be canceled.

H. When a corporation has converted to an entity under this section, the entity shall be deemed to be the same entity as the corporation. All of the rights, privileges and powers of the corporation that has converted, and all property, real, personal and mixed, and all debts due to the corporation, as well as all other things and causes of action belonging to the corporation, shall remain vested in the entity to which the corporation has converted and shall be the property of the entity, and the title to any real property vested by deed or otherwise in the corporation shall not revert or be in any way impaired by reason of the conversion; but all rights of creditors and all liens upon any property of the corporation shall be preserved unimpaired, and all debts, liabilities and duties of the corporation that has converted shall remain attached to the entity to which the corporation has converted, and may be enforced against it to the same extent as if the debts, liabilities and duties had originally been incurred or contracted by it in its capacity as the entity. The rights, privileges, powers and interest in property of the corporation that has converted, as well as the debts, liabilities and duties of the corporation, shall not be deemed, as a consequence of the conversion, to have been transferred to the entity to which the corporation has converted for any purpose of the laws of this state.

I. No vote of shareholders of a corporation shall be necessary to authorize a conversion if no shares of the stock of the corporation shall have been issued before the adoption by the board of directors of the resolution approving the conversion.

J. Nothing in this section shall be deemed to authorize the conversion of a charitable nonstock corporation into another entity, if the charitable status of such charitable nonstock corporation would thereby be lost or impaired.

Added by Laws 2001, c. 405, § 27, eff. Nov. 1, 2001. Amended by Laws 2004, c. 255, § 28, eff. Nov. 1, 2004; Laws 2008, c. 253, § 13; Laws 2019, c. 88, § 24, eff. Nov. 1, 2019; Laws 2021, c. 51, § 16, eff. Nov. 1, 2021; Laws 2024, c. 120, § 32, eff. Nov. 1, 2024.
NOTE: Laws 2008, c. 382, § 315, which changed the effective date of Laws 2008, c. 253, §§ 1-47 to Jan. 1, 2010, was held unconstitutional by the Oklahoma Supreme Court in the case of *Weddington v. Henry*, 202 P.3d 143, 2008 OK 102 (2009).

§18-1091. Appraisal rights.

APPRAISAL RIGHTS

A. Any shareholder of a corporation of this state who holds shares of stock on the date of the making of a demand pursuant to the provisions of subsection D of this section with respect to the shares, who continuously holds the shares through the effective date of the merger, consolidation, or conversion who has otherwise complied with the provisions of subsection D of this section and who has neither voted in favor of the merger, consolidation, or conversion nor consented thereto pursuant to the provisions of Section 1073 of this title shall be entitled to an appraisal by the district court of the fair value of the shares of stock under the circumstances described in subsections B and C of this section. As used in this section, "shareholder" means a holder of record of stock in a stock corporation; "stock" and "share" mean and include what is ordinarily meant by those words; "depository receipt" means an instrument issued by a depository representing an interest in one or more shares, or fractions thereof, solely of stock of a corporation, which stock is deposited with the depository; "beneficial owner" means a person who is the beneficial owner of shares of stock held either in voting trust or by a nominee on behalf of such person; and "person" means any individual, corporation, partnership, unincorporated association, or other entity.

B. 1. Except as otherwise provided for in this subsection, appraisal rights shall be available for the shares of any class or series of stock of a constituent corporation in a merger, consolidation, or conversion or of the acquired corporation in a share acquisition, to be effected pursuant to the provisions of Section 1081 of this title, other than a merger effected pursuant to subsection G of Section 1081 of this title, or the provisions of Section 1082, 1084, 1085, 1086, 1087, 1090.1, 1090.2 or 1090.5 of this title.

2. a. No appraisal rights under this section shall be available for the shares of any class or series of stock which stock, or depository receipts in respect thereof, at the record date fixed to determine the shareholders entitled to receive notice of the meeting

of shareholders, or at the record date fixed to determine the shareholders entitled to consent under Section 1073 of this title, to act upon the agreement of merger or consolidation or the resolution providing for conversion, or, the case of a merger pursuant to subsection H of Section 1081 of this title, as of immediately before the execution of the agreement of merger, were either:

(1) listed on a national securities exchange, or

(2) held of record by more than two thousand holders.

b. In addition, no appraisal rights shall be available for any shares of stock, or depository receipts in respect thereof, of the constituent corporation surviving a merger if the merger did not require for its approval the vote of the shareholders of the surviving corporation as provided for in subsection F of Section 1081 of this title.

3. Notwithstanding the provisions of paragraph 2 of this subsection, appraisal rights provided for in this section shall be available for the shares of any class or series of stock of a constituent or converting corporation if the holders thereof are required by the terms of an agreement of merger or consolidation, or by the terms of a resolution providing for conversion pursuant to the provisions of Section 1081, 1082, 1084, 1085, 1086, 1087, 1090.1, 1090.2 or 1090.5 of this title to accept for the stock anything except:

a. shares of stock of the corporation surviving or resulting from the merger or consolidation, or of the converted entity if such entity is a corporation as a result of the conversion, or depository receipts thereof,

b. shares of stock of any other corporation, or depository receipts in respect thereof, which shares of stock or depository receipts at the effective date of the merger, consolidation, or conversion will be either listed on a national securities exchange or held of record by more than two thousand holders,

c. cash in lieu of fractional shares or fractional depository receipts described in subparagraphs a and b of this paragraph, or

d. any combination of the shares of stock, depository receipts, and cash in lieu of the fractional shares or depository receipts described in subparagraphs a, b, and c of this paragraph.

4. In the event all of the stock of a subsidiary domestic corporation party to a merger effected pursuant to the provisions of Section 1083 or 1083.1 of this title is not owned by the parent

corporation immediately prior to the merger, appraisal rights shall be available for the shares of the subsidiary domestic corporation.

C. Any corporation may provide in its certificate of incorporation that appraisal rights under this section shall be available for the shares of any class or series of its stock as a result of an amendment to its certificate of incorporation, any merger or consolidation in which the corporation is a constituent corporation, the sale of all or substantially all of the assets of the corporation, or a conversion effected under Section 1090.5 of this title. If the certificate of incorporation contains such a provision, the procedures of this section, including those set forth in subsections D and E of this section, shall apply as nearly as is practicable.

D. Appraisal rights shall be perfected as follows:

1. If a proposed merger, consolidation, or conversion for which appraisal rights are provided under this section is to be submitted for approval at a meeting of shareholders, the corporation, not less than twenty (20) days prior to the meeting, shall notify each of its shareholders who was such on the record date for notice of such meeting, or such members who received notice in accordance with subsection C of Section 1081 of this title, with respect to shares for which appraisal rights are available pursuant to subsection B or C of this section that appraisal rights are available for any or all of the shares of the constituent corporations or the converting corporation, and shall include in the notice a copy of this section and, if one of the constituent corporations or the converting corporation is a nonstock corporation, a copy of Section 1004.1 of this title or information directing shareholders to a publicly available electronic resource at which such sections may be accessed without subscription or cost. Each shareholder electing to demand the appraisal of the shares of the shareholder shall deliver to the corporation, before the taking of the vote on the merger, consolidation, or conversion, a written demand for appraisal of the shares of the shareholder. The demand will be sufficient if it reasonably informs the corporation of the identity of the shareholder and that the shareholder intends thereby to demand the appraisal of the shares of the shareholder. A proxy or vote against the merger, consolidation, or conversion shall not constitute such a demand. A shareholder electing to take such action must do so by a separate written demand as herein provided. Within ten (10) days after the effective date of the merger, consolidation, or conversion, the surviving, resulting, or converted entity shall notify each shareholder of each constituent or converting corporation who has complied with the provisions of this subsection and has not voted in favor of or consented to the merger, consolidation, or conversion, and any beneficial owner who has demanded appraisal under paragraph 3 of this subsection, as of the

date that the merger, consolidation, or conversion has become effective; or

2. If the merger, consolidation, or conversion is approved pursuant to the provisions of Section 1073, subsection H of Section 1081, Section 1083 or Section 1083.1 of this title, either a constituent or converting corporation before the effective date of the merger, consolidation, or conversion or the surviving, resulting, or converted entity within ten (10) days after such effective date shall notify each shareholder of any class or series of stock of the constituent or converting corporation who is entitled to appraisal rights of the approval of the merger or consolidation and that appraisal rights are available for any or all shares of such class or series of stock of the constituent corporation, and shall include in the notice either a copy of this section and, if one of the constituent corporations or the converting corporation is a nonstock corporation, a copy of Section 1004.1 of this title or information directing shareholders to a publicly available electronic resource at which this section and Section 1004.1 of this title, if applicable, may be accessed without subscription or cost. The notice may, and, if given on or after the effective date of the merger, consolidation, or conversion, shall, also notify the shareholders of the effective date of the merger, consolidation, or conversion. Any shareholder entitled to appraisal rights may, within twenty (20) days after the date of mailing of the notice or, in the case of a merger approved pursuant to subsection H of Section 1081 of this title, within the later of the consummation of an offer contemplated by subsection H of Section 1081 of this title and twenty (20) days after the date of mailing of such notice, demand in writing from the surviving or resulting entity the appraisal of the holder's shares; provided that a demand may be delivered to the entity by electronic transmission if directed to an information processing system, if any, expressly designated for such purpose in the notice. The demand will be sufficient if it reasonably informs the entity of the identity of the shareholder and that the shareholder intends to demand the appraisal of the holder's shares. If the notice does not notify shareholders of the effective date of the merger, consolidation, or conversion either:

a. each constituent corporation or the converting corporation shall send a second notice before the effective date of the merger, consolidation, or conversion notifying each of the holders of any class or series of stock of the constituent or converting corporation that are entitled to appraisal rights of the effective date of the merger, consolidation, or conversion, or

b. the surviving, resulting, or converted entity shall send a second notice to all holders on or within ten

(10) days after the effective date of the merger, consolidation, or conversion; provided, however, that if the second notice is sent more than twenty (20) days following the mailing of the first notice or, in the case of a merger approved pursuant to subsection H of Section 1081 of this title, later than the later of the consummation of the offer contemplated by subsection H of Section 1081 of this title and twenty (20) days following the sending of the first notice, the second notice need only be sent to each shareholder who is entitled to appraisal rights and who has demanded appraisal of the holder's shares in accordance with this subsection and any beneficial owner who has demanded appraisal under paragraph 3 of this subsection. An affidavit of the secretary or assistant secretary or of the transfer agent of the corporation or entity that is required to give notice that the notice has been given shall, in the absence of fraud, be prima facie evidence of the facts stated therein. For purposes of determining the shareholders entitled to receive either notice, each constituent corporation or the converting corporation may fix, in advance, a record date that shall be not more than ten (10) days prior to the date the notice is given; provided, if the notice is given on or after the effective date of the merger, consolidation, or conversion, the record date shall be the effective date. If no record date is fixed and the notice is given prior to the effective date, the record date shall be the close of business on the day next preceding the day on which the notice is given.

3. Notwithstanding subsection A of this section, but subject to this paragraph, a beneficial owner may, in such person's name, demand in writing an appraisal of the beneficial owner's shares in accordance with paragraph 1 or 2 of this subsection, as applicable; provided that:

a. such beneficial owner continuously owns such shares through the effective date of the merger, consolidation, or conversion and otherwise satisfies the requirements applicable to a shareholder under subsection A of this section, and

b. the demand made by the beneficial owner reasonably identifies the holder of record of the shares for which the demand is made, is accompanied by documentary evidence of such beneficial owner's beneficial ownership of stock and a statement that such documentary evidence is a true and correct copy

of what it purports to be, and provides an address at which such beneficial owner consents to receive notices given by the surviving, resulting, or converted entity and to be set forth on the verified list required by subsection F of this section.

E. Within one hundred twenty (120) days after the effective date of the merger, consolidation, or conversion, the surviving, resulting, or converted entity or any person who has complied with the provisions of subsections A and D of this section and who is otherwise entitled to appraisal rights, may file a petition in district court demanding a determination of the value of the stock of all such shareholders. Notwithstanding the foregoing, at any time within sixty (60) days after the effective date of the merger, consolidation, or conversion, any person entitled to appraisal rights who has not commenced an appraisal proceeding or joined that proceeding as a named party shall have the right to withdraw the person's demand for appraisal and to accept the terms offered upon the merger, consolidation, or conversion. Within one hundred twenty (120) days after the effective date of the merger, consolidation, or conversion, any person entitled to appraisal rights who has complied with the requirements of subsections A and D of this section, upon written request, or by electronic transmission directed to an information processing system, if any, expressly designated for that purpose in the notice of appraisal, shall be entitled to receive from the surviving, resulting, or converted entity a statement setting forth the aggregate number of shares not voted in favor of the merger, consolidation, or conversion or, in the case of a merger approved pursuant to subsection H of Section 1081 of this title, the aggregate number of shares, other than any excluded stock as defined in subparagraph d of paragraph 6 of subsection H of Section 1081 of this title, that were the subject of, and were not tendered into, and accepted for purchase or exchange in, the offer referred to in paragraph 2 of subsection H of Section 1081 of this title and, in either case, with respect to which demands for appraisal have been received and the aggregate number of shareholders or beneficial owners holding or owning such shares; provided that, where a beneficial owner makes a demand under paragraph 3 of subsection D of this section, the record holder of such shares shall not be considered a separate shareholder holding such shares for purposes of such aggregate number. The written statement shall be given to the person within ten (10) days after the person's written request for a statement is received by the surviving, resulting, or converted entity or within ten (10) days after expiration of the period for delivery of demands for appraisal pursuant to the provisions of subsection D of this section, whichever is later.

F. Upon the filing of any such petition by any person other than the surviving, resulting, or converted entity, service of a

copy thereof shall be made upon the entity, which, within twenty (20) days after service, shall file, in the office of the court clerk of the district court in which the petition was filed, a duly verified list containing the names and addresses of all persons who have demanded appraisal for their shares and with whom agreements regarding the value of their shares have not been reached by the entity. If the petition shall be filed by the surviving, resulting, or converted entity, the petition shall be accompanied by such duly verified list. The court clerk, if so ordered by the court, shall give notice of the time and place fixed for the hearing on the petition by registered or certified mail to the surviving, resulting, or converted entity and to the persons shown on the list at the addresses therein stated. The forms of the notices by mail and by publication shall be approved by the court, and the costs thereof shall be borne by the surviving, resulting, or converted entity.

G. At the hearing on the petition, the court shall determine the persons who have complied with the provisions of this section and who have become entitled to appraisal rights. The court may require the persons who have demanded an appraisal of their shares and who hold stock represented by certificates to submit their certificates of stock to the court clerk for notation thereon of the pendency of the appraisal proceedings; and if any person fails to comply with this direction, the court may dismiss the proceedings as to that person. If immediately before the merger, consolidation, or conversion the shares of the class or series of stock of the constituent or converting corporation as to which appraisal rights are available were listed on a national securities exchange, the court shall dismiss the proceedings as to all holders of such shares who are otherwise entitled to appraisal rights unless (1) the total number of shares entitled to appraisal exceeds one percent (1%) of the outstanding shares of the class or series eligible for appraisal, (2) the value of the consideration provided in the merger, consolidation, or conversion for such total number of shares exceeds One Million Dollars ($1,000,000.00), or (3) the merger was approved pursuant to Section 1083 or Section 1083.1 of this title.

H. After determining the persons entitled to an appraisal, the court shall appraise the shares, determining their fair value exclusive of any element of value arising from the accomplishment or expectation of the merger, consolidation, or conversion, together with interest, if any, to be paid upon the amount determined to be the fair value. In determining the fair value, the court shall take into account all relevant factors. In determining the fair rate of interest, the court may consider all relevant factors. Unless the court in its discretion determines otherwise for good cause shown, and except as provided in this subsection, interest from the effective date of the merger, consolidation, or conversion through

the date of payment of the judgment shall be compounded quarterly and shall accrue at five percent (5%) over the Federal Reserve discount rate including any surcharge, as established from time to time during the period between the effective date of the merger, consolidation, or conversion and the date of payment of judgment. At any time before the entry of judgment in the proceedings, the surviving, resulting, or converted entity may pay to each person entitled to appraisal an amount in cash, in which case interest shall accrue thereafter as provided herein only upon the sum of (1) the difference, if any, between the amount so paid and the fair value of the shares as determined by the court, and (2) interest theretofore accrued, unless paid at that time. Upon application by the surviving, resulting, or converted entity or by any person entitled to participate in the appraisal proceeding, the court may, in its discretion, proceed to trial upon the appraisal prior to the final determination of the persons entitled to an appraisal. Any person whose name appears on the list filed by the surviving, resulting, or converted entity pursuant to the provisions of subsection F of this section may participate fully in all proceedings until it is finally determined that the person is not entitled to appraisal rights pursuant to the provisions of this section.

I. The court shall direct the payment of the fair value of the shares, together with interest, if any, by the surviving, resulting, or converted entity to the persons entitled thereto. Payment shall be made to each person upon such terms and conditions as the court may order. The court's decree may be enforced as other decrees in the district court may be enforced, whether the surviving, resulting, or converted entity is an entity of this state or of any other state.

J. The costs of the proceeding may be determined by the court and taxed upon the parties as the court deems equitable in the circumstances. Upon application of a person whose name appears on the list filed by the surviving, resulting, or converted entity under subsection F of this section who participated in the proceeding and incurred expenses in connection with such proceeding, the court may order all or a portion of the expenses including but not limited to reasonable attorney fees and the fees and expenses of experts, to be charged pro rata against the value of all of the shares entitled to an appraisal not dismissed under subsection K of this section or subject to such an award under a reservation of jurisdiction under subsection K of this section.

K. From and after the effective date of the merger, consolidation, or conversion, no person who has demanded appraisal rights with respect to some or all of the person's shares as provided for in subsection D of this section shall be entitled to vote the shares for any purpose or to receive payment of dividends

or other distributions on the shares, except dividends or other distributions payable to shareholders of record at a date which is prior to the effective date of the merger, consolidation, or conversion; provided, however, that if no petition for an appraisal is filed within the time provided for in subsection E of this section, or if a person who has made a demand for an appraisal in accordance with this section shall deliver to the surviving, resulting, or converted entity a written withdrawal of the person's demand for an appraisal with respect to some or all of the person's shares in accordance with subsection E of this section, then the right of the person to an appraisal of the shares subject to the withdrawal shall cease; provided further, no appraisal proceeding in the district court shall be dismissed as to any person without the approval of the court, and approval may be conditioned upon terms as the court deems just including but not limited to a reservation of jurisdiction for any application to the court made under subsection J of this section; provided, however, that this provision shall not affect the right of any person who has not commenced an appraisal proceeding or joined that proceeding as a named party to withdraw such person's demand for appraisal and to accept the terms offered upon the merger, consolidation or conversion within sixty (60) days after the effective date of the merger, consolidation, or conversion, as set forth in subsection E of this section.

L. The shares or other equity interests of the surviving, resulting, or converted entity into which the shares of stock subject to appraisal under this section would have otherwise converted but for an appraisal demand made in accordance with this section shall have the status of authorized but not outstanding shares of stock or other equity interests of the surviving, resulting, or converted entity, unless and until the person who has demanded appraisal is no longer entitled to appraisal under this section.

Added by Laws 1986, c. 292, § 91, eff. Nov. 1, 1986. Amended by Laws 1987, c. 146, § 7, operative Nov. 1, 1987; Laws 1988, c. 323, § 19, eff. Nov. 1, 1988; Laws 1990, c. 328, § 6, eff. Sept. 1, 1990; Laws 1998, c. 422, § 21, eff. Nov. 1, 1998; Laws 2004, c. 255, § 29, eff. Nov. 1, 2004; Laws 2017, c. 323, § 26, eff. Nov. 1, 2017; Laws 2021, c. 51, § 17, eff. Nov. 1, 2021; Laws 2024, c. 120, § 33, eff. Nov. 1, 2024.

§18-1092. Sale, lease or exchange of assets; consideration - Procedure.

SALE, LEASE OR EXCHANGE OF ASSETS; CONSIDERATION; PROCEDURE

A. Every corporation, at any meeting of its board of directors or governing body, may sell, lease, or exchange all or substantially all of its property and assets, including its goodwill and its corporate franchises, upon such terms and conditions and for such

consideration, which may consist in whole or in part of money or other property, including shares of stock in, and/or other securities of, any other corporation or corporations, as its board of directors or governing body deems expedient and for the best interests of the corporation, when and as authorized by a resolution adopted by the holders of a majority of the outstanding stock of the corporation entitled to vote thereon or, if the corporation is a nonstock corporation, by a majority of the members having the right to vote for the election of the members of the governing body and any other members entitled to vote thereon under the certificate of incorporation or the bylaws of such corporation, at a meeting duly called upon at least twenty (20) days' notice. The notice of the meeting shall state that such a resolution will be considered.

B. Notwithstanding authorization or consent to a proposed sale, lease or exchange of a corporation's property and assets by the shareholders or members, the board of directors or governing body may abandon such proposed sale, lease or exchange without further action by the shareholders or members, subject to the rights, if any, of third parties under any contract relating thereto.

C. For purposes of this section only, the property and assets of the corporation include the property and assets of any subsidiary of the corporation. As used in this subsection, "subsidiary" means any entity wholly owned and controlled, directly or indirectly, by the corporation and includes, without limitation, corporations, partnerships, limited partnerships, limited liability partnerships, limited liability companies, and statutory trusts. Notwithstanding subsection A of this section, except to the extent the certificate of incorporation otherwise provides, no resolution by shareholders or members shall be required for a sale, lease or exchange of property and assets of the corporation to a subsidiary.

Added by Laws 1986, c. 292, § 92, eff. Nov. 1, 1986. Amended by Laws 2008, c. 253, § 14; Laws 2019, c. 88, § 25, eff. Nov. 1, 2019.

NOTE: Laws 2008, c. 382, § 315, which changed the effective date of Laws 2008, c. 253, §§ 1-47 to Jan. 1, 2010, was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-1093. Mortgage or Pledge of Assets.

MORTGAGE OR PLEDGE OF ASSETS

The authorization or consent of shareholders to the mortgage or pledge of a corporation's property and assets shall not be necessary, except to the extent that the certificate of incorporation otherwise provides.

Added by Laws 1986, c. 292, § 93, eff. Nov. 1, 1986.

§18-1094. Dissolution of Joint Venture Corporation Having Two Shareholders.

DISSOLUTION OF JOINT VENTURE CORPORATION HAVING TWO SHAREHOLDERS

A. If the shareholders of a corporation of this state, having only two shareholders each of which owns fifty percent (50%) of the stock therein, shall be engaged in the prosecution of a joint venture and if the shareholders shall be unable to agree upon the desirability of discontinuing the joint venture and disposing of the assets used in the venture, either shareholder may, unless otherwise provided in the certificate of incorporation of the corporation or in a written agreement between the shareholders, file with the district court a petition stating that it desires to discontinue the joint venture and to dispose of the assets used in the venture in accordance with a plan to be agreed upon by both shareholders or that, if no plan shall be agreed upon by both shareholders, the corporation be dissolved. The petition shall have attached thereto a copy of the proposed plan of discontinuance and distribution and a certificate stating that copies of the petition and plan have been transmitted in writing to the other shareholder and to the directors and officers of the corporation. The petition and certificate shall be executed and acknowledged in accordance with the provisions of Section 1007 of this title.

B. 1. Unless both shareholders file with the district court, the district court may dissolve the corporation and may by appointment of one or more trustees or receivers with all the powers and title of a trustee or receiver appointed pursuant to the provisions of Section 1100 of this title, administer and wind up its affairs:

a. within three (3) months of the date of the filing of the petition, a certificate similarly executed and acknowledged stating that they have agreed on the plan, or a modification thereof, and

b. within one (1) year from the date of the filing of the petition, a certificate similarly executed and acknowledged stating that the distribution provided by the plan has been completed.

2. Either or both of the periods provided for in paragraph 1 of this subsection may be extended by agreement of the shareholders, evidenced by a certificate similarly executed, acknowledged and filed with the district court prior to the expiration of the period. Added by Laws 1986, c. 292, § 94, eff. Nov. 1, 1986. Amended by Laws 1998, c. 422, § 22, eff. Nov. 1, 1998.

§18-1095. Dissolution before the issuance of shares or beginning business – Procedure.

DISSOLUTION BEFORE THE ISSUANCE OF SHARES OR BEGINNING BUSINESS; PROCEDURE

If a corporation has not issued shares or has not commenced the business for which the corporation was organized, a majority of the

incorporators, or, if directors were named in the certificate of incorporation or have been elected, a majority of the directors, may surrender all of the corporation's rights and franchises by filing in the Office of the Secretary of State a certificate, executed and acknowledged by a majority of the incorporators or directors, stating :

1. That no shares of stock have been issued or that the business of activity for which the corporation was organized has not begun;

2. The date of filing of the corporation's original certificate of incorporation with the Secretary of State;

3. That no part of the capital of the corporation has been paid, or, if some capital has been paid, that the amount actually paid in for the corporation's shares, less any part thereof disbursed for necessary expenses, has been returned to those entitled thereto;

4. That if the corporation has begun business but it has not issued shares, all debts of the corporation have been paid;

5. That if the corporation has not begun business but has issued stock certificates, all issued stock certificates, if any, have been surrendered and canceled; and

6. That all rights and franchises of the corporation are surrendered. Upon such certificate becoming effective in accordance with the provisions of Section 1007 of this title, the corporation shall be dissolved.

Added by Laws 1986, c. 292, § 95, eff. Nov. 1, 1986. Amended by Laws 1988, c. 323, § 20, eff. Nov. 1, 1988; Laws 2017, c. 323, § 27, eff. Nov. 1, 2017.

§18-1096. Dissolution – Procedure.

DISSOLUTION; PROCEDURE

A. If it should be deemed advisable in the judgment of the board of directors of any corporation that it should be dissolved, the board, after the adoption of a resolution to that effect by a majority of the whole board at any meeting called for that purpose, shall cause notice to be mailed to each shareholder entitled to vote thereon as of the record date for determining the shareholders entitled to notice of the meeting of the adoption of the resolution and of a meeting of shareholders to take action upon the resolution.

B. At the meeting a vote shall be taken upon the proposed dissolution. If a majority of the outstanding stock of the corporation entitled to vote thereon shall vote for the proposed dissolution, a certificate of dissolution shall be filed with the Secretary of State pursuant to subsection D of this section.

C. Dissolution of a corporation may also be authorized without action of the directors if all the shareholders entitled to vote thereon shall consent in writing and a certificate of dissolution

shall be filed with the Secretary of State pursuant to subsection D of this section.

D. If dissolution is authorized in accordance with this section, a certificate of dissolution shall be executed, acknowledged and filed, and shall become effective, in accordance with Section 1007 of this title. Such certificate of dissolution shall set forth:

1. The name of the corporation;

2. The date dissolution was authorized;

3. That the dissolution has been authorized by the board of directors and shareholders of the corporation, in accordance with subsections A and B of this section, or that the dissolution has been authorized by all of the shareholders of the corporation entitled to vote on a dissolution, in accordance with subsection C of this section;

4. The names and addresses of the directors and officers of the corporation; and

5. The date of filing of the corporation's original certificate of incorporation with the Secretary of State.

E. The resolution authorizing a proposed dissolution may provide that notwithstanding authorization or consent to the proposed dissolution by the shareholders, or the members of a nonstock corporation pursuant to Section 1097 of this title, the board of directors or governing body may abandon such proposed dissolution without further action by the shareholders or members.

F. If a corporation has included in its certificate of incorporation a provision limiting the duration of its existence to a specified date in accordance with paragraph 5 of subsection B of Section 1006 of this title, a certificate of dissolution shall be executed, acknowledged, and filed in accordance with Section 1007 of this title within ninety (90) days before such specified date and shall become effective on such specified date. Such certificate of dissolution shall set forth:

1. The name of the corporation;

2. The date specified in the corporation's certificate of incorporation limiting the duration of its existence;

3. The names and addresses of the directors and officers of the corporation; and

4. The date of filing of the corporation's original certificate of incorporation with the Secretary of State.

Failure to timely file a certificate of dissolution under this subsection with respect to any corporation shall not affect the expiration of such corporation's existence on the date specified in its certificate of incorporation under paragraph 5 of subsection B of Section 1006 of this title and shall not eliminate the requirement to file a certificate of dissolution as contemplated by this subsection. If a certificate of good standing is issued by the

Secretary of State after the date specified in a corporation's certificate of incorporation under paragraph 5 of subsection B of Section 1006 of this title, such certificate of good standing shall be of no force or effect.

G. A corporation shall be dissolved upon the earlier of the date specified in such corporation's certificate of incorporation under paragraph 5 of subsection B of Section 1006 of this title or upon the effectiveness in accordance with Section 1007 of this title of a certificate of dissolution filed in accordance with this section.

Added by Laws 1986, c. 292, § 96, eff. Nov. 1, 1986. Amended by Laws 1988, c. 323, § 21, eff. Nov. 1, 1988; Laws 2017, c. 323, § 28, eff. Nov. 1, 2017; Laws 2024, c. 120, § 34, eff. Nov. 1, 2024.

§18-1097. Dissolution of nonstock corporation - Procedure.

DISSOLUTION OF NONSTOCK CORPORATION; PROCEDURE

A. Whenever it shall be desired to dissolve any nonstock corporation, the governing body shall perform all the acts necessary for dissolution which are required by the provisions of Section 1096 of this title to be performed by the board of directors of a corporation having capital stock. If the members of a corporation having no capital stock are entitled to vote for the election of members of its governing body or are entitled to vote for dissolution under the certificate of incorporation or the bylaws of such corporation, they shall perform all the acts necessary for dissolution which are required by the provisions of Section 1096 of this title to be performed by the shareholders of a corporation having capital stock, including dissolution without action of the members of the governing body if all the members of the corporation entitled to vote thereon shall consent in writing and a certificate of dissolution shall be filed with the Secretary of State pursuant to subsection D of Section 1096 of this title. If there is no member entitled to vote thereon, the dissolution of the corporation shall be authorized at a meeting of the governing body, upon the adoption of a resolution to dissolve by the vote of a majority of members of its governing body then in office. In all other respects, the method and proceedings for the dissolution of a nonstock corporation shall conform as nearly as may be to the proceedings prescribed by the provisions of Section 1096 of this title for the dissolution of corporations having capital stock.

B. If a nonstock corporation has not commenced the business for which the corporation was organized, a majority of the governing body or, if none, a majority of the incorporators may surrender all of the corporation rights and franchises by filing in the Office of the Secretary of State a certificate, executed and acknowledged by a majority of the incorporators or governing body, conforming as

nearly as may be to the certificate prescribed by Section 1095 of this title.

C. If a nonstock corporation has included in its certificate of incorporation a provision limiting the duration of its existence to a specified date in accordance with paragraph 5 of subsection B of Section 1006 of this title, a certificate of dissolution shall be executed, acknowledged, and filed in accordance with Section 1007 of this title within ninety (90) days before such specified date and shall become effective on such specified date. Such certificate of dissolution shall include the information required by Section 1096 of this title. Failure to timely file a certificate of dissolution under this subsection with respect to any nonstock corporation shall not affect the expiration of such corporation's existence on the date specified in its certificate of incorporation under paragraph 5 of subsection B of Section 1006 of this title and shall not eliminate the requirement to file a certificate of dissolution as contemplated by this subsection. If a certificate of good standing is issued by the Secretary of State after the date specified in a nonstock corporation's certificate of incorporation under paragraph 5 of subsection B of Section 1006 of this title, such certificate of good standing shall be of no force or effect.

Added by Laws 1986, c. 292, § 97, eff. Nov. 1, 1986. Amended by Laws 1988, c. 323, § 22, eff. Nov. 1, 1988; Laws 1999, c. 421, § 18, eff. Nov. 1, 1999; Laws 2019, c. 88, § 26, eff. Nov. 1, 2019; Laws 2024, c. 120, § 35, eff. Nov. 1, 2024.

§18-1098. Repealed by Laws 1998, c. 432, § 39, eff. Nov. 1, 1998.

§18-1099. Continuation of corporation after dissolution for purposes of suit and winding up affairs.

CONTINUATION OF CORPORATION AFTER DISSOLUTION FOR PURPOSES OF SUIT AND WINDING UP AFFAIRS

All corporations, whether they expire by their own limitation or are otherwise dissolved, nevertheless shall be continued, for the term of three (3) years from such expiration or dissolution or for such longer period as the district court shall in its discretion direct, bodies corporate for the purpose of prosecuting and defending suits, whether civil, criminal or administrative, by or against them, and of enabling them gradually to settle and close their business, to dispose of and convey their property, to discharge their liabilities, and to distribute to their shareholders any remaining assets, but not for the purpose of continuing the business for which the corporation was organized. With respect to any action, suit, or proceeding begun by or against the corporation either prior to or within three (3) years after the date of its expiration or dissolution, the action shall not abate by reason of the expiration or dissolution of the corporation. The corporation,

solely for the purpose of such action, suit or proceeding, shall be continued as a body corporate beyond the three-year period and until any judgments, orders or decrees therein shall be fully executed, without the necessity for any special direction to that effect by the district court. Sections 1100 through 1100.3 of this title shall apply to any corporation that has expired by its own limitation, and when so applied, all references in those sections to a dissolved corporation or dissolution shall include a corporation that has expired by its own limitation and to such expiration respectively.
Added by Laws 1986, c. 292, § 99, eff. Nov. 1, 1986. Amended by Laws 1988, c. 323, § 23, eff. Nov. 1, 1988; Laws 2017, c. 323, § 29, eff. Nov. 1, 2017.

§18-1100. Trustees or receivers for dissolved corporations; appointment; powers; duties.

TRUSTEES OR RECEIVERS FOR DISSOLVED CORPORATIONS; APPOINTMENT; POWERS; DUTIES

When any corporation organized in accordance with the provisions of the Oklahoma General Corporation Act shall be dissolved in any manner whatever, the district court, on application of any creditor, shareholder or director of the corporation, or any other person who shows good cause therefor, at any time, may either appoint one or more of the directors of the corporation to be trustees, or appoint one or more persons to be receivers, of and for the corporation, to take charge of the corporation's property, and to collect the debts and property due and belonging to the corporation, with power to prosecute and defend, in the name of the corporation, or otherwise, all such suits as may be necessary or proper for the purposes aforesaid, and to appoint an agent or agents under them, and to do all other acts which might be done by the corporation, if in being, that may be necessary for the final settlement of the unfinished business of the corporation. The powers of the trustees or receivers may be continued as long as the district court shall think necessary for the purposes provided for in this section.
Added by Laws 1986, c. 292, § 100, eff. Nov. 1, 1986. Amended by Laws 1988, c. 323, § 24, eff. Nov. 1, 1988.

§18-1100.1. Notice to claimants - Filing of claims.

NOTICE TO CLAIMANTS; FILING OF CLAIMS

A. 1. After a corporation has been dissolved in accordance with the procedures set forth in the Oklahoma General Corporation Act, the corporation or any successor entity may give notice of the dissolution requiring all persons having a claim against the corporation other than a claim against the corporation in a pending action, suit, or proceeding to which the corporation is a party to

present their claims against the corporation in accordance with the notice. The notice shall state:

a. that all such claims must be presented in writing and must contain sufficient information reasonably to inform the corporation or successor entity of the identity of the claimant and the substance of the claim,
b. the mailing address to which a claim must be sent,
c. the date by which a claim must be received by the corporation or successor entity, which date shall be no earlier than sixty (60) days from the date of the notice,
d. that the claim will be barred if not received by the date referred to in subparagraph c of this paragraph,
e. that the corporation or a successor entity may make distributions to other claimants and the corporation's shareholders or persons interested as having been such without further notice to the claimant, and
f. the aggregate amount, on an annual basis, of all distributions made by the corporation to its shareholders for each of the three (3) years prior to the date the corporation dissolved.

2. The notice shall also be published at least once a week for two (2) consecutive weeks in a newspaper of general circulation in the county in which the office of the corporation's last registered agent in this state is located and in the corporation's principal place of business and, in the case of a corporation having Ten Million Dollars ($10,000,000.00) or more in total assets at the time of its dissolution, at least once in an Oklahoma newspaper having a circulation of at least two hundred fifty thousand (250,000). On or before the date of the first publication of the notice, the corporation or successor entity shall mail a copy of the notice by certified or registered mail, return receipt requested, to each known claimant of the corporation, including persons with claims asserted against the corporation in a pending action, suit, or proceeding to which the corporation is a party.

3. Any claim against the corporation required to be presented pursuant to this subsection is barred if a claimant who was given actual notice under this subsection does not present the claim to the dissolved corporation or successor entity by the date referred to in subparagraph c of paragraph 1 of this subsection.

4. A corporation or successor entity may reject, in whole or in part, any claim made by a claimant pursuant to this subsection by mailing notice of rejection by certified or registered mail return receipt requested to the claimant within ninety (90) days after receipt of the claim and, in all events, at least one hundred fifty (150) days before the expiration of the period described in Section

1099 of this title; provided, however, that in the case of a claim filed pursuant to Section 1110 of this title against a corporation or successor entity for which a receiver or trustee has been appointed by the district court, the time period shall be as provided in Section 1111 of this title, and the thirty-day appeal period provided for in Section 1111 of this title shall be applicable. A notice sent by a corporation or successor entity pursuant to this subsection shall state that any claim rejected will be barred if an action, suit, or proceeding with respect to the claim is not commenced within one hundred twenty (120) days of the date thereof, and shall be accompanied by a copy of Sections 1099 through 1100.3 of this title, and, in the case of a notice sent by a court-appointed receiver or trustee for a claim filed pursuant to Section 1110 of this title, the notice shall be accompanied by copies of Sections 1110 and 1111 of this title.

5. A claim against a corporation is barred if a claimant whose claim is rejected pursuant to paragraph 4 of this subsection does not commence an action, suit, or proceeding with respect to the claim within one hundred twenty (120) days after the mailing of the rejection notice.

B. 1. A corporation or successor entity electing to follow the procedures described in subsection A of this section shall also give notice of the dissolution of the corporation to persons with contractual claims contingent upon the occurrence or nonoccurrence of future events or otherwise conditional or unmatured, and request that those persons present their claims in accordance with the terms of the notice. As used in this section and Section 1100.2 of this title, the term "contractual claims" shall not include any implied warranty as to any product manufactured, sold, distributed, or handled by the dissolved corporation. The notice shall be in substantially the form, and sent and published in the same manner, as described in paragraph 1 of subsection A of this section.

2. The corporation or successor entity shall offer any claimant on a contract whose claim is contingent, conditional, or unmatured, the security that the corporation or successor entity determines is sufficient to provide compensation to the claimant if the claim matures. The corporation or successor entity shall mail the offer to the claimant by certified or registered mail, return receipt requested, within ninety (90) days of receipt of the claim and, in all events, at least one hundred fifty (150) days before the expiration of the period described in Section 1099 of this title. If the claimant offered the security does not deliver in writing to the corporation or successor entity a notice rejecting the offer within one hundred twenty (120) days after receipt of the offer for security, the claimant shall be deemed to have accepted the security as the sole source from which to satisfy his or her claim against the corporation.

C. 1. A corporation or successor entity which has given notice in accordance with subsection A of this section shall petition the district court to determine the amount and form of security that will be reasonable likely to be sufficient to provide compensation for any claim against the corporation which is the subject of a pending action, suit, or proceeding to which the corporation is a party other than a claim barred pursuant to subsection A of this section.

2. A corporation or successor entity which has given notice in accordance with subsections A and B of this section shall petition the district court to determine the amount and form of security that will be sufficient to provide compensation to any claimant who has rejected the offer for security made pursuant to paragraph 2 of subsection B of this section.

3. A corporation or successor entity which has given notice in accordance with subsection A of this section shall petition the district court to determine the amount and form of security which will be reasonably likely to be sufficient to provide compensation for claims that have not been made known to the corporation or that have not arisen but that, based on facts known to the corporation or successor entity, are likely to arise or to become known to the corporation or successor entity within five (5) years after the date of dissolution or a longer period of time as the district court may determine not to exceed ten (10) years after the date of dissolution. The district court may appoint a guardian ad litem in respect of any such proceeding brought under this subsection. The reasonable fees and expenses of the guardian, including all reasonable expert witness fees, shall be paid by the petitioner in the proceeding.

D. The giving of any notice or making of any offer pursuant to the provisions of this section shall not revive any claim then barred or constitute acknowledgment by the corporation or successor entity that any person to whom the notice is sent is a proper claimant and shall not operate as a waiver of any defense or counterclaim in respect of any claim asserted by any person to whom the notice is sent.

E. As used in this section, the term "successor entity" shall include any trust, receivership, or other legal entity governed by the laws of this state to which the remaining assets and liabilities of a dissolved corporation are transferred and which exists solely for the purposes of prosecuting and defending suits, by or against the dissolved corporation, enabling the dissolved corporation to settle and close the business of the dissolved corporation, to dispose of and convey the property of the dissolved corporation, to discharge the liabilities of the dissolved corporation, and to distribute to the dissolved corporation's shareholders any remaining

assets, but not for the purpose of continuing the business for which the dissolved corporation was organized.

F. In the case of a nonstock corporation, any notice referred to in the last sentence of paragraph 4 of subsection A of this section shall include a copy of Section 1 of this act. In the case of a nonprofit nonstock corporation, provisions of this section regarding distributions to members shall not apply to the extent that those provisions conflict with any other applicable law or with that corporation's certificate of incorporation or bylaws.
Added by Laws 1988, c. 323, § 25, eff. Nov. 1, 1988. Amended by Laws 1998, c. 422, § 23, eff. Nov. 1, 1998; Laws 2019, c. 88, § 27, eff. Nov. 1, 2019.

§18-1100.2. Payment and distribution to claimants and shareholders.

PAYMENT AND DISTRIBUTION TO CLAIMANTS AND SHAREHOLDERS

A. 1. A dissolved corporation or successor entity which has followed the procedures described in Section 1100.1 of this title shall:

a. pay the claims made and not rejected in accordance with subsection A of Section 1100.1 of this title,
b. post the security offered and not rejected pursuant to paragraph 2 of subsection B of Section 1100.1 of this title,
c. post any security ordered by the district court in any proceeding under subsection C of Section 1100.1 of this title, and
d. pay or make provision for all other claims that are mature, known, and uncontested or that have been finally determined to be owing by the corporation or successor entity.

2. Claims or obligations shall be paid in full and any provision for payment shall be made in full if there are sufficient assets. If there are insufficient assets, the claims and obligations shall be paid or provided for according to their priority, and, among claims of equal priority, ratably to the extent of assets legally available therefor. Any remaining assets shall be distributed to the shareholders of the dissolved corporation; provided, however, that distribution shall not be made before the expiration of one hundred fifty (150) days from the date of the last notice of rejections given pursuant to paragraph 3 of subsection A of Section 1100.1 of this title. In the absence of actual fraud, the judgment of the directors of the dissolved corporation or the governing persons of the successor entity as to the provision made for the payment of all obligations under subparagraph d of paragraph 1 of this subsection shall be conclusive.

B. A dissolved corporation or successor entity which has not followed the procedures described in Section 1100.1 of this title

shall, prior to the expiration of the period described in Section 1099 of this title, adopt a plan of distribution pursuant to which the dissolved corporation or successor entity:

1. Shall pay or make reasonable provision to pay all claims and obligations, including all contingent, conditional, or unmatured contractual claims known to the corporation or the successor entity;

2. Shall make provision as will be reasonably likely to be sufficient to provide compensation for any claim against the corporation which is the subject of a pending action, suit, or proceeding to which the corporation is a party; and

3. Shall make provision as will be reasonably likely to be sufficient to provide compensation for claims that have not been made known to the corporation or successor entity or that have not arisen but that, based on facts known to the corporation or successor entity, are likely to arise or to become known to the corporation or successor entity within ten (10) years after the date of dissolution. The plan of distribution shall provide that the claims shall be paid in full and any provision for payment made shall be made in full if there are sufficient assets. If there are insufficient assets, the plan shall provide that the claims and obligations shall be paid or provided for according to their priority and, among claims of equal priority, ratably to the extent of assets legally available therefor. Any remaining assets shall be distributed to the shareholders of the dissolved corporation.

C. Directors of a dissolved corporation or governing persons of a successor entity which has complied with subsection A or B of this section shall not be personally liable to the claimants of the dissolved corporation.

D. As used in this section, the term "successor entity" has the meaning set forth in subsection E of Section 1100.1 of this title.

E. As used in this section, the term "priority" does not refer either to the order of payments set forth in subparagraphs a through d of paragraph 1 of subsection A of this section or to the relative times at which any claims mature or are reduced to judgment.

F. In the case of a nonprofit nonstock corporation, provisions of this section regarding distributions to members shall not apply to the extent that those provisions conflict with any other applicable law or with that corporation's certificate of incorporation or bylaws.

Added by Laws 1988, c. 323, § 26, eff. Nov. 1, 1988. Amended by Laws 1998, c. 422, § 24, eff. Nov. 1, 1998; Laws 1999, c. 421, § 19, eff. Nov. 1, 1999; Laws 2019, c. 88, § 28, eff. Nov. 1, 2019.

§18-1100.3. Foreign corporations; definition; qualification to do business in state; procedure.

LIABILITY OF SHAREHOLDERS OF DISSOLVED CORPORATIONS

A. A shareholder of a dissolved corporation the assets of which were distributed pursuant to subsection A or B of Section 1100.2 of this title shall not be liable for any claim against the corporation in an amount in excess of the shareholder's pro rata share of the claim or the amount distributed to the shareholder, whichever is less.

B. A shareholder of a dissolved corporation the assets of which were distributed pursuant to subsection A of Section 1100.2 of this title shall not be liable for any claim against the corporation on which an action, suit, or proceeding is not begun prior to the expiration of the period described in Section 1099 of this title.

C. The aggregate liability of any shareholder of a dissolved corporation for claims against the dissolved corporation shall not exceed the amount distributed to the shareholder in dissolution.
Added by Laws 1986, c. 292, § 130, eff. Nov. 1, 1986. Amended by Laws 1987, c. 146, § 9, operative Nov. 1, 1987; Laws 1991, c. 331, § 56, eff. Sept. 1, 1991; Laws 1998, c. 422, § 25, eff. Nov. 1, 1998.

§18-1101. Jurisdiction of Court.

JURISDICTION OF COURT

The district court shall have jurisdiction of the application prescribed in Section 100 of this act and of all questions arising in the proceedings thereon, and may make such orders and decrees and issue injunctions therein as justice and equity shall require.
Added by Laws 1986, c. 292, § 101, eff. Nov. 1, 1986.

§18-1104. Revocation or forfeiture of charter - proceedings.

REVOCATION OR FORFEITURE OF CHARTER; PROCEEDINGS

A. The district court shall have jurisdiction to revoke or forfeit the charter of any corporation for abuse, misuse or nonuse of its corporate powers, privileges or franchises. The Attorney General, upon his own motion or upon the relation of a proper party, shall proceed for this purpose by complaint in the county in which the registered office of the corporation is located.

B. The district court shall have power, by appointment of receivers or otherwise, to administer and wind up the affairs of any corporation whose charter shall be revoked or forfeited by any court pursuant to the provisions of the Oklahoma General Corporation Act or otherwise, and to make such orders and decrees with respect thereto as shall be just and equitable respecting its affairs and assets and the rights of its shareholders and creditors.

C. No proceeding shall be instituted pursuant to the provisions of this section for nonuse of any corporation's powers, privileges or franchises during the first two (2) years after its incorporation.
Added by Laws 1986, c. 292, § 104, eff. Nov. 1, 1986.

§18-1105. Dissolution or Forfeiture of Charter by Decree of Court - Filing.

DISSOLUTION OR FORFEITURE OF CHARTER BY DECREE OF COURT; FILING

Whenever any corporation is dissolved or its charter forfeited by decree or judgment of the district court, the decree or judgment shall be immediately filed by the clerk in the court of the county in which the decree or judgment was entered, in the Office of the Secretary of State, and a note thereof shall be made by the Secretary of State on the corporation's charter or certificate of incorporation and on the index thereof.

Added by Laws 1986, c. 292, § 105, eff. Nov. 1, 1986.

§18-1106. Receivers for insolvent corporations - Appointment and powers.

RECEIVERS FOR INSOLVENT CORPORATIONS; APPOINTMENT AND POWERS

Whenever a corporation shall be insolvent, the district court of the county in which the registered office is located may at any time upon the application of a shareholder or shareholders, severally or jointly, who have been registered owners for a period of not less than six (6) months, of not less than ten percent (10%) of the entire outstanding stock of the corporation or a creditor whose claim has been reduced to judgment and execution thereon has been issued, appoint one or more persons to be receivers of and for the corporation, to take charge of its assets, estate, effects, business and affairs, and to collect the outstanding debts, claims, and property due and belonging to the corporation, with power to prosecute and defend, in the name of the corporation or otherwise, all claims or suits, to appoint an agent or agents under them, and to do all other acts which might be done by the corporation and which may be necessary or proper. The powers of the receivers shall be such and shall continue so long as the court shall deem necessary.

Added by Laws 1986, c. 292, § 106, eff. Nov. 1, 1986.

§18-1107. Title to Property - Filing Order of Appointment - Exception.

TITLE TO PROPERTY; FILING ORDER OF APPOINTMENT; EXCEPTION

A. Trustees of or receivers for any corporation, appointed by the district court, and their respective survivors and successors, upon their appointment and qualification or upon the death, resignation or discharge of any co-trustee or co-receiver, shall be vested by operation of law and without any act or deed, with the title of the corporation to all of its property, real, personal, or mixed of whatsoever nature, kind, class or description, and wheresoever situated, except real estate situated outside this state.

B. Trustees or receivers appointed by the district court, within twenty (20) days from the date of their qualification, shall file in the office of the county clerk in each county in this state in which any real estate belonging to the corporation may be situated, a certified copy of the order of their appointment and evidence of their qualification.

C. This section shall not apply to receivers appointed pendente lite.

Added by Laws 1986, c. 292, § 107, eff. Nov. 1, 1986.

§18-1108. Notices to Shareholders and Creditors.

NOTICES TO SHAREHOLDERS AND CREDITORS

All notices required to be given to shareholders and creditors in any action in which a receiver or trustee for a corporation was appointed shall be given by the district court, unless otherwise ordered by the court.

Added by Laws 1986, c. 292, § 108, eff. Nov. 1, 1986.

§18-1109. Receivers or Trustees - Inventory - List of Debts and Reports.

RECEIVERS OR TRUSTEES; INVENTORY; LIST OF DEBTS AND REPORTS

Trustees or receivers, as soon as convenient, shall file in the district court of the county in which the proceeding is pending, a full and complete itemized inventory of all the assets of the corporation which shall show their nature and probable value, and an account of all debts due from and to it, as nearly as the same can be ascertained. Trustees or receivers shall make a report to the district court of their proceedings, whenever and as often as the court shall direct.

Added by Laws 1986, c. 292, § 109, eff. Nov. 1, 1986.

§18-1110. Creditors' Proofs of Claims - When Barred - Notice.

CREDITORS' PROOFS OF CLAIMS; WHEN BARRED; NOTICE

All creditors shall make proof under oath of their respective claims against the corporation, and cause the same to be filed in the district court of the county in which the proceeding is pending within the time fixed by the order of the district court. All creditors and claimants failing to do so, within the time limited by the provisions of this section, or the time prescribed by the order of the district court, by direction of the district court, may be barred from participating in the distribution of the assets of the corporation. The district court may also prescribe what notice, by publication or otherwise, shall be given to the creditors of the time fixed for the filing and making proof of claims.

Added by Laws 1986, c. 292, § 110, eff. Nov. 1, 1986.

§18-1111. Adjudication of Claims - Appeal.

ADJUDICATION OF CLAIMS; APPEAL

A. The district court immediately upon the expiration of the time fixed for the filing of claims, in compliance with the provisions of Section 110 of this act, shall notify the trustee or receiver of the filing of the claims, and the trustee or receiver, within thirty (30) days after receiving the notice, shall inspect the claims, and if the trustee or receiver or any creditor shall not be satisfied with the validity or correctness of the same, or any of them, the trustee or receiver shall immediately notify the creditors whose claims are disputed of his decision. The trustee or receiver shall require all creditors whose claims are disputed to submit themselves to such examination in relation to their claims as the trustee or receiver shall direct, and the creditors shall produce such books and papers relating to their claims as shall be required. The trustee or receiver shall have power to examine, under oath or affirmation, all witnesses produced before him touching the claims, and shall pass upon and allow or disallow the claims, or any part thereof, and notify the claimants of his determination.

B. Every creditor or claimant who shall have received notice from the receiver or trustee that his claim has been disallowed in whole or in part may appeal to the district court within thirty (30) days thereafter. The district court, after hearing, shall determine the rights of the parties.

Added by Laws 1986, c. 292, § 111, eff. Nov. 1, 1986.

§18-1112. Sale of Perishable or Deteriorating Property.

SALE OF PERISHABLE OR DETERIORATING PROPERTY

Whenever the property of a corporation is at the time of the appointment of a receiver or trustee encumbered with liens of any character, and the validity, extent or legality of any lien is disputed or brought in question, and the property of the corporation is of a character which will deteriorate in value pending the litigation respecting the lien, the district court may order the receiver or trustee to sell the property of the corporation, clear of all encumbrances, at public or private sale, for the best price that can be obtained therefor, and pay the net proceeds arising from the sale thereof after deducting the costs of the sale into the district court, there to remain subject to the order of the district court, and to be disposed of as the district court shall direct.

Added by Laws 1986, c. 292, § 112, eff. Nov. 1, 1986.

§18-1113. Compensation, Costs and Expenses of Receiver or Trustee.

COMPENSATION, COSTS AND EXPENSES OF RECEIVER OR TRUSTEE

The district court, before making distribution of the assets of a corporation among the creditors or shareholders thereof, shall allow a reasonable compensation to the receiver or trustee for his services, and the costs and expenses incurred in and about the

execution of his trust, and the costs of the proceedings in the district court, to be first paid out of the assets.
Added by Laws 1986, c. 292, § 113, eff. Nov. 1, 1986.

§18-1114. Substitution of Trustee or Receiver as Party - Abatement of Actions.

SUBSTITUTION OF TRUSTEE OR RECEIVER
AS PARTY; ABATEMENT OF ACTIONS

A trustee or receiver, upon application by him in the court in which any suit is pending, shall be substituted as party plaintiff in the place of the corporation in any suit or proceeding which was so pending at the time of his appointment. No action against a trustee or receiver of a corporation shall abate by reason of his death, but, upon suggestion of the facts of the record, shall be continued against his successor or against the corporation in case no new trustee or receiver is appointed.
Added by Laws 1986, c. 292, § 114, eff. Nov. 1, 1986.

§18-1115. Liens for Wages or Products When Corporation is Insolvent.

LIENS FOR WAGES OR PRODUCTS WHEN CORPORATION IS INSOLVENT

A. Whenever any corporation of this state, or any foreign corporation doing business in this state, shall become insolvent, the employees performing labor or services of whatever character in the regular employ of the corporation, and the producers of agricultural and dairy products, including cooperative marketing associations of such producers, shall have a lien upon the assets of such corporation for the amount of the wages or payments for agricultural and dairy products due to them, not exceeding four months' wages or payments for such products which shall have accrued prior to the adjudication of the insolvency of such corporation, which lien shall be paid prior to any other debts, charges or claims against said corporation, except taxes due the United States government or the State of Oklahoma. The word "employee" shall not be construed to include any of the officers of the corporation.

B. The lien provided for in this section shall be enforced in the manner provided for by law for the enforcement of other liens for labor.
Added by Laws 1986, c. 292, § 115, eff. Nov. 1, 1986.

§18-1116. Discontinuance of Liquidation.

DISCONTINUANCE OF LIQUIDATION

The liquidation of the assets and business of an insolvent corporation may be discontinued at any time during the liquidation proceedings when it is established that cause for liquidation no longer exists. In such event the district court in its discretion, and subject to such condition as it may deem appropriate, may

dismiss the proceedings and direct the receiver or trustee to redeliver to the corporation all of its remaining property and assets.
Added by Laws 1986, c. 292, § 116, eff. Nov. 1, 1986.

§18-1117. Compromise or arrangement between corporation and creditors or shareholders.

COMPROMISE OR ARRANGEMENT BETWEEN CORPORATION AND CREDITORS OR SHAREHOLDERS

A. Whenever the provision provided for in paragraph 2 of subsection B of Section 1006 of this title is included in the original certificate of incorporation of any corporation, all persons who become creditors or shareholders thereof shall be deemed to have become such creditors or shareholders subject in all respects to that provision and the same shall be absolutely binding upon them. Whenever that provision is inserted in the certificate of incorporation of any such corporation by an amendment of its certificate all persons who become creditors or shareholders of such corporation after such amendment shall be deemed to have become such creditors or shareholders subject in all respects to that provision and the same shall be absolutely binding upon them.

B. The district court may administer and enforce any compromise or arrangement made pursuant to the provision provided for in paragraph 2 of subsection B of Section 1006 of this title and may restrain, pendente lite, all actions and proceedings against any corporation with respect to which the district court shall have begun the administration and enforcement of that provision and may appoint a temporary receiver for such corporation and may grant the receiver such powers as it deems proper, and may make and enforce such rules as it deems necessary for the exercise of such jurisdiction.
Added by Laws 1986, c. 292, § 117, eff. Nov. 1, 1986. Amended by Laws 1987, c. 146, § 8, operative Nov. 1, 1987.

§18-1118. Proceedings under Federal Bankruptcy Code; Effectuation.

PROCEEDINGS UNDER THE FEDERAL BANKRUPTCY CODE; EFFECTUATION

A. Any domestic corporation, an order for relief with respect to which has been entered under the Federal Bankruptcy Code, 11 U.S.C., Section 101 et seq., or any successor statute, may put into effect and carry out any decrees and orders of the court or judge in the bankruptcy proceeding and may take any corporate action provided or directed by such decrees and orders, without further action by its directors or shareholders. Such power and authority may be exercised, and such corporate action may be taken, as may be directed by such decrees or orders, by the trustee or trustees of such corporation appointed or elected in the bankruptcy proceedings,

or a majority thereof, or if none be appointed or elected and acting, by designated officers of the corporation, or by a representative appointed by the court or judge, with like effect as if exercised and taken by unanimous action of the directors and shareholders of the corporation.

B. Such corporation, in the manner provided for in subsection A of this section, but without limiting the generality or effect of the foregoing, may alter, amend, or repeal its bylaws; constitute or reconstitute and classify or reclassify its board of directors, and name, constitute or appoint directors and officers in place of or in addition to all or some of the directors or officers then in office; amend its certificate of incorporation, and make any change in its capital or capital stock, or any other amendment, change, or alteration, or provision, authorized by the provisions of this act; be dissolved, transfer all or part of its assets, merge, consolidate or convert as permitted by the provisions of this act, in which case, however, no shareholder shall have any statutory right of appraisal of his stock; change the location of its registered office, change its registered agent, and remove or appoint any agent to receive service of process; authorize and fix the terms, manner and conditions of, the issuance of bonds, debentures or other obligations, whether or not convertible into stock of any class, or bearing warrants or other evidences of optional rights to purchase or subscribe for stock of any class; or lease its property and franchises to any corporation, if permitted by law.

C. A certificate of any amendment, change or alteration, or of dissolution, or any agreement of merger, consolidation or conversion made by such corporation pursuant to the provisions of this section, shall be filed with the Secretary of State in accordance with the provisions of Section 1007 of this title, and, subject to the provisions of subsection D of Section 1007 of this title, shall thereupon become effective in accordance with its terms and the provisions of this section. Such certificate, agreement of merger or other instrument shall be made, executed and acknowledged, as may be directed by such decrees or orders, by the trustee or trustees appointed or elected in the reorganization or debtor in possession in the bankruptcy proceedings, or a majority thereof, or, if none be appointed or elected and acting, by the officers of the corporation, or by a representative appointed by the court or judge, and shall certify that provision for the making of such certificate, agreement or instrument is contained in a decree or order of a court or judge having jurisdiction of a proceeding under such Federal Bankruptcy Code or successor statute.

D. The provisions of this section shall cease to apply to such corporation upon the entry of a final decree in the bankruptcy proceedings closing the case and discharging the trustee or trustees, if any; provided, however, that the closing of a case and

discharge of trustee or trustees, if any, will not affect the validity of any act previously performed under subsections A through C of this section.

E. On filing any certificate, agreement, report or other paper made or executed pursuant to this section, there shall be paid to the Secretary of State, for the use of the state, the same fees as are payable by corporations not in bankruptcy proceedings upon the filing of like certificates, agreements, reports or other papers. Added by Laws 1986, c. 292, § 118, eff. Nov. 1, 1986. Amended by Laws 2008, c. 253, § 15.

NOTE: Laws 2008, c. 382, § 315, which changed the effective date of Laws 2008, c. 253, §§ 1-47 to Jan. 1, 2010, was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-1119. Revocation of voluntary dissolution - Restoration of expired certificate of incorporation.

REVOCATION OF VOLUNTARY DISSOLUTION; RESTORATION OF EXPIRED CERTIFICATE OF INCORPORATION

A. At any time prior to the expiration of three (3) years following the dissolution of a corporation pursuant to the provisions of Section 1096 of this title or such longer period as the district court may have directed pursuant to Section 1099 of this title, or, at any time prior to the expiration of three (3) years following the expiration of the time limited for the corporation's existence as provided in its certificate of incorporation or such longer period as the district court may have directed pursuant to the provisions of Section 1099 of this title, a corporation may revoke the dissolution up to that time effected by it or restore its certificate of incorporation after it has expired by its own limitation in the following manner:

1. For purposes of this section, "shareholders" means the shareholders of record on the date the dissolution becomes effective or the date of expiration by limitation;

2. The board of directors shall adopt a resolution recommending that the dissolution be revoked in the case of a dissolution or that the certificate of incorporation be restored in the case of an expiration by limitation and directing that the question of the revocation or restoration be submitted to a vote at a special meeting of shareholders;

3. Notice of the special meeting of shareholders shall be given in accordance with the provisions of Section 1067 of this title to each of the shareholders; and

4. At the meeting a vote of the shareholders shall be taken on a resolution to revoke the dissolution in the case of a dissolution or to restore the certificate of incorporation in the case of an expiration by limitation. If a majority of the stock of the

corporation which was outstanding and entitled to vote upon a dissolution at the time of its dissolution, in the case of a revocation of dissolution, or which was outstanding and entitled to vote upon an amendment to the certificate of incorporation to change the period of the corporation's duration at the time of its expiration by limitation, in the case of a restoration, shall be voted for the resolution, a certificate of revocation of dissolution or a certificate of restoration shall be executed, and acknowledged and filed in accordance with the provisions of Section 1007 of this title which shall be specifically designated as a certificate of revocation of dissolution or a certificate of restoration in its heading and shall state:

a. the name of the corporation,
b. the address of the corporation's registered office in this state, which shall be stated in accordance with subsection C of Section 1021 of this title, and the name of its registered agent at such address,
c. the names and respective addresses of its officers,
d. the names and respective addresses of its directors,
e. that a majority of the stock of the corporation which was outstanding and entitled to vote upon a dissolution at the time of its dissolution have voted in favor of a resolution to revoke the dissolution, in the case of a revocation of dissolution, or that a majority of the stock of the corporation which was outstanding and entitled to vote upon an amendment to the certificate of incorporation to change the period of the corporation's duration at the time of its expiration by limitation, in the case of a restoration, have voted in favor of a resolution to restore the certificate of incorporation; or, if it be the fact, that, in lieu of a meeting and vote of shareholders, the shareholders have given their written consent to the revocation or restoration in accordance with the provisions of Section 1073 of this title, and
f. in the case of a restoration, the new specified date limiting the duration of the corporation's existence or that the corporation shall have perpetual existence.

B. Upon the effective time of the filing in the Office of the Secretary of State of the certificate of revocation of dissolution or the certificate of restoration, the revocation of the dissolution or the restoration of the corporation shall become effective and the corporation may again carry on its business.

C. Upon the effectiveness of the revocation of the dissolution or the restoration of the corporation as provided in subsection B of

this section , the provisions of Section 1056 of this title shall govern, and the period of time the corporation was in dissolution or was expired by limitation shall be included within the calculation of the thirty-day and thirteen-month periods to which subsection C of Section 1056 of this title refers. An election of directors, however, may be held at the special meeting of shareholders to which subsection A of this section refers, and in that event, that meeting of shareholders shall be deemed an annual meeting of shareholders for purposes of subsection C of Section 1056 of this title.

D. If, after three (3) years from the date upon which the dissolution became effective or after the expiration by limitation, the name of the corporation is unavailable upon the records of the Secretary of State, then, in such case, the corporation shall not be reinstated under the same name which it bore when its dissolution became effective or it expired by limitation, but shall adopt and be reinstated or restored under some other name, and in such case the certificate to be filed pursuant to the provisions of this section shall set forth the name borne by the corporation at the time its dissolution became effective or it expired by limitation and the new name under which the corporation is to be reinstated or restored.

E. Nothing in this section shall be construed to affect the jurisdiction or power of the district court pursuant to the provisions of Section 1100 or 1101 of this title.

F. At any time prior to the expiration of three (3) years following the dissolution of a nonstock corporation pursuant to Section 1097 of this title, or such longer period as the district court may have directed pursuant to Section 1099 of this title, or at any time prior to the expiration of three (3) years following the expiration of the time limited for a nonstock corporation's existence as provided in its certificate of incorporation or such longer period as the district court may have directed pursuant to Section 1099 of this title, a nonstock corporation may revoke the dissolution theretofore effected by it or restore its certificate of incorporation after it has expired by limitation in a manner analogous to that by which the dissolution was authorized or, in the case of a restoration, in the manner in which an amendment to the certificate of incorporation to change the period of the corporation's duration would have been authorized at the time of its expiration by limitation, including:

1. If applicable, a vote of the members entitled to vote, if any, on the dissolution or the amendment; and

2. The filing of a certificate of revocation of dissolution or a certificate of restoration containing information comparable to that required by paragraph 4 of subsection A of this section.

Notwithstanding the foregoing, only this subsection and subsections B, D and E of this section shall apply to nonstock corporations.

G. Any corporation that revokes its dissolution or restores its certificate of incorporation pursuant to this section shall file all annual franchise tax reports that the corporation would have had to file if it had not dissolved or expired and shall pay all franchise taxes that the corporation would have had to pay if it had not dissolved or expired. No payment made pursuant to this subsection shall reduce the amount of franchise tax due for the year in which such revocation or restoration is effected.
Added by Laws 1986, c. 292, § 119, eff. Nov. 1, 1986. Amended by Laws 2004, c. 255, § 30, eff. Nov. 1, 2004; Laws 2017, c. 323, § 30, eff. Nov. 1, 2017.

§18-1120. Revival of certificate of incorporation.

REVIVAL OF CERTIFICATE OF INCORPORATION

A. As used in this section, "certificate of incorporation" includes the charter of a corporation organized pursuant to the provisions of any law of this state.

B. Any corporation whose certificate of incorporation has become forfeited by law for nonpayment of taxes may at any time procure a revival of its certificate of incorporation, together with all the rights, franchises, privileges and immunities and subject to all of its duties, debts and liabilities which had been secured or imposed by its original certificate of incorporation and all amendments thereto. Notwithstanding the foregoing, this section shall not be applicable to a corporation whose certificate of incorporation has been revoked or forfeited pursuant to Section 1104 of this title.

C. The revival of the certificate of incorporation may be procured as authorized by the board of directors or members of the governing body of the corporation in accordance with subsection H and by executing, acknowledging and filing a certificate of revival in accordance with the provisions of Section 1007 of this title.

D. The certificate required by the provisions of subsection C of this section shall state:

1. The date of filing of the corporation's original certificate of incorporation; the name under which the corporation was originally incorporated; the name of the corporation at the time its certificate of incorporation became forfeited or void pursuant to this title; and the new name under which the corporation is to be revived to the extent required by subsection F of this section;

2. The address of the corporation's registered office in this state, which shall be stated in accordance with subsection C of Section 1021 of this title, and the name of its registered agent at such address;

3. That the corporation desiring to be revived and so reviving its certificate of incorporation was organized pursuant to the laws of this state;

4. The date when the certificate of incorporation became forfeited or that the validity of any revival has been brought into question; and

5. That the certificate of revival is filed by authority of the board of directors or members of the governing body of the corporation as provided for in subsection H of this section.

E. Upon the filing of the certificate in accordance with the provisions of Section 1007 of this title, the corporation shall be revived with the same force and effect as if its certificate of incorporation had not become forfeited. Such revival shall validate all contracts, acts, matters and things made, done and performed within the scope of its certificate of incorporation by the corporation, its directors or members of its governing body, officers, agents and shareholders or members during the time when its certificate of incorporation was forfeited, with the same force and effect and to all intents and purposes as if the certificate of incorporation had at all times remained in full force and effect. All real and personal property, rights and credits, which belonged to the corporation at the time its certificate of incorporation became forfeited and which were not disposed of prior to the time of its revival and all real and personal property, rights and credits acquired by the corporation after its certificate of incorporation became forfeited pursuant to this title shall be vested in the corporation, after its revival, as if its certificate of incorporation had at all times remained in full force and effect, and the corporation after its revival shall be as exclusively liable for all contracts, acts, matters and things made, done or performed in its name and on its behalf by its directors or members of its governing body, officers, agents and shareholders or members prior to its revival, as if its certificate of incorporation had at all times remained in full force and effect.

F. If, after three (3) years from the date upon which the certificate of incorporation became forfeited for nonpayment of taxes, the name of the corporation is unavailable upon the records of the Secretary of State, then in such case the corporation to be revived shall not be revived under the same name which it bore when its certificate of incorporation became forfeited, or expired but shall be revived under some other name as set forth in the certificate to be filed pursuant to subsection C of this section.

G. Any corporation that revives its certificate of incorporation pursuant to the provisions of this section shall pay to this state the amounts provided in Sections 1201 through 1214 of Title 68 of the Oklahoma Statutes. No payment made pursuant to this subsection shall reduce the amount of franchise tax due pursuant to the provisions of Sections 1201 through 1214 of Title 68 of the Oklahoma Statutes for the year in which the revival is effected.

H. For purposes of this section, the board of directors or governing body of the corporation shall be comprised of the persons, who, but for the certificate of incorporation having become forfeited pursuant to this title, would be the duly elected or appointed directors or members of the governing body of the corporation. The requirement for authorization by the board of directors under subsection C of this section shall be satisfied if a majority of the directors or members of the governing body then in office, even though less than a quorum, or the sole director or member of the governing body then in office, authorizes the revival of the certificate of incorporation of the corporation and the filing of the certificate required by subsection C of this section. In any case where there shall be no directors of the corporation available to revive the certificate of incorporation of the corporation, the shareholders may elect a full board of directors, as provided by the bylaws of the corporation, and the board so elected may then authorize the revival of the certificate of incorporation of the corporation and the filing of the certificate required by subsection C of this section. A special meeting of the shareholders for the purpose of electing directors may be called by any officer or shareholder upon notice given in accordance with the provisions of Section 1067 of this title. For purposes of this section, the bylaws shall be the bylaws of the corporation that, but for the certificate of incorporation having become forfeited, would be the duly adopted bylaws of the corporation.

I. After a revival of the certificate of incorporation of the corporation shall have been effected, the provisions of subsection C of Section 1056 of this title shall govern and the period of time during which the certificate of incorporation of the corporation was forfeited shall be included within the calculation of the thirty-day and thirteen-month periods to which subsection C of Section 1056 of this title refers. A special meeting of shareholders held in accordance with subsection H of this section shall be deemed an annual meeting of shareholders for purposes of subsection C of Section 1056 of this title.

J. Whenever it shall be desired to revive the certificate of incorporation of any nonstock corporation, the governing body shall perform all the acts necessary for the revival of the charter of the corporation which are performed by the board of directors in the case of a corporation having capital stock. In addition, the members of any nonstock corporation who are entitled to vote for the election of members of its governing body and any other members entitled to vote for dissolution under the certificate of incorporation or the bylaws of such corporation, shall perform all the acts necessary for the revival of the certificate of incorporation of the corporation which are performed by the shareholders in the case of a corporation having capital stock. In

all other respects, the procedure for the revival of the certificate of incorporation of a nonstock corporation shall conform, as nearly as may be applicable, to the procedure prescribed in this section for the revival of the certificate of incorporation of a corporation having capital stock; provided, however, subsection I of this section shall not apply to nonstock corporations.
Added by Laws 1986, c. 292, § 120, eff. Nov. 1, 1986. Amended by Laws 2004, c. 255, § 31, eff. Nov. 1, 2004; Laws 2017, c. 323, § 31, eff. Nov. 1, 2017; Laws 2024, c. 120, § 36, eff. Nov. 1, 2024.

§18-1121. Status of corporation.

STATUS OF CORPORATION

Any corporation desiring to renew, extend and continue its corporate existence, upon complying with the provisions of Section 1120 of this title, shall be and continue as provided in its certificate effecting the renewal, extension or continuation as a corporation and, in addition to the rights, privileges and immunities conferred by its charter, shall possess and enjoy all the benefits of the provisions of the Oklahoma General Corporation Act, which are applicable to the nature of its business, and shall be subject to the restrictions and liabilities prescribed by the provisions of the Oklahoma General Corporation Act imposed on such corporations.
Added by Laws 1986, c. 292, § 121, eff. Nov. 1, 1986. Amended by Laws 2017, c. 323, § 32, eff. Nov. 1, 2017.

§18-1122. Failure of Corporation to Obey Order of Court - Appointment of Receiver.

FAILURE OF CORPORATION TO OBEY ORDER OF COURT; APPOINTMENT OF RECEIVER

Whenever any corporation shall refuse, fail or neglect to obey any order or decree of any court of this state within the time fixed by the court for its observance, such refusal, failure or neglect shall be a sufficient ground for the appointment of a receiver of the corporation by a court of competent jurisdiction. If the corporation is a foreign corporation, such refusal, failure, or neglect shall be a sufficient ground for the appointment of a receiver of the assets of the corporation within this state.
Added by Laws 1986, c. 292, § 122, eff. Nov. 1, 1986.

§18-1123. Failure of Corporation to Obey Writ of Mandamus - Quo Warranto Proceedings for Forfeiture of Charter.

FAILURE OF CORPORATION TO OBEY WRIT OF MANDAMUS; QUO WARRANTO PROCEEDINGS FOR FORFEITURE OF CHARTER

If any corporation fails to obey the mandate of any peremptory writ of mandamus issued by a court of competent jurisdiction of this state for a period of thirty (30) days after the serving of the writ

upon the corporation in any manner as provided by the laws of this state for the service of writs, any party in interest in the proceeding in which the writ of mandamus issued, either himself or through his or its attorney, may file a statement of such fact with the Attorney General of this state, and it shall thereupon be the duty of the Attorney General to immediately commence proceedings in the nature of quo warranto against the corporation in a court of competent jurisdiction, and the court, upon competent proof of such state of facts and proper proceedings had in such proceeding in the nature of quo warranto, shall decree the charter of the corporation forfeited.
Added by Laws 1986, c. 292, § 123, eff. Nov. 1, 1986.

§18-1124. Actions Against Officers, Directors or Shareholders to Enforce Liability of Corporation - Unsatisfied Judgment Against Corporation.

ACTIONS AGAINST OFFICERS, DIRECTORS OR SHAREHOLDERS TO ENFORCE LIABILITY OF CORPORATION; UNSATISFIED JUDGMENT AGAINST CORPORATION

A. When the officers, directors or shareholders of any corporation shall be liable by the provisions of the Oklahoma General Corporation Act to pay the debts of the corporation, or any part thereof, any person to whom they are liable may have an action, at law or in equity, against any one or more of them, and the petition shall state the claim against the corporation, and the ground on which the plaintiff expects to charge the defendants personally.

B. No suit shall be brought against any officer, director or shareholder for any debt of a corporation of which he is an officer, director or shareholder, until judgment is obtained therefor against the corporation and execution thereon returned unsatisfied.
Added by Laws 1986, c. 292, § 124, eff. Nov. 1, 1986.

§18-1125. Action by Officer, Director or Shareholder Against Corporation for Corporate Debt Paid.

ACTION BY OFFICER, DIRECTOR OR SHAREHOLDER AGAINST CORPORATION FOR CORPORATE DEBT PAID

When any officer, director or shareholder shall pay any debt of a corporation for which he is made liable by the provisions of the Oklahoma General Corporation Act, he may recover the amount so paid in an action against the corporation for money paid for its use, and in such action only the property of a corporation shall be liable to be taken, and not the property of any shareholder.
Added by Laws 1986, c. 292, § 124, eff. Nov. 1, 1986.

§18-1126. Shareholder's derivative action - Allegation of stock ownership - Award of costs and attorney fees.

SHAREHOLDER'S DERIVATIVE ACTION; ALLEGATION OF STOCK OWNERSHIP

A. In any derivative suit instituted by a shareholder of a corporation, it shall be averred in the petition that the plaintiff was a shareholder of the corporation at the time of the transaction of which the plaintiff complains or that the plaintiff's stock thereafter devolved upon him or her by operation of law.

B. If a derivative action confers a substantial benefit upon the corporation as a result of a compromise or settlement of an action or claim, the court may award the plaintiff reasonable costs, including reasonable attorney fees, and shall direct the plaintiff to remit to the corporation the remainder of all proceeds received.

C. In any derivative action instituted by a shareholder of a domestic or foreign corporation, the court having jurisdiction, upon final judgment, shall require the nonprevailing party or parties to pay the prevailing party or parties the reasonable expenses, including attorney fees, taxable as costs, incurred as a result of such action.

Added by Laws 1986, c. 292, § 126, eff. Nov. 1, 1986. Amended by Laws 2014, c. 330, § 1, eff. Nov. 1, 2014.

§18-1127. Liability of corporation, etc. - Impairment by certain transactions.

LIABILITY OF CORPORATION, ETC.;
IMPAIRMENT BY CERTAIN TRANSACTIONS

The liability of a corporation of this state, or of the shareholders, directors or officers thereof, or the rights or remedies of the creditors thereof, or persons doing or transacting business with the corporation, shall not in any way be lessened or impaired by the sale of its assets, or by the increase or decrease in the capital stock of the corporation, or by its merger or consolidation with one or more corporations or by any change or amendment in its certificates of incorporation.

Added by Laws 1986, c. 292, § 127, eff. Nov. 1, 1986.

§18-1128. Defective Organization of Corporation as Defense.

DEFECTIVE ORGANIZATION OF CORPORATION AS DEFENSE

A. No corporation of this state and no person sued by any such organization shall be permitted to assert the want of legal organization as a defense to any claim.

B. This section shall not be construed to prevent judicial inquiry into the regularity or validity of the organization of a corporation, or its lawful possession of any corporate power it may assert in any other suit or proceeding where its corporate existence or the power to exercise the corporate rights it asserts is challenged, and evidence tending to sustain the challenge shall be admissible in any such suit or proceeding.

Added by Laws 1986, c. 292, § 128, eff. Nov. 1, 1986.

§18-1129. Usury - Pleading by Corporation.

USURY; PLEADING BY CORPORATION

No corporation shall plead any statute against usury in any court of law or equity in any suit instituted to enforce the payment of any bond, note or other evidence of indebtedness issued or assumed by it.

Added by Laws 1986, c. 292, § 129, eff. Nov. 1, 1986.

§18-1130. Foreign corporations - Definition - Qualification to do business in state - Procedure

FOREIGN CORPORATIONS; DEFINITION; QUALIFICATION TO DO BUSINESS IN STATE; PROCEDURE

A. As used in the Oklahoma General Corporation Act, the words "foreign corporation" mean a corporation organized pursuant to the laws of any jurisdiction other than this state.

B. No foreign corporation shall do any business in this state, through or by branch offices, agents or representatives located in this state, until it shall have paid to the Secretary of State of this state the fees prescribed in Section 1142 of this title and shall have filed with the Secretary of State:

1. A certificate as of a date not earlier than six (6) months prior to the filing date issued by an authorized officer of the jurisdiction of its incorporation evidencing its corporate existence. If such certificate is in a foreign language, a translation thereof, under oath of the translator, shall be attached thereto;

2. A statement executed by an authorized officer of the corporation and acknowledged in accordance with the provisions of Section 1007 of this title, setting forth:

a. the mailing address of the corporation's principal place of business, wherever located,

b. the name and street address of its additional registered agent in this state, if any, which agent may be an individual resident in this state, a domestic corporation, a domestic partnership whether general or limited and including a limited liability partnership or a limited liability limited partnership, a domestic limited liability company, a domestic statutory trust, a foreign corporation other than a foreign partnership whether general or limited and including a limited liability partnership or a limited liability limited partnership, a foreign limited liability company or a foreign statutory trust, if authorized to transact business in this state,

c. the aggregate number of its authorized shares itemized by classes, par value of shares, shares without par

value, and series, if any, within any classes authorized, unless it has no authorized capital,

d. a statement, as of a date not earlier than six (6) months prior to the filing date, of the assets and liabilities of the corporation,

e. the business it proposes to do in this state and a statement that it is authorized to do that business in the jurisdiction of its incorporation, and

f. a statement of the maximum amount of capital such corporation intends and expects to invest in the state at any time during the current fiscal year. "Invested capital" is defined as the value of the maximum amount of funds, credits, securities and property of whatever kind existing at any time during the fiscal year in the State of Oklahoma and used or employed by such corporation in its business carried on in this state.

C. The Secretary of State, upon payment to the Secretary of State of the fees prescribed in Section 1142 of this title, shall issue a sufficient number of certificates under the hand and official seal of the Secretary of State, evidencing the filing of the statement required by the provisions of subsection B of this section. The certificate of the Secretary of State shall be prima facie evidence of the right of the corporation to do business in this state; provided that the Secretary of State shall not issue such certificate unless the name of the corporation is such as to distinguish it upon the records of the Office of the Secretary of State in accordance with the provisions of Section 1141 of this title.

D. A foreign corporation, upon receiving a certificate from the Secretary of State, shall enjoy the same rights and privileges as, but not greater than, a corporation organized under the laws of this state for the purposes set forth in the statement filed by the corporation with the Secretary of State pursuant to which such certificate is issued and, except as otherwise provided in the Oklahoma General Corporation Act, shall be subject to the same duties, restrictions, penalties and liabilities now or hereafter imposed upon a corporation organized under the laws of this state with like purpose and of like character.

Added by Laws 1986, c. 292, § 130, eff. Nov. 1, 1986. Amended by Laws 1987, c. 146, § 9, operative Nov. 1, 1987; Laws 1991, c. 331, § 56, eff. Sept. 1, 1991; Laws 1998, c. 422, § 26, eff. Nov. 1, 1998; Laws 1999, c. 421, § 20, eff. Nov. 1, 1999; Laws 2017, c. 323, § 33, eff. Nov. 1, 2017.

§18-1131. Additional requirements in case of change of name, mailing address, authorized capital or business purpose, or merger, consolidation or conversion.

ADDITIONAL REQUIREMENTS IN CASE OF CHANGE OF NAME, MAILING ADDRESS, AUTHORIZED CAPITAL OR BUSINESS PURPOSE, OR MERGER, CONSOLIDATION OR CONVERSION

A. Every foreign corporation admitted to do business in this state which shall change its corporate name, the mailing address of its principal office, or its authorized capital, or shall enlarge, limit or otherwise change the business which it proposes to do in this state, within thirty (30) days after the time the change becomes effective, shall file with the Secretary of State a statement executed by an authorized officer of the corporation and acknowledged in accordance with the provisions of Section 1007 of this title, setting forth:

1. The name of the foreign corporation as it appears on the records of the Secretary of State of this state;

2. The jurisdiction of its incorporation;

3. The date it was authorized to do business in this state;

4. If the name of the foreign corporation has been changed, a statement of the name relinquished, a statement of the new name and a statement that the change of name has been effected pursuant to the laws of the jurisdiction of its incorporation and the date the change was effected;

5. If the mailing address of its principal office has been changed, a statement of the mailing address relinquished and a statement of the new mailing address;

6. If the authorized capital of the corporation has been changed, a restatement of the corporate article which states its amended capitalization, a statement that the change has been effected pursuant to the laws of the jurisdiction of its incorporation and the date the change was effected;

7. If the business it proposes to do in this state is to be enlarged, limited or otherwise changed, a statement reflecting such change and a statement that it is authorized to do such business in the jurisdiction of its incorporation; and

8. If the name and/or address of the additional agent has changed, a statement of the new name and address.

B. Whenever a foreign corporation authorized to transact business in this state shall merge with, consolidate into or convert to another corporation or business entity, within thirty (30) days after the merger, consolidation or conversion becomes effective, it shall file a certificate, issued by the proper officer of the state or country of its incorporation, attesting to the occurrence of the event. If the merger, consolidation or conversion has changed the corporate name, mailing address, or authorized capital of the foreign corporation or has enlarged, limited or otherwise changed the business it proposes to do in this state, it shall also comply with the provisions of subsection A of this section.

C. Whenever a foreign corporation authorized to transact business in this state ceases to do business in this state because of a merger, consolidation or conversion, it shall comply with the provisions of Section 1135 of this title.

D. The Secretary of State shall be paid the fee prescribed in Section 1142 of this title for filing and indexing each statement or certificate required by the provisions of subsection A or B of this section.

Added by Laws 1986, c. 292, § 131, eff. Nov. 1, 1986. Amended by Laws 1987, c. 146, § 10, emerg. eff. June 24, 1987; Laws 1996, c. 69, § 6, eff. Nov. 1, 1996; Laws 2004, c. 255, § 32, eff. Nov. 1, 2004.

§18-1132. Exceptions to Requirements.

EXCEPTIONS TO REQUIREMENTS

A. No foreign corporation shall be required to comply with the provisions of Sections 130 and 131 of this act, if:

1. it is the mail order or a similar business, merely receiving orders by mail or otherwise in pursuance of letters, circulars, catalogs, or other forms of advertising, or solicitation, accepting the orders outside this state, and filing them with goods shipped into this state; or

2. it employs salesmen, either resident or traveling, to solicit orders in this state, either by display of samples or otherwise, whether or not maintaining sales offices in this state, all orders being subject to approval at the offices of the corporation without this state, and all goods applicable to the orders being shipped in pursuance thereof from without this state to the vendee or to the seller or his agent for delivery to the vendee, and if any samples kept within this state are for display or advertising purposes only, and no sales, repairs, or replacements are made from stock on hand in this state; or

3. it sells, by contract consummated outside this state, and agrees by the contract, to deliver into this state, machinery, plants or equipment, the construction, erection or installation of which within this state requires the supervision of technical engineers or skilled employees performing services not generally available, and as a part of the contract of sale agrees to furnish such services, and such services only, to the vendee at the time of construction, erection or installation; or

4. its business operations within this state are wholly interstate in character; or

5. it is an insurance company doing business in this state; or6. it cre

7. it secures or collects debts or enforces any rights in property securing the same.

B. The provisions of this section shall have no application to the question of whether any foreign corporation is:

1. subject to service of process and suit in this state pursuant to the provisions of Section 136 of this act or any other law of this state; or

2. subject to the taxation laws of this state.

Added by Laws 1986, c. 292, § 132, eff. Nov. 1, 1986.

§18-1133. Change of registered agent upon whom process may be served.

CHANGE OF REGISTERED AGENT UPON WHOM PROCESS MAY BE SERVED

A. 1. Any foreign corporation which has qualified to do business in this state may change its registered agent and substitute another registered agent by filing a certificate with the Secretary of State, acknowledged in accordance with the provisions of Section 1007 of this title, setting forth:

a. the name and street address of its registered agent designated in this state upon whom process directed to the corporation may be served, and

b. a revocation of all previous appointments of agent for such purposes.

2. Such registered agent shall be either an individual residing in this state when appointed or a corporation, limited liability company, or limited partnership authorized to transact business in this state and in compliance with subparagraph b of paragraph 2 of subsection B of Section 1130 of this title.

B. Any individual or entity designated by a foreign corporation as its registered agent for service of process may resign by filing with the Secretary of State a signed statement that the agent is unwilling to continue to act as the registered agent of the corporation for service of process, including in the statement the post office address of the main or headquarters office of the foreign corporation, but the resignation shall not become effective until thirty (30) days after the statement is filed. The statement shall be acknowledged by the registered agent and shall contain a representation that written notice of resignation was given to the corporation at least thirty (30) days prior to the filing of the statement by mailing or delivering the notice to the corporation at its address given in the statement.

C. If any agent designated and certified as required by the provisions of Section 1130 of this title shall die, remove himself or herself from this state or resign, then the foreign corporation for which the agent had been so designated and certified, within ten (10) days after the death, removal or resignation of its agent, shall substitute, designate and certify to the Secretary of State, the name of another registered agent for the purposes of the Oklahoma General Corporation Act, and all process, orders, rules and notices may be served on or given to the substituted agent with like effect.

D. Any individual or entity designated by a foreign corporation as its registered agent for service of process may change the address of the registered office of the corporation or corporations for which he or she is the registered agent to another address in this state by filing with the Secretary of State a certificate in the name of each affected corporation, executed and acknowledged by the registered agent, setting forth the address at which the registered agent has maintained the registered office, and further certifying to the new address to which the registered office will be changed on a given day, and at which new address the registered agent will thereafter maintain the registered office. Thereafter, or until further change of address, as authorized by law, the registered office in this state shall be located at the new address of the registered agent thereof as given in the certificate.

E. In the event of a change of name of any individual or entity designated by a foreign corporation as its registered agent for service of process, the registered agent shall file with the Secretary of State a certificate in the name of each affected corporation, executed and acknowledged by the registered agent, setting forth the new name of the registered agent, the name of the registered agent before it was changed, and the address at which the registered agent has maintained the registered office for the affected corporation. A change of name of any person or entity acting as registered agent as a result of a merger or consolidation of the registered agent, with or into another person or corporation which succeeds to its assets by operation of law, shall be deemed a change of name for purposes of this section.

Added by Laws 1986, c. 292, § 133, eff. Nov. 1, 1986. Amended by Laws 1996, c. 69, § 7, eff. Nov. 1, 1996; Laws 1998, c. 422, § 27, eff. Nov. 1, 1998; Laws 1999, c. 421, § 21, eff. Nov. 1, 1999; Laws 2009, c. 447, § 1, eff. Jan. 1, 2010; Laws 2017, c. 323, § 34, eff. Nov. 1, 2017.

§18-1134. Violations and penalties.

VIOLATIONS AND PENALTIES

A. Any foreign corporation doing business of any kind in this state without first having complied with any provision of the Oklahoma General Corporation Act applicable to it, shall be fined not less than Two Hundred Dollars ($200.00) nor more than Five Hundred Dollars ($500.00) for each such offense. Any agent of any foreign corporation that shall do any business in this state for any foreign corporation before the foreign corporation has complied with any provision of the Oklahoma General Corporation Act applicable to it, shall be fined not less than One Hundred Dollars ($100.00) nor more than Five Hundred Dollars ($500.00) for each such offense.

B. If any foreign corporation fails to file or cause to be filed a certificate as provided for in paragraphs 11 and 13 of

subsection A of Section 1142 of this title or fails to pay to the Secretary of State any additional fees shown to be due by the certificate provided for in paragraph 13 of subsection A of Section 1142 of this title, the corporation:

1. may be ousted from this state by the Secretary of State and its certificate of authority to do business in this state revoked and canceled. Before such revocation the Secretary of State shall give not less than thirty (30) days' notice sent by mail duly addressed to such corporation at its principal place of business or last address shown on the records of the Secretary of State of the Secretary of State's intent to revoke the corporation's authority to transact business in this state; and

2. after notice required in paragraph 1 above, shall be subject to a penalty and shall forfeit to the state for each day it fails to comply with the provisions of this subsection, the sum of Twenty-five Dollars ($25.00) per day but not more than Five Hundred Dollars ($500.00) for each such offense.

C. All fines and penalties provided for by this section may be recovered in a suit brought therefor by the Attorney General, in the name of the state, against the corporation, in any district court of the state. Fines and penalties received or collected pursuant to this section by the Attorney General as a result of an action brought in the name of the state by the Attorney General, shall be paid into the State Treasury provided that twenty-five percent (25%) thereof shall be deposited in the Attorney General's Evidence Fund. Such fines and penalties shall be properly accounted for and paid monthly by the Secretary of State to the State Treasurer for deposit into the General Revenue Fund.

Added by Laws 1986, c. 292, § 134, eff. Nov. 1, 1986. Amended by Laws 1987, c. 146, § 11, emerg. eff. June 24, 1987; Laws 1989, c. 169, § 1, eff. Nov. 1, 1989; Laws 1991, c. 331, § 57, eff. Sept. 1, 1991.

§18-1135. Withdrawal of foreign corporation from state - Procedure - Service of process on Secretary of State.

WITHDRAWAL OF FOREIGN CORPORATION FROM STATE; PROCEDURE; SERVICE OF PROCESS ON SECRETARY OF STATE

A. Any foreign corporation which shall have qualified to do business in this state pursuant to the provisions of Section 1130 of this title may surrender its authority to do business in this state and may withdraw by filing with the Secretary of State:

1. A certificate, executed by an authorized officer of the corporation and acknowledged in accordance with the provisions of Section 1007 of this title, stating that it surrenders its authority to transact business in Oklahoma and withdraws; and stating the address to which the Secretary of State may mail any process against the corporation that may be served upon the Secretary of State; or

2. A copy of a certificate of dissolution issued by the proper official of the state or other jurisdiction of its incorporation, together with a certificate, which shall be executed in accordance with the provisions of paragraph 1 of this subsection, stating the address to which the Secretary of State may mail any process against the corporation that may be served upon the Secretary of State or a copy of an order or decree of dissolution made by any court of competent jurisdiction or other competent authority of the state or other jurisdiction of its incorporation, certified to be a true copy under the hand of the clerk of the court or other official body, and the official seal of the court or official body or clerk thereof, together with a certificate executed in accordance with the provisions of paragraph 1 of this subsection, stating the address to which the Secretary of State may mail any process against the corporation that may be served upon the Secretary of State.

B. The Secretary of State, upon payment to the Secretary of State of the fees prescribed in Section 1142 of this title, shall issue a sufficient number of certificates, under the hand and official seal of the Secretary of State, evidencing the surrender of the authority of the corporation to do business in this state and its withdrawal therefrom.

C. Upon the issuance of the certificates by the Secretary of State, the appointment of the registered agent of the corporation in this state, upon whom process against the corporation may be served, shall be revoked, and service on the corporation may be made by serving the Secretary of State as its agent as provided in Section 2004 of Title 12 of the Oklahoma Statutes.

D. In the event of service upon the Secretary of State in accordance with the provisions of Section 2004 of Title 12 of the Oklahoma Statutes, the Secretary of State shall immediately notify the corporation by letter, certified mail or return receipt requested at the address stated in the certificate which was filed by the corporation with the Secretary of State pursuant to subsection A of this section. The letter shall include a copy of the process and any other papers served on the Secretary of State pursuant to the provisions of this subsection. It shall be the duty of the plaintiff in the event of such service to serve process and any other papers in duplicate, to notify the Secretary of State that service is being effected pursuant to the provisions of this subsection, and to pay the Secretary of State the fee provided for in paragraph 7 of Section 1142 of this title, which fee shall be taxed as part of the costs in the proceeding. The Secretary of State shall maintain an alphabetical record of any such service, setting forth the names of the plaintiff and the defendant, the title, docket number, and nature of the proceeding in which process has been served upon the Secretary of State, the fact that service has been effected pursuant to the provisions of this subsection, the

return date thereof, and the date service was made. The Secretary of State shall not be required to retain such information longer than five (5) years from receipt of the service of process by the Secretary of State.
Added by Laws 1986, c. 292, § 135, eff. Nov. 1, 1986. Amended by Laws 1987, c. 146, § 12, operative Nov. 1, 1987; Laws 1988, c. 323, § 28, eff. Nov. 1, 1988; Laws 1996, c. 69, § 8, eff. Nov. 1, 1996; Laws 2017, c. 323, § 35, eff. Nov. 1, 2017.

§18-1136. Service of process on nonqualifying foreign corporations.

SERVICE OF PROCESS ON NONQUALIFYING FOREIGN CORPORATIONS

A. If any foreign corporation shall transact business in this state without having qualified to do business in accordance with the provisions of Section 1130 of this title, service on the corporation may be made by serving the Secretary of State as its agent as provided in Section 2004 of Title 12 of the Oklahoma Statutes.

B. If any foreign corporation consents in writing to be subject to the jurisdiction of any state or federal court in this state for any civil action, suit or proceeding against it arising or growing out of any business or matter, and if the agreement or instrument setting forth such consent does not otherwise provide a manner of service of legal process in any such civil action, suit or proceeding against it, such foreign corporation shall be deemed to have thereby appointed and constituted the Secretary of State of this state its agent for the acceptance of legal process in any such civil action, suit or proceeding against it. The transaction of business in this state by such corporation or such consent by such corporation to the jurisdiction of any state or federal court in this state without provision for a manner of service of legal process shall be a signification of the agreement of such corporation that any process served upon the Secretary of State when so served shall be of the same legal force and validity as if served upon an authorized officer or agent personally within this state.

C. The provisions of Section 1132 of this title shall not apply in determining whether any foreign corporation is transacting business in this state within the meaning of this section; and "the transaction of business" or "business transacted in this state", by any such foreign corporation, whenever those words are used in this section, shall mean the course or practice of carrying on any business activities in this state, including, without limiting the generality of the foregoing, the solicitation of business or orders in this state. The provisions of this section shall not apply to any insurance company doing business in this state.
Added by Laws 1986, c. 292, § 136, eff. Nov. 1, 1986. Amended by Laws 1988, c. 323, § 29, eff. Nov. 1, 1988; Laws 2017, c. 323, § 36, eff. Nov. 1, 2017.

§18-1137. Actions By and Against Unqualified Foreign Corporations.

ACTIONS BY AND AGAINST UNQUALIFIED FOREIGN CORPORATIONS

A. A foreign corporation which is required to comply with the provisions of Sections 130 and 131 of this act and which has done business in this state without authority shall not maintain any action or special proceeding in this state unless and until such corporation has been authorized to do business in this state and has paid to the state all fees, penalties and franchise taxes for the years or parts thereof during which it did business in this state without authority. This prohibition shall not apply to any successor in interest of such foreign corporation.

B. The failure of a foreign corporation to obtain authority to do business in this state shall not impair the validity of any contract or act of the foreign corporation or the right of any other party to the contract to maintain any action or special proceeding thereon, and shall not prevent the foreign corporation from defending any action or special proceeding in this state.

Added by Laws 1986, c. 292, § 137, eff. Nov. 1, 1986.

§18-1138. Foreign Corporations Doing Business Without Having Qualified - Injunctions.

FOREIGN CORPORATIONS DOING BUSINESS WITHOUT HAVING QUALIFIED; INJUNCTIONS

The district court shall have jurisdiction to enjoin any foreign corporation, or any agent thereof, from transacting any business in this state if such corporation has failed to comply with any provision of the Oklahoma General Corporation Act applicable to it or if such corporation has secured a certificate of the Secretary of State pursuant to the provisions of Section 130 of this act on the basis of false or misleading representations. The Attorney General, upon his own motion or upon the relation of proper parties, shall proceed for this purpose by petition in any county in which such corporation is doing business.

Added by Laws 1986, c. 292, § 138, eff. Nov. 1, 1986.

§18-1139. Reservation of Corporate Name.

RESERVATION OF CORPORATE NAME

A. The exclusive right to the use of a corporate name, in good faith, may be reserved by:

1. Any person intending to form a corporation under Title 18 of the Oklahoma Statutes; or

2. Any corporation organized under the laws of this state intending to change its name; or

3. Any foreign corporation intending to qualify to transact business in this state under Title 18 of the Oklahoma Statutes; or

4. Any foreign corporation qualified to transact business in this state intending to change its name; or

5. Any person intending to organize a foreign corporation and intending to have such corporation qualified to transact business in this state under the laws of this state; or

6. Any corporation whose charter has expired or has been forfeited intending to renew or revive the corporation under Title 18 of the Oklahoma Statutes.

B. Such reservation shall be made by filing in the Office of the Secretary of State an application to reserve a specified corporate name. If the Secretary of State finds that such name is available for corporate use, he shall reserve the same for the exclusive use of such applicant for a period of sixty (60) days.

C. The right to the exclusive use of a specified corporate name so reserved may be transferred to any other person by filing in the Office of the Secretary of State a notice of such transfer, executed by the person for whom such name was reserved and specifying the name and address of the transferee.

Added by Laws 1986, c. 292, § 139, eff. Nov. 1, 1986.

§18-1140. Trade names.

TRADE NAMES

A. A corporation or other business entity doing business in this state under any name other than its legal name shall file a report with the Secretary of State setting forth the legal name of the corporation or business entity, the jurisdiction of organization of the corporation or business entity, the trade name under which the business is carried on, a brief description of the kind of business transacted under the name, and the address wherein the business is to be carried on. The report shall be executed by a representative of the business entity authorized to sign on its behalf. In the case of a corporation, the report shall be signed and filed in accordance with Section 1007 of this title. The trade name adopted shall be such as to be distinguishable upon the records in the Office of the Secretary of State from:

1. Names of other business entities organized under the laws of this state and filed with the Secretary of State then existing or which existed at any time during the preceding three (3) years; or

2. Names of foreign business entities qualified to do business in this state and filed with the Secretary of State then existing or which existed at any time during the preceding three (3) years; or

3. Trade names or fictitious names filed with the Secretary of State; or

4. Names reserved with the Secretary of State.

B. As used in this section, "business entity" means a corporation, a business trust, a common law trust, a limited liability company, or any unincorporated business, including any form of partnership.

Added by Laws 1986, c. 292, § 140, eff. Nov. 1, 1986. Amended by Laws 1995, c. 339, § 15, eff. Nov. 1, 1995; Laws 1996, c. 69, § 9, eff. Nov. 1, 1996; Laws 1999, c. 421, § 22, eff. Nov. 1, 1999.

§18-1140.1. Withdrawal of trade name.

WITHDRAWAL OF TRADE NAME

In the event a corporation or other business entity elects to cease doing business in this state under a trade name, it shall file a report, in duplicate, with the Secretary of State withdrawing such trade name. The report shall be executed by a party duly authorized to sign on behalf of the corporation or other business entity. In the case of a corporation, the report shall be acknowledged and filed in accordance with Section 1007 of this title.
Added by Laws 1996, c. 69, § 10, eff. Nov. 1, 1996.

§18-1140.2. Transfer of trade name.

TRANSFER OF TRADE NAME

In the event a corporation or other business entity elects to transfer ownership of a trade name to another corporation or business entity, it shall file a report, in duplicate, with the Secretary of State, specifying such transfer. The report shall be executed by a party duly authorized to sign on behalf of the corporation or other business entity. In the case of a corporation, the report shall be acknowledged and filed in accordance with Section 1007 of this title. The report shall contain the name of the corporation to which the trade name is being transferred, and the address wherein such business is to be carried on.
Added by Laws 1996, c. 69, § 11, eff. Nov. 1, 1996.

§18-1140.3. Amendment of trade name report.

AMENDMENT OF TRADE NAME REPORT

A. A trade name report shall be amended when:

1. There is a false or erroneous statement in the trade name report;

2. There is a change in the kind of business transacted under the trade name; or

3. There is a change in or an additional address where the business is to be carried on under the trade name.

B. An amended trade name report shall set forth the trade name and specify the amendment therein. The report shall be executed by a party duly authorized to sign on behalf of the corporation or other business entity. In the case of a corporation, the report shall be acknowledged and filed in accordance with Section 1007 of Title 18 of the Oklahoma Statutes.
Added by Laws 1999, c. 421, § 23, eff. Nov. 1, 1999.

§18-1141. Prohibition on use of same or indistinguishable names; Exceptions.

PROHIBITION ON USE OF SAME OR INDISTINGUISHABLE NAMES; EXCEPTIONS

The Secretary of State shall not accept for reservation or filing a statement or certificate containing a name which is the same as or indistinguishable from the name of any business entity, as defined in Section 15 of this act, trade name, fictitious name, or reserved name filed with the Secretary of State unless one of the following is filed with the Secretary of State:

1. The written consent of the business entity or holder of the trade name, fictitious name, or reserved name to use the same or indistinguishable name with the addition of one or more words to make that name distinguishable upon the records of the Secretary of State, except that the addition of words to make the name distinguishable shall not be required where the written consent states that the consenting entity is about to change its name, cease to do business, withdraw from the state, or be wound up;

2. A certified copy of a final decree of a court of competent jurisdiction establishing the prior right of the business entity or holder of a reserved name, trade name, or fictitious name to the use of the name in this state;

3. In the case of any foreign business entity having a name prohibited by this section which intends to qualify to transact business within this state, a resolution adopting a fictitious name not prohibited by this section, which shall be used to the exclusion of its true name when transacting business within this state. Such resolution shall be executed by a representative or representatives of the business entity duly authorized to sign on its behalf.

Added by Laws 1986, c. 292, § 141, eff. Nov. 1, 1986. Amended by Laws 1987, c. 146, § 13, operative Nov. 1, 1987; Laws 1995, c. 339, § 16, eff. Nov. 1, 1995; Laws 1996, c. 69, § 12, eff. Nov. 1, 1996.

§18-1142. Filing and other service fees.

FILING AND OTHER SERVICE FEES

A. The Secretary of State, for services performed in the Office of the Secretary of State and for expense of mailing, shall charge and collect the following fees:

1. For any report, document, or other paper required to be filed in the Office of the Secretary of State, a fee of Twenty-five Dollars ($25.00);

2. For reservation of corporate name, a fee of Ten Dollars ($10.00);

3. For issuing extra copies of any certificate not requiring any extra filing of papers or documents of any kind, a fee of Ten Dollars ($10.00);

4. For issuing any other certificate, a fee of Ten Dollars ($10.00);

5. For receiving a filing or indexing the annual certificate of a foreign corporation doing business in this state, or both when filed together, a fee of Ten Dollars ($10.00);

6. For preclearance of any document for filing, a fee of Fifty Dollars ($50.00);

7. For each service of process made upon and accepted by the Secretary of State, a fee of Twenty-five Dollars ($25.00);

8. For preparing and providing a report of a record search, a fee of Five Dollars ($5.00);

9. For filing and issuing certificates of incorporation, the fee shall be one-tenth of one percent (1/10 of 1%) of the authorized capital stock of such corporation; provided, that the minimum fee for any such service shall be Fifty Dollars ($50.00); provided further, that not-for-profit corporations shall only be required to pay a fee of Twenty-five Dollars ($25.00);

10. For filing and issuing amended certificates of incorporation or certificates of restatement, reorganization, revival, extension or dissolution, the fee shall be Fifty Dollars ($50.00); provided, however, not-for-profit corporations shall only be required to pay a fee of Twenty-five Dollars ($25.00). If an amendment shall provide for an increase in authorized capital in excess of Fifty Thousand Dollars ($50,000.00), the filing fee shall be an amount equal to one-tenth of one percent (1/10 of 1%) of such increase;

11. For filing and issuing certificates of consolidation, if the resulting corporation is a domestic corporation, or merger, if the surviving corporation is a domestic corporation, the fee shall be One Hundred Dollars ($100.00); provided, however, not-for-profit corporations shall only be required to pay a fee of Twenty-five Dollars ($25.00). If the merger or consolidation shall increase the authorized capital of the surviving or resulting corporation in excess of Fifty Thousand Dollars ($50,000.00), the filing fee shall be an amount equal to one-tenth of one percent (1/10 of 1%) of such increase;

12. For filing and issuing a certificate of conversion, whenever the resulting corporation is a domestic corporation, the minimum fee shall be One Hundred Dollars ($100.00); provided, however, if the certificate of incorporation of the resulting corporation authorizes capital stock in excess of Fifty Thousand Dollars ($50,000.00), the filing fee shall be an amount equal to one-tenth of one percent (1/10 of 1%) of such authorized capital. If the resulting domestic corporation is not for profit, it shall only be required to pay a fee of Fifty Dollars ($50.00);

13. For issuing a certificate to a foreign corporation to do business in this state, and filing a certificate and statement of such corporation required pursuant to the provisions of Section 1130 of this title, the fee shall be one-tenth of one percent (1/10 of

1%) of the maximum amount of capital invested by such corporation in the state at any time during the fiscal year such certificate is issued to any such foreign corporation; provided, that the minimum fee for any such service shall be Three Hundred Dollars ($300.00); provided further, that no such corporation shall be required to pay a fee on an amount in excess of its authorized capital;

14. For amended certificate of qualification of a foreign corporation, a fee of Two Hundred Dollars ($200.00); provided, however, for a certificate solely reflecting a change of mailing address, a fee of Ten Dollars ($10.00);

15. For filing a certificate of consolidation, if the resulting corporation is a foreign corporation, or merger, if the surviving corporation is a foreign corporation, the fee shall be One Hundred Dollars ($100.00);

16. For filing a certificate of withdrawal of a foreign corporation doing business in this state, a fee of One Hundred Dollars ($100.00);

17. Every foreign corporation on the anniversary of its qualification in this state each year, shall cause to be filed with the Secretary of State a certificate of its president, vice-president or other managing officers, in which shall be stated and shown the maximum amount of capital the corporation had invested in the state at any time subsequent to the issuance to it of a certificate to do business in this state and the amount of capital previously paid upon. If the amount of capital so invested as shown by said certificate exceeds the amount formerly paid upon, the corporation, at the time of filing said certificate, shall pay to the Secretary of State an additional fee equal to one-tenth of one percent (1/10 of 1%) of the amount of such excess capital so invested by the corporation in the state; provided, that no such corporation shall be required to pay a filing fee on an amount in excess of its authorized capital, or to file the certificate provided for in this paragraph after it shall have paid a filing fee on its total authorized capitalization;

18. For acting as the registered agent, a fee of One Hundred Dollars ($100.00) payable on the first day of July each year, and if not paid before the next ensuing September 1st, the Oklahoma Tax Commission shall suspend and forfeit the charter of the delinquent corporation pursuant to the procedures prescribed in Section 1212 of Title 68 of the Oklahoma Statutes. The Tax Commission shall collect and audit the registered agent fee authorized pursuant to this paragraph in conjunction with the collection and audit of franchise taxes as provided for in Sections 1201 through 1214 of Title 68 of the Oklahoma Statutes. All monies received by the Tax Commission pursuant to the provisions of this paragraph shall be paid to the State Treasurer for deposit in the General Revenue Fund;

19. For filing a change of address for any individual, corporation, limited liability company or limited partnership designated by a corporation as its registered agent for service of process, or for the change of name or the resignation of a registered agent, a fee of Twenty-five Dollars ($25.00), for the first forty corporations and Five Dollars ($5.00) for each additional corporation within any bulk filing;

20. For any response by means of telecommunications to inquiries regarding information required to be maintained by the Secretary of State, a fee of Five Dollars ($5.00), unless otherwise provided. Fees collected pursuant to this paragraph shall be deposited in the Revolving Fund for the Office of the Secretary of State; and

21. For receiving a filing of an international corporation agent, a fee of Twenty-five Dollars ($25.00).

B. Except as otherwise provided by law, fees paid to the Secretary of State in accordance with the provisions of the Oklahoma General Corporation Act shall be properly accounted for and shall be paid monthly to the State Treasurer for deposit in the General Revenue Fund.

C. For any certificate supplied by the county clerk, such clerk shall receive a fee of One Dollar ($1.00). Such fees shall be properly accounted for and shall be paid into the county treasury in the same manner as other fees collected by the county clerk for the filing and recording of mortgages and deeds.

D. In any court proceeding pursuant to the provisions of the Oklahoma General Corporation Act requiring the filing of any decree, order, report or other document in the Office of the Secretary of State or in the office of any county clerk, in addition to the usual court costs and the costs for filing in the office of the clerk of the court, fees equal to the amounts provided for in this section for such required filing shall be collected as costs in such proceedings and such amount shall be forwarded to the Secretary of State and the county clerk with the papers to be filed.

E. The provisions contained in this section relating to the payment of incorporation fees by foreign corporations are not intended and shall not be construed to relieve such corporations, where applicable, of the payment of the annual corporate franchise tax to the Tax Commission.

F. For the purposes of computing the fees to be collected by the Secretary of State pursuant to the provisions of this section, each share without par value shall be treated the same as a share with a par value of Fifty Dollars ($50.00), and the fees thereon shall be collected accordingly.

G. Payments for any required fees except as otherwise provided by law may be made as follows:

1. By the applicant's personal or company check, cash, or money order; or

2. By a nationally recognized credit card issued to the applicant. The Secretary of State may add a convenience fee, not to exceed four percent (4%) of the amount of such payment for services provided through telephonic or electronic media. For purposes of this paragraph, "nationally recognized credit card" means any instrument or device, whether known as a credit card, credit plate, charge plate, or by any other name, issued with or without fee by an issuer for the use of the cardholder in obtaining goods, services, or anything else of value on credit which is accepted by over one thousand merchants in this state. The Secretary of State shall determine which nationally recognized credit cards will be accepted; provided, however, the Secretary of State must ensure that no loss of state revenue will occur by the use of such card. The convenience fee collected pursuant to this paragraph shall be credited to the Revolving Fund for the Office of the Secretary of State, as established in Section 276.1 of Title 62 of the Oklahoma Statutes.

Added by Laws 1986, c. 292, § 142, eff. Nov. 1, 1986. Amended by Laws 1987, c. 146, § 14, operative Nov. 1, 1987; Laws 1988, c. 323, § 30, eff. Nov. 1, 1988; Laws 1989, c. 169, § 2, eff. Nov. 1, 1990; Laws 1990, c. 264, § 92, eff. Nov. 1, 1990; Laws 1991, c. 331, § 58, eff. Sept. 1, 1991; Laws 1993, c. 273, § 10, emerg. eff. May 27, 1993; Laws 1994, c. 267, § 1, eff. July 1, 1994; Laws 2001, c. 406, § 10, emerg. eff. June 4, 2001; Laws 2009, c. 447, § 2, eff. Jan. 1, 2010; Laws 2025, c. 227, § 3, eff. Nov. 1, 2025.

§18-1142.1. Fees for telephone assistance.

FEES FOR TELEPHONE ASSISTANCE

The Secretary of State is authorized to charge fees as provided by law for a telephone assistance service to provide information concerning records retained by the Secretary of State.

Added by Laws 1990, c. 264, § 95, operative July 1, 1990.

§18-1142.2. Treatment of payment as credit.

Notwithstanding any other provision of law, the payment of the tax levied pursuant to subsection A of Section 5 of this act for the years 2011, 2012, and 2013 by any person doing business in this state who is not subject to the franchise tax levied under the provisions of Sections 1203, 1204, and 1205 of Title 68 of the Oklahoma Statutes shall be considered as a credit against the total amount such person is required to pay or remit annually for certification or registration fees pursuant to the provisions of Section 2055.2 of Title 18 or Section 311.1 of Title 54 of the Oklahoma Statutes. In no event shall the credit be refunded.

The Oklahoma Tax Commission and the Secretary of State shall adopt a procedure to verify that a person claims a maximum of one credit per year pursuant to this section.
Added by Laws 2010, S.J.R. No. 61, § 18.

§18-1143. Duplication of Oklahoma General Corporation Act by Secretary of State - Distribution.

DUPLICATION OF OKLAHOMA GENERAL CORPORATION ACT BY SECRETARY OF STATE; DISTRIBUTION

The Secretary of State may have printed, from time to time as he deems necessary, pamphlet copies of the Oklahoma General Corporation Act for distribution to persons and corporations desiring the same for a sum not exceeding the cost of printing. The money received from the sale of the copies shall be disposed of as are other fees of the Office of the Secretary of State. Nothing in this section shall be construed to prevent the free distribution of single pamphlet copies of the Oklahoma General Corporation Act by the Secretary of State.
Added by Laws 1986, c. 292, § 143, eff. Nov. 1, 1986.

§18-1144. Required filing with the county clerk following a merger or consolidation, or a change of corporate name.

REQUIRED FILING WITH THE COUNTY CLERK FOLLOWING A MERGER OR CONSOLIDATION, OR A CHANGE OF CORPORATE NAME

A. A certified copy of the following documents, as applicable, shall be filed with the county clerk of each county in which a surviving or resulting corporation to a merger or consolidation, or a corporation whose name was changed, has a recorded interest in real property:

1. a certificate or agreement of merger or consolidation filed with the Secretary of State in accordance with the provisions of Section 1081, 1082, 1084, 1085, 1086 or 1087 of Title 18 of the Oklahoma Statutes;

2. a certificate of ownership and merger filed with the Secretary of State as provided in Section 1083 of Title 18 of the Oklahoma Statutes;

3. an amendment to the certificate of incorporation effecting a change of name pursuant to Section 1076, 1077 or 1131 of Title 18 of the Oklahoma Statutes.

B. The provisions of this section shall have prospective application only.
Added by Laws 1987, c. 31, § 2, eff. Nov. 1, 1987.

§18-1144-1. International corporation agents — Filing and payment of fees required before certain acts.

A. As used in this section:

1. "Completed filing" means a form developed and made available by the Secretary of State of this state, completed accurately in its entirety; and

2. "International corporation agent" means:

a. an individual representing the interests of a corporation or a business entity incorporated or headquartered outside the United States of America, or

b. an individual representing the interests of a corporation or a business entity with a fifty-one percent (51%) or greater interest owned or controlled by a corporation or a business entity incorporated, headquartered, or domiciled outside the United States of America.

For purposes of this definition, "representing" means taking efforts on behalf of the international corporation in exchange for compensation.

B. Except for those covered under the provisions of a national security agreement with the Committee on Foreign Investments in the United States (CFIUS), no individual shall advocate:

1. To influence the laws of this state as they apply to an associated international corporation; or

2. For funding from this state that would benefit an associated international corporation,

until such individual shall have paid to the Secretary of State of this state the fees prescribed in Section 1142 of Title 18 of the Oklahoma Statutes, and shall have filed with the Secretary of State of this state a completed filing, as an international corporation agent under the provisions of this section.

C. The Secretary of State shall develop a filing form and make it available to the public to facilitate compliance with the provisions of this section. Such form shall include, but not be limited to, the name of such international corporation being advocated for and the time period for which such advocation is to occur.

D. The Secretary of State may promulgate rules, develop forms, and implement procedures as necessary to execute the provisions of this section.

Added by Laws 2025, c. 227, § 2, eff. Nov. 1, 2025.

§18-1145. Control shares - definition.

CONTROL SHARES; DEFINITION

As used in Sections 1145 through 1155 of this title, "control shares" means issued and outstanding shares of an issuing public corporation that, except for Sections 1145 through 1155 of this title, would have voting power, when added to all other shares of the issuing public corporation owned of record or beneficially by an acquiring person or in respect to which that acquiring person may

exercise or direct the exercise of voting power, that would entitle the acquiring person, immediately after acquisition of the shares, directly or indirectly, to exercise or direct the exercise of the voting power of the issuing public corporation in the election of directors within any of the following ranges of voting power:

1. One-fifth (1/5) or more but less than one-third (1/3) of all voting power;

2. One-third (1/3) or more but less than a majority of all voting power; or

3. A majority or more of all voting power.

Added by Laws 1987, c. 146, § 15, emerg. eff. June 24, 1987. Amended by Laws 1991, c. 53, § 3, eff. Sept. 1, 1991.

§18-1146. Control share acquisition - definition.

CONTROL SHARE ACQUISITION; DEFINITION

A. As used in Sections 1145 through 1155 of this title, "control share acquisition" means acquisition by any person of ownership of, or the power to direct the exercise of voting power with respect to, control shares.

B. A person who acquires shares in the ordinary course of business for the benefit of others in good faith and not for the purpose of circumventing Sections 1145 through 1155 of this title has not made a control share acquisition of shares in respect of which that person is able to exercise or direct the exercise of votes only after requesting further instruction from others.

C. The acquisition of any control shares does not constitute a control share acquisition if the acquisition is made in good faith and not for the purpose of circumventing Sections 1145 through 1155 of this title in any of the following circumstances:

1. At a time when the corporation was not subject to Sections 1145 through 1155 of this title;

2. Pursuant to a contract entered into at a time when the corporation was not subject to Sections 1145 through 1155 of this title;

3. Pursuant to the laws of descent and distribution;

4. Pursuant to the satisfaction of a pledge or other security interest;

5. Pursuant to a merger, consolidation, or share acquisition effected in compliance with Section 1081, 1082, 1083, 1090.1 or 1090.2 of this title, if the issuing public corporation is a party to the agreement of merger, consolidation, or share acquisition;

6. By a donee receiving the shares pursuant to an inter vivos gift;

7. By a person of additional shares within the range of voting power for which such person has received approval pursuant to Section 1153 of this title or within the range of voting power

resulting from shares acquired in a transaction described in this subsection;

8. An increase in voting power resulting from any action taken by the issuing public corporation, provided the person whose voting power is thereby affected is not an affiliate of the corporation;

9. Pursuant to the solicitation of proxies subject to Regulation 14A under the Securities Exchange Act of 1934, 15 U.S.C. Section 78a et seq., as amended, or in the case of an issuing public corporation which is not subject to such Regulation 14A, the solicitation of proxies in accordance with the laws of the State of Oklahoma;

10. Pursuant to a transfer between or among immediate family members, or between or among persons under direct common control. An "immediate family member" is any relative or spouse of a person, or any relative of such spouse, who has the same home as such person; or

11. From any person whose previous acquisition of shares would have constituted a control share acquisition but for paragraphs 1 through 10 of this subsection, provided the acquisition does not result in the acquiring person holding voting power within a higher range of voting power than that of the person from whom the control shares were acquired.

Added by Laws 1987, c. 146, § 16, emerg. eff. June 24, 1987. Amended by Laws 1990, c. 328, § 7, eff. Sept. 1, 1990; Laws 1991, c. 53, § 4, eff. Sept. 1, 1991.

§18-1147. Interested shares - Definition.

INTERESTED SHARES; DEFINITION

As used in Sections 1145 through 1155 of this title "interested shares" means the shares of an issuing public corporation in respect of which any of the following persons may exercise or direct the exercise, as of the applicable record date, of the voting power of the corporation in the election of directors other than solely by the authority of a revocable proxy:

1. The acquiring person;

2. Any officer of the issuing public corporation; or

3. Any employee of the issuing public corporation who is also a director of the corporation.

Added by Laws 1987, c. 146, § 17, emerg. eff. June 24, 1987. Amended by Laws 1990, c. 328, § 8, eff. Sept. 1, 1990; Laws 1991, c. 53, § 5, eff. Sept. 1, 1991.

§18-1148. Issuing public corporation - definition.

ISSUING PUBLIC CORPORATION; DEFINITION

A. As used in Sections 1145 through 1155 of this title, "issuing public corporation" means a domestic corporation that has:

1. Any class of securities registered pursuant to Section 12 or is subject to Section 15(d) of the Securities Exchange Act of 1934, 15 U.S.C. Section 78a et seq., as amended;

2. One thousand (1,000) or more shareholders; and

3. Either:

a. more than ten percent (10%) of its shareholders resident in Oklahoma,

b. more than ten percent (10%) of its shares owned by Oklahoma residents, or

c. ten thousand (10,000) shareholders resident in Oklahoma.

B. The residence of a shareholder is presumed to be the address appearing in the records of the corporation.

C. Shares held by banks except as trustee or guardian, brokers or nominees shall be disregarded for purposes of calculating the percentages or numbers described in this section.

D. A domestic corporation that is not an issuing public corporation but that has one hundred (100) or more shareholders of record and meets one of the requirements set forth in subsection A of this section, or an issuing public corporation to which Sections 1145 through 1155 of this title do not apply, may elect to be subject to Sections 1145 through 1155 of this title as an issuing public corporation by amending its certificate of incorporation to provide that Sections 1145 through 1155 of this title shall apply to the corporation as of a specified date and filing the amendment with the Secretary of State on or before such date.

E. A corporation which would be an issuing public corporation under subsection A of this section may elect not to be subject to Sections 1145 through 1155 of this title before a control share acquisition occurs or an acquiring person statement is delivered:

1. By amending its certificate of incorporation to provide that Sections 1145 through 1155 of this title shall not apply to the corporation as of a specified date and filing the amendment with the Secretary of State before such date; or

2. By action of its board of directors adopting an amendment to its bylaws within ninety (90) days of the effective date of this act expressly providing that Sections 1145 through 1155 of this title shall not apply to the corporation, which amendment shall not be further amended by the board of directors.

Added by Laws 1987, c. 146, § 18, emerg. eff. June 24, 1987. Amended by Laws 1988, c. 323, § 31, eff. Nov. 1, 1988; Laws 1990, c. 328, § 9, eff. Sept. 1, 1990; Laws 1991, c. 53, § 6, eff. Sept. 1, 1991.

§18-1148A. Other definitions.

OTHER DEFINITIONS

As used in Sections 1145 through 1155 of Title 18 of the Oklahoma Statutes:

1. "Acquiring person" means a person who makes or proposes to make, or persons acting as a "group" as defined in Section 13(d)(3) of the Securities Exchange Act of 1934, 15 U.S.C. Section 78a et seq., as amended, who make or propose to make, a control share acquisition; provided, "acquiring person" does not include the issuing public corporation;

2. "Affiliate" means a person who directly or indirectly controls the corporation. For the purpose of this paragraph, "control" means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of the corporation, whether through the ownership of voting securities, by contract, or otherwise. A person's beneficial ownership of ten percent (10%) or more of all voting power of a corporation, except a person holding voting power in good faith as an agent, bank, broker, nominee, custodian or trustee for one or more beneficial owners who do not individually or as a group control the corporation, creates a presumption that the person controls the corporation;

3. "All voting power" means the aggregate voting power that the shareholders of an issuing public corporation would have in the election of directors generally, except for Sections 1145 through 1155 of Title 18 of the Oklahoma Statutes;

4. "Beneficial ownership" shall have the same meaning ascribed to such term by Rule 13d-3 under the Securities Exchange Act of 1934, 15 U.S.C., Section 78a et seq., as amended; and

5. "Person" means any individual, corporation, partnership, unincorporated association or other entity.

Added by Laws 1991, c. 53, § 7, eff. Sept. 1, 1991.

§18-1149. Law governing control share voting rights.

LAW GOVERNING CONTROL SHARE VOTING RIGHTS

After a control share acquisition occurs, control shares of the acquiring person have only such voting rights as are conferred by this section.

1. Subject to the provisions of paragraphs 2 through 4 of this section, the voting power of control shares having voting power of one-fifth (1/5) or more of all voting power is reduced to zero unless the shareholders of the issuing public corporation approve a resolution pursuant to the procedure set forth in Section 1153 of this title according the shares the same voting rights as they had before they became control shares.

2. Except as provided in subsection A of Section 1153 of this title, the voting power of control shares representing voting power of less than one-fifth (1/5) of all voting power is not affected by Sections 1145 through 1155 of this title.

3. If control shares of the acquiring person previously have been accorded, pursuant to the procedure set forth in Section 1153 of this title, the same voting rights they had before they became control shares, or if such control shares were acquired in a transaction excluded from the definition of "control share acquisition", then only the voting power of control shares acquired in a subsequent control share acquisition by such acquiring person within a higher range of voting power shall be reduced to zero.

4. The voting rights of control shares are restored to those accorded such shares prior to the control share acquisition in any of the following circumstances:

(a) if, by reason of subsequent issuances of shares or other transactions by the issuing public corporation, the voting power of those control shares is reduced to a range of voting power for which approval has been granted or is not required; or

(b) upon transfer to a person other than an acquiring person; or

(c) the expiration of three (3) years after the date of a vote of shareholders, pursuant to Section 1153 of this title, failing to approve the resolution according voting rights to those control shares.

Added by Laws 1987, c. 146, § 19, emerg. eff. June 24, 1987. Amended by Laws 1990, c. 328, § 10, eff. Sept. 1, 1990; Laws 1991, c. 53, § 8, eff. Sept. 1, 1991.

§18-1150. Notice of control share acquisition.

NOTICE OF CONTROL SHARE ACQUISITION

Any acquiring person who proposes to make a control share acquisition may, at the person's election, and any acquiring person who has made a control share acquisition shall, deliver an acquiring person statement to the issuing public corporation at the issuing public corporation's principal office. The acquiring person statement must set forth all of the following:

1. The identity of the acquiring person;

2. A statement that the acquiring person statement is given pursuant to Sections 1145 through 1155 of this title;

3. The number of shares of the issuing public corporation owned, directly or indirectly, by the acquiring person, the acquisition date and the prices at which such shares were acquired;

4. The voting power to which the acquiring person, except for Section 1149 of this title, would be entitled;

5. A form of resolution to be considered by the shareholders pursuant to Section 1153 of this title; and

6. If the control share acquisition has not yet occurred:

a. a description in reasonable detail of the terms of the proposed control share acquisition, and

b. representations of the acquiring person, together with a statement in reasonable detail of the facts upon which they are based, that the proposed control share acquisition, if consummated, will not be contrary to law, and that the acquiring person has the financial capacity to make the proposed control share acquisition.

Added by Laws 1987, c. 146, § 20, emerg. eff. June 24, 1987. Amended by Laws 1991, c. 53, § 9, eff. Sept. 1, 1991.

§18-1151. Shareholder meeting to determine control share voting rights.

SHAREHOLDER MEETING TO DETERMINE CONTROL SHARE VOTING RIGHTS

A. If, at the time of delivery of an acquiring person statement, the acquiring person requests a special meeting and gives an undertaking to pay the corporation's expenses of the special meeting, within ten (10) days thereafter, the directors of the issuing public corporation shall call a special meeting of shareholders of the issuing public corporation for the purpose of considering the voting rights to be accorded the shares acquired or to be acquired in the control share acquisition.

B. Unless the acquiring person agrees in writing to another date, the special meeting of shareholders shall be held within fifty (50) days after receipt by the issuing public corporation of the request.

C. If no request is made, the voting rights to be accorded the shares acquired in the control share acquisition shall be presented to the next special or annual meeting of shareholders.

D. If the acquiring person so requests in writing at the time of delivery of the acquiring person statement, the special meeting shall not be held sooner than thirty (30) days after receipt by the issuing public corporation of the acquiring person statement.

Added by Laws 1987, c. 146, § 21, emerg. eff. June 24, 1987.

§18-1152. Notice of shareholder meeting.

NOTICE OF SHAREHOLDER MEETING

A. If a special meeting is requested as provided in Section 21 of this act, notice of the special meeting of shareholders shall be given as promptly as reasonably practicable by the issuing public corporation to all shareholders of record as of the record date set for the meeting, whether or not entitled to vote at the meeting.

B. Notice of the special or annual shareholder meeting at which the voting rights are to be considered must include or be accompanied by both of the following:

1. A copy of the acquiring person statement delivered to the issuing public corporation pursuant to Section 21 of this act; and

2. A statement by the board of directors of the corporation, authorized by its directors, of its position or recommendation, or that it is taking no position or making no recommendation, with respect to the proposed control share acquisition.
Added by Laws 1987, c. 146, § 22, emerg. eff. June 24, 1987.

§18-1153. Resolution granting control share voting rights.
RESOLUTION GRANTING CONTROL SHARE VOTING RIGHTS

A. All votes cast at the meeting for or against the resolution contained in the acquiring person statement must be identified as noninterested shares. To be approved, the resolution shall receive the affirmative votes of a majority of all voting power, excluding all interested shares. If the resolution is not approved, the acquiring person, not sooner than six (6) months after disapproval of the resolution, may present a new resolution for a vote of shareholders in accordance with this section at any subsequent shareholders meeting.

B. A proxy relating to a meeting of shareholders to be held pursuant to Section 1151 of this title shall be solicited separately from the offer to purchase or solicitation of an offer to sell shares of the issuing public corporation.

C. 1. For purposes of this subsection, "competing control share acquisition" means a control share acquisition or proposed control share acquisition that is the subject of an acquiring person statement delivered to the issuing public corporation pursuant to Section 1150 of this title not less than twenty-five (25) days prior to the scheduled annual or special meeting date which has been or is required to be established pursuant to Section 1151 of this title with respect to a pending control share acquisition.

2. In the event that a competing control share acquisition is made or proposed, the issuing public corporation shall, at the option of the acquiring person making the competing control share acquisition, call for a vote of shareholders to consider the resolution relating to the voting rights of the competing control share acquisition at the same meeting that has been or is to be called to consider the voting rights of the pending control share acquisition. In the event the acquiring person making the competing control share acquisition does not elect in writing to have the resolution relating to the voting rights of the competing control share acquisition considered at the same meeting, any vote shall be held as provided in Section 1153 of this title, except that in such case no vote shall be called on the competing control share acquisition prior to the earlier of the vote on the resolution relating to voting rights of the pending control share acquisition or fifty-one (51) days after receipt by the issuing public corporation of the request for a meeting by the acquiring person making the pending control share acquisition.

3. If more than one resolution relating to a control share acquisition is to be considered at any meeting or at meetings scheduled for or occurring on the same day, all such resolutions relating to the voting rights of acquiring persons shall be considered by shareholders in the order in which the initial acquiring person statements relating to such control share acquisitions were delivered to the issuing public corporation. However, no resolution approved by shareholders shall become effective until midnight of the date on which the respective shareholder approval occurs.

4. If resolutions relating to two (2) or more control share acquisitions are subject to shareholder vote pursuant to Section 1153 of this title, shares held by an acquiring person are considered interested shares only for purposes of a vote on a resolution relating to a control share acquisition by that same acquiring person.

Added by Laws 1987, c. 146, § 23, emerg. eff. June 24, 1987. Amended by Laws 1990, c. 328, § 11, eff. Sept. 1, 1990; Laws 1991, c. 53, § 10, eff. Sept. 1, 1991.

§18-1154. Redemption of control shares.

REDEMPTION OF CONTROL SHARES

A. If authorized in a corporation's certificate of incorporation or bylaws before a control share acquisition has occurred, control shares acquired in a control share acquisition with respect to which no acquiring person statement has been filed with the issuing public corporation may, at any time during the period ending sixty (60) days after the last acquisition of control shares by the acquiring person, be subject to redemption by the corporation at the fair value thereof pursuant to the procedures adopted by the corporation.

B. Control shares acquired in a control share acquisition are not subject to redemption after an acquiring person statement has been filed unless the shares are not accorded full voting rights by the shareholders as provided in Section 23 of this act.

Added by Laws 1987, c. 146, § 24, emerg. eff. June 24, 1987.

§18-1155. Rights of dissenting shareholders.

RIGHTS OF DISSENTING SHAREHOLDERS

A. Unless otherwise provided in a corporation's certificate of incorporation or bylaws before a control share acquisition has occurred, in the event control shares acquired in a control share acquisition are accorded full voting rights and the acquiring person has acquired control shares with a majority or more of all voting power, all shareholders of the issuing public corporation have dissenters' rights.

B. As soon as practicable after such events have occurred, the board of directors shall cause a notice to be sent to all shareholders of the corporation advising them of the facts and that they have dissenters' rights to receive the fair value of their shares pursuant to Section 1091 of Title 18 of the Oklahoma Statutes.

C. As used in this section, "fair value" means a value not less than the highest price paid per share by the acquiring person in the control share acquisition.

Added by Laws 1987, c. 146, § 25, emerg. eff. June 24, 1987.

§18-1201. Short title - Oklahoma Benefit Corporation Act - Applicability.

A. This act shall be known and may be cited as the "Oklahoma Benefit Corporation Act". This act shall be applicable to all benefit corporations.

B. The existence of a provision of this act shall not of itself create an implication that a contrary or different rule is applicable to a corporation that is not a benefit corporation. This act shall not affect a statute or rule that is applicable to a corporation that is not a benefit corporation.

C. Except as otherwise provided in this act, the Oklahoma General Corporation Act shall be generally applicable to all benefit corporations that are not state banks or trust companies. A benefit corporation that is not a state bank or trust company may be subject simultaneously to this act and the Oklahoma General Corporation Act, Professional Entity Act and other applicable business formation statutes; however, the provisions of this act shall control over the provisions of the Oklahoma General Corporation Act, Professional Entity Act and other applicable business formation statutes where there is a conflict.

D. Except as otherwise provided in this act, the Oklahoma Banking Code shall be generally applicable to all benefit corporations that are state banks or trust companies. A benefit corporation that is a state bank or trust company may be subject simultaneously to this act and the Oklahoma Banking Code; however, the provisions of this act shall control over the provisions of the Oklahoma Banking Code where there is a conflict.

E. A provision of the certificate of incorporation or bylaws of a benefit corporation shall not limit, be inconsistent with or supersede a provision of this act.

Added by Laws 2019, c. 45, § 1, eff. Nov. 1, 2019.

§18-1202. Definitions.

As used in the Oklahoma Benefit Corporation Act:

1. "Benefit corporation" means:

a. a business corporation incorporated under the Oklahoma General Corporation Act that is subject to this act, or
b. a state bank or trust company incorporated under Title 6 of the Oklahoma Statutes that is subject to this act;

2. "Benefit enforcement proceeding" means any claim or action or proceeding for:
a. failure of a benefit corporation to pursue or create general public benefit or a specific public benefit purpose set forth in its certificate of incorporation, or
b. violation of any obligation, duty or standard of conduct under this act;

3. "General public benefit" means a material positive impact on society and the environment, taken as a whole, assessed against a third-party standard, from the business and operations of a benefit corporation;

4. "Minimum status vote" means:
a. in the case of a business corporation or a state bank or trust company, in addition to any other required approval or vote, the satisfaction of the following conditions:
(1) the shareholders of every class or series shall be entitled to vote as a class on the corporate action regardless of a limitation stated in the certificate of incorporation or bylaws on the voting rights of any class or series, and
(2) the corporate action shall be approved by the affirmative vote of the shareholders of each class or series entitled to cast at least two-thirds (2/3) of the votes that all shareholders of the class or series are entitled to cast on the action, or
b. in the case of a domestic entity other than a corporation or state bank or trust company, in addition to any other required approval, vote or consent, the satisfaction of the following conditions:
(1) the holders of every class or series of equity interest in the entity that are entitled to receive a distribution of any kind from the entity shall be entitled to vote on or consent to the action regardless of any otherwise applicable limitation on the voting or consent rights of any class or series, and
(2) the action shall be approved by the affirmative vote or consent of the holders described in

division (1) of this subparagraph entitled to cast at least two-thirds (2/3) of the votes or consents that all of those holders are entitled to cast on the action; and

5. "Specific public benefit" includes:
   a. providing low-income or underserved individuals or communities with beneficial products or services,
   b. promoting economic opportunity for individuals or communities beyond the creation of jobs in the normal course of business,
   c. protecting or restoring the environment,
   d. improving human health,
   e. promoting the arts, sciences or advancement of knowledge,
   f. increasing the flow of capital to entities with a purpose to benefit society or the environment, and
   g. conferring any other particular benefit on society or the environment.

Added by Laws 2019, c. 45, § 2, eff. Nov. 1, 2019.

§18-1203. Incorporation.

A. A benefit corporation that is not a state bank or trust company shall be incorporated in accordance with the Oklahoma General Corporation Act, except that its certificate of incorporation shall also state that it is a benefit corporation.

B. A benefit corporation that is a state bank or trust company shall be incorporated in accordance with the Oklahoma Banking Code, except that its certificate of incorporation shall also state that it is a benefit corporation.

Added by Laws 2019, c. 45, § 3, eff. Nov. 1, 2019.

§18-1204. Amending certificate of incorporation for existing corporations.

A. An existing business corporation may become a benefit corporation under the Oklahoma Benefit Corporation Act by amending its certificate of incorporation so that it contains, in addition to the requirements of Title 6 or Title 18 of the Oklahoma Statutes, a statement that the corporation is a benefit corporation. In order to be effective, the amendment shall be adopted by at least the minimum status vote.

B. 1. Except as provided in paragraph 2 of this subsection, if a domestic entity that is not a benefit corporation is a party to a merger, consolidation or conversion and the surviving, new or resulting entity in the merger, consolidation or conversion is to be a benefit corporation, the plan of merger, consolidation or conversion shall be adopted or approved by the domestic entity by at least the minimum status vote.

2. Paragraph 1 of this subsection shall not apply in the case of a corporation that is a party to a merger if the shareholders of the corporation are not entitled to vote on the merger pursuant to Section 1083 of Title 18 of the Oklahoma Statutes.
Added by Laws 2019, c. 45, § 4, eff. Nov. 1, 2019.

§18-1205. Termination of benefit corporation status.

A. A benefit corporation may terminate its status and cease to be subject to the Oklahoma Benefit Corporation Act by amending its certificate of incorporation to delete the provision required by Sections 3 and 4 of this act to be stated in the certificate of a benefit corporation. In order to be effective, the amendment shall be adopted by at least the minimum status vote.

B. 1. Except as provided in paragraph 2 of this subsection, if a plan of merger, consolidation or conversion would have the effect of terminating the status of a business corporation as a benefit corporation, the plan shall be adopted by at least the minimum status vote in order to be effective.

2. Paragraph 1 of this subsection shall not apply in the case of a corporation that is a party to a merger if the shareholders of the corporation are not entitled to vote on the merger.

3. Any sale, lease, exchange or other disposition of all or substantially all of the assets of a benefit corporation, unless the transaction is in the usual and regular course of business, shall not be effective unless the transaction is approved by at least the minimum status vote.
Added by Laws 2019, c. 45, § 5, eff. Nov. 1, 2019.

§18-1206. General public benefit purpose.

A. A benefit corporation shall have a purpose of creating general public benefit. This purpose is in addition to its purpose under the Oklahoma General Corporation Act or the Oklahoma Banking Code.

B. The certificate of incorporation of a benefit corporation may identify one or more specific public benefits that it is the purpose of the benefit corporation to create in addition to its purposes under the Oklahoma General Corporation Act or the Oklahoma Banking Code and subsection A of this section. The identification of a specific public benefit under this subsection does not limit the purpose of a benefit corporation to create general public benefit under subsection A of this section.

C. The creation of general public benefit and specific public benefit under subsections A and B of this section shall be in the best interests of the benefit corporation.

D. A benefit corporation may amend its certificate of incorporation to add, amend or delete the identification of a specific public benefit that it is the purpose of the benefit

corporation to create. In order to be effective, the amendment shall be adopted by at least the minimum status vote.

E. A professional corporation that is a benefit corporation shall not violate the Professional Entity Act by having the purpose to create general public benefit or a specific public benefit.

F. A state bank or trust company that is a benefit corporation shall not violate the Oklahoma Banking Code by having the purpose to create general public benefit or a specific public benefit, but nothing in the Oklahoma Benefit Corporation Act shall eliminate, diminish or supersede the duties of a benefit corporation that is a state bank or trust company to operate safely and soundly in accordance with applicable regulatory requirements.

Added by Laws 2019, c. 45, § 6, eff. Nov. 1, 2019.

§18-1207. Duties of board of directors, committees of the board and individual directors.

A. In discharging the duties of their respective positions and in considering the best interests of the benefit corporation, the board of directors, committees of the board and individual directors of a benefit corporation:

1. Shall consider the effects of any action or inaction upon:
   a. the shareholders of the benefit corporation,
   b. the employees and workforce of the benefit corporation, its subsidiaries and its suppliers,
   c. the interests of customers as beneficiaries of the general public benefit or a specific public benefit purpose of the benefit corporation,
   d. community and societal factors, including those of each community in which offices or facilities of the benefit corporation, its subsidiaries or its suppliers are located,
   e. the local and global environment,
   f. the short-term and long-term interests of the benefit corporation, including benefits that may accrue to the benefit corporation from its long-term plans and the possibility that these interests may be best served by the continued independence of the benefit corporation, and
   g. the ability of the benefit corporation to accomplish its general public benefit purpose and any specific public benefit purpose; and

2. May consider other pertinent factors or the interests of any other group that they deem appropriate; but

3. Need not give priority to a particular interest or factor referred to in paragraph 1 or 2 of this subsection over any other interest or factor unless the benefit corporation has stated in its certificate of incorporation its intention to give priority to

certain interests or factors related to the accomplishment of its general public benefit purpose or of a specific public benefit purpose identified in its certificate.

B. The consideration of interests and factors in the manner provided by subsection A of this section shall not constitute a violation of the duties of directors under the Oklahoma General Corporation Act or, except as provided in subsection F of Section 6 of this act, the Oklahoma Banking Code.

C. Except as provided in the certificate of incorporation or bylaws, a director is not personally liable for monetary damages for:

1. Any action or inaction in the course of performing the duties of a director under subsection A of this section if the director was not interested with respect to the action or inaction; or

2. Failure of the benefit corporation to pursue or create general public benefit or specific public benefit.

D. A director shall not have a duty to a person who is a beneficiary of the general public benefit purpose or a specific public benefit purpose of a benefit corporation arising from the status of the person as a beneficiary.

E. A director who makes a business judgment in good faith fulfills the duty under this section if the director:

1. Is not interested in the subject of the business judgment;

2. Is informed with respect to the subject of the business judgment to the extent the director reasonably believes to be appropriate under the circumstances; and

3. Rationally believes that the business judgment is in the best interests of the benefit corporation.

Added by Laws 2019, c. 45, § 7, eff. Nov. 1, 2019.

§18-1208. Duties of officers.

A. Each officer of a benefit corporation shall consider the interests and factors described in paragraph 1 of subsection A of Section 7 of this act in the manner provided in paragraph 3 of subsection A of Section 7 of this act if:

1. The officer has discretion to act with respect to a matter; and

2. It reasonably appears to the officer that the matter may have a material effect on the creation by the benefit corporation of general public benefit or a specific public benefit identified in the certificate of incorporation of the benefit corporation.

B. The consideration of interests and factors in the manner provided in subsection A of this section shall not constitute a violation of the duties of an officer, except as provided in subsection F of Section 6 of this act.

C. Except as provided in the certificate of incorporation or bylaws, an officer shall not be personally liable for monetary damages for:

1. An action or inaction as an officer in the course of performing the duties of an officer under subsection A of this section if the officer was not interested with respect to the action or inaction; or

2. Failure of the benefit corporation to pursue or create general public benefit or specific public benefit.

D. An officer shall not have a duty to a person that is a beneficiary of the general public benefit purpose or a specific public benefit purpose of a benefit corporation arising from the status of the person as a beneficiary.

E. An officer who makes a business judgment in good faith fulfills the duty under this section if the officer:

1. Is not interested in the subject of the business judgment;

2. Is informed with respect to the subject of the business judgment to the extent the officer reasonably believes to be appropriate under the circumstances; and

3. Rationally believes that the business judgment is in the best interests of the benefit corporation.

Added by Laws 2019, c. 45, § 8, eff. Nov. 1, 2019.

§18-1209. Liability – Benefit enforcement proceeding.

A. Except in a benefit enforcement proceeding, no person shall bring an action or assert a claim against a benefit corporation or its directors or officers with respect to:

1. Failure to pursue or create general public benefit or a specific public benefit set forth in its certificate of incorporation; or

2. Violation of an obligation, duty or standard of conduct under the Oklahoma Benefit Corporation Act or the Oklahoma Banking Code.

B. A benefit corporation shall not be liable for monetary damages under the Oklahoma Benefit Corporation Act or the Oklahoma Banking Code for any failure of the benefit corporation to pursue or create general public benefit or a specific public benefit.

C. A benefit enforcement proceeding may be commenced or maintained only:

1. Directly by the benefit corporation; or

2. Derivatively in accordance with the Oklahoma General Corporation Act or the Oklahoma Banking Code, as applicable, by:

a. a person or group of persons that owned beneficially or of record at least two percent (2%) of the total number of shares of a class or series outstanding at the time of the act or omission complained of,

b. a director,

c. a person or group of persons that owned beneficially or of record five percent (5%) or more of the outstanding equity interests in an entity of which the benefit corporation is a subsidiary at the time of the act or omission complained of, or

d. other persons as specified in the certificate of incorporation or bylaws of the benefit corporation.

D. For purposes of this section, a person is the beneficial owner of shares or equity interests if the shares or equity interests are held in a voting trust or by a nominee on behalf of the beneficial owner.

Added by Laws 2019, c. 45, § 9, eff. Nov. 1, 2019.

§18-1210. Annual statement.

A. A benefit corporation shall annually provide its shareholders with a statement as to the corporation's promotion of general public benefit and any specific public benefit identified in the certificate of incorporation. The statement shall include:

1. The objectives the board of directors has established to promote general public benefit and any specific public benefit;

2. The standards the board of directors has adopted to measure the corporation's progress in promoting general public benefit and any specific public benefit;

3. Objective factual information based on those standards regarding the corporation's success in meeting the objectives for promoting general public benefit and any specific public benefit; and

4. An assessment of the corporation's success in meeting the objectives and promoting general public benefit and any specific public benefit.

B. The certificate of incorporation or bylaws of a benefit corporation may require that the corporation:

1. Make the statement described in subsection A of this section available to the public; and

2. Use a third-party standard in connection with or attain a periodic third-party certification addressing the corporation's promotion of general public benefit and any specific public benefit identified in the certificate of incorporation.

C. The benefit statement and the assessment of the performance of the benefit corporation in the benefit statement required by subsection A of this section are not required to be audited or certified by a third party.

D. A benefit corporation shall send its annual benefit statement to each shareholder on the earlier of:

1. One hundred twenty (120) days following the end of the fiscal year of the benefit corporation; or

2. The same time that the benefit corporation delivers any other annual report to its shareholders.
Added by Laws 2019, c. 45, § 10, eff. Nov. 1, 2019.

§18-2000. Short title.
This act shall be known and may be cited as the "Oklahoma Limited Liability Company Act".
Added by Laws 1992, c. 148, § 1, eff. Sept. 1, 1992.

§18-2001. Definitions.
DEFINITIONS
As used in the Oklahoma Limited Liability Company Act, unless the context otherwise requires:
1. “Articles of organization” means documents filed for the purpose of forming a limited liability company, and the articles as amended;
2. “Bankrupt” means bankrupt under the United States Bankruptcy Code, as amended, or insolvent under any state insolvency act;
3. “Business” means any trade, occupation, profession or other activity regardless of whether engaged in for gain, profit or livelihood;
4. “Capital contribution” means anything of value that a person contributes to the limited liability company as a prerequisite for, or in connection with, membership including cash, property, services rendered or a promissory note or other binding obligation to contribute cash or property or to perform services;
5. “Capital interest” means the fair market value as of the date contributed of a member’s capital contribution as adjusted for any additional capital contributions or withdrawals, a person’s share of the profits and losses of a limited liability company and a person’s right to receive distributions of the limited liability company’s assets;
6. “Charitable entity” means any nonprofit limited liability company or other entity that is exempt from taxation under Section 501(c)(3) of the United States Internal Revenue Code, 26 U.S.C., Section 501(c)(3), or any successor provisions;
7. “Corporation” means a corporation organized under the laws of this state or the laws of any jurisdiction other than this state;
8. “Court” includes every court and judge having jurisdiction in the case;
9. “Document” means:
   a. any tangible medium on which information is inscribed including handwritten, typed, printed, or similar instruments and copies of such instruments, and
   b. an electronic transmission;
10. “Electronic transmission” means any form of communication not directly involving the physical transmission of paper including

the use of or participation in one or more electronic networks or databases, including one or more distributed electronic networks or databases, that creates a record that may be retained, retrieved, and reviewed by a recipient thereof and that may be directly reproduced in paper form by such a recipient through an automated process;

11. "Foreign corporation" means a corporation organized under the laws of any jurisdiction other than this state;

12. "Foreign limited liability company" means:

a. an unincorporated association,

b. formed under the laws of any jurisdiction other than this state, and

c. formed under a statute pursuant to which an association may be formed that affords to each of its members limited liability with respect to the liabilities of the entity;

13. "Foreign limited partnership" means a limited partnership formed under the laws of any jurisdiction other than this state;

14. "Jurisdiction", when used to refer to a political entity, means the United States, a state, a tribal government, a foreign country or a political subdivision of a foreign country;

15. "Limited liability company" or "domestic limited liability company" means an entity formed under the Oklahoma Limited Liability Company Act and existing under the laws of this state;

16. "Limited partnership" means a limited partnership formed under the laws of this state or a foreign limited partnership as defined in this section;

17. "Manager" or "managers" means a person or persons designated by the members of a limited liability company to manage the limited liability company as provided in the articles of organization or an operating agreement and includes a manager of the limited liability company generally and a manager associated with a series of the limited liability company. Unless the context otherwise requires, references in this act to a manager shall be deemed to be references to a manager of the limited liability company generally and to a manager associated with a series with respect to such series;

18. "Member" means a person with an ownership interest in a limited liability company, with the rights and obligations specified under the Oklahoma Limited Liability Company Act and includes a member of the limited liability company generally and a member associated with a series of the limited liability company. Unless the context otherwise requires, references in this act to a member shall be deemed to be references to a member of the limited liability company generally and to a member associated with a series with respect to such series;

19. "Membership interest" or "interest" means a member's rights in the limited liability company, collectively including the member's share of the profits and losses of the limited liability company, the right to receive distributions of the limited liability company's assets and capital interest, any right to vote or participate in management and such other rights accorded to members under the articles of organization, operating agreement or the Oklahoma Limited Liability Company Act;

20. "Operating agreement", regardless of whether referred to as an operating agreement and whether oral, in a record, implied or in any combination thereof, means any agreement of the members, including a sole member, as to the affairs of a limited liability company including any protected series or registered series thereof and the conduct of its business including the agreement as amended or restated;

21. "Person" means an individual, a general partnership, a limited partnership, a limited liability company, a trust, an estate, an association, a corporation or any other legal or commercial entity;

22. "Protected series" means a designated series of members, managers, membership interests, or assets that is established in accordance with Section 2054.4 of this title;

23. "Registered series" means a designated series of members, managers, membership interests, or assets that is formed in accordance with Section 14 of this act; and

24. "State" means a state, territory or possession of the United States, the District of Columbia or the Commonwealth of Puerto Rico.

Added by Laws 1992, c. 148, § 2, eff. Sept. 1, 1992. Amended by Laws 1993, c. 366, § 2, eff. Sept. 1, 1993; Laws 1997, c. 145, § 1, eff. Nov. 1, 1997; Laws 2008, c. 253, § 16; Laws 2017, c. 323, § 37, eff. Nov. 1, 2017; Laws 2021, c. 51, § 18, eff. Nov. 1, 2021; Laws 2024, c. 121, § 2, eff. Nov. 1, 2024.

NOTE: Laws 2008, c. 382, § 315, which changed the effective date of Laws 2008, c. 253, §§ 1-47 to Jan. 1, 2010, was held unconstitutional by the Oklahoma Supreme Court in the case of *Weddington v. Henry*, 202 P.3d 143, 2008 OK 102 (2009).

§18-2002. Purposes for formation.

A limited liability company may be formed under this act for the purpose of carrying on any lawful business, purpose or activity, whether or not for profit, except that a limited liability company may not conduct business as a domestic insurer.

Added by Laws 1992, c. 148, § 3, eff. Sept. 1, 1992. Amended by Laws 1997, c. 418, § 1, eff. Nov. 1, 1997; Laws 2001, c. 405, § 28, eff. Nov. 1, 2001; Laws 2003, c. 180, § 10, eff. Nov. 1, 2003; Laws 2008, c. 253, § 17.

NOTE: Laws 2008, c. 382, § 315, which changed the effective date of Laws 2008, c. 253, §§ 1-47 to Jan. 1, 2010, was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-2003. Powers and authority.

Each limited liability company may:

1. Sue, be sued, complain and defend in all courts;

2. Transact its business, carry on its operations and have and exercise the powers granted by this section in any state, territory, district or possession of the United States, and in any foreign country;

3. Make contracts and guarantees, incur liabilities, and borrow money;

4. Sell, convey, lease, exchange, transfer, mortgage, pledge, and otherwise dispose of all or any part of its property and assets;

5. Acquire by purchase or in any other manner, take, receive, own, hold, improve, and otherwise deal with any interest in real or personal property, wherever located;

6. Issue notes, bonds and other obligations and secure any of them by mortgage or deed of trust or security interest of any or all of its assets;

7. Purchase, take, receive, subscribe for or otherwise acquire, own, hold, vote, use, employ, sell, mortgage, loan, pledge or otherwise dispose of and otherwise use and deal in and with stock or other interests in and obligations of domestic and foreign corporations, associations, general or limited partnerships, limited liability companies, business trusts, and individuals;

8. Invest its surplus funds, lend money from time to time in any manner which may be appropriate to enable it to carry on the operations or fulfill the purposes set forth in its articles of organization, and take and hold real property and personal property as security for the payment of funds so loaned or invested;

9. Elect or appoint agents and define their duties and fix their compensation;

10. Be a promoter, stockholder, partner, member, associate, or agent of any corporation, partnership, limited liability company, joint venture, trust or other enterprise;

11. Indemnify and hold harmless any member, agent, or employee from and against any and all claims and demands whatsoever, except in the case of action or failure to act by the member, agent, or employee which constitutes willful misconduct or recklessness, and subject to the standards and restrictions, if any, set forth in the articles of organization or operating agreement;

12. Make and alter operating agreements, not inconsistent with its articles of organization or with the laws of this state, for the

administration and regulation of the affairs of the limited liability company;

13. Cease its activities and dissolve; and

14. Do every other act not inconsistent with law which is appropriate to promote and attain the purposes set forth in its articles of organization.

Added by Laws 1992, c. 148, § 4, eff. Sept. 1, 1992.

§18-2004. Filing the articles of organization.

FILING THE ARTICLES OF ORGANIZATION

A. One or more persons may form a limited liability company upon the filing of executed articles of organization with the Office of the Secretary of State.

B. 1. When the articles of organization become effective, the proposed organization becomes a limited liability company under the name and subject to the purposes, conditions, and provisions stated in the articles. A limited liability company formed under the Oklahoma Limited Liability Company Act is a separate legal entity, the existence of which as a separate legal entity continues until cancellation of the limited liability company's articles of organization and completion of its winding up, if any.

2. Filing of the articles by the Office of the Secretary of State is conclusive evidence of the formation of the limited liability company.

3. A limited liability company's status for tax purposes shall not affect its status as a separate legal entity formed under the Oklahoma Limited Liability Company Act.

Added by Laws 1992, c. 148, § 5, eff. Sept. 1, 1992. Amended by Laws 1997, c. 145, § 2, eff. Nov. 1, 1997; Laws 2004, c. 255, § 33, eff. Nov. 1, 2004; Laws 2008, c. 253, § 18; Laws 2017, c. 323, § 38, eff. Nov. 1, 2017.

NOTE: Laws 2008, c. 382, § 315, which changed the effective date of Laws 2008, c. 253, §§ 1-47 to Jan. 1, 2010, was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-2005. Articles of organization - Contents.

A. The articles of organization shall set forth:

1. The name of the limited liability company;

2. The term of the existence of the limited liability company which may be perpetual; and

3. The street address of its principal place of business, wherever located, and the name and street address of its registered agent which shall be identical to its registered office in this state.

B. If the limited liability company is to establish two or more series of members, managers or membership interests having separate

rights, powers or duties as provided under Section 2054.4 of this title or Section 14 of this act and the debts, liabilities and obligations incurred, contracted for or otherwise existing with respect to a particular series are to be enforceable against the assets of the series only, the articles of organization shall set forth a notice of the limitation on liabilities of the series.

C. The articles of organization may set forth any other matters the members determine to include. It is not necessary to set out in the articles of organization any of the powers enumerated in Section 2000 et seq. of this title.

Added by Laws 1992, c. 148, § 6, eff. Sept. 1, 1992. Amended by Laws 1993, c. 366, § 3, eff. Sept. 1, 1993; Laws 1997, c. 145, § 3, eff. Nov. 1, 1997; Laws 1999, c. 421, § 24, eff. Nov. 1, 1999; Laws 2004, c. 255, § 34, eff. Nov. 1, 2004; Laws 2008, c. 253, § 19; Laws 2024, c. 121, § 3, eff. Nov. 1, 2024.

NOTE: Laws 2008, c. 382, § 315, which changed the effective date of Laws 2008, c. 253, §§ 1-47 to Jan. 1, 2010, was held unconstitutional by the Oklahoma Supreme Court in the case of *Weddington v. Henry*, 202 P.3d 143, 2008 OK 102 (2009).

§18-2006. Execution of articles - Evidence of authority - Signatures.

A. Articles required by Section 2000 et seq. of this title to be filed with the Office of the Secretary of State shall be executed in the following manner:

1. Articles of organization must be signed by at least one person who need not be a member of the limited liability company; and

2. Articles of amendment, registered series, merger, consolidation, conversion, division, or dissolution must be signed by a manager.

B. Any person may sign any articles by an attorney in fact. A person who executes articles as an attorney-in-fact, agent or fiduciary is not required to exhibit evidence of his or her authority as a prerequisite to filing.

C. The execution of any articles under the Oklahoma Limited Liability Company Act constitutes an affirmation under the penalties of perjury that the facts stated therein are true.

D. Any signature on articles or any other instrument authorized by the Oklahoma Limited Liability Company Act may be a facsimile signature, a conformed signature or an electronically transmitted signature.

Added by Laws 1992, c. 148, § 7, eff. Sept. 1, 1992. Amended by Laws 1993, c. 366, § 4, eff. Sept. 1, 1993; Laws 1996, c. 69, § 13, eff. Nov. 1, 1996; Laws 2004, c. 255, § 35, eff. Nov. 1, 2004; Laws 2024, c. 121, § 4, eff. Nov. 1, 2024.

§18-2007. Delivery of articles to Secretary of State - Filing - Time when effective.

A. One signed copy of the articles of organization or any other articles authorized by this act shall be delivered to the Secretary of State. Unless the Secretary of State finds that any articles do not conform to law, upon receipt of all filing and other fees required by law, he or she shall:

1. Endorse on each copy the word "filed" and the day, month and year, and the time, if applicable, of the filing thereof;

2. File one copy in his or her office; and

3. Return a file-stamped copy to the person who filed it or his or her representative.

B. Unless a future effective date or time, which shall be a specified date or time not later than ninety (90) days after the filing, is provided in the articles, articles of organization are effective, and the limited liability company is formed, at the time of the filing of the articles of organization with the Secretary of State.

C. Unless a future effective date or time, which shall be a specified date or time not later than ninety (90) days after the filing, is provided in the articles, articles of amendment, merger, consolidation, conversion or dissolution are effective at the time of their filing with the Secretary of State.

Added by Laws 1992, c. 148, § 8, eff. Sept. 1, 1992. Amended by Laws 2004, c. 255, § 36, eff. Nov. 1, 2004; Laws 2008, c. 253, § 20. NOTE: Laws 2008, c. 382, § 315, which changed the effective date of Laws 2008, c. 253, §§ 1-47 to Jan. 1, 2010, was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-2008. Name of company - Restrictions.

A. The name of each limited liability company as set forth in its articles of organization shall contain either the words "limited liability company" or "limited company" or the abbreviations "LLC", "LC", "L.L.C.", or "L.C." The word "limited" may be abbreviated as "LTD." and the word "Company" may be abbreviated as "CO."

B. The name of each registered series as set forth in its articles of registered series shall set forth the name of the limited liability company including any word, abbreviation, or designation required by subsection A of this section, and the name of the registered series.

C. The name of the limited liability company or registered series may not be the same as or indistinguishable from:

1. Names upon the records in the Office of the Secretary of State of limited liability companies, whether organized pursuant to the laws of this state or licensed or registered as foreign limited liability companies, then in good standing or registered or which

were in good standing or registered at any time during the preceding three (3) years;

2. Names upon the records in the Office of the Secretary of State of corporations organized under the laws of this state or of foreign corporations registered in accordance with the laws of this state then existing or which existed at any time during the preceding three (3) years;

3. Names upon the records in the Office of the Secretary of State of general or limited partnerships, whether formed under the laws of this state or registered as foreign general or limited partnerships, then in good standing or registered or which were in good standing or registered at any time during the preceding three (3) years;

4. Names upon the records in the Office of the Secretary of State of registered series, whether formed under the laws of this state or registered as foreign registered series, then in good standing or registered or which were in good standing or registered at any time during the preceding three (3) years; or

5. Trade names, fictitious names, or other names reserved with the Secretary of State.

D. The provisions of subsection C of this section shall not apply if one of the following is filed with the Secretary of State:

1. The written consent of the other limited liability company, registered series, corporation, limited partnership, or holder of the trade name, fictitious name or other reserved name to use the same or indistinguishable name with the addition of one or more words, numerals, numbers or letters to make that name distinguishable upon the records of the Secretary of State, except that the addition of words, numerals, numbers or letters to make the name distinguishable shall not be required where such written consent states that the consenting entity is about to change its name, cease to do business, withdraw from the state or be wound up; or

2. A certified copy of a final decree of a court of competent jurisdiction establishing the prior right of such limited liability company or holder of a limited liability company name to the use of such name in this state.

Added by Laws 1992, c. 148, § 9, eff. Sept. 1, 1992. Amended by Laws 1993, c. 366, § 5, eff. Sept. 1, 1993; Laws 1999, c. 421, § 25, eff. Nov. 1, 1999; Laws 2008, c. 253, § 21; Laws 2024, c. 121, § 5, eff. Nov. 1, 2024.

NOTE: Laws 2008, c. 382, § 315, which changed the effective date of Laws 2008, c. 253, §§ 1-47 to Jan. 1, 2010, was held unconstitutional by the Oklahoma Supreme Court in the case of *Weddington v. Henry*, 202 P.3d 143, 2008 OK 102 (2009).

§18-2009. Reservation and transfer of company name.

A. The exclusive right to use a specified name for a domestic or foreign limited liability company, in good faith, may be reserved by:

1. A person who intends to organize a domestic limited liability company or a foreign limited liability company to be registered in this state and to adopt that name;

2. A domestic limited liability company or a foreign limited liability company registered in this state which proposes to adopt that name; or

3. A foreign limited liability company which intends to register in this state and adopt that name.

B. A person seeking to reserve a specified name shall file an application executed by the applicant with the Secretary of State and pay the filing fee required by law. If the Secretary of State finds that the name is available for use by a domestic or foreign limited liability company, he shall reserve the name for the exclusive use of the applicant for a period of sixty (60) days.

C. The right to the exclusive use of a reserved name may be transferred to any other person by filing in the Office of the Secretary of State a notice of the transfer, executed by the applicant for whom the name was reserved and specifying the name and address of the transferee.

Added by Laws 1992, c. 148, § 10, eff. Sept. 1, 1992.

§18-2010. Registered office and agent.

A. Every domestic limited liability company and registered series shall continuously maintain in this state:

1. A registered office which may be, but need not be, the same as its principal place of business; and

2. A registered agent for service of process on the limited liability company or registered series that may be the domestic limited liability company or registered series itself, an individual resident of this state or a domestic or qualified foreign corporation, limited liability company or general or limited partnership including a limited liability partnership or a limited liability limited partnership. Each registered agent shall maintain a business office identical with the registered office which is open during regular business hours to accept service of process and otherwise perform the functions of a registered agent.

B. 1. A limited liability company or registered series may designate or change its registered agent, registered office or principal office by filing with the Office of the Secretary of State a statement authorizing the designation or change and signed by any manager.

2. A limited liability company or registered series may change the street address of its registered office by filing with the

Office of the Secretary of State a statement of the change signed by any manager.

3. A designation or change of a principal office or registered agent or street address of the registered office for a limited liability company or registered series under this subsection is effective when the Office of the Secretary of State files the statement, unless a later effective date or time, which shall be a specified date or time not later than a time on the ninetieth day after the filing, is provided in the statement.

C. 1. A registered agent who changes its, his or her name or street address in the state may notify the Office of the Secretary of State of the change by filing with the Office of the Secretary of State a statement of the change signed by the agent or on the agent's behalf.

2. The statement shall include:

a. the name of the limited liability company or registered series for which the change is effective,

b. the new name or street address, or both, of the registered agent, and

c. the date on which the change is effective, if to be effective after the filing date.

3. If the new address of the registered agent is the same as the new address of the principal office of the limited liability company or registered series, the statement may include a change of address of the principal office if:

a. the registered agent notifies the limited liability company or registered series of the change in writing, and

b. the statement recites that the registered agent has done so.

4. The change of address of the registered agent or principal office is effective when the Office of the Secretary of State files the statement, unless a later effective date or time, which shall be a specified date or time not later than a time on the ninetieth day after the filing, is provided in the statement.

D. 1. A registered agent may resign by filing with the Office of the Secretary of State a copy of the resignation, signed and acknowledged by the registered agent, which contains a statement that notice of the resignation was given to the limited liability company or registered series at least thirty (30) days before the filing of the resignation by mailing or delivering the notice to the limited liability company or registered series at its address last known to the registered agent and specifying the address therein.

2. The resignation is effective thirty (30) days after it is filed, unless a later effective date or time, which shall be a specified date or time not later than a time on the ninetieth day after the filing, is provided in the resignation.

3. If a domestic limited liability company or registered series fails to obtain and designate a new registered agent before the resignation is effective, the Secretary of State shall be deemed to be the registered agent of the limited liability company or registered series until a new registered agent is designated.

E. If a limited liability company or registered series has no registered agent or the registered agent cannot be found, then service of process on the limited liability company or registered series may be made by serving the Secretary of State as its agent as provided in Section 2004 of Title 12 of the Oklahoma Statutes.

Added by Laws 1992, c. 148, § 11, eff. Sept. 1, 1992. Amended by Laws 1993, c. 366, § 6, eff. Sept. 1, 1993; Laws 1999, c. 421, § 26, eff. Nov. 1, 1999; Laws 2001, c. 406, § 11, emerg. eff. June 4, 2001; Laws 2004, c. 255, § 37, eff. Nov. 1, 2004; Laws 2008, c. 253, § 22; Laws 2021, c. 51, § 19, eff. Nov. 1, 2021; Laws 2024, c. 121, § 6, eff. Nov. 1, 2024.

NOTE: Laws 2008, c. 382, § 315, which changed the effective date of Laws 2008, c. 253, §§ 1-47 to Jan. 1, 2010, was held unconstitutional by the Oklahoma Supreme Court in the case of *Weddington v. Henry*, 202 P.3d 143, 2008 OK 102 (2009).

§18-2011. Articles of organization - Amendment.

A. The articles of organization shall be amended when:

1. There is a change in the name of the limited liability company;

2. There is a false or erroneous statement in the articles of organization;

3. There is a change in the time as stated in the articles of organization for the cancellation of the limited liability company; or

4. The members desire to restate the articles of organization in their entirety or to make a change in any other statement or to add a statement in the articles of organization in order to accurately represent their agreement.

B. An amendment to the articles of organization of a limited liability company shall set forth:

1. The name of the limited liability company;

2. The date of filing the articles of organization; and

3. The amendment to the articles of organization.

Added by Laws 1992, c. 148, § 12, eff. Sept. 1, 1992.

§18-2012. Articles of correction.

A. If any document filed with the Office of the Secretary of State under Section 2000 et seq. of this title is an inaccurate record of the action referred to or was defectively or erroneously executed, the document may be corrected by the filing of articles of correction.

B. Articles of correction shall set forth:

1. The title of the document being corrected;

2. The date that the document being corrected was filed; and

3. The provision in the document as previously filed and as corrected and, if execution of the document was defective, the manner in which it was defective.

C. Articles of correction may not make any other change or amendment which would not have complied in all respects with the requirements of the Oklahoma Limited Liability Company Act at the time the document being corrected was filed.

D. Articles of correction shall be executed in the same manner in which the document being corrected was required to be executed.

E. Articles of correction may not:

1. Change the effective date of the document being corrected; or

2. Affect any right or liability accrued or incurred before its filing, except that any right or liability accrued or incurred by reason of the error or defect being corrected shall be extinguished by the filing if the person having the right has not detrimentally relied on the original document.

F. Notwithstanding that any instrument authorized to be filed with the Secretary of State pursuant to the provisions of the Oklahoma Limited Liability Company Act is, when filed inaccurately, defectively, or erroneously executed, sealed or acknowledged, or otherwise defective in any respect, the Secretary of State shall not be liable to any person for the preclearance for filing, or the filing and indexing of the instrument by the Secretary of State.

G. In lieu of filing articles of correction, a document may be corrected by filing with the Secretary of State a corrected document which shall be executed and filed as if the corrected document were the document being corrected, and a fee equal to the fee payable to the Secretary of State for articles of correction as prescribed by Section 2055 of this title shall be paid to the Secretary of State. The corrected document shall be specifically designated as such in its heading, shall specify the inaccuracy or defect to be corrected, and shall set forth the entire document in corrected form. A document corrected in accordance with this section shall be effective as of the date the original document was filed, except as to those persons who are substantially and adversely affected by the correction and as to those persons the document as corrected shall be effective from the filing date.

Added by Laws 1992, c. 148, § 13, eff. Sept. 1, 1992. Amended by Laws 1999, c. 421, § 27, eff. Nov. 1, 1999; Laws 2024, c. 121, § 7, eff. Nov. 1, 2024.

§18-2012.1. Cancellation of articles of organization.

CANCELLATION OF ARTICLES OF ORGANIZATION

A. The articles of organization or registered series shall be canceled:

1. Upon the dissolution and the completion of winding up of a limited liability company or registered series;

2. As provided in subsection B of this section;

3. Upon the filing of a certificate of merger or consolidation if the domestic limited liability company or registered series is not the surviving or resulting entity in a merger or consolidation;

4. Upon the conversion of a domestic limited liability company approved in accordance with Section 2054.2 of this title;

5. Upon the filing of articles of division if the limited liability company is a dividing company that is not a surviving company; or

6. Upon the future effective date or time of the articles of division if the limited liability company is a dividing company that is not a surviving company.

B. The articles of organization of a domestic limited liability company or articles of registered series of a registered series shall be deemed to be canceled if the domestic limited liability company or registered series fails to file the annual certificate and pay the annual fee provided in Section 2055.2 of this title or pay the registered agent fee to the Secretary of State due under Section 2055 of this title within three (3) years from the date the certificate or fee is due, the cancellation to be effective on the third anniversary of the due date.

C. A limited liability company whose articles of organization or registered series whose articles of registered series have been canceled under subsection B of this section may apply for reinstatement under subsection A of Section 2055.3 of this title.

Added by Laws 2001, c. 405, § 29, eff. Nov. 1, 2001. Amended by Laws 2004, c. 255, § 38, eff. Nov. 1, 2004; Laws 2008, c. 253, § 23; Laws 2024, c. 121, § 8, eff. Nov. 1, 2024.

NOTE: Laws 2008, c. 382, § 315, which changed the effective date of Laws 2008, c. 253, §§ 1-47 to Jan. 1, 2010, was held unconstitutional by the Oklahoma Supreme Court in the case of *Weddington v. Henry*, 202 P.3d 143, 2008 OK 102 (2009).

§18-2012.2. Operating agreement of LLC.

OPERATING AGREEMENT OF LLC

A. The operating agreement of the limited liability company governs generally:

1. Relations among the members as members and between the members and the limited liability company;

2. The rights and duties under the Oklahoma Limited Liability Company Act of a person in the capacity of manager;

3. The activities of the company and the conduct of those activities; and

4. The means and conditions for amending the operating agreement.

If the operating agreement does not otherwise provide, the Oklahoma Limited Liability Company Act governs the matter. The operating agreement may not vary the rights, privileges, duties and obligations imposed specifically under the Oklahoma Limited Liability Company Act.

B. A limited liability company, including any protected series or registered series thereof, is bound by its operating agreement regardless of whether it executes the operating agreement. A member or manager of a limited liability company, or any protected series or registered series thereof, or an assignee of a capital interest is bound by the operating agreement regardless of whether the member, manager or assignee executes the operating agreement.

C. An operating agreement of a limited liability company having only one member is not unenforceable because there is only one person who is a party to the operating agreement.

D. The obligations of a limited liability company and its members to an assignee or dissociated member are governed by the operating agreement. Subject only to any court order to effectuate a charging order, an amendment to the operating agreement made after a person becomes an assignee or dissociated member is effective with regard to any debt, obligation, or other liability of the limited liability company or its members to the assignee or dissociated member.

E. If an operating agreement does not provide for the manner in which it may be amended, the operating agreement may be amended with the approval of members holding a majority of the membership interest entitled to vote.

Added by Laws 2008, c. 253, § 24. Amended by Laws 2017, c. 323, § 39, eff. Nov. 1, 2017; Laws 2024, c. 121, § 9, eff. Nov. 1, 2024.

NOTE: Laws 2008, c. 382, § 315, which changed the effective date of Laws 2008, c. 253, §§ 1-47 to Jan. 1, 2010, was held unconstitutional by the Oklahoma Supreme Court in the case of *Weddington v. Henry*, 202 P.3d 143, 2008 OK 102 (2009).

§18-2013. Managers - Qualifications - Powers.

A. Except as otherwise provided in the articles of organization, operating agreement, or this act, a limited liability company shall be managed by or under the authority of one or more managers who may but need not be members.

B. The articles of organization or operating agreement may prescribe qualifications for managers.

C. The number of managers shall be specified in or fixed in accordance with the articles of organization or operating agreement.

D. The articles of organization or operating agreement of a limited liability company may authorize the manager or managers of

the limited liability company to adopt, amend, and repeal bylaws, or regulations, not inconsistent with the articles of organization and the operating agreement, to govern the affairs of the limited liability company. Unless otherwise provided in the articles of organization, operating agreement or enabling resolutions, bylaws, or regulations from the managers shall be considered a part of the operating agreement.
Added by Laws 1992, c. 148, § 14, eff. Sept. 1, 1992. Amended by Laws 2004, c. 255, § 39, eff. Nov. 1, 2004.

§18-2014. Managers - Election – Removal - Resignation.

MANAGERS – ELECTION – REMOVAL – RESIGNATION

Unless otherwise provided in the articles of organization or operating agreement:

1. The election of managers shall be by majority vote of the members;

2. Any or all managers may be removed, with or without cause, by the written consent of the members; and

3. A manager may resign in accordance with the operating agreement or, if the operating agreement does not provide for the manager’s resignation, upon notice to the limited liability company.
Added by Laws 1992, c. 148, § 15, eff. Sept. 1, 1992. Amended by Laws 1993, c. 366, § 7, eff. Sept. 1, 1993; Laws 2001, c. 405, § 30, eff. Nov. 1, 2001.

§18-2015. Management of company without designated managers - Resignation of member.

MANAGEMENT OF COMPANY WITHOUT DESIGNATED MANAGERS; RESIGNATION OF MEMBER

A. The articles of organization or operating agreement may provide that the business of the limited liability company shall be managed without designated managers. So long as such provision continues in effect:

1. The members shall be deemed to be managers for purposes of applying provisions of the Oklahoma Limited Liability Company Act, unless the context clearly requires otherwise;

2. The members shall have and be subject to all duties and liabilities of managers; and

3. A member signing on behalf of the limited liability company shall sign as a manager.

B. A member of a member-managed limited liability company may resign from the member's management duties in accordance with the operating agreement or, if the operating agreement does not provide for the member's resignation, upon notice to the limited liability company. Unless otherwise provided in the operating agreement, when a member of a member-managed limited liability company resigns, the member shall cease to have the rights and duties of a member and

shall become an assignee; provided that the profits and losses of the limited liability company shall continue to be allocated to the member and any binding commitments for contributions shall continue as if the member had not resigned. If the resignation violates the operating agreement, in addition to any remedies otherwise available under applicable law, a limited liability company may recover from the resigning member damages for breach of the operating agreement and damages for a prohibited withdrawal under either the operating agreement or Section 2036 of this title and offset the damages against the amount otherwise distributable to the resigning member. Added by Laws 1992, c. 148, § 16, eff. Sept. 1, 1992. Amended by Laws 1993, c. 366, § 8, eff. Sept. 1, 1993; Laws 2001, c. 405, § 31, eff. Nov. 1, 2001; Laws 2008, c. 253, § 25; Laws 2017, c. 323, § 40, eff. Nov. 1, 2017.
NOTE: Laws 2008, c. 382, § 315, which changed the effective date of Laws 2008, c. 253, §§ 1-47 to Jan. 1, 2010, was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-2016. Managers - Duties - Good faith - Liability.

MANAGERS – DUTIES – GOOD FAITH – LIABILITY

Subject to the provisions of Section 2017 of this title:

1. A manager shall discharge the duties as a manager in good faith, with the care an ordinary prudent person in a like position could exercise under similar circumstances, and in the manner the manager reasonably believes to be in the best interests of the limited liability company;

2. In discharging the duties, a manager may rely on information, opinions, reports or statements including financial statements and other financial data, if prepared or presented by:

a. one or more employees of the limited liability company whom the manager reasonably believes to be reliable and competent in the matters presented,

b. legal counsel, public accountants, or other persons as to matters the manager reasonably believes are within the person's professional or expert competence, or

c. a committee of managers of which the manager is not a member if the manager reasonably believes the committee merits confidence;

A manager is not acting in good faith if the manager has knowledge concerning the matter in question that makes reliance otherwise permitted by this paragraph unwarranted;

3. Unless otherwise provided in the operating agreement, a manager has the power and authority to delegate to one or more other persons any or all of the manager's rights, powers and duties to manage and control the business and affairs of the limited liability company. Any delegation may be to the agents, officers and

employees of a manager of the limited liability company, and by a management agreement or another agreement with, or otherwise to, other persons. A delegation may be irrevocable if it states that it is irrevocable. The delegation by a manager shall not cause the manager to cease to be a manager of the limited liability company or cause the delegate to be a manager of the limited liability company. No other provision of the Oklahoma Limited Liability Company Act shall be construed to restrict a manager's power and authority to delegate any or all of the manager's rights, powers and duties to manage and control the business and affairs of the limited liability company;

4. A manager is not liable for any action taken as a manager, or any failure to take any action, if the manager performed the duties of the office in compliance with the business judgment rule as applied to directors and officers of a corporation; and

5. Except as otherwise provided in the articles of organization or operating agreement, every manager must account to the limited liability company and hold as trustee for it any profit or benefit derived by the manager without the informed consent of the members from any transaction connected with the conduct or winding up of the limited liability company or from any personal use by the manager of its property.

Added by Laws 1992, c. 148, § 17, eff. Sept. 1, 1992. Amended by Laws 2001, c. 405, § 32, eff. Nov. 1, 2001; Laws 2021, c. 51, § 20, eff. Nov. 1, 2021.

§18-2017. Member or manager - Limitation or elimination of liability - Indemnification - Creation of series or groups.

MEMBER OR MANAGER – LIMITATION OR ELIMINATION OF LIABILITY – INDEMNIFICATION – CREATION OF SERIES OR GROUPS

A. Subject to subsection B of this section, the articles of organization or operating agreement may:

1. Eliminate or limit the personal liability of a member or manager for monetary damages for breach of any duty provided for in Section 2016 of this title; and

2. Provide for indemnification of a member or manager for judgments, settlements, penalties, fines or expenses incurred in any proceeding because the person is or was a member or manager.

B. No provision permitted under subsection A of this section shall limit or eliminate the liability of a manager for:

1. Any breach of the manager's duty of loyalty to the limited liability company or its members;

2. Acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; or

3. Any transaction from which the manager derived an improper personal benefit.

C. The articles of organization or operating agreement may define the scope of any duties owned by the members or managers to the limited liability company, if not manifestly unreasonable. A definition shall not eliminate the duty of loyalty or the obligation of good faith and fair dealing.

D. An operating agreement may provide for classes or groups of members or managers or both having such relative rights, powers and duties as the operating agreement may provide, and may provide for the creation in the manner provided in the operating agreement of additional classes or groups of members or managers or both having such relative rights, powers and duties as may from time to time be established, including rights, powers and duties senior to existing classes and groups of members or managers. An operating agreement may provide for the taking of an action, including the amendment of the operating agreement, without the vote or approval of any member or manager or class or group of members or managers, including an action to create under the operating agreement a class or group of membership interests that was not previously outstanding. An operating agreement may provide that any member or class or group of members shall have no voting rights.

Added by Laws 1992, c. 148, § 18, eff. Sept. 1, 1992. Amended by Laws 1993, c. 366, § 9, eff. Sept. 1, 1993; Laws 2001, c. 405, § 33, eff. Nov. 1, 2001; Laws 2004, c. 255, § 40, eff. Nov. 1, 2004.

§18-2018. Managers - Majority vote required.

Voting by managers may be on a per capita, number, financial interest, class, group or any other basis. Unless otherwise provided in the articles of organization or operating agreement, if the limited liability company has more than one manager, all decisions of the managers shall be made by majority vote of the managers on a per capita basis. An operating agreement may grant to all or certain identified managers or a specified class or group of the managers the right to vote, separately or with all or any class or group of managers or members, on any matter.

Added by Laws 1992, c. 148, § 19, eff. Sept. 1, 1992. Amended by Laws 2004, c. 255, § 41, eff. Nov. 1, 2004.

§18-2019. Managers as agents.

MANAGERS AS AGENTS

A. Every manager is an agent of the limited liability company for the purpose of its business, and the act of every manager, including the execution in the limited liability company name of any instrument for apparently carrying on the business of the limited liability company of which he is a manager, binds the limited liability company, unless the manager so acting lacks the authority to act for the limited liability company in the particular matter, and the person with whom he is dealing has knowledge of the fact

that he has no such authority. The unauthorized acts of the manager shall bind the limited liability company as to persons acting in good faith who have no knowledge of the fact that the manager had no such authority.

B. Subject to the provisions of subsection A of this section and Section 2019.1 of this title, instruments and documents providing for the acquisition, mortgage, or disposition of real or personal property of the limited liability company shall be valid and binding upon the limited liability company if executed by one or more of its managers.

Added by Laws 1992, c. 148, § 20, eff. Sept. 1, 1992. Amended by Laws 1993, c. 366, § 10, eff. Sept. 1, 1993; Laws 2017, c. 323, § 41, eff. Nov. 1, 2017.

§18-2019.1. Title to property - Transfer.

A. Title to property of the limited liability company that is held in the name of the limited liability company may be transferred by an instrument of transfer executed by any manager in the name of the limited liability company.

B. Title to property of the limited liability company that is held in the name of one or more members or managers with an indication in the instrument transferring title to the property to them of their capacity as members or managers of a limited liability company or of the existence of a limited liability company, even if the name of the limited liability company is not indicated, may be transferred by an instrument of transfer executed by the persons in whose name title is held.

C. Property transferred under subsections A or B of this section may be recovered by the limited liability company if it proves that the act of the person executing the instrument of transfer did not bind the limited liability company under Section 2019 of Title 18 of the Oklahoma Statutes, unless the property has been transferred by the initial transferee or a person claiming through the initial transferee to a subsequent transferee who gives value without having notice that the person who executed the instrument of initial transfer lacked authority to bind the limited liability company.

D. Title to property of the limited liability company that is held in the name of one or more persons other than the limited liability company without an indication in the instrument transferring title to the property to them of their capacity as members or managers of a limited liability company or of the existence of a limited liability company, may be transferred free of any claims of the limited liability company or the members by the person in whose name title is held to a transferee who gives value without having notice that it is property of a limited liability company.

Added by Laws 1993, c. 366, § 11, eff. Sept. 1, 1993.

§18-2020. Voting rights of members.

VOTING RIGHTS OF MEMBERS

A. Voting by members may be on a per capita, number, financial interest, class, group or any other basis. Unless otherwise provided in the articles of organization or operating agreement, the members of a limited liability company vote in proportion to their respective interests in the profits of the limited liability company. Except as otherwise provided in subsection D of this section or unless the context otherwise requires, references in the Oklahoma Limited Liability Company Act to a vote or the consent of the members mean a vote or consent of the members holding a majority of the interests in the profits of the limited liability company. The vote or consent may be evidenced in the minutes of a meeting of the members or by a written consent in lieu of a meeting.

B. Except as otherwise provided in subsection D of this section or in the articles of organization or operating agreement, a majority vote of the members shall be required to approve the following matters:

1. The sale, exchange, lease, mortgage, pledge, or other transfer of all or substantially all of the assets of the limited liability company;

2. Merger of the limited liability company with another limited liability company or other entity; and

3. An amendment to the articles of organization or operating agreement.

C. The articles of organization or operating agreement may alter the above voting rights and provide for any other voting rights of members.

D. Unless otherwise provided in the articles of organization or a written operating agreement, the unanimous vote or consent of the members shall be required to approve the following matters:

1. The dissolution of the limited liability company pursuant to paragraph 3 of subsection A of Section 2037 of this title; or

2. An amendment to the articles of organization or an amendment to a written operating agreement:

a. which reduces the term of the existence of the limited liability company,

b. which reduces the required vote of members to approve a dissolution, merger or sale, exchange, lease, mortgage, pledge, or other transfer of all or substantially all of the assets of the limited liability company,

c. which permits a member to voluntarily withdraw from the limited liability company, or

d. which reduces the required vote of members to approve an amendment to the articles of organization or written operating agreement reducing the vote previously required on the matters described in this paragraph.

E. An operating agreement may grant to all or certain identified members or a specified class or group of the members the right to vote separately or with all or any class or group of the members or managers, on any matter.

Added by Laws 1992, c. 148, § 21, eff. Sept. 1, 1992. Amended by Laws 1993, c. 366, § 12, eff. Sept. 1, 1993; Laws 1996, c. 226, § 23, eff. July 1, 1996; Laws 1998, c. 422, § 28, eff. Nov. 1, 1998; Laws 2004, c. 255, § 42, eff. Nov. 1, 2004; Laws 2017, c. 323, § 42, eff. Nov. 1, 2017.

§18-2021. Records required to be kept - Member access to information - Managers may inspect and copy records.

A. Unless otherwise provided in a written operating agreement, a limited liability company shall keep at its principal place of business the following:

1. A current and a past list of the full name and last-known mailing address of each member and manager;

2. Copies of records that would enable a member to determine the relative voting rights of the members;

3. A copy of the articles of organization, together with any amendments thereto;

4. Copies of the limited liability company's federal, state and local income tax returns and financial statements, if any, for the three most recent years or, if such returns and statements were not prepared for any reason, copies of the information and statements provided to, or which should have been provided to, the members to enable them to prepare their federal state and local tax returns for such period;

5. Copies of any effective written operating agreements and all amendments thereto and copies of any written operating agreements no longer in effect; and

6. Unless provided in writing in an operating agreement, a writing setting out:

a. the amount of cash and a statement of the agreed value of other property or services contributed by each member and the times at which or events upon the happening of which any additional contributions agreed to be made by each member are to be made, and

b. the events upon the happening of which the limited liability company is to be dissolved and its affairs wound up, and

c. any other information prepared pursuant to a requirement in an operating agreement.

B. A member, for any purpose reasonably related to the member's interest, may:

1. At the member's own expense, inspect and copy any limited liability company record upon reasonable request during ordinary business hours;

2. Obtain from time to time upon reasonable demand:

a. true and complete information regarding the state of the business and financial condition of the limited liability company,

b. promptly after becoming available, a copy of the limited liability company's state and local income tax returns for each year, and

c. other information regarding the affairs of the limited liability company as is just and reasonable; and

3. Have a formal accounting of the limited liability company's affairs whenever circumstances render it just and reasonable.

C. A manager, for any purpose reasonably related to his position, may inspect and copy any limited liability company records upon reasonable request during ordinary business hours.

D. Failure of the limited liability company to keep or maintain any of the records or information required pursuant to this section shall not be grounds for imposing liability on any person for the debts and obligations of the limited liability company.

Added by Laws 1992, c. 148, § 22, eff. Sept. 1, 1992. Amended by Laws 1993, c. 366, § 13, eff. Sept. 1, 1993.

§18-2022. Liability solely as manager or member.

A person who is a member or manager, or both, of a limited liability company is not liable for the obligations of a limited liability company solely by reason of being such member or manager or both.

Added by Laws 1992, c. 148, § 23, eff. Sept. 1, 1992.

§18-2023. Contribution of member - Form.

The contribution of a member to a limited liability company may be in cash, property, services rendered, or a promissory note or other binding obligation to contribute cash or property or to perform services. A person may be admitted to a limited liability company as a member of the limited liability company and may receive a membership interest in the limited liability company without making a contribution or being obligated to make a contribution to the limited liability company. Unless otherwise provided in the operating agreement, a person may be admitted to a limited liability company as a member of the limited liability company without acquiring a membership interest in the limited liability company.

Unless otherwise provided in the operating agreement, a person may be admitted as the sole member of a limited liability company without making a contribution or being obligated to make a contribution to the limited liability company or without acquiring a membership interest in the limited liability company.
Added by Laws 1992, c. 148, § 24, eff. Sept. 1, 1992. Amended by Laws 2004, c. 255, § 43, eff. Nov. 1, 2004.

§18-2024. Performance of obligations - Compromise - Remedies for failure to perform.

A. 1. Except as otherwise provided in the articles of organization or the operating agreement, a member is obligated to the limited liability company to perform any written promise to contribute cash or property or to perform services, even if he is unable to perform because of death, disability or other reason.

2. If a member does not make the required contribution of property or services, he is obligated, at the option of the limited liability company, to contribute cash equal to that portion of value, as stated in the operating agreement, of the stated contribution that has not been made.

B. 1. The obligation of a member to make a contribution or return money or other property paid or distributed in violation of this act may be compromised only upon compliance with the operating agreement, or, if the operating agreement does not so provide, with the unanimous consent of the members.

2. A compromise shall not impair the right of any creditor to enforce the obligation or to require the obligation to be enforced if:

a. such creditor relied upon the obligation and the absence in the operating agreement of the limited liability company's authority to compromise the obligation, or

b. a duty to the creditor was breached in the making of the compromise.

C. An operating agreement may provide that the capital interest of a member who fails to make any contribution or other payment that the member is required to make shall be subject to specified remedies for, or specified consequences of, the failure. The remedy or consequence may take the form of reducing the defaulting member's capital interest in the limited liability company, subordinating the defaulting member's capital interest in the limited liability company to that of the nondefaulting members, a forced sale of the capital interest in the limited liability company, forfeiture of the capital interest in the limited liability company, the lending by the nondefaulting members of the amount necessary to meet the commitment, a fixing of the value of the member's capital interest in the limited liability company by appraisal or by formula and

redemption and sale of the member's capital interest in the limited liability company at that value, or other remedy or consequences.
Added by Laws 1992, c. 148, § 25, eff. Sept. 1, 1992. Amended by Laws 1993, c. 366, § 14, eff. Sept. 1, 1993.

§18-2025. Profits and losses – Distributions.

PROFITS AND LOSSES; DISTRIBUTIONS

Except as otherwise provided in the operating agreement:

1. The profits and losses of a limited liability company shall be allocated among the members, and among classes or groups of members, on the basis of the agreed value, as stated in the records of the limited liability company, of the contributions made by each member to the extent they have been received by the limited liability company and have not been returned; and

2. Distributions of the limited liability company shall be made to the members, and among classes or groups of members, in proportion to their right to share in the profits and losses of the limited liability company.

Added by Laws 1992, c. 148, § 26, eff. Sept. 1, 1992. Amended by Laws 2004, c. 255, § 44, eff. Nov. 1, 2004; Laws 2017, c. 323, § 43, eff. Nov. 1, 2017.

§18-2026. Distributions - Time.

Except as otherwise provided in this act, a member is entitled to receive distributions from a limited liability company before the dissolution and winding up of the limited liability company to the extent and at the times upon which the members agree or as provided in the operating agreement.

Added by Laws 1992, c. 148, § 27, eff. Sept. 1, 1992. Amended by Laws 1997, c. 145, § 4, eff. Nov. 1, 1997.

§18-2027. Repealed by Laws 1997, c. 145, § 9, eff. Nov. 1, 1997.

§18-2028. Distribution - Cash - Asset in kind.

Except as otherwise provided in the operating agreement:

1. A member, regardless of the nature of the member's contribution, has no right to demand and receive any distribution from a limited liability company in any form other than cash; and

2. No member may be compelled to accept from a limited liability company a distribution of any asset in kind to the extent that the percentage of the asset distributed to the member exceeds the percentage which the member's interest in the limited liability company is of all of the interests in the limited liability company.

Added by Laws 1992, c. 148, § 29, eff. Sept. 1, 1992.

§18-2029. Distribution - Status and rights of member.

At the time a member becomes entitled to receive a distribution, the member has the status of and is entitled to all remedies available to a creditor of the limited liability company with respect to the distribution.
Added by Laws 1992, c. 148, § 30, eff. Sept. 1, 1992.

§18-2030. Restrictions on distributions - Determination of prohibited distributions - Effect of distribution – Indebtedness.

RESTRICTIONS ON DISTRIBUTIONS; DETERMINATION OF PROHIBITED DISTRIBUTIONS; EFFECT OF DISTRIBUTION; INDEBTEDNESS

A. A distribution may not be made if, after giving effect to the distribution:

1. The limited liability company would not be able to pay its debts as they become due in the usual course of business; or

2. The limited liability company's total assets would be less than the sum of its total liabilities plus, unless the operating agreement permits otherwise, the amount that would be needed, if the limited liability company were to be dissolved at the time of the distribution, to satisfy the preferential rights upon dissolution of members whose preferential rights are superior to the rights of members receiving the distribution.

B. The limited liability company may base a determination that a distribution is not prohibited under subsection A of this section on:

1. Financial statements prepared on the basis of accounting practices and principles that are reasonable in the circumstances; or

2. A fair valuation or other method that is reasonable in the circumstances.

C. Except as provided in subsection E of this section, the effect of a distribution under subsection A of this section is measured as of:

1. In the case of a distribution by purchase, redemption or other acquisition of a capital interest in the limited liability company, the date money or other property is transferred or debt incurred by the limited liability company; and

2. In all other cases, the date:

a. the distribution is authorized, if the payment occurs within one hundred twenty (120) days after the date of authorization, or

b. the payment is made if it occurs more than one hundred twenty (120) days after the date of authorization.

D. A limited liability company's indebtedness to a member, incurred by reason of a distribution made in accordance with this section, is at parity with the limited liability company's indebtedness to its general, unsecured creditors, except to the extent subordinated by agreement.

E. 1. If the terms of the indebtedness provide that payment of principal and interest is to be made only if, and to the extent that, payment of a distribution to members could then be made under this section, indebtedness of a limited liability company, including indebtedness issued as a distribution, is not a liability for purposes of determinations made under subsection B of this section.

2. If the indebtedness is issued as a distribution, each payment of principal or interest on the indebtedness is treated as a distribution, the effect of which is measured on the date the payment is actually made.

Added by Laws 1992, c. 148, § 31, eff. Sept. 1, 1992. Amended by Laws 2017, c. 323, § 44, eff. Nov. 1, 2017.

§18-2031. Wrongful distribution - Liability of member - Action for recovery.

If a member has received a distribution in violation of the operating agreement or Section 2030 of this title, the member shall be liable to the limited liability company for the amount of the distribution wrongfully made. An action for the recovery of any wrongful distribution to a member must be brought within three (3) years from the date of the distribution.

Added by Laws 1992, c. 148, § 32, eff. Sept. 1, 1992. Amended by Laws 1993, c. 366, § 16, eff. Sept. 1, 1993.

§18-2032. Membership interest as personal property.

MEMBERSHIP INTEREST AS PERSONAL PROPERTY

A capital interest is personal property. A member has no interest in specific limited liability company property.

Added by Laws 1992, c. 148, § 33, eff. Sept. 1, 1992. Amended by Laws 2017, c. 323, § 45, eff. Nov. 1, 2017.

§18-2033. Assignability of membership interest.

ASSIGNABILITY OF MEMBERSHIP INTEREST

A. Unless otherwise provided in an operating agreement:

1. A membership interest is not transferable; provided, however, that a member may assign the capital interest associated with a membership interest in whole or in part;

2. An assignment of the capital interest associated with a membership interest does not entitle the assignee to participate in the management and affairs of the limited liability company or to become or to exercise any rights or powers of a member;

3. An assignment entitles the assignee to share in profits and losses, to receive any distribution or distributions and to receive the allocation of income, gain, loss, deduction, or credit or similar item to which the assignor was entitled to the extent assigned;

4. Unless the assignee of a capital interest in a limited liability company becomes a member , the assignor continues to be a member and to have the power to exercise any rights of a member, unless the assignor is removed as a member either in accordance with the operating agreement or, after having assigned all of the capital interest, by an affirmative vote of the members who have not assigned their interests. The removal of an assignor shall not, by itself, cause the assignee to become a member;

5. Until an assignee of a capital interest becomes a member, the assignee has no liability as a member solely as a result of the assignment; and

6. The assignor of a capital interest is not released from liability as a member solely as a result of the assignment.

B. The operating agreement may provide that a member's interest in a limited liability company may be evidenced by a certificate of membership interest issued by the limited liability company and also may provide for the assignment or transfer of any membership interest represented by such a certificate and may make other provisions with respect to such certificates.

C. Unless otherwise provided in the operating agreement, the pledge of, or granting of a security interest, lien, or other encumbrance in or against any or all of the membership interest of a member is not an assignment and shall not cause the member to cease to be a member or cease to have the power to exercise any rights or powers of a member.

Added by Laws 1992, c. 148, § 34, eff. Sept. 1, 1992. Amended by Laws 1993, c. 366, § 17, eff. Sept. 1, 1993; Laws 1996, c. 226, § 24, eff. July 1, 1996; Laws 1997, c. 145, § 5, eff. Nov. 1, 1997; Laws 2004, c. 255, § 45, eff. Nov. 1, 2004; Laws 2017, c. 323, § 46, eff. Nov. 1, 2017.

§18-2034. Judgment creditor - Rights - Exclusive remedy.

JUDGMENT CREDITOR; RIGHTS; EXCLUSIVE REMEDY

On application to a court of competent jurisdiction by any judgment creditor of a member, the court may charge the capital interest of the member with payment of the unsatisfied amount of the judgment with interest. To the extent so charged, the judgment creditor has only the rights of an assignee of the capital interest. A charging order entered by a court pursuant to this section shall in no event be convertible into a membership interest through foreclosure or other action. The Oklahoma Limited Liability Company Act does not deprive any member of the benefit of any exemption laws applicable to his or her membership or capital interest. This section shall be the sole and exclusive remedy of a judgment creditor with respect to the judgment debtor's membership and capital interest, whether the limited liability company has one member or more than one member.

Added by Laws 1992, c. 148, § 35, eff. Sept. 1, 1992. Amended by Laws 1993, c. 366, § 18, eff. Sept. 1, 1993; Laws 2004, c. 255, § 46, eff. Nov. 1, 2004; Laws 2017, c. 323, § 47, eff. Nov. 1, 2017.

§18-2035. Assignee of interest becoming member - Rights and powers, restrictions and liabilities - Assignor's liabilities- Time of admission of member.

ASSIGNEE OF INTEREST BECOMING MEMBER; RIGHTS AND POWERS, RESTRICTIONS AND LIABILITIES; ASSIGNOR'S LIABILITIES; TIME OF ADMISSION OF MEMBER

A. An assignee of a capital interest in a limited liability company may become a member if and to the extent that:

1. The operating agreement provides; or

2. Unless the operating agreement otherwise provides, the members representing a majority of the profits which are not the subject of the assignment consent in writing.

B. An assignee who becomes a member, to the extent assigned, has the rights and powers, and is subject to the restrictions and liabilities, of a member under the operating agreement and the Oklahoma Limited Liability Company Act; however, unless otherwise provided in writing in the operating agreement or other written agreement, an assignee who becomes a member also is liable for any obligations of the assignor to make contributions as provided in Section 2024 of this title, but shall not be liable for the obligations of the assignor under Section 2031 of this title; however, the assignee is not obligated for liabilities of which the assignee had no knowledge at the time the assignee became a member and which could not be ascertained from a written operating agreement.

C. Regardless of whether an assignee of an interest becomes a member, the assignor is not released from liability to the limited liability company under Sections 2024, 2031 and 2033 of this title.

D. Except as otherwise provided in writing in the operating agreement, a member who assigns the member's entire capital interest in the limited liability company ceases to be a member or to have the power to exercise any rights of a member when any assignee of the capital interest becomes a member with respect to the assigned interest.

E. Subject to subsection F of this section, a person acquiring a limited liability company interest directly from the limited liability company may become a member in a limited liability company upon compliance with the operating agreement or, if the operating agreement does not so provide in writing, upon the written consent of the members.

F. The effective time of admission of a member to a limited liability company shall be the later of:

1. The date the limited liability company is formed; or

2. The time provided in the operating agreement, or if no such time is provided therein, then when the person's admission is reflected in the records of the limited liability company.
Added by Laws 1992, c. 148, § 36, eff. Sept. 1, 1992. Amended by Laws 1993, c. 366, § 19, eff. Sept. 1, 1993; Laws 1996, c. 226, § 25, eff. July 1, 1996; Laws 2017, c. 323, § 48, eff. Nov. 1, 2017.

§18-2036. Events causing cessation of membership - Withdrawal - Death or incapacity.

EVENTS CAUSING CESSATION OF MEMBERSHIP; WITHDRAWAL; DEATH OR INCAPACITY

A. A member has the power to withdraw as a member at any time, rightfully or wrongfully. A withdrawal is wrongful if the operating agreement does not specifically grant to the member a right to withdraw or the member resigns from the member's managerial duties in a member-managed limited liability company. The wrongful withdrawal shall constitute a breach of the operating agreement and the limited liability company may recover from the withdrawing member damages, including the reasonable cost of replacing the services that the withdrawn member was obligated to perform. The limited liability company may offset its damages against the amount otherwise distributable to the member, in addition to pursuing any remedies provided for in the operating agreement or otherwise available under applicable law. The limited liability company shall not, however, be entitled to any equitable remedy that would prevent a member from exercising the power to withdraw if such power is permitted in the operating agreement withdrawing from the limited liability company. Unless the operating agreement otherwise provides, a member who has withdrawn shall be deemed an assignee with respect to the interest.

B. If a member who is an individual dies or a court of competent jurisdiction adjudges the member to be incompetent to manage the member's person or property, the member's personal representative shall have all of the rights of an assignee of the member's interest. If a member is a corporation, trust or other entity and is dissolved or terminated, the powers of that member may be exercised by its personal representative.

C. If the sole member of a limited liability company dies or dissolves, or a court of competent jurisdiction adjudges the member to be incompetent or otherwise lacking legal capacity, the member's personal representative accedes to the membership interest and possesses all rights, powers and duties associated with the interest for the benefit of the incompetent member or the deceased member's estate.

D. The operating agreement may provide for the expulsion of a member, with or without cause, which shall include reasonable provision for the buyout of the member's capital interest.

Added by Laws 1992, c. 148, § 37, eff. Sept. 1, 1992. Amended by Laws 1993, c. 366, § 20, eff. Sept. 1, 1993; Laws 1996, c. 226, § 26, eff. July 1, 1996; Laws 1997, c. 145, § 6, eff. Nov. 1, 1997; Laws 2004, c. 255, § 47, eff. Nov. 1, 2004; Laws 2017, c. 323, § 49, eff. Nov. 1, 2017.

§18-2037. Dissolution - Activities after dissolution.

A. A limited liability company is dissolved upon the earlier of:

1. The occurrence of the latest date on which the limited liability company is to dissolve set forth in the articles of organization;

2. The occurrence of events specified in writing in the operating agreement;

3. The written consent of all of the members or, if there is more than one class or group of members, then by the written consent of all of the members of each class or group;

4. At any time there are no members; provided, that the limited liability company is not dissolved and is not required to be wound up if:

a. unless otherwise provided in an operating agreement, within ninety (90) days or such other period as is provided for in the operating agreement after the occurrence of the event that terminated the continued membership of the last remaining member, the personal representative of the last remaining member agrees in writing to continue the limited liability company and to the admission of the personal representative of the member or its nominee or designee to the limited liability company as a member, effective as of the occurrence of the event that terminated the continued membership of the last remaining member; provided, that an operating agreement may provide that the personal representative of the last remaining member shall be obligated to agree in writing to continue the limited liability company and to the admission of the personal representative of the member or its nominee or designee to the limited liability company as a member, effective as of the occurrence of the event that terminated the continued membership of the last remaining member, or

b. a member is admitted to the limited liability company in the manner provided for in the operating agreement, effective as of the occurrence of the event that terminated the continued membership of the last remaining member, within ninety (90) days or such other period as is provided for in the operating

agreement after the occurrence of the event that terminated the continued membership of the last remaining member, pursuant to a provision of the operating agreement that specifically provides for the admission of a member to the limited liability company after there is no longer a remaining member of the limited liability company; or

5. Entry of a decree of judicial dissolution under Section 2038 of this title.

B. A limited liability company continues in existence after dissolution, regardless of whether articles of dissolution are filed, but may carry on only activities necessary to wind up its business or affairs and liquidate its assets under Sections 2039 and 2040 of this title.

Added by Laws 1992, c. 148, § 38, eff. Sept. 1, 1992. Amended by Laws 1993, c. 366, § 21, eff. Sept. 1, 1993; Laws 1996, c. 226, § 27, eff. July 1, 1996; Laws 1997, c. 145, § 7, eff. Nov. 1, 1997; Laws 2004, c. 255, § 48, eff. Nov. 1, 2004; Laws 2008, c. 253, § 26. NOTE: Laws 2008, c. 382, § 315, which changed the effective date of Laws 2008, c. 253, §§ 1-47 to Jan. 1, 2010, was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-2038. Decree of dissolution.

On application by or for a member, the district court may decree dissolution of a limited liability company whenever it is not reasonably practicable to carry on the business in conformity with the articles of organization or operating agreement.

Added by Laws 1992, c. 148, § 39, eff. Sept. 1, 1992.

§18-2039. Winding up business or affairs - Ways - Acts and transactions of member or manager - Presumptive notice.

A. Except as otherwise provided in the articles of organization or operating agreement:

1. The business or affairs of the limited liability company may be wound up in one of the following ways:

a. by the managers, or

b. if one or more of the members or managers have engaged in conduct that casts reasonable doubt on their ability to wind up the business or affairs of the limited liability company, or upon other cause shown, by the district court on application of any member, his legal representative, or assignee; and

2. The persons winding up the business or affairs of the limited liability company may, in the name of, and for and on behalf of, the limited liability company:

a. prosecute and defend suits,

b. settle and close the business of the limited liability company,
c. dispose of and transfer the property of the limited liability company,
d. discharge the liabilities of the limited liability company, and
e. distribute to the members any remaining assets of the limited liability company.

B. Except as provided in subsections D and E of this section, after an event causing dissolution of the limited liability company any manager can bind the limited liability company:

1. By any act appropriate for winding up the limited liability company's affairs or completing transactions unfinished at dissolution; and

2. By any transaction that would have bound the limited liability company if it had not been dissolved, if the other party to the transaction does not have notice of the dissolution.

C. The filing of the articles of dissolution shall be presumed to constitute notice of dissolution for purposes of paragraph 2 of subsection B of this section.

D. An act of a manager or member that is not binding on the limited liability company pursuant to subsection B of this section is binding if it is otherwise authorized by the limited liability company.

E. An act of a manager or member that would be binding under subsection B or would be otherwise authorized but that is in contravention of a restriction on authority shall not bind the limited liability company to persons having knowledge of the restriction.

Added by Laws 1992, c. 148, § 40, eff. Sept. 1, 1992. Amended by Laws 1993, c. 366, § 22, eff. Sept. 1, 1993.

§18-2040. Distribution of assets upon winding up.

DISTRIBUTION OF ASSETS UPON WINDING UP

A. Upon the winding up of a limited liability company, the assets shall be distributed as follows:

1. Payment, or adequate provision for payment, shall be made to creditors, including to the extent permitted by law, members who are creditors, in satisfaction of liabilities of the limited liability company;

2. Except as provided in writing in the articles of organization, operating agreement or other binding agreement, to members, any assignees, and any former members for the purchase, redemption or other acquisition of capital interests in satisfaction of liabilities for distributions authorized but not paid under Section 2030 of this title; and

3. Except as provided in writing in the articles of organization or operating agreement or other binding agreement, to members, any assignees, and any former members for the purchase, redemption or other acquisition of capital interests first for the return of their contributions in proportion to their respective contributions, and second respecting their capital interests or former capital interests, in proportions in which the members, assignees and former members would share in any profits.

B. A member, assignee or former member who receives a distribution in violation of subsection A of this section, and who knew or should have known at the time of the distribution that the distribution violated subsection A of this section, shall be liable to a limited liability company for the amount of the distribution. A member, assignee or former member who receives a distribution in violation of subsection A of this section, and who did not know and had no reason to know at the time of the distribution that the distribution violated subsection A of this section, shall not be liable for the amount of the distribution. Subject to subsection C of this section, this subsection shall not affect any obligation or liability of a member, assignee or former member under an agreement or other applicable law for a distribution.

C. Unless otherwise agreed, a member, assignee or former member who receives a distribution from a limited liability company shall have no liability under the Oklahoma Limited Liability Company Act or other applicable law for the amount of the distribution after the expiration of three (3) years from the date of the distribution unless an action to recover the distribution from the member, assignee or former member is commenced before the expiration of the three-year period and an adjudication of liability against the member, assignee or former member is made in the action.

Added by Laws 1992, c. 148, § 41, eff. Sept. 1, 1992. Amended by Laws 1993, c. 366, § 23, eff. Sept. 1, 1993; Laws 2004, c. 255, § 49, eff. Nov. 1, 2004; Laws 2017, c. 323, § 50, eff. Nov. 1, 2017.

§18-2041. Articles of dissolution.

After the dissolution of the limited liability company, pursuant to Section 2037 of this title, the limited liability company shall file articles of dissolution in the Office of the Secretary of State upon payment of the filing fee required by Section 2055 of this title, the articles of dissolution shall set forth:

1. The name of the limited liability company;
2. The date of filing of its articles of organization;
3. The reason for filing the articles of dissolution;
4. The effective date of the articles of dissolution if they are not to be effective upon the filing; and
5. Any other information the members or managers filing the certificate determine.

Added by Laws 1992, c. 148, § 42, eff. Sept. 1, 1992. Amended by Laws 1993, c. 366, § 24, eff. Sept. 1, 1993.

§18-2042. Foreign limited liability company - Laws governing - Powers, rights and privileges.

A. Subject to the Constitution of this state:

1. The laws of the state or other jurisdiction under which a foreign limited liability company is organized shall govern its organization and internal affairs and the liability of its managers and members; and

2. A foreign limited liability company may not be denied registration by reason of any difference between those laws and the laws of this state.

B. A foreign limited liability company holding a valid registration in this state shall have no greater rights and privileges than a domestic limited liability company. The registration shall not be deemed to authorize the foreign limited liability company to exercise any of its powers or purposes that a domestic limited liability company is forbidden by law to exercise in this state.

Added by Laws 1992, c. 148, § 43, eff. Sept. 1, 1992.

§18-2043. Foreign limited liability company - Registration procedure.

Before transacting business in this state, a foreign limited liability company shall register with the Office of the Secretary of State. In order to register, a foreign limited liability company shall:

1. Pay to the Secretary of State a registration fee required by Section 56 of this act;

2. Provide the Secretary of State with an original certificate from the certifying officer of the jurisdiction of the foreign limited liability company's organization attesting to the foreign limited liability company's organization under the laws of such jurisdiction; and

3. Submit to the Office of the Secretary of State an application in duplicate for registration as a foreign limited liability company, signed by a manager, member, or other person, and setting forth:

a. the name of the foreign limited liability company and, if different, the name under which it proposes to transact business in this state,

b. the state or other jurisdiction and date of its organization,

c. the name and street address of a registered agent in this state which agent shall be an individual resident of this state, or a domestic or qualified foreign

corporation, limited liability company, or limited partnership. Each registered agent shall maintain a business office identical with the registered office which is open during regular business hours to accept service of process and otherwise perform the functions of a registered agent. If an additional registered agent is designated, service of process shall be on that agent and not on the Secretary of State,

d. a statement that the Office of the Secretary of State is appointed the agent of the foreign limited liability company for service of process if no agent has been appointed under subparagraph c of this paragraph, or if appointed, the agent's authority has been revoked or if the agent cannot be found or served with the exercise of reasonable diligence,

e. the address of the office required to be maintained in the state of its organization by the laws of that state or, if not so required, of the principal office of the foreign limited liability company, and

f. such additional information as may be necessary or appropriate in order to enable the Office of the Secretary of State to determine whether such limited liability company is entitled to transact business in this state.

Added by Laws 1992, c. 148, § 44, eff. Sept. 1, 1992. Amended by Laws 1999, c. 421, § 28, eff. Nov. 1, 1999.

§18-2044. Foreign limited liability company - Duties of Secretary of State.

A. If the Office of the Secretary of State finds that an application for registration conforms to the provisions of this act and all requisite fees have been paid, it shall:

1. Endorse on the applications the word "filed", and the month, day, and year of the filing;

2. File in its office one copy of the application;

3. Issue a certificate of registration to transact business in this state; and

4. Return the certificate of registration, together with a copy of the application to the person who filed the application or his representative.

B. The Secretary of State will not accept an application for registration from a foreign limited liability company whose registration was administratively withdrawn. Any such foreign limited liability company may only register by filing an application for reinstatement.

Added by Laws 1992, c. 148, § 45, eff. Sept. 1, 1992. Amended by Laws 2008, c. 253, § 27.

NOTE: Laws 2008, c. 382, § 315, which changed the effective date of Laws 2008, c. 253, §§ 1-47 to Jan. 1, 2010, was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-2045. Foreign limited liability company - Name.

Subject to the provisions of Section 2008 of this title, a foreign limited liability company may register with the Secretary of State under the name which it is registered in its jurisdiction of organization and that could be registered by a domestic limited liability company. If the name of a foreign limited liability company does not satisfy the requirements of Section 2008 of this title, the foreign limited liability company may file with the Secretary of State a statement by its manager duly adopting a fictitious name that is available, and which satisfies the requirements of Section 2008 of this title, which shall be used to the exclusion of its true name when transacting business within this state.

Added by Laws 1992, c. 148, § 46, eff. Sept. 1, 1992. Amended by Laws 1996, c. 69, § 14, eff. Nov. 1, 1996; Laws 1999, c. 421, § 29, eff. Nov. 1, 1999.

§18-2046. Foreign limited liability company - Correction certificate - Recording changes.

A. If any statement in the application for registration of a foreign limited liability company was false when made or any arrangements or other facts described have changed, making the application inaccurate in any respect, the foreign limited liability company shall promptly file in the Office of the Secretary of State a certificate, signed by a manager, member, or other person, correcting the statement and pay the fee provided for in Section 2055 of this title.

B. A registered foreign limited liability company shall record any changes in its principal office, its registered agent, or the registered agent's address, by filing with the Office of the Secretary of State a statement of the change and paying the fee provided for in Section 2055 of this title.

C. A foreign limited liability company authorized to transact business in this state shall promptly file a certificate, issued by the proper officer of the state or jurisdiction of its organization, attesting to the occurrence of a merger, in the Office of the Secretary of State and pay the fee provided for in Section 2055 of this title, whenever it is the surviving limited liability company and the merger:

1. Changes any statement in the application of registration of the foreign limited liability company; or

2. Involves any other foreign business entity authorized to transact business in this state.

D. If the merger changes any arrangements or other facts described in the application for registration of the surviving foreign limited liability company, it shall also comply with the provisions of this section; provided that it will not be required to pay an additional fee.

E. Whenever a foreign limited liability company authorized to transact business in this state ceases to exist because of a statutory merger or consolidation with a foreign business entity not qualified to transact business in this state, it shall comply with the provisions of Section 2047 of this title.

F. A registered agent of a foreign limited liability company may resign by filing with the Office of the Secretary of State a copy of the resignation, signed and acknowledged by the agent, which contains a statement that notice of the resignation was given to the limited liability company at least thirty (30) days prior to the filing of the resignation by mailing or delivering the notice to the limited liability company at its address last known to the registered agent and specifying such address therein.

1. Unless a later time is specified in the resignation, it is effective thirty (30) days after it is filed.

2. If a foreign limited liability company fails to obtain and designate a new registered agent prior to the expiration of the thirty (30) days after the filing by the registered agent of a resignation statement, the Secretary of State shall be deemed to be the registered agent of such limited liability company.

G. Any individual or domestic or qualified foreign corporation, limited liability company, or limited partnership designated by a foreign limited liability company as its registered agent for service of process may change the address of the registered office of the limited liability company or limited liability companies for which he or she is the registered agent to another address in this state by filing with the Secretary of State a certificate in the name of each affected limited liability company, executed and acknowledged by the registered agent, setting forth the address at which the registered agent has maintained the registered office, and further certifying to the new address to which the registered office will be changed on a given day, and at which new address the registered agent will thereafter maintain the registered office. Thereafter, or until further change of address, as authorized by law, the registered office in this state shall be located at the new address of the registered agent thereof as given in the certificate.

H. In the event of a change of name of any individual or domestic or qualified foreign corporation, limited liability company, or limited partnership designated by a foreign limited liability company as its registered agent for service of process,

the registered agent shall file with the Secretary of State a certificate in the name of each affected limited liability company, executed and acknowledged by the registered agent, setting forth the new name of the registered agent, the name of the registered agent before it was changed, and the address at which the registered agent has maintained the registered office for the affected limited liability company, a change of name of any person or domestic or qualified foreign corporation, limited liability company, or limited partnership acting as registered agent as a result of a merger or consolidation of the registered agent, with or into another person or domestic or qualified foreign corporation, limited liability company, or limited partnership which succeeds to its assets by operation of law, shall be deemed a change of name for purposes of this section.

I. If a limited liability company has no registered agent or the registered agent cannot be found, then service of process on the limited liability company may be made by serving the Secretary of State as its agent as provided in Section 2004 of Title 12 of the Oklahoma Statutes.

Added by Laws 1992, c. 148, § 47, eff. Sept. 1, 1992. Amended by Laws 1999, c. 421, § 30, eff. Nov. 1, 1999; Laws 2001, c. 406, § 12, emerg. eff. June 4, 2001; Laws 2009, c. 447, § 3, eff. Jan. 1, 2010.

§18-2047. Foreign limited liability company - Certificate of withdrawal.

A. A foreign limited liability company authorized to transact business in this state may withdraw from the state upon procuring from the Office of the Secretary of State a certificate of withdrawal. In order to procure such certificate, the foreign limited liability company shall file with the Office of the Secretary of State an application for withdrawal and pay the fee provided for in Section 2055 of this title. The application for withdrawal shall set forth:

1. The name of the foreign limited liability company and the state or other jurisdiction under the laws of which it is organized;

2. That the foreign limited liability company is not transacting business in this state;

3. That the foreign limited liability company surrenders its certificate of registration to transact business in this state;

4. That the foreign limited liability company revokes the authority of its registered agent for service of process in this state and consents that service of process in any action, suit, or proceeding based upon any cause of action arising in this state during the time the foreign limited liability company was authorized to transact business in this state may thereafter be made on such foreign limited liability company by service thereof upon the Office of the Secretary of State; and

5. An address to which a person may mail a copy of any process against the foreign limited liability company.

B. The application for withdrawal shall be executed by the foreign limited liability company by one of its managers, members, or other persons, or, if the foreign limited liability company is in the hands of a receiver or trustee, by such receiver or trustee on behalf of the foreign limited liability company.

C. The registration of a foreign limited liability company shall be deemed withdrawn if the foreign limited liability company fails to file the annual certificate and pay the annual fee provided in Section 2055.2 of this title or pay a registered agent fee to the Secretary of State due under Section 2055 of this title within sixty (60) days after the due date, the withdrawal to be effective on the sixty-first day after the due date.

Added by Laws 1992, c. 148, § 48, eff. Sept. 1, 1992. Amended by Laws 2008, c. 253, § 28.

NOTE: Laws 2008, c. 382, § 315, which changed the effective date of Laws 2008, c. 253, §§ 1-47 to Jan. 1, 2010, was held unconstitutional by the Oklahoma Supreme Court in the case of Weddington v. Henry, 202 P.3d 143, 2008 OK 102 (2009).

§18-2048. Foreign limited liability company - Necessity of registration to transact business in state.

A. A foreign limited liability company transacting business in this state may not maintain an action, suit, or proceeding in a court of this state until it has registered in this state as provided in this act.

B. The failure of a foreign limited liability company to register in this state does not impair the validity of any contract or act of the foreign limited liability company or prevent the foreign limited liability company from defending any action, suit, or proceeding in any court of this state.

C. A foreign limited liability company, by transacting business in this state without registration, appoints the Office of the Secretary of State as its agent for service of process with respect to a cause of action arising out of the transaction of business in this state.

D. A member of a foreign limited liability company is not liable for the debts and obligations of the limited liability company solely by reason of such company's having transacted business in this state without a valid certificate of registration.

Added by Laws 1992, c. 148, § 49, eff. Sept. 1, 1992.

§18-2049. Foreign limited liability company - Acts not constituting transacting business in state.

FOREIGN LIMITED LIABILITY COMPANY – ACTS NOT CONSTITUTING TRANSACTING BUSINESS IN STATE

A. The following activities of a foreign limited liability company, among others, do not constitute transacting business within the meaning of this act:

1. Maintaining, defending, or settling any proceeding;

2. Holding meetings of its members or carrying on any other activities concerning its internal affairs;

3. Maintaining bank accounts;

4. Maintaining offices or agencies for the transfer, exchange and registration of the foreign limited liability company's own securities or maintaining trustees or depositaries with respect to those securities;

5. Selling through independent contractors;

6. Soliciting or obtaining orders, whether by mail or through employees or agents or otherwise, if the orders require acceptance outside this state before they become contracts;

7. Creating or acquiring indebtedness, mortgages and security interests in real or personal property;

8. Securing or collecting debts or enforcing mortgages and security interest in property securing the debts, including the holding, protecting, renting, maintaining and operating real or personal property in this state so acquired;

9. Transacting business wholly in interstate commerce;

10. Selling or transferring title to property in this state to any person;

11. Conducting an isolated transaction that is completed within thirty (30) days and that is not one in the course of repeated transactions of a like nature; or

12. Investing in or acquiring royalties or other non-operating mineral or leasehold interests and the execution of division orders, contracts for sale, leases and other instruments incidental to the ownership of the nonoperating interests.

B. For the purposes of this section, any foreign limited liability company which owns income-producing real or tangible personal property in this state, other than property exempted by subsection A of this section, will be considered transacting business in this state.

C. A person shall not be deemed to be doing business in this state solely by reason of being a member or manager of a domestic limited liability company or a foreign limited liability company.

D. This section does not apply in determining the contracts or activities that may subject a foreign limited liability company to service of process or taxation in this state or to regulation under any other law of this state.

Added by Laws 1992, c. 148, § 50, eff. Sept. 1, 1992. Amended by Laws 2001, c. 405, § 34, eff. Nov. 1, 2001; Laws 2004, c. 255, § 50, eff. Nov. 1, 2004.

§18-2050. Foreign limited liability company - Action to restrain transacting business in state.

The Attorney General may maintain an action to restrain a foreign limited liability company from transacting business in this state in violation of this act.

Added by Laws 1992, c. 148, § 51, eff. Sept. 1, 1992.

§18-2051. Action to recover judgment - Conditions.

A member may bring an action in the right of the limited liability company to recover a judgment in its favor if all of the following conditions are met:

1. Either:
   a. management of the limited liability company is vested in a manager or managers who have the sole authority to cause the limited liability company to sue in its own right, or
   b. management of the limited liability company is reserved to the members but the plaintiff does not have the authority to cause the limited liability company to sue in its own right under the provisions of an operating agreement; and
2. The plaintiff has made demand on those managers or those members with such authority requesting that such managers or such members cause the limited liability company to sue in its own right; and
3. The members or managers with such authority have wrongfully refused in the exercise of their business judgment to bring the action or, after adequate time to consider the demand, have failed to respond to such demand; and
4. The plaintiff:
   a. is a member of the limited liability company at the time of bringing the action, and
   b. was a member of the limited liability company at the time of the transaction of which he complains, or his status as a member of the limited liability company thereafter developed upon him pursuant to the terms of the operating agreement from a person who was a member at such time; and
5. The plaintiff fairly and adequately represents the interests of the members in enforcing the rights of the limited liability company.

Added by Laws 1992, c. 148, § 52, eff. Sept. 1, 1992.

§18-2052. Derivative action - Complaint.

In a derivative action, the complaint shall set forth with particularity the effort of the plaintiff to secure initiation of the action by the managers or the members who would otherwise have

the authority to cause the limited liability company to sue in its own right.
Added by Laws 1992, c. 148, § 53, eff. Sept. 1, 1992.

§18-2053. Derivative action - Expenses - Disposition of proceeds.

A. If a derivative action is successful, in whole or in part, or if anything is received by the plaintiff as a result of a judgment, compromise or settlement of an action or claim, the court may award the plaintiff reasonable expenses, including reasonable attorneys' fees, and shall direct him to remit to the limited liability company the remainder of those proceeds received by him.

B. In any action hereafter instituted in the right of any domestic or foreign limited liability company by a member or members thereof, the court having jurisdiction, upon final judgment and a finding that the action was brought without reasonable cause, may require the plaintiff or plaintiffs to pay to the parties named as defendants the reasonable expenses, including attorneys' fees, incurred by them in the defense of such action.
Added by Laws 1992, c. 148, § 54, eff. Sept. 1, 1992.

§18-2054. Agreement of merger of consolidation.

AGREEMENT OF MERGER OF CONSOLIDATION

A. Pursuant to an agreement of merger or consolidation, a domestic limited liability company may merge or consolidate with or into one or more domestic or foreign limited liability companies or other entities. As used in this section, "entity" means a domestic or foreign corporation, a domestic or foreign partnership whether general or limited, and including a limited liability partnership and a limited liability limited partnership, and any unincorporated nonprofit or for-profit association, trust or enterprise having members or having outstanding shares of stock or other evidences of financial, beneficial or membership interest therein, whether formed by agreement or under statutory authority or otherwise.

B. Unless otherwise provided in the articles of organization or the operating agreement, a merger or consolidation shall be approved by each domestic limited liability company which is to merge or consolidate by a majority of the membership interest or, if there is more than one class or group of members, then by a majority of the membership interest of each class or group. In connection with a merger or consolidation hereunder, rights or securities of, or memberships or membership, economic or ownership interests in, a domestic limited liability company or other entity which is a constituent party to the merger or consolidation may be exchanged for or converted into cash, property, rights or securities of, or memberships or membership, economic or ownership interests in, the surviving or resulting domestic limited liability company or other entity or, in addition to or in lieu thereof, may be exchanged for

or converted into cash, property, rights or securities of, or memberships or membership, economic or ownership interests in, a domestic limited liability company or other entity which is not the surviving or resulting limited liability company or other entity in the merger or consolidation. Notwithstanding prior approval, an agreement of merger or consolidation may be terminated or amended pursuant to a provision for such termination or amendment contained in the agreement of merger or consolidation.

C. If a domestic limited liability company is merging or consolidating pursuant to this section, the domestic limited liability company or other entity surviving or resulting in or from the merger or consolidation shall file articles of merger or consolidation with the Office of the Secretary of State. The articles of merger or consolidation shall state:

1. The name, jurisdiction of formation or organization, and type of entity of each of the limited liability companies or other entities which are to merge or consolidate;

2. That an agreement of merger or consolidation has been approved and executed by each of the domestic limited liability companies or other entities which is to merge or consolidate;

3. The name of the surviving or resulting domestic limited liability company or other entity;

4. The future effective date or time, which shall be a specific date or time not later than a time on the ninetieth day after the filing, of the merger or consolidation if it is not to be effective upon the filing of the articles of merger or consolidation;

5. That the agreement of merger or consolidation is on file at a place of business of the surviving or resulting domestic limited liability company or other entity, and shall state the street address thereof;

6. That a copy of the agreement of merger or consolidation shall be furnished by the surviving or resulting domestic limited liability company or other entity, upon request and without cost, to any member of any domestic limited liability company or any person holding a membership or membership, economic or ownership interest in any other entity which is to merge or consolidate;

7. In the case of a merger, any amendments or changes in the articles of organization of the surviving domestic limited liability company that are to be effected by the merger, which amendments or changes may amend and restate the articles of organization of the surviving domestic limited liability company in its entirety;

8. In the case of a consolidation, that the articles of organization of the resulting domestic limited liability company shall be as set forth in an attachment to the articles of consolidation; and

9. If the surviving or resulting entity is not a domestic limited liability company or entity formed or organized pursuant to

the laws of this state, a statement that the surviving or resulting other entity agrees to be served with process in this state in any action, suit, or proceeding for the enforcement of any obligation of any domestic limited liability company which is to merge or consolidate; irrevocably appoints the Secretary of State as its agent to accept service of process in any action, suit, or proceeding; and specifies the street address to which process shall be mailed to the entity by the Secretary of State.

D. Any failure to file the articles of merger or consolidation in connection with a merger or consolidation which was effective prior to September 1, 1992, shall not affect the validity or effectiveness of any such merger or consolidation.

A merger or consolidation shall be effective upon the filing with the Secretary of State of articles of merger or consolidation, unless a future effective date or time is provided in the articles of merger or consolidation.

E. Articles of merger or consolidation terminate the separate existence of a domestic limited liability company which is not the surviving or resulting entity in the merger or consolidation.

F. Once any merger or consolidation is effective pursuant to this section, for all purposes of the laws of this state, all of the rights, privileges, and powers of each of the domestic limited liability companies and other entities that have merged or consolidated and all property, real, personal, and mixed, and all debts due to each domestic limited liability company or other entity, as well as all other things and causes of action belonging to each domestic limited liability company or other entity shall be vested in the surviving or resulting domestic limited liability company or other entity, and shall thereafter be the property of the surviving or resulting domestic limited liability company or other entity as they were of each domestic limited liability company or other entity that has merged or consolidated, and the title to any real property vested by deed or otherwise, under the laws of this state, in any domestic limited liability company or other entity shall not revert or be in any way impaired by reason of this section, but all rights of creditors and all liens upon any property of each domestic limited liability company or other entity shall be preserved unimpaired. All debts, liabilities and duties of each domestic limited liability company or other entity that has merged or consolidated shall thereafter attach to the surviving or resulting domestic limited liability company or other entity, and may be enforced against the surviving or resulting limited liability company or other entity to the same extent as if the debts, liabilities, and duties had been incurred or contracted by the surviving or resulting limited liability company or other entity. Unless otherwise agreed, a merger or consolidation of a domestic limited liability company, including a domestic limited liability

company which is not the surviving or resulting entity in the merger or consolidation, shall not require the domestic limited liability company to wind up its affairs or pay its liabilities and distribute its assets.

G. Nothing in this section shall be deemed to authorize the merger of a charitable entity into another entity, if the charitable status of such entity would thereby be lost or impaired.

Added by Laws 1992, c. 148, § 55, eff. Sept. 1, 1992. Amended by Laws 1997, c. 145, § 8, eff. Nov. 1, 1997; Laws 2004, c. 255, § 51, eff. Nov. 1, 2004; Laws 2017, c. 323, § 51, eff. Nov. 1, 2017.

§18-2054.1. Conversion of an entity to a limited liability company.

CONVERSION OF AN ENTITY TO A LIMITED LIABILITY COMPANY

A. As used in this section, the term "entity" means a foreign limited liability company, a domestic or foreign public benefit limited liability company, a domestic or foreign corporation, a domestic or foreign partnership whether general or limited, and including a limited liability partnership and a limited liability limited partnership, and any domestic or foreign unincorporated nonprofit or for-profit association, trust or enterprise having members or having outstanding shares of stock or other evidences of financial, beneficial or membership interest therein, whether formed by agreement or under statutory authority or otherwise.

B. Any entity may convert to a domestic limited liability company, including a protected or registered series of a limited liability company, by complying with subsection H of this section and filing with the Secretary of State in accordance with the statutes applicable to the converting entity articles of conversion to a limited liability company that have been executed in accordance with the statutes applicable to the converting entity, to which shall be attached articles of organization that comply with Sections 2005 and 2008 of this title and have been executed by one or more authorized persons in accordance with Section 2006 of this title.

C. The articles of conversion to a limited liability company shall state:

1. The date on which the entity was first formed;

2. The name, jurisdiction of formation of the entity, and type of entity when formed and, if changed, its name, jurisdiction and type of entity immediately before filing of the articles of conversion to limited liability company;

3. The name of the limited liability company as set forth in its articles of organization filed in accordance with subsection B of this section; and

4. The future effective date or time of the conversion to a limited liability company, which shall be a date or time certain not later than ninety (90) days after the filing, if it is not to be

effective upon the filing of the articles of conversion to a limited liability company and the articles of organization.

D. Upon the effective date or time of the articles of conversion to limited liability company and the articles of organization, the entity shall be converted to a domestic limited liability company and the limited liability company shall thereafter be subject to all of the provisions of the Oklahoma Limited Liability Company Act, except that notwithstanding Section 2004 of this title, the existence of the limited liability company shall be deemed to have commenced on the date the entity was formed.

E. The conversion of any entity into a domestic limited liability company shall not be deemed to affect any obligations or liabilities of the entity incurred before its conversion to a domestic limited liability company or the personal liability of any person incurred before the conversion.

F. When an entity has converted to a domestic limited liability company under this section, the domestic limited liability company shall be deemed to be the same entity as the converting entity. All of the rights, privileges and powers of the entity that has converted, and all property, real, personal and mixed, and all debts due to the entity, as well as all other things and causes of action belonging to the entity, shall remain vested in the domestic limited liability company and shall be the property of the domestic limited liability company, and the title to any real property vested by deed or otherwise in the entity shall not revert or be in any way impaired by reason of the conversion, but all rights of creditors and all liens upon any property of the entity shall be preserved unimpaired, and all debts, liabilities and duties of the entity that has converted shall remain attached to the domestic limited liability company and may be enforced against it to the same extent as if the debts, liabilities and duties had been incurred or contracted by it in its capacity as a domestic limited liability company. The rights, privileges, powers and interests in property of the entity, as well as the debts, liabilities and duties of the entity, shall not be deemed, as a consequence of the conversion, to have been transferred to the domestic limited liability company to which the entity has converted for any purpose of the laws of this state.

G. Unless otherwise agreed or otherwise provided by any laws of this state applicable to the converting entity, the converting entity shall not be required to wind up its affairs or pay its liabilities and distribute its assets, and the conversion shall not be deemed to constitute a dissolution of the entity and shall constitute a continuation of the existence of the converting entity in the form of a domestic limited liability company.

H. Before filing the articles of conversion to a domestic limited liability company with the Office of the Secretary of State,

the conversion shall be approved in the manner provided for by the document, instrument, agreement or other writing, as the case may be, governing the internal affairs of the entity and the conduct of its business or by applicable law, as appropriate, and articles of organization shall be approved by the same authorization required to approve the conversion.

I. In a conversion of an entity to a domestic limited liability company under this section, rights or securities of or memberships or membership, economic or ownership interests in the entity that is to be converted to a domestic limited liability company may be exchanged for or converted into cash, property, or rights or securities of or interests in the domestic limited liability company or, in addition to or in lieu thereof, may be exchanged for or converted into cash, property or rights or securities of or memberships or membership, economic or ownership interests in another domestic limited liability company or other entity.

J. The provisions of this section shall not be construed to limit the accomplishment of a change in the law governing, or the domicile of, an entity to this state by any other means provided for in an operating agreement or other agreement or as otherwise permitted by law including by the amendment of an operating agreement or other agreement.

K. Nothing in this section shall be deemed to authorize the conversion of a charitable entity into a domestic limited liability company, if the charitable status of such entity would thereby be lost or impaired.

Added by Laws 2001, c. 405, § 35, eff. Nov. 1, 2001. Amended by Laws 2004, c. 255, § 52, eff. Nov. 1, 2004; Laws 2008, c. 253, § 29; Laws 2017, c. 323, § 52, eff. Nov. 1, 2017; Laws 2021, c. 51, § 21, eff. Nov. 1, 2021; Laws 2024, c. 121, § 10, eff. Nov. 1, 2024.

NOTE: Laws 2008, c. 382, § 315, which changed the effective date of Laws 2008, c. 253, §§ 1-47 to Jan. 1, 2010, was held unconstitutional by the Oklahoma Supreme Court in the case of *Weddington v. Henry*, 202 P.3d 143, 2008 OK 102 (2009).

§18-2054.2. Conversion of limited liability company to an entity.

CONVERSION OF A LIMITED LIABILITY COMPANY TO AN ENTITY

A. A domestic limited liability company may convert to an entity upon the authorization of such conversion in accordance with this section. As used in this section, the term "entity" means a domestic or foreign protected or registered series of a limited liability company, a foreign limited liability company, a domestic or foreign public benefit limited liability company, a domestic or foreign corporation including a public benefit corporation, a domestic or foreign partnership whether general or limited, and including a limited liability partnership and a limited liability limited partnership, and any domestic or foreign unincorporated

nonprofit or for-profit association, trust or enterprise having members or having outstanding shares of stock or other evidences of financial, beneficial or membership interest therein, whether formed by agreement or under statutory authority or otherwise.

B. If the operating agreement specifies the manner of authorizing a conversion of the limited liability company, the conversion shall be authorized as specified in the operating agreement.

C. If the operating agreement does not specify the manner of authorizing a conversion of the limited liability company and does not prohibit a conversion of the limited liability company, the conversion shall be authorized in the same manner as is specified in the operating agreement for authorizing a merger or consolidation that involves the limited liability company as a constituent party to a merger or consolidation.

D. If the operating agreement does not specify the manner of authorizing a conversion of the limited liability company or a merger or consolidation that involves the limited liability company as a constituent party and does not prohibit a conversion of the limited liability company, the conversion shall be authorized by the approval of a majority of the membership interest or, if there is more than one class or group of members, then by a majority of the membership interest in each class or group of members. Notwithstanding the foregoing, in addition to any other authorization required by this section, if the entity into which the limited liability company is to convert does not afford all of its interest holders protection against personal liability for the debts of the entity, the conversion must be authorized by any and all members who would be exposed to personal liability.

E. Unless otherwise agreed, the conversion of a domestic limited liability company to another entity pursuant to this section shall not require the limited liability company to wind up its affairs or pay its liabilities and distribute its assets, and the conversion shall not constitute a dissolution of the limited liability company.

F. In a conversion of a domestic limited liability company to an entity under this section, rights or securities of or interests in the domestic limited liability company which are to be converted may be exchanged for or converted into cash, property, rights or securities of or memberships or membership, economic or ownership interests in the entity to which the domestic limited liability company is being converted or, in addition to or in lieu thereof, may be exchanged for or converted into cash, property, rights or securities of or memberships or membership, economic or ownership interests in another entity or may be canceled.

G. If the governing act of a domestic entity to which the limited liability company is converting does not provide for the

filing of a conversion notice with the Secretary of State or the limited liability company is converting to a foreign entity, articles of conversion executed in accordance with Section 2006 of this title, shall be filed in the Office of the Secretary of State in accordance with Section 2007 of this title. The articles of conversion shall state:

1. The name of the limited liability company and, if it has been changed, the name under which its articles of organization were originally filed;

2. The date of filing of its original articles of organization with the Secretary of State;

3. The name and type of entity to which the limited liability company is converting and its jurisdiction of formation, if a foreign entity;

4. The future effective date or time of the conversion, which shall be a date or time certain not later than ninety (90) days after the filing, if it is not to be effective upon the filing of the articles of conversion;

5. That the conversion has been approved in accordance with this section;

6. The agreement of the foreign entity that it may be served with process in this state in any action, suit or proceeding for enforcement of any obligation of the foreign entity arising while it was a domestic limited liability company, and that it irrevocably appoints the Secretary of State as its agent to accept service of process in any such action, suit or proceeding, and its street address to which a copy of the process shall be mailed to it by the Secretary of State; and

7. If the domestic entity to which the domestic limited liability company is converting was required to make a filing with the Secretary of State as a condition of its formation, the type and date of such filing.

H. Upon the filing of a conversion notice with the Secretary of State, whether under subsection G of this section or under the governing act of the domestic entity to which the limited liability company is converting, the filing of any formation document required by the governing act of the domestic entity to which the limited liability company is converting, and payment to the Secretary of State of all prescribed fees, the Secretary of State shall certify that the limited liability company has filed all documents and paid all required fees, and thereupon the domestic limited liability company shall cease to exist as a limited liability company of this state. The Secretary of State’s certificate shall be prima facie evidence of the conversion by the domestic limited liability company.

I. The conversion of a domestic limited liability company to an entity under this section and the resulting cessation of its

existence as a domestic limited liability company shall not be deemed to affect any obligations or liabilities of the limited liability company incurred before the conversion or the personal liability of any person incurred before the conversion, nor shall it be deemed to affect the choice of law applicable to the limited liability company with respect to matters arising before the conversion.

J. When a domestic limited liability company has converted to an entity under this section, the entity shall be deemed to be the same entity as the limited liability company. All of the rights, privileges and powers of the domestic limited liability company that has converted, and all property, real, personal and mixed, and all debts due to the limited liability company, as well as all other things and causes of action belonging to the limited liability company, shall remain vested in the entity to which the domestic limited liability company has converted and shall be the property of the entity, and the title to any real property vested by deed or otherwise in the domestic limited liability company shall not revert or be in any way impaired by reason of the conversion; but all rights of creditors and all liens upon any property of the limited liability company shall be preserved unimpaired, and all debts, liabilities and duties of the limited liability company that has converted shall remain attached to the entity to which the domestic limited liability company has converted, and may be enforced against it to the same extent as if the debts, liabilities and duties had originally been incurred or contracted by it in its capacity as the entity. The rights, privileges, powers and interests in property of the domestic limited liability company that has converted, as well as the debts, liabilities and duties of the limited liability company, shall not be deemed, as a consequence of the conversion, to have been transferred to the entity to which the limited liability company has converted for any purpose of the laws of this state.

K. Nothing in this section shall be deemed to authorize the conversion of a charitable domestic limited liability company into another entity, if the charitable status of such domestic limited liability company would thereby be lost or impaired.

Added by Laws 2001, c. 405, § 36, eff. Nov. 1, 2001. Amended by Laws 2004, c. 255, § 53, eff. Nov. 1, 2004; Laws 2008, c. 253, § 30; Laws 2017, c. 323, § 53, eff. Nov. 1, 2017; Laws 2021, c. 51, § 22, eff. Nov. 1, 2021; Laws 2024, c. 121, § 11, eff. Nov. 1, 2024.

NOTE: Laws 2008, c. 382, § 315, which changed the effective date of Laws 2008, c. 253, §§ 1-47 to Jan. 1, 2010, was held unconstitutional by the Oklahoma Supreme Court in the case of *Weddington v. Henry*, 202 P.3d 143, 2008 OK 102 (2009).

§18-2054.3. Appraisal rights.

An operating agreement or other agreement may provide that contractual appraisal rights with respect to a membership interest or another interest in a limited liability company shall be available for any class or group of members or membership interests in connection with any amendment of an operating agreement, any merger or consolidation to which the limited liability company is a constituent party, any conversion of the limited liability company to another business entity, any conversion of a protected series to a registered series or a registered series to a protected series, any division of the limited liability company, any plan of division, any transfer to or domestication in any jurisdiction by the limited liability company, or the sale of all or substantially all of the limited liability company's assets. The district court shall have jurisdiction to hear and determine any matter relating to any contractual appraisal rights.
Added by Laws 2004, c. 255, § 54, eff. Nov. 1, 2004. Amended by Laws 2024, c. 121, § 12, eff. Nov. 1, 2024.

§18-2054.4. Series of members, managers or membership interests having separate rights - Personal obligation of member or manager.

SERIES OF MEMBERS, MANAGERS, OR MEMBERSHIP INTERESTS HAVING SEPARATE RIGHTS - PERSONAL OBLIGATION OF MEMBER OR MANAGER

A. An operating agreement may establish or provide for the establishment of one or more designated series of members, managers, membership interests or assets. Any such series may have separate rights, powers or duties with respect to specified property or obligations of the limited liability company or profits and losses associated with specified property or obligations, and any such series may have a separate business purpose or investment objective. No provision of subsection B of this section or Section 14 of this act shall be construed to limit the application of the principle of freedom of contract to a series that is not a protected or registered series. Other than under Sections 15, 16, and 17 of this act, a series may not merge, consolidate, or convert under any section of this title or any other statute of this state.

B. A series established in accordance with this subsection is a protected series. Notwithstanding anything to the contrary set forth in the Oklahoma Limited Liability Company Act or under other applicable law, if an operating agreement establishes or provides for the establishment of one or more series, and to the extent the records maintained for any such series account for the assets associated with such series separately from the other assets of the limited liability company, or any other series thereof, and if the operating agreement so provides, and if notice of the limitation on liabilities of a series as referenced in this subsection is set forth in the articles of organization of the limited liability company, then the debts, liabilities, obligations and expenses

incurred, contracted for or otherwise existing with respect to such series shall be enforceable against the assets of such series only, and not against the assets of the limited liability company generally or any other series thereof, and, unless otherwise provided in the operating agreement, none of the debts, liabilities, obligations and expenses incurred, contracted for or otherwise existing with respect to the limited liability company generally or any other series thereof shall be enforceable against the assets of the series. Neither the provisions of this subsection nor any provision pursuant thereto in an operating agreement or articles of organization shall (i) restrict a protected series or limited liability company on behalf of a protected series from agreeing in the operating agreement or otherwise that any or all of the debts, liabilities, obligations, and expenses incurred, contracted for, or otherwise existing with respect to the limited liability company generally or any other series thereof shall be enforceable against the assets of such protected series; or (ii) restrict a limited liability company from agreeing in the operating agreement or otherwise that any or all of the debts, liabilities, obligations, and expenses incurred, contracted for, or otherwise existing with respect to a protected series shall be enforceable against the assets of the limited liability company generally. Assets associated with a protected series may be held directly or indirectly, including in the name of such series, in the name of the limited liability company, through a nominee or otherwise. Records maintained for a protected series that reasonably identify its assets, including by specific listing, category, type, quantity, computational or allocational formula or procedure including a percentage or share of any asset or assets, or by any other method where the identity of such assets is objectively determinable, will be deemed to account for the assets associated with such series separately from the other assets of the limited liability company, or any other series thereof. Notice in articles of organization of the limitation on liabilities of a protected series as referenced in this subsection shall be sufficient for all purposes regardless of whether the limited liability company has established any protected series when the notice is included in the articles of organization, and there shall be no requirement that any specific protected series of the limited liability company be referenced in the notice or that the notice use the term “protected”. The fact that articles of organization containing the foregoing notice of the limitation on liabilities of a protected series are on file in the Office of the Secretary of State shall constitute notice of the limitation on liabilities of a protected series. As used in this act, a reference to assets of a protected series includes assets associated with such series, and a reference to assets associated with a protected series includes assets of such series. A reference to members or managers

of a protected series includes members or managers associated with such series, and a reference to members or managers associated with a protected series includes members or managers of such series. The following shall apply to a protected series:

1. A protected series may carry on any lawful business, purpose or activity, regardless of whether for profit, that a limited liability company may conduct in this state. Unless otherwise provided in an operating agreement, a protected series shall have the power and capacity to, in its own name, contract, hold title to assets, including real, personal and intangible property, grant liens and security interests, and sue and be sued;

2. Except as otherwise provided by this act, no member or manager of a protected series shall be obligated personally for any debt, obligation, or liability of such series, whether arising in contract, tort, or otherwise, solely by reason of being a member or acting as manager of such series. Notwithstanding this paragraph, under an operating agreement or under another agreement, a member or manager may agree to be obligated personally for any or all of the debts, obligations and liabilities of one or more protected series;

3. An operating agreement may provide for classes or groups of members or managers associated with a protected series having such relative rights, powers and duties as the operating agreement may provide, and may make provision for the future creation in the manner provided in the operating agreement of additional classes or groups of members or managers associated with the series having such relative rights, powers and duties as may from time to time be established, including rights, powers and duties senior to existing classes and groups of members or managers associated with the series. An operating agreement may provide for the taking of an action, including the amendment of the operating agreement, without the vote or approval of any member or manager or class or group of members or managers, including an action to create under the provisions of the operating agreement a class or group of a protected series of membership interests that was not previously outstanding. An operating agreement may provide that any member or class or group of members associated with a protected series shall have no voting rights;

4. An operating agreement may grant to all or certain identified members or managers or a specified class or group of the members or managers associated with a protected series the right to vote separately or with all or any class or group of the members or managers associated with the series, on any matter. Voting by members or managers associated with a protected series may be on a per capita, number, financial interest, class, group or any other basis;

5. Unless otherwise provided in an operating agreement, the management of a protected series shall be vested in the members

associated with the series in proportion to their membership interest, with the decision of members owning a majority of the membership interest controlling; provided, however, that if an operating agreement provides for the management of a protected series, in whole or in part, by a manager, the management of the series, to the extent so provided, shall be vested in the manager who shall be chosen in the manner provided in the operating agreement. The manager of a protected series shall also hold the offices and have the responsibilities accorded to the manager as set forth in an operating agreement. A protected series may have more than one manager. Subject to paragraph 3 of Section 2014 of this title, a manager shall cease to be a manager with respect to a protected series as provided in an operating agreement. Except as otherwise provided in an operating agreement, any event under this chapter or in an operating agreement that causes a manager to cease to be a manager with respect to a protected series shall not, in itself, cause the manager to cease to be a manager of the limited liability company or with respect to any other series thereof;

6. Subject to paragraphs 7 and 10 of this subsection, and unless otherwise provided in an operating agreement, at the time a member of a protected series becomes entitled to receive a distribution with respect to the series, the member has the status of, and is entitled to all remedies available to, a creditor of the series, with respect to the distribution. An operating agreement may provide for the establishment of a record date with respect to allocations and distributions with respect to a protected series;

7. Notwithstanding Section 2040 of this title, a limited liability company may make a distribution with respect to a protected series. A limited liability company shall not make a distribution with respect to a protected series to a member to the extent that at the time of the distribution, after giving effect to the distribution, all liabilities of the series, other than liabilities to members on account of their membership interests with respect to the series and liabilities for which the recourse of creditors is limited to specified property of the series, exceed the fair value of the assets associated with the series, except that the fair value of property of the series that is subject to a liability for which the recourse of creditors is limited shall be included in the assets associated with the series only to the extent that the fair value of that property exceeds that liability. For purposes of the immediately preceding sentence, the term "distribution" shall not include amounts constituting reasonable compensation for present or past services or reasonable payments made in the ordinary course of business pursuant to a bona fide retirement plan or other benefits program. A member who receives a distribution in violation of this paragraph, and who knew or should have known at the time of the distribution that the distribution violated this paragraph,

shall be liable to the protected series for the amount of the distribution. A member who receives a distribution in violation of this paragraph, and who did not know and had no reason to know at the time of the distribution that the distribution violated this paragraph, shall not be liable for the amount of the distribution. Subject to subsection C of Section 2040 of this title, which shall apply to any distribution made with respect to a protected series under this paragraph, this paragraph shall not affect any obligation or liability of a member under an agreement or other applicable law for the amount of a distribution;

8. Unless otherwise provided in the operating agreement, a member shall cease to be associated with a protected series and to have the power to exercise any rights or powers of a member with respect to the series upon the assignment of all of the member's capital interest with respect to the series. Except as otherwise provided in an operating agreement, any event under this chapter or an operating agreement that causes a member to cease to be associated with a protected series shall not, in itself, cause the member to cease to be associated with any other series or terminate the continued membership of a member in the limited liability company or cause the termination of the protected series, regardless of whether the member was the last remaining member associated with the series;

9. Subject to Section 2037 of this title, except to the extent otherwise provided in the operating agreement, a protected series may be terminated and its affairs wound up without causing the dissolution of the limited liability company. The termination of a protected series shall not affect the limitation on liabilities of the series. A protected series is terminated and its affairs shall be wound up upon the dissolution of the limited liability company under Section 2037 of this title or otherwise upon the first to occur of the following:

a. at the time specified in the operating agreement,

b. upon the happening of events specified in the operating agreement,

c. unless otherwise provided in the operating agreement, upon the affirmative vote or written consent of the members of the limited liability company associated with the series or, if there is more than one class or group of members associated with the series, then by each class or group of members associated with the series, in either case, by members associated with the series who own more than two-thirds (2/3) of the then-current membership interest owned by all of the members associated with the series or by the members in each class or group of the series, as appropriate, or

d. the termination of the series under paragraph 11 of this subsection;

10. Unless otherwise provided in the operating agreement, a manager associated with a protected series who has not wrongfully terminated the series or, if none, the members associated with the series or a person approved by the members associated with the series or, if there is more than one class or group of members associated with the series, then by each class or group of members associated with the series, in either case, by a majority of the membership interest owned by all of the members associated with the series or by the members in each class or group associated with the series, as appropriate, may wind up the affairs of the series; but the district court, upon cause shown, may wind up the affairs of a protected series upon application of any member or manager associated with the series, or the member's personal representative or assignee, and in connection therewith, may appoint a liquidating trustee. The persons winding up the affairs of a protected series may, in the name of the limited liability company and for and on behalf of the limited liability company and the series, take all actions with respect to the series as are permitted under subsection A of Section 2039 of this title. The persons winding up the affairs of a protected series shall provide for the claims and obligations of the series and distribute the assets of the series as provided in Section 2040 of this title, which section shall apply to the winding up and distribution of assets of a protected series. Actions taken in accordance with this subsection shall not affect the liability of members and shall not impose liability on a liquidating trustee;

11. On application by or for a member or manager associated with a protected series, the district court may decree termination of the series whenever it is not reasonably practicable to carry on the business of the series in conformity with an operating agreement; and

12. For all purposes of the laws of this state, a protected series is an association, regardless of the number of members or managers, if any, of such series. An operating agreement does not need to use the term "protected" when referencing series or to refer to this section.

C. If a foreign limited liability company that is registering to do business in this state in accordance with Section 2043 of this title is governed by an operating agreement that establishes or provides for the establishment of designated series of members, managers, membership interests or assets having separate rights, powers or duties with respect to specified property or obligations of the foreign limited liability company or profits and losses associated with specified property or obligations, that fact shall be so stated on the application for registration as a foreign limited liability company. In addition, the foreign limited

liability company shall state on the application whether the debts, liabilities and obligations incurred, contracted for or otherwise existing with respect to a particular series, if any, shall be enforceable against the assets of the series only, and not against the assets of the foreign limited liability company generally or any other series thereof, and whether any of the debts, liabilities, obligations and expenses incurred, contracted for or otherwise existing with respect to the foreign limited liability company generally or any other series thereof shall be enforceable against the assets of the series.
Added by Laws 2004, c. 255, § 55, eff. Nov. 1, 2004. Amended by Laws 2017, c. 323, § 54, eff. Nov. 1, 2017; Laws 2024, c. 121, § 13, eff. Nov. 1, 2024.

§18-2054.5. Registered series of members, managers, membership interests, or assets.

REGISTERED SERIES OF MEMBERS, MANAGERS, MEMBERSHIP INTERESTS, OR ASSETS

A. If an operating agreement provides for the establishment or formation of one or more series, then a registered series may be formed by complying with this section. An operating agreement does not need to use the term "registered" when referencing series or to refer to this section, and a reference in an operating agreement for a registered series, including a registered series resulting from the conversion of a protected series to a registered series, may continue to refer to Section 2054.4 of Title 18 of the Oklahoma Statutes, which reference is deemed a reference to this section with respect to the registered series. A registered series is formed by the filing of articles of registered series in the Office of the Secretary of State.

B. Notice of the limitation on liabilities of a registered series as referenced in subsection C of this section shall be set forth in the articles of organization of the limited liability company. Notice in articles of organization of the limitation on liabilities of a registered series as referenced in subsection C of this section shall be sufficient for all purposes of this subsection whether or not the limited liability company has formed any registered series when the notice is included in the articles of organization, and there shall be no requirement that (i) any specific registered series of the limited liability company be referenced in the notice, (ii) the notice use the term "registered" when referencing series or include a reference to this section, or (iii) the articles of organization be amended if it includes a reference to Section 2054.4 of Title 18 of the Oklahoma Statutes. Any reference to Section 2054.4 of Title 18 of the Oklahoma Statutes in the articles of organization of a limited liability company that has one or more registered series is deemed a reference to this

section with respect to the registered series. The fact that articles of organization that contain the foregoing notice of the limitation on liabilities of a series is on file in the Office of the Secretary of State shall constitute notice of the limitation on liabilities of a registered series.

C. Notwithstanding anything to the contrary set forth in this act or under other applicable law, to the extent the records maintained for a registered series account for the assets associated with the series separately from the other assets of the limited liability company, or any other series thereof, then the debts, liabilities, obligations, and expenses incurred, contracted for, or otherwise existing with respect to the series shall be enforceable against the assets of the series only, and not against the assets of the limited liability company generally or any other series thereof, and, unless otherwise provided in the operating agreement, none of the debts, liabilities, obligations, and expenses incurred, contracted for, or otherwise existing with respect to the limited liability company generally or any other series thereof shall be enforceable against the assets of the series. Neither the provisions of this subsection nor any provision pursuant thereto in an operating agreement, articles of organization, or articles of registered series shall (i) restrict a registered series or limited liability company on behalf of a registered series from agreeing in the operating agreement or otherwise that any or all of the debts, liabilities, obligations, and expenses incurred, contracted for, or otherwise existing with respect to the limited liability company generally or any other series thereof shall be enforceable against the assets of the registered series; or (ii) restrict a limited liability company from agreeing in the operating agreement or otherwise that any or all of the debts, liabilities, obligations, and expenses incurred, contracted for, or otherwise existing with respect to a registered series shall be enforceable against the assets of the limited liability company generally. Assets associated with a registered series may be held directly or indirectly, including in the name of the series, in the name of the limited liability company, through a nominee, or otherwise. Records maintained for a registered series that reasonably identify its assets, including by specific listing, category, type, quantity, computational or allocational formula or procedure including a percentage or share of any asset or assets, or by any other method where the identity of the assets is objectively determinable, will be deemed to account for the assets associated with the series separately from the other assets of the limited liability company, or any other series thereof. As used in this act, a reference to assets of a registered series includes assets associated with the series, a reference to assets associated with a registered series includes assets of the series, a reference to members or managers of

a registered series includes members or managers associated with the series, and a reference to members or managers associated with a registered series includes members or managers of the series. The following shall apply to a registered series:

1. A registered series may carry on any lawful business, purpose, or activity, regardless of whether for profit, that a limited liability company may conduct in this state. Unless otherwise provided in an operating agreement, a registered series shall have the power and capacity to, in its own name, contract, hold title to assets, including real, personal, and intangible property, grant liens and security interests, and sue and be sued;

2. Except as otherwise provided by this act, no member or manager of a registered series shall be obligated personally for any debt, obligation, or liability of the series, whether arising in contract, tort, or otherwise, solely by reason of being a member or acting as manager of the series. Notwithstanding the preceding sentence, under an operating agreement or under another agreement, a member or manager may agree to be obligated personally for any or all of the debts, obligations, and liabilities of one or more registered series;

3. An operating agreement may provide for classes or groups of members or managers associated with a registered series having the relative rights, powers, and duties as the operating agreement may provide, and may make a provision for the future creation, in the manner provided in the operating agreement, of additional classes or groups of members or managers associated with the series having the relative rights, powers, and duties as may from time to time be established, including rights, powers, and duties senior to existing classes and groups of members or managers associated with the series. An operating agreement may provide for the taking of an action, including the amendment of the operating agreement, without the vote or approval of any member, manager, or class or group of members or managers, including an action to create under the provisions of the operating agreement a class or group of a registered series of membership interests that was not previously outstanding. An operating agreement may provide that any member or class or group of members associated with a registered series shall have no voting rights;

4. An operating agreement may grant to all or certain identified members or managers or a specified class or group of the members or managers associated with a registered series the right to vote separately or with all or any class or group of the members or managers associated with the series, on any matter. Voting by members or managers associated with a registered series may be on a per capita, number, financial interest, class, group, or any other basis;

5. Unless otherwise provided in an operating agreement, the management of a registered series shall be vested in the members associated with the series in proportion to the then current percentage or other interest of members in the profits of the series owned by all of the members associated with the series, the decision of members owning a majority of the percentage or other interest in the profits controlling; provided, however, that if an operating agreement provides for the management of a registered series, in whole or in part, by a manager, the management of the series, to the extent so provided, shall be vested in the manager who shall be chosen in the manner provided in the operating agreement. The manager of a registered series shall also hold the offices and have the responsibilities accorded to the manager as set forth in an operating agreement. A registered series may have more than one manager. Subject to Section 2014 of Title 18 of the Oklahoma Statutes, a manager shall cease to be a manager with respect to a registered series as provided in an operating agreement. Except as otherwise provided in an operating agreement, any event under this act or in an operating agreement that causes a manager to cease to be a manager with respect to a registered series shall not, in itself, cause the manager to cease to be a manager of the limited liability company or with respect to any other series thereof;

6. Notwithstanding Section 2029 of Title 18 of the Oklahoma Statutes, but subject to paragraphs 7 and 10 of this subsection, and unless otherwise provided in an operating agreement, at the time a member of a registered series becomes entitled to receive a distribution with respect to the series, the member has the status of, and is entitled to all remedies available to, a creditor of the series, with respect to the distribution. An operating agreement may provide for the establishment of a record date with respect to allocations and distributions with respect to a registered series;

7. Notwithstanding subsection A of Section 2030 of Title 18 of the Oklahoma Statutes, a limited liability company may make a distribution with respect to a registered series. A limited liability company shall not make a distribution with respect to a registered series to a member to the extent that at the time of the distribution, after giving effect to the distribution, all liabilities of the series, other than liabilities to members on account of their membership interests with respect to the series and liabilities for which the recourse of creditors is limited to specified property of the series, exceed the fair value of the assets associated with the series, except that the fair value of property of the series that is subject to a liability for which the recourse of creditors is limited shall be included in the assets associated with the series only to the extent that the fair value of that property exceeds that liability. For purposes of the immediately preceding sentence, the term “distribution” shall not

include amounts constituting reasonable compensation for present or past services or reasonable payments made in the ordinary course of business pursuant to a bona fide retirement plan or other benefits program. A member who receives a distribution in violation of this paragraph, and who knew at the time of the distribution that the distribution violated this paragraph, shall be liable to the registered series for the amount of the distribution. A member who receives a distribution in violation of this paragraph, and who did not know at the time of the distribution that the distribution violated this paragraph, shall not be liable for the amount of the distribution. Subject to Section 2031 of Title 18 of the Oklahoma Statutes, which shall apply to any distribution made with respect to a registered series under this paragraph, this paragraph shall not affect any obligation or liability of a member under an agreement or other applicable law for the amount of a distribution;

8. Unless otherwise provided in the operating agreement, a member shall cease to be associated with a registered series and to have the power to exercise any rights or powers of a member with respect to the series upon the assignment of all of the member's membership interest with respect to the series. Except as otherwise provided in an operating agreement, any event under this act or an operating agreement that causes a member to cease to be associated with a registered series shall not, in itself, cause the member to cease to be associated with any other series or terminate the continued membership of a member in the limited liability company or cause the dissolution of the registered series, regardless of whether the member was the last remaining member associated with the series;

9. Subject to Section 2037 of Title 18 of the Oklahoma Statutes, except to the extent otherwise provided in the operating agreement, a registered series may be dissolved and its affairs wound up without causing the dissolution of the limited liability company. The dissolution of a registered series shall not affect the limitation on liabilities of the series provided by this subsection. A registered series is dissolved and its affairs shall be wound up upon the dissolution of the limited liability company under Section 2037 of Title 18 of the Oklahoma Statutes or otherwise upon the first to occur of the following:

a. at the time specified in the operating agreement,
b. upon the happening of events specified in the operating agreement,
c. unless otherwise provided in the operating agreement, upon the vote or consent of members associated with the series who own more than two-thirds of the then-current percentage or other interest in the profits of the series of the limited liability company owned by all of the members associated with the series, or

d. the dissolution of the series under paragraph 11 of this subsection;

10. Notwithstanding Section 2039 of Title 18 of the Oklahoma Statutes, unless otherwise provided in the operating agreement, a manager associated with a registered series who has not wrongfully dissolved the series or, if none, the members associated with the series or a person approved by the members associated with the series, in either case, by members who own a majority of the then current percentage or other interest in the profits of the series owned by all of the members associated with the series, may wind up the affairs of the series; but the district court, upon cause shown, may wind up the affairs of a registered series upon application of any member or manager associated with the series, or the member's personal representative or assignee, and in connection therewith, may appoint a liquidating trustee. The persons winding up the affairs of a registered series may, in the name of the limited liability company and for and on behalf of the limited liability company and the series, take all actions with respect to the series as are permitted under subsection A of Section 2039 of Title 18 of the Oklahoma Statutes. The persons winding up the affairs of a registered series shall provide for the claims and obligations of the series and distribute the assets of the series as provided in Section 2039 of Title 18 of the Oklahoma Statutes, which section shall apply to the winding up and distribution of assets of a registered series. Actions taken in accordance with this paragraph shall not affect the liability of members and shall not impose liability on a liquidating trustee;

11. On application by or for a member or manager associated with a registered series, the district court may decree dissolution of the series whenever it is not reasonably practicable to carry on the business of the series in conformity with an operating agreement; and

12. For all purposes of the laws of this state, a registered series is an association, regardless of the number of members or managers, if any, of the series.

D. To form a registered series of a limited liability company, articles of registered series must be filed in accordance with this subsection.

1. The articles of registered series:

a. shall set forth:

(1) the name of the limited liability company,

(2) the name of the registered series, and

(3) the street address of its principal place of business, wherever located, and the name and street address of its registered agent which shall be identical to its registered office in this state, and

b. may include any other matter that the members of the registered series determine to include therein.

2. Articles of registered series shall be executed in accordance with Section 2006 of Title 18 of the Oklahoma Statutes and shall be filed in the Office of the Secretary of State in accordance with Section 2007 of Title 18 of the Oklahoma Statutes. Articles of registered series shall be effective as of the effective time of the filing unless a later effective date or time, which shall be a date or time certain, is provided for in the articles of registered series. The articles of registered series are not an amendment to the articles of organization of the limited liability company. The filing of articles of registered series in the office of the Secretary of State shall make it unnecessary to file any other documents under this act.

3. The articles of registered series are amended by filing articles of amendment in the Office of the Secretary of State. The articles of amendment of the articles of registered series shall set forth:

a. the name of the limited liability company,

b. the name of the registered series, and

c. the amendment to the articles of registered series.

4. A manager of a registered series or, if there is no manager, then any member of a registered series who becomes aware that any statement in the articles of registered series filed with respect to the registered series was false when made, or that any matter described therein has changed making the articles of registered series false in any material respect, shall promptly amend the articles of registered series.

5. The articles of registered series may be amended at any time for any other proper purpose.

6. Unless otherwise provided in this act or unless a later effective date or time, which shall be a date or time certain, is provided for in the articles of amendment of the articles of registered series, the articles of amendment shall be effective at the time of filing with the Secretary of State.

7. The articles of registered series shall be canceled upon the cancellation of the articles of organization of the limited liability company named in the articles of registered series, or upon the filing of articles of dissolution of the articles of registered series or upon the future effective date or time of the articles of dissolution of the articles of registered series, or as provided in subsection B of Section 2012.1 of Title 18 of the Oklahoma Statutes, or upon the filing of articles of merger or consolidation of the registered series if the registered series is not the surviving or resulting registered series in a merger or consolidation, or upon the future effective date or time of the articles of merger or consolidation of the registered series if the

registered series is not the surviving or resulting registered series in a merger or consolidation, or upon the filing of the articles of conversion of the registered series to a protected series, or upon the future effective date or time of the articles of conversion of the registered series to a protected series. Articles of dissolution of the articles of registered series may be filed at any time, and shall be filed, in the Office of the Secretary of State to accomplish the cancellation of the articles of registered series upon the dissolution of a registered series for which the articles of registered series were filed and completion of the winding up of the registered series. Articles of dissolution of the articles of registered series shall set forth:

a. the name of the limited liability company,
b. the name of the registered series,
c. the date of filing of the articles of registered series,
d. the future effective date or time, which shall be a date or time certain, of cancellation if it is not to be effective upon the filing of the articles of dissolution, and
e. any other information the person filing the articles of dissolution of the articles of registered series determines.

8. Articles of dissolution that are filed in the Office of the Secretary of State before the dissolution or the completion of winding up of a registered series may be corrected as an erroneously executed articles of dissolution by filing with the Office of the Secretary of State articles of correction of the articles of dissolution of the articles of registered series in accordance with Section 2012 of Title 18 of the Oklahoma Statutes.

9. The Secretary of State shall not issue articles of good standing with respect to a registered series if its articles of registered series are canceled or the limited liability company has ceased to be in good standing.

Added by Laws 2024, c. 121, § 14, eff. Nov. 1, 2024.

§18-2054.6. Conversion of a protected series to a registered series.

CONVERSION OF A PROTECTED SERIES TO A REGISTERED SERIES

A. A protected series of a domestic limited liability company may convert to a registered series of the domestic limited liability company by complying with this section and filing in the Office of the Secretary of State in accordance with Section 2007 of Title 18 of the Oklahoma Statutes:

1. Articles of conversion of protected series to registered series that have been executed in accordance with Section 2006 of Title 18 of the Oklahoma Statutes; and

2. Articles of registered series that comply with subsection D of Section 14 of this act and have been executed by one or more authorized persons in accordance with Section 2006 of Title 18 of the Oklahoma Statutes. Each of the articles required by this subsection shall be filed simultaneously in the Office of the Secretary of State and, if the articles are not to become effective upon their filing as permitted by subsection C of Section 2007 of Title 18 of the Oklahoma Statutes, then each of the articles shall provide for the same effective date or time in accordance with subsection C of Section 2007 of Title 18 of the Oklahoma Statutes. Upon the filing of a certificate of conversion of protected series to registered series, or upon the future effective date or time of a certificate of conversion of protected series to registered series, the protected series with respect to which such filing is made is converted to a registered series with the effect provided in this section. An existing series may not become a registered series other than under this section.

B. If the operating agreement specifies the manner of authorizing a conversion of a protected series of the limited liability company to a registered series of the limited liability company, the conversion of a protected series to a registered series shall be authorized as specified in the operating agreement. If the operating agreement does not specify the manner of authorizing a conversion of a protected series of the limited liability company to a registered series of the limited liability company and does not prohibit a conversion of a protected series to a registered series, the conversion shall be authorized by members of the protected series who own a majority of the then current percentage or other interest in the profits of the protected series owned by all of the members of the protected series.

C. Unless otherwise agreed, the conversion of a protected series of a limited liability company to a registered series of the limited liability company under this section shall not require the limited liability company or the protected series of the limited liability company to wind up its affairs under Section 2039 or Section 2054.4 of Title 18 of the Oklahoma Statutes or pay its liabilities and distribute its assets under Section 2040 or Section 2054.4 of Title 18 of the Oklahoma Statutes, and the conversion of a protected series of a limited liability company to a registered series of the limited liability company shall not constitute a dissolution of the limited liability company or a termination of the protected series. When a protected series of a limited liability company has converted to a registered series of the limited liability company under this section, for all purposes of the laws of this state, the registered series is deemed to be the same series as the converting protected series and the conversion shall

constitute a continuation of the existence of the protected series in the form of the registered series.

D. In connection with a conversion of a protected series of a limited liability company to a registered series of the limited liability company under this section, rights or securities of or interests in the protected series which is to be converted may be exchanged for or converted into cash, property, rights, or securities of, or interests in, the registered series into which the protected series is being converted or, in addition to or in lieu thereof, may be exchanged for or converted into cash, property, rights, or securities of, or interests in, any other business entity, may remain outstanding, or may be canceled.

E. If a protected series shall convert to a registered series in accordance with this section, articles of conversion of a protected series to a registered series executed in accordance with Section 2006 of Title 18 of the Oklahoma Statutes shall be filed in the Office of the Secretary of State in accordance with Section 2007 of Title 18 of the Oklahoma Statutes. The articles of conversion of a protected series to a registered series shall state:

1. The name of the limited liability company and, if it has been changed, the name under which its articles of organization were originally filed;

2. The name of the protected series and, if it has been changed, the name of the protected series as originally established;

3. The name of the registered series as set forth in its articles of registered series filed in accordance with subsection A of this section;

4. The date of filing of the original articles of organization of the limited liability company with the Secretary of State;

5. The date on which the protected series was established;

6. The future effective date or time, which shall be a date or time certain, of the conversion if it is not to be effective upon the filing of the articles of conversion of a protected series to a registered series; and

7. That the conversion has been approved in accordance with this section.

F. A copy of the articles of conversion of a protected series to a registered series certified by the Secretary of State shall be prima facie evidence of the conversion by the protected series to a registered series of the limited liability company.

G. When any conversion shall have become effective under this section, for all purposes of the laws of this state, all of the rights, privileges, and powers of the protected series that has converted, and all property, real, personal, and mixed, and all debts due to the protected series, as well as all other things and causes of action belonging to the protected series, shall remain vested in the registered series to which the protected series has

converted and shall be the property of the registered series. The title to any real property vested by deed or otherwise in the protected series shall not revert or be in any way impaired by reason of this act; but all rights of creditors and all liens upon any property of the protected series shall be preserved unimpaired, and all debts, liabilities, and duties of the protected series that has converted shall remain attached to the registered series to which the protected series has converted, and may be enforced against it to the same extent as if the debts, liabilities, and duties had originally been incurred or contracted by it in its capacity as the registered series. The rights, privileges, powers, and interests in property of the protected series that has converted, as well as the debts, liabilities, and duties of the protected series, shall not be deemed, as a consequence of the conversion, to have been transferred to the registered series to which the protected series of the limited liability company has converted for any purpose of the laws of this state.

H. An operating agreement may provide that a protected series of a limited liability company shall not have the power to convert to a registered series of the limited liability company as set forth in this section.

Added by Laws 2024, c. 121, § 15, eff. Nov. 1, 2024.

§18-2054.7. Conversion of a registered series to a protected series.

CONVERSION OF A REGISTERED SERIES TO A PROTECTED SERIES

A. Upon compliance with this section, a registered series of a domestic limited liability company may convert to a protected series of the domestic limited liability company. An existing registered series may not become a protected series other than under this section.

B. If the operating agreement specifies the manner of authorizing a conversion of a registered series of the limited liability company to a protected series of the limited liability company, the conversion of a registered series to a protected series shall be authorized as specified in the operating agreement. If the operating agreement does not specify the manner of authorizing a conversion of a registered series of the limited liability company to a protected series of the limited liability company and does not prohibit a conversion of a registered series to a protected series, the conversion shall be authorized by members of the registered series who own a majority of the then current percentage or other interest in the profits of the registered series owned by all of the members of the registered series.

C. Unless otherwise agreed, the conversion of a registered series of a limited liability company to a protected series of the limited liability company under this section shall not require the

limited liability company or the registered series of the limited liability company to wind up its affairs under Section 2039 of Title 18 of the Oklahoma Statutes or Section 14 of this act or pay its liabilities and distribute its assets under Section 2040 of Title 18 of the Oklahoma Statutes or Section 14 of this act, and the conversion of a registered series of a limited liability company to a protected series of the limited liability company shall not constitute a dissolution of the limited liability company or of the registered series. When a registered series of a limited liability company has converted to a protected series of the limited liability company under this section, for all purposes of the laws of this state, the protected series is deemed to be the same series as the converting registered series and the conversion shall constitute a continuation of the existence of the registered series in the form of the protected series.

D. In connection with a conversion of a registered series of a limited liability company to protected series of the limited liability company under this section, rights or securities of or interests in the registered series which is to be converted may be exchanged for or converted into cash, property, rights, or securities of, or interests in, the protected series into which the registered series is being converted or, in addition to or in lieu thereof, may be exchanged for or converted into cash, property, rights, or securities of, or interests in, any other business entity, may remain outstanding or may be canceled.

E. If a registered series shall convert to a protected series in accordance with this section, articles of conversion of registered series to protected series executed in accordance with Section 2006 of Title 18 of the Oklahoma Statutes shall be filed in the Office of the Secretary of State in accordance with Section 2007 of Title 18 of the Oklahoma Statutes. The articles of conversion of registered series to protected series shall state:

1. The name of the limited liability company and, if it has been changed, the name under which its articles of organization were originally filed;

2. The date of filing of the original articles of organization of the limited liability company with the Secretary of State;

3. The name of the registered series and, if it has been changed, the name under which its articles of registered series were originally filed;

4. The date of filing of its original articles of registered series with the Secretary of State;

5. The future effective date or time, which shall be a date or time certain, of the conversion if it is not to be effective upon the filing of the articles of conversion of registered series to protected series; and

6. That the conversion has been approved in accordance with this section.

F. Upon the filing of a certificate of conversion of registered series to protected series, or upon the future effective date or time of a certificate of conversion of registered series to protected series, the registered series filing the certificate is converted to a protected series with the effect provided in this section. A copy of the articles of conversion of registered series to protected series certified by the Secretary of State shall be prima facie evidence of the conversion by the registered series to a protected series of the limited liability company.

G. When any conversion shall have become effective under this section, for all purposes of the laws of this state, all of the rights, privileges, and powers of the registered series that has converted, and all property, real, personal, and mixed, and all debts due to the registered series, as well as all other things and causes of action belonging to the registered series, shall remain vested in the protected series to which the registered series has converted and shall be the property of the protected series. The title to any real property vested by deed or otherwise in the registered series shall not revert or be in any way impaired by reason of this act; but all rights of creditors and all liens upon any property of the registered series shall be preserved unimpaired, and all debts, liabilities, and duties of the registered series that has converted shall remain attached to the protected series to which the registered series has converted, and may be enforced against it to the same extent as if the debts, liabilities, and duties had originally been incurred or contracted by it in its capacity as the protected series. The rights, privileges, powers, and interests in property of the registered series that has converted, as well as the debts, liabilities, and duties of the registered series, shall not be deemed, as a consequence of the conversion, to have been transferred to the protected series to which the registered series of the limited liability company has converted for any purpose of the laws of this state.

H. An operating agreement may provide that a registered series of a limited liability company shall not have the power to convert to a protected series of the limited liability company as set forth in this section.

Added by Laws 2024, c. 121, § 16, eff. Nov. 1, 2024.

§18-2054.8. Merger and consolidation of registered series.

MERGER AND CONSOLIDATION OF REGISTERED SERIES

A. Under an agreement of merger or consolidation, one or more registered series may merge or consolidate with or into one or more other registered series of the same limited liability company with such registered series as the agreement shall provide being the

surviving or resulting registered series. Unless otherwise provided in the operating agreement, an agreement of merger or consolidation shall be approved by each registered series which is to merge or consolidate by members of the registered series who own a majority of the then current percentage or other interest in the profits of the registered series owned by all of the members of the registered series. In connection with a merger or consolidation hereunder, rights or securities of, or interests in, a registered series which is a constituent party to the merger or consolidation may be exchanged for or converted into cash, property, rights, or securities of, or interests in, the surviving or resulting registered series or, in addition to or in lieu thereof, may be exchanged for or converted into cash, property, rights, or securities of, or interests in, a domestic limited liability company or other business entity which is not the surviving or resulting registered series in the merger or consolidation, may remain outstanding, or may be canceled. Notwithstanding prior approval, an agreement of merger or consolidation may be terminated or amended under a provision for such termination or amendment contained in the agreement of merger or consolidation.

B. If a registered series is merging or consolidating under this section, the registered series surviving or resulting in or from the merger or consolidation shall file articles of merger or consolidation of registered series executed by one or more authorized persons on behalf of the registered series when it is the surviving or resulting registered series in the Office of the Secretary of State. The articles of merger or consolidation of registered series shall state:

1. The name of each registered series which is to merge or consolidate and the name of the limited liability company that formed the registered series;

2. That an agreement of merger or consolidation has been approved and executed by or on behalf of each registered series which is to merge or consolidate;

3. The name of the surviving or resulting registered series;

4. Such amendment, if any, to the articles of registered series of the registered series that is the surviving registered series to change the name of the surviving registered series, as is desired to be effected by the merger;

5. The future effective date or time, which shall be a date or time certain, of the merger or consolidation if it is not to be effective upon the filing of the articles of merger or consolidation of registered series;

6. That the agreement of merger or consolidation is on file at a place of business of the surviving or resulting registered series or the limited liability company that formed such registered series, and shall state the address thereof; and

7. That a copy of the agreement of merger or consolidation will be furnished by the surviving or resulting registered series, on request and without cost, to any member of any registered series which is to merge or consolidate.

C. Unless a future effective date or time is provided in articles of merger or consolidation of registered series, a merger or consolidation under this section shall be effective upon the filing in the Office of the Secretary of State of articles of merger or consolidation of registered series.

D. Articles of merger or consolidation of registered series cancel the articles of registered series of the registered series which is not the surviving or resulting registered series in the merger or consolidation. Articles of merger or consolidation of registered series that set forth any amendment in accordance with paragraph 4 of subsection B of this section is deemed to be an amendment to the articles of registered series of the surviving registered series, and no further action shall be required to amend the articles of registered series of the surviving registered series under Section 14 of this act with respect to such amendments set forth in such articles of merger or consolidation. Whenever this section requires the filing of articles of merger or consolidation of registered series, such requirement is deemed satisfied by the filing of an agreement of merger or consolidation containing the information required by this section to be set forth in such articles of merger or consolidation.

E. An agreement of merger or consolidation approved in accordance with subsection A of this section may effect any amendment to the operating agreement relating solely to the registered series that are constituent parties to the merger or consolidation. Any amendment to an operating agreement relating solely to the registered series that are constituent parties to the merger or consolidation made under this subsection shall be effective at the effective time or date of the merger or consolidation and shall be effective notwithstanding any provision of the operating agreement relating to amendment of the operating agreement, other than a provision that by its terms applies to an amendment to the operating agreement in connection with a merger or consolidation. The provisions of this subsection shall not be construed to limit the accomplishment of a merger or of any of the matters referred to herein by any other means provided for in an operating agreement or other agreement or as otherwise permitted by law, including that the operating agreement relating to any constituent registered series to the merger or consolidation, including a registered series formed for the purpose of consummating a merger or consolidation, shall be the operating agreement of the surviving or resulting registered series.

F. When any merger or consolidation shall have become effective under this section, for all purposes of the laws of this state, all of the rights, privileges, and powers of each of the registered series that have merged or consolidated, and all property, real, personal, and mixed, and all debts due to any of the registered series, as well as all other things and causes of action belonging to each of the registered series, shall be vested in the surviving or resulting registered series, and shall thereafter be the property of the surviving or resulting registered series as they were of each of the registered series that have merged or consolidated. The title to any real property vested by deed or otherwise, under the laws of this state, in any of the registered series, shall not revert or be in any way impaired by reason of this act; but all rights of creditors and all liens upon any property of any of the registered series shall be preserved unimpaired, and all debts, liabilities, and duties of each of the registered series that have merged or consolidated shall remain attached to the surviving or resulting registered series, and may be enforced against it to the same extent as if the debts, liabilities, and duties had been incurred or contracted by it. Unless otherwise agreed, a merger or consolidation of a registered series of a limited liability company, including a registered series which is not the surviving or resulting registered series in the merger or consolidation, shall not require the registered series to wind up its affairs under Section 14 of this act, or pay its liabilities and distribute its assets under Section 14 of this act, and the merger or consolidation shall not constitute a dissolution of the registered series.

G. An operating agreement may provide that a registered series of a limited liability company shall not have the power to merge or consolidate as set forth in this section.

Added by Laws 2024, c. 121, § 17, eff. Nov. 1, 2024.

§18-2054.9. Division of a limited liability company.

DIVISION OF A LIMITED LIABILITY COMPANY

A. As used in this act:

1. "Dividing company" means the domestic limited liability company that is effecting a division in the manner provided in this section;

2. "Division" means the division of a dividing company into two or more domestic limited liability companies in accordance with this section;

3. "Division company" means a surviving company, if any, and each resulting company;

4. "Division contact" means, in connection with any division, a natural person who is a resident of this state, any division company in the division or any other domestic limited liability company, or other entity as defined in Section 2054 of Title 18 of the Oklahoma

Statutes formed or organized under the laws of this state, which division contact shall maintain a copy of the plan of division for a period of six (6) years from the effective date of the division and shall comply with paragraph 3 of subsection G of this section;

5. "Organizational documents" means the articles of organization and operating agreement of a domestic limited liability company;

6. "Resulting company" means a domestic limited liability company formed as a consequence of a division; and

7. "Surviving company" means a dividing company that survives the division.

B. Under a plan of division, any domestic limited liability company may, in the manner provided in this section, be divided into two or more domestic limited liability companies. The division of a domestic limited liability company in accordance with this section and, if applicable, the resulting cessation of the existence of the dividing company under articles of division shall not be deemed to affect the personal liability of any person incurred before the division with respect to matters arising before the division, nor shall it be deemed to affect the validity or enforceability of any obligations or liabilities of the dividing company incurred before the division; provided, that the obligations and liabilities of the dividing company shall be allocated to and vested in, and valid and enforceable obligations of, the division company or companies to which the obligations and liabilities have been allocated under the plan of division, as provided in subsection H of this section. Each resulting company in a division shall be formed in compliance with the requirements of this act and subsection H of this section.

C. If the operating agreement of the dividing company specifies the manner of adopting a plan of division, the plan of division shall be adopted as specified in the operating agreement. If the operating agreement of the dividing company does not specify the manner of adopting a plan of division and does not prohibit a division of the limited liability company, the plan of division shall be adopted in the same manner as is specified in the operating agreement for authorizing a merger or consolidation that involves the limited liability company as a constituent party to the merger or consolidation. If the operating agreement of the dividing company does not specify the manner of adopting a plan of division or authorizing a merger or consolidation that involves the limited liability company as a constituent party and does not prohibit a division of the limited liability company, the adoption of a plan of division shall be authorized by the approval of members who own a majority of the then current percentage or other interest in the profits of the dividing company owned by all of the members. Notwithstanding prior approval, a plan of division may be terminated

or amended under a provision for the termination or amendment contained in the plan of division.

D. Unless otherwise provided in a plan of division, the division of a domestic limited liability company under this section shall not require the limited liability company to wind up its affairs under Section 2039 of Title 18 of the Oklahoma Statutes or pay its liabilities and distribute its assets under Section 2040 of Title 18 of the Oklahoma Statutes, and the division shall not constitute a dissolution of the limited liability company.

E. In connection with a division under this section, rights or securities of, or interests in, the dividing company may be exchanged for or converted into cash, property, rights, or securities of, or interests in, the surviving company or any resulting company or, in addition to or in lieu thereof, may be exchanged for or converted into cash, property, rights, or securities of, or interests in, a domestic limited liability company or any other business entity which is not a division company or may be canceled or remain outstanding, if the dividing company is a surviving company.

F. A plan of division adopted in accordance with subsection C of this section:

1. May effect any amendment to the operating agreement of the dividing company if it is a surviving company in the division; or

2. May effect the adoption of a new operating agreement for the dividing company if it is a surviving company in the division; and

3. Shall effect the adoption of an operating agreement for each resulting company. Any amendment to an operating agreement or adoption of a new operating agreement for the dividing company, if it is a surviving company in the division, or adoption of an operating agreement for each resulting company made under the foregoing sentence shall be effective at the effective time or date of the division. Any amendment to an operating agreement or adoption of an operating agreement for the dividing company, if it is a surviving company in the division, shall be effective notwithstanding any provision in the operating agreement of the dividing company relating to amendment or adoption of a new operating agreement, other than a provision that by its terms applies to an amendment to the operating agreement or the adoption of a new operating agreement, in either case, in connection with a division, merger, or consolidation.

G. If a domestic limited liability company is dividing under this section, the dividing company shall adopt a plan of division which shall set forth:

1. The terms and conditions of the division, including:

   a. any conversion or exchange of the membership interests of the dividing company into or for membership interests or other securities or obligations of any

division company or cash, property, or rights or securities or obligations of or interests in any other business entity or domestic limited liability company which is not a division company, or that the membership interests of the dividing company shall remain outstanding or be canceled, or any combination of the foregoing, and

b. the allocation of assets, property, rights, series, debts, liabilities, and duties of the dividing company among the division companies;

2. The name of each resulting company and, if the dividing company will survive the division, the name of the surviving company;

3. The name and business address of a division contact which shall have custody of a copy of the plan of division. The division contact, or any successor division contact, shall serve for a period of six (6) years following the effective date of the division. During the six-year period the division contact shall provide, without cost, to any creditor of the dividing company, within thirty (30) days following the division contact's receipt of a written request from any creditor of the dividing company, the name and business address of the division company to which the claim of the creditor was allocated under the plan of division; and

4. Any other matters that the dividing company determines to include therein.

H. If a domestic limited liability company divides under this section, the dividing company shall file articles of division executed by one or more authorized persons on behalf of the dividing company in the Office of the Secretary of State in accordance with Section 2006 of Title 18 of the Oklahoma Statutes and articles of organization that comply with Section 2005 of Title 18 of the Oklahoma Statutes for each resulting company executed by one or more authorized persons in accordance with Section 2006 of Title 18 of the Oklahoma Statutes. The articles of division shall state:

1. The name of the dividing company and, if it has been changed, the name under which its articles of organization were originally filed and whether the dividing company is a surviving company;

2. The date of filing of the dividing company's original articles of organization with the Secretary of State;

3. The name of each division company;

4. The name and business address of the division contact required by paragraph 3 of subsection G of this section;

5. The future effective date or time, which shall be a date or time certain, of the division if it is not to be effective upon the filing of the articles of division;

6. That the division has been approved in accordance with this section;

7. That the plan of division is on file at a place of business of the division company as is specified therein, and shall state the address thereof;

8. That a copy of the plan of division will be furnished by the division company as is specified therein, on request and without cost, to any member of the dividing company; and

9. Any other information the dividing company determines to include therein.

I. The articles of division and each of the articles of organization for each resulting company required by subsection H of this section shall be filed simultaneously in the Office of the Secretary of State and, if the articles are not to become effective upon their filing as permitted by subsection C of Section 2007 of Title 18 of the Oklahoma Statutes, then each of the articles shall provide for the same effective date or time in accordance with subsection C of Section 2007 of Title 18 of the Oklahoma Statutes. Concurrently with the effective date or time of a division, the operating agreement of each resulting company shall become effective.

J. The articles of division shall act as a cancellation of the articles of organization for a dividing company which is not a surviving company.

K. An operating agreement may provide that a domestic limited liability company shall not have the power to divide as set forth in this section.

L. Upon the division of a domestic limited liability company becoming effective:

1. The dividing company shall be divided into the distinct and independent resulting companies named in the plan of division, and, if the dividing company is not a surviving company, the existence of the dividing company shall cease;

2. For all purposes of the laws of this state, all of the rights, privileges, and powers, and all the property, real, personal, and mixed, of the dividing company and all debts due on whatever account to it, and all other things and other causes of action belonging to it, shall without further action be allocated to and vested in the applicable division company in the manner and basis and with the effect as is specified in the plan of division, and the title to any real property or interest therein allocated to and vested in any division company shall not revert or be in any way impaired by reason of the division;

3. Each division company shall, from and after effectiveness of the articles of division, be liable as a separate and distinct domestic limited liability company for the debts, liabilities, and duties of the dividing company as are allocated to the division

company under the plan of division in the manner and on the basis provided in subparagraph b of paragraph 1 of subsection G of this section;

4. Each of the debts, liabilities, and duties of the dividing company shall without further action be allocated to and be the debts, liabilities, and duties of the division company as is specified in the plan of division as having the debts, liabilities, and duties allocated to it, in the manner and basis and with the effect as is specified in the plan of division, and no other division company shall be liable therefor, so long as the plan of division does not constitute a fraudulent transfer under applicable law, and all liens upon any property of the dividing company shall be preserved unimpaired, and all debts, liabilities, and duties of the dividing company shall remain attached to the division company to which the debts, liabilities, and duties have been allocated in the plan of division, and may be enforced against the division company to the same extent as if the debts, liabilities, and duties had originally been incurred or contracted by it in its capacity as a domestic limited liability company;

5. In the event that any allocation of assets, debts, liabilities, and duties to division companies in accordance with a plan of division is determined by a court of competent jurisdiction to constitute a fraudulent transfer, each division company shall be jointly and severally liable on account of the fraudulent transfer notwithstanding the allocations made in the plan of division; provided, however, the validity and effectiveness of the division are not otherwise affected thereby;

6. Debts and liabilities of the dividing company that are not allocated by the plan of division shall be the joint and several debts and liabilities of all of the division companies;

7. It shall not be necessary for a plan of division to list each individual asset, property, right, series, debt, liability, or duty of the dividing company to be allocated to a division company so long as the assets, property, rights, series, debts, liabilities, or duties so allocated are reasonably identified by any method where the identity of the assets, property, rights, series, debts, liabilities, or duties is objectively determinable;

8. The rights, privileges, powers, and interests in property of the dividing company that have been allocated to a division company, as well as the debts, liabilities, and duties of the dividing company that have been allocated to the division company under a plan of division, shall remain vested in the division company and shall not be deemed, as a result of the division, to have been assigned or transferred to the division company for any purpose of the laws of this state; and

9. Any action or proceeding pending against a dividing company may be continued against the surviving company as if the division

did not occur, but subject to paragraph 4 of subsection L of this section and against any resulting company to which the asset, property, right, series, debt, liability, or duty associated with the action or proceeding was allocated under the plan of division by adding or substituting the resulting company as a party in the action or proceeding.

M. In applying the provisions of this act on distributions, a direct or indirect allocation of property or liabilities in a division is not deemed a distribution for purposes of this act.

N. The provisions of this section shall not be construed to limit the means of accomplishing a division by any other means provided for in an operating agreement or other agreement or as otherwise permitted by this act or as otherwise permitted by law.

O. All limited liability companies formed on or after November 1, 2023, shall be governed by this section. All limited liability companies formed before November 1, 2023, shall be governed by this section; provided, that if the dividing company is a party to any written contract, indenture, or other agreement entered into before November 1, 2023, that, by its terms, restricts, conditions, or prohibits the consummation of a merger or consolidation by the dividing company with or into another party, or the transfer of assets by the dividing company to another party, then the restriction, condition, or prohibition is deemed to apply to a division as if it were a merger, consolidation, or transfer of assets, as applicable.

Added by Laws 2024, c. 121, § 18, eff. Nov. 1, 2024.

§18-2055. Fees.

The Secretary of State shall charge and collect the following fees:

1. For filing the original articles of organization, a fee of One Hundred Dollars ($100.00);

2. For filing restated articles of organization, including amended and restated articles of organization, a fee of Fifty Dollars ($50.00);

3. For filing articles of correction, amendment, merger or consolidation, registered series, conversion, or division and issuing a certificate of correction, amendment, merger or consolidation, registered series, conversion, or division, a fee of One Hundred Dollars ($100.00);

4. For filing articles of dissolution and issuing a certificate of cancellation, a fee of Fifty Dollars ($50.00);

5. For filing a certificate of correction of statements in an application for registration of a foreign limited liability company, a fee of One Hundred Dollars ($100.00);

6. For issuing a certificate for any purpose whatsoever, a fee of Ten Dollars ($10.00);

7. For filing an application for reservation of a name, or for filing a notice of the transfer or cancellation of any name reservation, a fee of Ten Dollars ($10.00);

8. For filing a statement of change of address of the principal office or change of resident agent, or both, a fee of Twenty-five Dollars ($25.00);

9. For filing a change of address for an individual, corporation, limited liability company or limited partnership designated by a limited liability company as its registered agent for service of process, for change of name of registered agent or for the resignation of a registered agent, a fee of Twenty-five Dollars ($25.00) for the first forty corporations and Five Dollars ($5.00) for each additional corporation within any bulk filing;

10. For filing an application for registration as a foreign limited liability company, a fee of Three Hundred Dollars ($300.00);

11. For filing an application of withdrawal as provided in Section 2047 of this title, a fee of One Hundred Dollars ($100.00);

12. For any service of notice, demand, or process upon the Secretary of State as resident agent of a limited liability company or registered series, a fee of Twenty-five Dollars ($25.00), which amount may be recovered as taxable costs by the party to be sued, action, or proceeding causing such service to be made if such party prevails therein; and

13. For acting as the registered agent of a limited liability company or registered series, a fee of Forty Dollars ($40.00) shall be paid on July 1 each year to the Office of the Secretary of State.

All fees shall be properly accounted for and shall be paid into the State Treasury monthly. All fees received by the Secretary of State pursuant to the provisions of this section shall be paid to the credit of the Revolving Fund for the Office of the Secretary of State created pursuant to Section 276.1 of Title 62 of the Oklahoma Statutes.

Added by Laws 1992, c. 148, § 56, eff. Sept. 1, 1992. Amended by Laws 1993, c. 366, § 25, eff. Sept. 1, 1993; Laws 1994, c. 382, § 19, eff. Sept. 1, 1994; Laws 2001, c. 406, § 13, emerg. eff. June 4, 2001; Laws 2002, c. 22, § 3, emerg. eff. March 8, 2002; Laws 2009, c. 447, § 4, eff. Jan. 1, 2010; Laws 2024, c. 121, § 19, eff. Nov. 1, 2024.

NOTE: Laws 2001, c. 405, § 37 repealed by Laws 2002, c. 22, § 34, emerg. eff. March 8, 2002.

§18-2055.1. Failure to pay registered agent fees.

FAILURE TO PAY REGISTERED AGENT FEES

A domestic or foreign limited liability company or registered series for which the Secretary of State acts as the registered agent that fails to pay the registered agent fee by the due date as provided in paragraph 12 of Section 2055 of this title shall be

subject to the provisions of Sections 2012.1 and 2055.2 of this title.
Added by Laws 1996, c. 69, § 15, eff. Nov. 1, 1996. Amended by Laws 2001, c. 405, § 38, eff. Nov. 1, 2001; Laws 2024, c. 121, § 20, eff. Nov. 1, 2024.

§18-2055.2. Annual certificate for domestic limited liability company and registered series and foreign limited liability company.

ANNUAL CERTIFICATE FOR DOMESTIC LIMITED LIABILITY COMPANY AND FOREIGN LIMITED LIABILITY COMPANY

A. Every domestic limited liability company and every foreign limited liability company registered to do business in this state shall file a certificate each year in the Office of the Secretary of State, which confirms it is an active business and includes its principal place of business address, and shall pay an annual certificate fee of Twenty-five Dollars ($25.00).

B. The annual certificate shall be due on the anniversary date of filing the articles of organization, articles of registered series, or registration, as the case may be, until cancellation of the articles of organization or articles of registered series or withdrawal of the registration.

C. The Secretary of State shall, at least sixty (60) days before the anniversary date of each year, cause a notice of the annual certificate to be sent to each domestic limited liability company and registered series and each foreign limited liability company and registered series required to comply with the provisions of this section to its last known electronic mail address of record with the Secretary of State.

D. A domestic limited liability company or registered series or foreign limited liability company or registered series that fails to file the annual certificate and pay the annual certificate fee within sixty (60) days after the date due shall cease to be in good standing as a domestic limited liability company or registered series or registered as a foreign limited liability company or registered series in this state.

E. Except for accepting a resignation of a registered agent when a successor registered agent is not being appointed or an application for reinstatement, the Secretary of State shall not accept for filing any certificate or articles, or issue any certificate of good standing, in respect to any domestic limited liability company or registered series that has ceased to be in good standing or foreign limited liability company or registered series that has ceased to be registered, unless or until the domestic limited liability company or registered series has been reinstated in good standing or the foreign limited liability company or registered series has been reinstated as a foreign limited liability company or registered series duly registered in this state.

F. A domestic limited liability company or registered series that has ceased to be in good standing or a foreign limited liability company or registered series that has ceased to be registered in this state may not maintain any action, suit or proceeding in any court of this state until the domestic limited liability company or registered series has been reinstated in good standing or the foreign limited liability company or registered series has been reinstated as a foreign limited liability company or registered series duly registered in this state. An action, suit or proceeding may not be maintained in any court of this state by any successor or assignee of the domestic limited liability company or registered series or foreign limited liability company or registered series on any right, claim or demand arising out of the transaction of business by the domestic limited liability company or registered series after it has ceased to be in good standing or a foreign limited liability company or registered series that has ceased to be registered in this state until the domestic limited liability company or registered series or foreign limited liability company or registered series, or any person that has acquired all or substantially all of its assets, has caused the limited liability company or registered series to be reinstated in good standing or as a foreign limited liability company or registered series duly registered in this state, as applicable.

Added by Laws 2001, c. 405, § 39, eff. Nov. 1, 2001. Amended by Laws 2006, c. 22, § 1, eff. Nov. 1, 2006; Laws 2008, c. 253, § 31; Laws 2012, c. 245, § 1, eff. Nov. 1, 2012; Laws 2017, c. 323, § 55, eff. Nov. 1, 2017; Laws 2024, c. 121, § 21, eff. Nov. 1, 2024.

NOTE: Laws 2008, c. 382, § 315, which changed the effective date of Laws 2008, c. 253, §§ 1-47 to Jan. 1, 2010, was held unconstitutional by the Oklahoma Supreme Court in the case of *Weddington v. Henry*, 202 P.3d 143, 2008 OK 102 (2009).

§18-2055.3. Reinstatement of a limited liability company or registered series.

REINSTATEMENT OF A LIMITED LIABILITY COMPANY OR REGISTERED SERIES

A. A domestic limited liability company or registered series not in good standing for failure to file an annual certificate and pay the annual certificate fees or registered agent fees, including a domestic limited liability company or registered series whose articles of organization or registered series have been canceled under subsection B of Section 2012.1 of this title, or a foreign limited liability company or registered series whose registration was withdrawn for failure to file an annual certificate and pay the annual certificate fees or registered agent fees may apply to the Secretary of State for reinstatement by:

1. Filing all delinquent annual certificates with the Secretary of State and paying all delinquent annual certificate fees or paying all delinquent registered agent fees to the Secretary of State; and

2. Filing an application for reinstatement with the Secretary of State stating its name at the time it ceased to be in good standing or was withdrawn, the date it ceased to be in good standing or was withdrawn, and its current name, if its name at the time it ceased to be in good standing or was withdrawn is no longer available under Section 2008 or 2045 of this title.

If the Secretary of State determines that the application contains the required information, the information is correct, all delinquent certificates or other filings are submitted, all delinquent fees are paid, and the name satisfies the requirements of Section 2008 or 2045 of this title, the Secretary of State shall accept the application for reinstatement and issue a certificate of reinstatement in the manner provided in Section 2007 of this title for domestic limited liability companies, Section 14 of this act for domestic registered series, or Section 2044 of this title for foreign limited liability companies or foreign registered series. If the limited liability company or registered series is required to change its name because its name at the time it ceased to be in good standing or was withdrawn is no longer available, acceptance of the reinstatement shall constitute an amendment to the domestic limited liability company's articles of organization or the domestic registered series' articles of registered series to change its name or the adoption of a fictitious name by the foreign limited liability company or registered series, as applicable. The application for reinstatement may amend the articles of organization of the domestic limited liability company or the articles of registered series of the registered series or the application for registration of the foreign limited liability company or registered series, subject in either case to the payment of the additional fee required in Section 2055 of this title for amendments; provided, that the application may not extend the term of a limited liability company or registered series that had expired before the application for reinstatement. For purposes of this section, a foreign limited liability company or registered series applying for reinstatement is deemed to have done business continually in the state following the administrative withdrawal.

B. When reinstatement under this section has become effective, the reinstatement relates back to and takes effect as if the domestic limited liability company or registered series had never ceased to be in good standing and as if its articles of organization or articles of registered series, as the case may be, had never been canceled, or as if the foreign limited liability or registered series registration was never withdrawn.

C. The failure of a domestic limited liability company or registered series or foreign limited liability company or registered series to file an annual certificate and pay an annual certificate fee or a registered agent fee to the Secretary of State shall not impair the validity on any contract, deed, mortgage, security interest, lien or act of the domestic limited liability company or registered series or foreign limited liability company or registered series or prevent the domestic limited liability company or registered series or foreign limited liability company or registered series from defending any action, suit or proceeding with any court of this state.

D. All real and personal property, and all rights and interests, which belonged to the domestic limited liability company or registered series at the time its articles of organization or articles of registered series, as the case may be, were canceled or which were acquired by the limited liability company or registered series after cancellation, and which were not disposed of before its reinstatement, shall be vested in the limited liability company or registered series after its reinstatement as fully as they were held by the limited liability company or registered series at, and after, as the case may be, the time its articles of organization or articles of registered series were canceled.

E. A member or manager of a domestic limited liability company or registered series or foreign limited liability company or registered series is not liable for the debts, obligations or liabilities of the domestic limited liability company or registered series or foreign limited liability company or registered series solely by reason of the failure of the domestic limited liability company or registered series or foreign limited liability company or registered series to file an annual certificate and pay an annual certificate fee or a registered agent fee to the Secretary of State or by reason of the domestic limited liability company or registered series ceasing to be in good standing or its articles of organization or articles of registered series being canceled or the foreign limited liability company or registered series ceasing to be duly registered.

Added by Laws 2017, c. 323, § 56, eff. Nov. 1, 2017. Amended by Laws 2024, c. 121, § 22, eff. Nov. 1, 2024.

§18-2056. Action to compel execution or filing of articles or other documents.

Any person who is adversely affected by the failure or refusal of any person to execute and file any articles or other document to be filed under this act may petition the district court in the county where the registered office of the limited liability company is located or, if no such address is on file with the Secretary of State, in Oklahoma County, to direct the execution and filing of the

articles or other document. If the court finds that it is proper for the articles or other document to be executed and filed and that there has been failure or refusal to execute and file such document, it shall order the Secretary of State to file the appropriate articles or other document.
Added by Laws 1992, c. 148, § 57, eff. Sept. 1, 1992.

§18-2057. Application of act to foreign and interstate commerce.
The provisions of this act shall apply to commerce with foreign nations and among the several states only as permitted by law.
Added by Laws 1992, c. 148, § 58, eff. Sept. 1, 1992.

§18-2058. Rules of construction of act.
RULES OF CONSTRUCTION OF ACT
A. The rules that statutes in derogation of the common law are to be strictly construed shall have no application to the Oklahoma General Corporation Act.
B. The law of estoppel shall apply to this act.
C. The law of agency shall apply under this act.
D. It is the policy of this act to give the maximum effect to the principle of freedom of contract and to the enforceability of operating agreements.
E. This act shall not be construed so as to impair the obligations of any contract existing when the act goes into effect, nor to affect any action or proceedings begun or right accrued before this act takes effect.
Added by Laws 1992, c. 148, § 59, eff. Sept. 1, 1992. Amended by Laws 2001, c. 405, § 40, eff. Nov. 1, 2001.

§18-2058.1. Document form, signature, and delivery.
DOCUMENT FORM, SIGNATURE, AND DELIVERY.
A. Except as provided in subsection B of this section, without limiting the manner in which any act or transaction may be documented, or the manner in which a document may be signed or delivered:
1. Any act or transaction contemplated or governed by the Oklahoma Limited Liability Company Act or an operating agreement may be provided for in a document, and an electronic transmission is the equivalent of a written document;
2. Whenever the Oklahoma Limited Liability Company Act or an operating agreement requires or permits a signature, the signature may be a manual, facsimile, conformed, or electronic signature. "Electronic signature" means an electronic symbol or process that is attached to, or logically associated with, a document and executed or adopted by a person with an intent to execute, authenticate, or adopt the document. A person may execute a document with such person's signature;

3. Unless otherwise provided in an operating agreement or agreed upon between the sender and recipient, an electronic transmission is delivered to a person for purposes of this title and an operating agreement when it enters an information processing system that the person has designated for the purpose of receiving electronic transmissions of the type delivered, so long as the electronic transmission is in a form capable of being processed by that system and such person is able to retrieve the electronic transmission. Whether a person has so designated an information processing system is determined by the operating agreement or from the context and surrounding circumstances, including the party's conduct. An electronic transmission is delivered under this section even if no person is aware of its receipt. Receipt of an electronic acknowledgement from an information processing system establishes that an electronic transmission was received but, by itself, does not establish that the content sent corresponds to the content received.

This section shall not prohibit one or more persons from conducting a transaction in accordance with the Uniform Electronic Transactions Act so long as the part or parts of the transaction that are governed by the Oklahoma Limited Liability Company Act or an operating agreement are documented, signed, and delivered in accordance with this subsection or otherwise in accordance with this section. This subsection shall apply solely for purposes of determining whether an act or transaction has been documented, and the document has been signed and delivered, in accordance with the Oklahoma Limited Liability Company Act or an operating agreement.

B. Subsection A of this section shall not apply to a document filed with or submitted to the Secretary of State, a county clerk, or a court or other judicial or governmental body of this state. This subsection shall not create any presumption about the lawful means to document a matter addressed by this subsection, or the lawful means to sign or deliver a document addressed by this subsection. A provision of an operating agreement shall not limit the application of subsection A of this section unless the provision expressly restricts one or more of the means of documenting an act or transaction, or of signing or delivering a document, permitted by subsection A of this section.

C. If any provision of this section is deemed to modify, limit, or supersede the Electronic Signatures in Global and National Commerce Act, 15 U.S.C. Section 7001 et. seq., the provisions of this section shall control to the fullest extent permitted by Section 7002(a)(2) of such act.

Added by Laws 2024, c. 121, § 23, eff. Nov. 1, 2024.

§18-2059. District court - Jurisdiction.

The district court shall have jurisdiction to enforce the provisions of this act.
Added by Laws 1992, c. 148, § 60, eff. Sept. 1, 1992.

§18-2060. Cases not provided for in act.
CASES NOT PROVIDED FOR IN ACT
In any case not provided for in the Oklahoma Limited Liability Company Act, the rules of law and equity, including the rules of law and equity relating to fiduciary duties and the law merchant, shall govern.
Added by Laws 1992, c. 148, § 61, eff. Sept. 1, 1992. Amended by Laws 2017, c. 323, § 57, eff. Nov. 1, 2017.

§18-2061. Public benefit limited liability companies.
PUBLIC BENEFIT LIMITED LIABILITY COMPANIES.
A. Sections 23 through 29 of this act shall be known and may be cited as the "Oklahoma Public Benefit Limited Liability Company Act" and within such sections as this act.
B. A "public benefit limited liability company" is a for-profit limited liability company formed under and subject to the requirements of the Oklahoma Limited Liability Company Act including a professional limited liability company, that is intended to produce a public benefit or public benefits and to operate in a responsible and sustainable manner as provided under this act. A public benefit limited liability company is formed by filing articles of organization as required under the Oklahoma Limited Liability Company Act and further by stating in the heading of its articles of organization that it is a public benefit limited liability company and by setting forth one or more public benefits to be promoted by the limited liability company in its articles of organization. The operating agreement of a public benefit limited liability company may not contain any provision inconsistent with this act.
C. "Public benefit" means a positive effect, or reduction of negative effects, on one or more categories of persons, entities, communities or interests, other than members in their capacities as members including effects of an artistic, charitable, cultural, economic, educational, environmental, literary, medical, religious, scientific or technological nature. "Public benefit provisions" means the provisions of the articles of organization or an operating agreement contemplated by this act.
Added by Laws 2021, c. 51, § 23, eff. Nov. 1, 2021.

§18-2062. Certain amendments and mergers; Votes required.
CERTAIN AMENDMENTS AND MERGERS; VOTES REQUIRED.

A. Upon the approval of members or other holders who own at least two-thirds (2/3) of the then outstanding equity interests entitled to vote:

1. An existing domestic limited liability company including a professional limited liability company, may become a public benefit limited liability company by amending its articles of organization to conform to the public benefit provisions of subsection B of Section 20 of this act; or

2. A domestic entity that is not a public benefit limited liability company may become a public benefit limited liability company through a merger, consolidation, exchange or conversion in which the surviving or resulting entity is a public benefit limited liability company whose articles of organization conform to the public benefit provisions of subsection B of Section 23 of this act.

B. "Domestic entity" is a limited liability company, corporation, partnership whether general or limited, and including a limited liability partnership and a limited liability limited partnership, an entity subject to the Professional Entity Act, or any unincorporated nonprofit or for-profit association, trust or enterprise having members or having outstanding shares of stock or other evidences of financial, beneficial or membership interest therein, whether formed by agreement or under statutory authority or otherwise, formed under the laws of this jurisdiction.

C. A public benefit limited liability company may not, without the approval of members who own at least two-thirds (2/3) of the then outstanding membership interests of the limited liability company entitled to vote:

1. Amend its articles of organization to delete, add or amend a provision required by subsection B of Section 23 of this act;

2. Merge or consolidate with or exchange or convert into another entity if, as a result of such merger, consolidation, exchange or conversion, the membership interests in such limited liability company would become, or be converted into or exchanged for the right to receive, membership interests or other equity interests in a domestic or foreign limited liability company or other entity that is not a public benefit limited liability company or similar entity, the articles of organization or operating agreement, or similar governing document, of which does not contain provisions identifying a public benefit or public benefits comparable in all material respects to those set forth in the articles of organization of such limited liability company as contemplated by subsection B of Section 23 of this act; or

3. Cease to be a public benefit limited liability company under the provisions of this act.

Added by Laws 2021, c. 51, § 24, eff. Nov. 1, 2021.

§18-2063. Duties of members or managers.

DUTIES OF MEMBERS OR MANAGERS.

A. The members or managers or other persons with authority to manage or direct the business and affairs of a public benefit limited liability company shall manage or direct the business and affairs of the public benefit limited liability company in a manner that balances the pecuniary interests of the members, the best interests of those materially affected by the limited liability company's conduct, and the specific public benefit or public benefits set forth in its articles of organization. Unless otherwise provided in an operating agreement, no member, manager or other person with authority to manage or direct the business and affairs of the public benefit limited liability company shall have any liability for monetary damages for the failure to manage or direct the business and affairs of the public benefit limited liability company as provided in this subsection.

B. A member or manager of a public benefit limited liability company or any other person with authority to manage or direct the business and affairs of the public benefit limited liability company shall not, by virtue of the public benefit provisions or subsection B of Section 23 of this act, have any duty to any person on account of any interest of such person in the public benefit or public benefits set forth in its articles of organization or operating agreement or on account of any interest materially affected by the limited liability company's conduct and, with respect to a decision implicating the balance requirement in subsection A of this section, will be deemed to satisfy such person's fiduciary duties to members and the limited liability company if such person's decision is both informed and disinterested and not such that no person of ordinary, sound judgment would approve.

Added by Laws 2021, c. 51, § 25, eff. Nov. 1, 2021.

§18-2064. Periodic statements and third-party certification.

PERIODIC STATEMENTS AND THIRD-PARTY CERTIFICATION.

A public benefit limited liability company shall no less than biennially provide its members with a statement as to the limited liability company's promotion of the public benefit or public benefits set forth in its articles of organization and as to the best interests of those materially affected by the limited liability company's conduct. The statement shall include:

1. The objectives that have been established to promote such public benefit or public benefits and interests;

2. The standards that have been adopted to measure the limited liability company's progress in promoting such public benefit or public benefits and interests;

3. Objective factual information based on those standards regarding the limited liability company's success in meeting the

objectives for promoting such public benefit or public benefits and interests; and

4. An assessment of the limited liability company's success in meeting the objectives and promoting such public benefit or public benefits and interests.

Added by Laws 2021, c. 51, § 26, eff. Nov. 1, 2021.

§18-2065. Derivative suits.

DERIVATIVE SUITS.

Members of a public benefit limited liability company or assignees of membership interests in a public benefit limited liability company owning individually or collectively, as of the date of instituting such derivative suit, at least two percent (2%) of the then-current membership interests of the limited liability company may maintain a derivative lawsuit to enforce the requirements set forth in subsection A of Section 25 of this act.

Added by Laws 2021, c. 51, § 27, eff. Nov. 1, 2021.

§18-2066. No effect on other limited liability companies.

NO EFFECT ON OTHER LIMITED LIABILITY COMPANIES.

This act shall not affect a statute or rule of law that is applicable to a limited liability company that is not a public benefit limited liability company.

Added by Laws 2021, c. 51, § 28, eff. Nov. 1, 2021.

§18-2067. Accomplishment by other means.

ACCOMPLISHMENT BY OTHER MEANS.

The provisions of this act shall not be construed to limit the accomplishment by any other means permitted by law of the formation or operation of a limited liability company that is formed or operated for a public benefit including a limited liability company that is designated as a public benefit limited liability company, that is not a public benefit limited liability company.

Added by Laws 2021, c. 51, § 29, eff. Nov. 1, 2021.

§18-2068. Short title - Oklahoma Hospital Cybersecurity Protection Act of 2023.

This act shall be known and may be cited as the "Oklahoma Hospital Cybersecurity Protection Act of 2023".

Added by Laws 2023, c. 84, § 1, eff. Nov. 1, 2023.

§18-2069. Definitions.

As used in this act:

1. "Covered entity" means any hospital, as defined in Section 1-701 of Title 63 of the Oklahoma Statutes, whether for-profit or not-for-profit, which is owned, either in whole in or part, or is managed in whole or in part, by hospitals whose business is subject

to the Health Insurance Portability and Accountability Act of 1996, Public Law 104-191;

2. "Data breach" means the unauthorized access and acquisition of unencrypted and unredacted computerized data that compromises the security or confidentiality of personal information or restricted information maintained by a covered entity as part of a database of personal information or restricted information regarding multiple individuals and that causes, or the covered entity reasonably believes has caused or will cause, identity theft or other fraud to any resident of this state. Good-faith acquisition of personal information or restricted information by an employee or agent of a covered entity for the purposes of the covered entity is not a breach of the security system; provided, that the personal information or restricted information, as the case may be, is not used for a purpose other than a lawful purpose of the covered entity or subject to further unauthorized disclosure;

3. "Personal information" means the first name or first initial and last name in combination with and linked to any one or more of the following data elements that relate to a resident of this state, when the data elements are neither encrypted nor redacted:

a. Social Security number,

b. driver license number or state identification number issued in lieu of a driver license, or

c. financial account number, or credit or debit card number, in combination with any required security code, access code, or password that would permit access to the financial accounts of an individual.

The term does not include information that is lawfully obtained from publicly available information, or from federal, state, or local government records lawfully made available to the public;

4. "Restricted information" means any information about an individual, other than personal information, that, alone or in combination with other information, including personal information, can be used to distinguish or trace the individual's identity or that is linked or linkable to an individual, if the information is not encrypted, redacted, or altered by any method or technology in such a manner that the information is unreadable, and the breach of which is likely to result in a material risk of identity theft or other fraud to person or property; and

5. "Encrypted" and "redacted" shall have the same meanings as in Section 162 of Title 24 of the Oklahoma Statutes.

Added by Laws 2023, c. 84, § 2, eff. Nov. 1, 2023.

§18-2070. Affirmative defense — Conditions.

A. The requirements of this section are voluntary; provided, a covered entity may only seek an affirmative defense under this act if the following conditions are met:

1. A covered entity seeking an affirmative defense under this act shall create, maintain, and comply, including documentation of such compliance, with a written cybersecurity program that contains administrative, technical, and physical safeguards for the protection of both personal information and restricted information and that reasonably conforms to an industry-recognized cybersecurity framework, as described in this section;

2. A covered entity's cybersecurity program shall be designed to do all of the following with respect to the information described in paragraph 1 of this subsection, as applicable:

a. protect the security and confidentiality of the information,

b. protect against any anticipated threats or hazards to the security or integrity of the information, and

c. protect against unauthorized access to and acquisition of the information that is likely to result in a material risk of identity theft or other fraud to the individual to whom the information relates;

3. The scale and scope of a covered entity's cybersecurity program under this subsection is appropriate if it is based on all of the following factors:

a. the size and complexity of the covered entity,

b. the nature and scope of the activities of the covered entity,

c. the sensitivity of the information to be protected,

d. the cost and availability of tools to improve information security and reduce vulnerabilities, and

e. the resources available to the covered entity; and

4. The cybersecurity program shall contain requirements that it be reviewed, evaluated, and updated on at least an annual basis and shall require documentation of the same.

B. A covered entity that satisfies paragraphs 1 through 4 of subsection A of this section is entitled to an affirmative defense to any cause of action sounding in tort that is brought alleging that the failure to implement reasonable information security controls resulted in a data breach concerning personal information or restricted information.

Added by Laws 2023, c. 84, § 3, eff. Nov. 1, 2023.

§18-2071. Industry-recognized cybersecurity framework.

A covered entity's cybersecurity program, as described in Section 3 of this act, reasonably conforms to an industry-recognized cybersecurity framework for purposes of that section if this section is satisfied:

1. The covered entity is subject to the requirements of the laws or regulations listed below, and the cybersecurity program

reasonably conforms to the entirety of the current version of both of the following, subject to paragraph 2 of this section:

a. the security requirements of the Health Insurance Portability and Accountability Act of 1996, as set forth in 45 CFR Part 164 Subpart C, and

b. the Health Information Technology for Economic and Clinical Health Act, as set forth in 45 CFR Part 162; and

2. When a framework listed in paragraph 1 of this section is amended, a covered entity whose cybersecurity program reasonably conforms to that framework shall reasonably conform to the amended framework not later than one (1) year after the effective date of the amended framework.

Added by Laws 2023, c. 84, § 4, eff. Nov. 1, 2023.

§18-2072. Severability.

If any provision of this act or the application thereof to a covered entity is for any reason held to be invalid, the remainder of the provisions under those sections and the application of such provisions to other covered entities shall not be thereby affected.

Added by Laws 2023, c. 84, § 5, eff. Nov. 1, 2023.