14A:12-13.1

LEGISLATIVE HISTORY CHECKLIST

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LAWS OF: 2001 **CHAPTER:** 231

NJSA: 14A:12-13.1 (Claims against shareholders of dissolved corporations)

BILL NO: S2297 (Substituted for A3415)

SPONSOR(S): Kyrillos

DATE INTRODUCED: March 29, 2001

COMMITTEE: **ASSEMBLY:** ----

SENATE: Commerce

AMENDED DURING PASSAGE: No

DATE OF PASSAGE: **ASSEMBLY:** June 28 2001

SENATE: June 7, 2001

DATE OF APPROVAL: August 27, 2001

FOLLOWING ARE ATTACHED IF AVAILABLE:

FINAL TEXT OF BILL (Original version of bill enacted)

S2297

SPONSORS STATEMENT: (Begins on page 2 of original bill) Yes

COMMITTEE STATEMENT: **ASSEMBLY**: No

SENATE: Yes

FLOOR AMENDMENT STATEMENTS: No

LEGISLATIVE FISCAL ESTIMATE: No

A3415

SPONSORS STATEMENT: (Begins on page 2 of original bill) Yes

Bill and Sponsors Statement identical to S2297

COMMITTEE STATEMENT: **ASSEMBLY**: Yes

SENATE: No

FLOOR AMENDMENT STATEMENTS: No

LEGISLATIVE FISCAL ESTIMATE: No

VETO MESSAGE: No

GOVERNOR'S PRESS RELEASE ON SIGNING: No

FOLLOWING WERE PRINTED:

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REPORTS: No

HEARINGS: No

NEWSPAPER ARTICLES: No

SENATE, No. 2297

STATE OF NEW JERSEY

209th LEGISLATURE

INTRODUCED MARCH 29, 2001

Sponsored by:
Senator JOSEPH M. KYRILLOS, JR.
District 13 (Middlesex and Monmouth)

Co-Sponsored by:
Assemblyman DeCroce

SYNOPSIS

Bars claims against shareholders of dissolved corporations after five years.

CURRENT VERSION OF TEXT

As introduced.

(Sponsorship Updated As Of: 6/29/2001)

AN ACT concerning certain claims against the shareholders of dissolved corporations and supplementing Title 14A of the New Jersey Statutes.

BE IT ENACTED *by the Senate and General Assembly of the State of New Jersey:*

1. (1) A creditor as defined in subsection (3) of N.J.S.14A:12-12 or subsection (b) of N.J.S.14A:14-1, and all those claiming through or under the creditor, shall be forever barred from suing a shareholder on any claim, or otherwise realizing upon or enforcing any claim against a shareholder, unless that claim was filed against the shareholder, pursuant to N.J.S.14A:12-13 or N.J.S.14A:14-15, or otherwise, within five years after the corporation was dissolved.

(2) This section shall not: (a) apply to claims against shareholders which are in litigation on the effective date of this section; (b) operate to extend any otherwise applicable statute of limitations; or (c) affect any rights of creditors under the "Uniform Fraudulent Transfer Act," R.S.25:2-20 et seq.

2. This act shall take effect immediately.

STATEMENT

This bill creates a new provision of the "New Jersey Business Corporation Act" to bar claims against shareholders of a dissolved corporation unless filed against the shareholders within five years of dissolution of the corporation.

Almost every state, including New Jersey, allows creditors of a dissolved corporation to sue the corporation's shareholders for unsatisfied claims against the corporation if certain conditions are met. New Jersey, however, is one of fewer than ten states that place no limit on the time period during which such suits can be brought. As a result, investors in dissolved New Jersey corporations may be sued years, possibly even decades, after the dissolution. This open-ended exposure for shareholders discourages investment in New Jersey public corporations and depresses the value of those corporations as investment opportunities.

Over 40 states currently bar creditors of a dissolved corporation from suing shareholders for unsatisfied corporate liabilities, unless the suits are filed within a specified period of time. Most of those states require claims against shareholders to be filed within two to five years. This bill provides a five-year period for filing such claims.

This bill would not apply to claims against shareholders which were in litigation on its effective date. It would not operate to extend any otherwise applicable statute of limitations, nor affect any rights of creditors under the "Uniform Fraudulent Transfer Act."

SENATE COMMERCE COMMITTEE

STATEMENT TO

SENATE, No. 2297

STATE OF NEW JERSEY

DATED: MAY 24, 2001

The Senate Commerce Committee reports favorably Senate Bill No. 2297.

This bill creates a new provision of the "New Jersey Business Corporation Act" to bar claims against shareholders of a dissolved corporation unless filed against the shareholders within five years of dissolution of the corporation.

This bill would not apply to claims against shareholders which were in litigation on its effective date. It would not operate to extend any otherwise applicable statute of limitations, nor affect any rights of creditors under the "Uniform Fraudulent Transfer Act."

ASSEMBLY, No. 3415

STATE OF NEW JERSEY

209th LEGISLATURE

INTRODUCED MARCH 29, 2001

Sponsored by:
Assemblyman ALEX DECROCE
District 26 (Essex, Morris and Passaic)

SYNOPSIS

Bars claims against shareholders of dissolved corporations after five years.

CURRENT VERSION OF TEXT

As introduced.

AN ACT concerning certain claims against the shareholders of dissolved corporations and supplementing Title 14A of the New Jersey Statutes.

BE IT ENACTED *by the Senate and General Assembly of the State of New Jersey:*

1. (1) A creditor as defined in subsection (3) of N.J.S.14A:12-12 or subsection (b) of N.J.S.14A:14-1, and all those claiming through or under the creditor, shall be forever barred from suing a shareholder on any claim, or otherwise realizing upon or enforcing any claim against a shareholder, unless that claim was filed against the shareholder, pursuant to N.J.S.14A:12-13 or N.J.S.14A:14-15, or otherwise, within five years after the corporation was dissolved.

(2) This section shall not: (a) apply to claims against shareholders which are in litigation on the effective date of this section; (b) operate to extend any otherwise applicable statute of limitations; or (c) affect any rights of creditors under the "Uniform Fraudulent Transfer Act," R.S.25:2-20 et seq.

2. This act shall take effect immediately.

STATEMENT

This bill creates a new provision of the "New Jersey Business Corporation Act" to bar claims against shareholders of a dissolved corporation unless filed against the shareholders within five years of dissolution of the corporation.

Almost every state, including New Jersey, allows creditors of a dissolved corporation to sue the corporation's shareholders for unsatisfied claims against the corporation if certain conditions are met. New Jersey, however, is one of fewer than ten states that place no limit on the time period during which such suits can be brought. As a result, investors in dissolved New Jersey corporations may be sued years, possibly even decades, after the dissolution. This open-ended exposure for shareholders discourages investment in New Jersey public corporations and depresses the value of those corporations as investment opportunities.

Over 40 states currently bar creditors of a dissolved corporation from suing shareholders for unsatisfied corporate liabilities, unless the suits are filed within a specified period of time. Most of those states require claims against shareholders to be filed within two to five years. This bill provides a five-year period for filing such claims.

This bill would not apply to claims against shareholders which were in litigation on its effective date. It would not operate to extend any otherwise applicable statute of limitations, nor affect any rights of creditors under the "Uniform Fraudulent Transfer Act."

ASSEMBLY JUDICIARY COMMITTEE

STATEMENT TO

ASSEMBLY, No. 3415

STATE OF NEW JERSEY

DATED: MAY 7, 2001

The Assembly Judiciary Committee reports favorably Assembly Bill No. 3415.

This bill creates a new provision of the "New Jersey Business Corporation Act" to bar claims against shareholders of a dissolved corporation unless filed against the shareholders within five years of dissolution of the corporation.

Almost every state, including New Jersey, allows creditors of a dissolved corporation to sue the corporation's shareholders for unsatisfied claims against the corporation if certain conditions are met. New Jersey, however, is one of fewer than ten states that place no limit on the time period during which such suits can be brought. As a result, investors in dissolved New Jersey corporations may be sued years, possibly even decades, after the dissolution. This open-ended exposure for shareholders discourages investment in New Jersey public corporations and depresses the value of those corporations as investment opportunities.

This bill would not apply to claims against shareholders which were in litigation on its effective date. It would not operate to extend any otherwise applicable statute of limitations, nor affect any rights of creditors under the "Uniform Fraudulent Transfer Act."

§1
C.14A:12-13.1 and
note to
N.J.S.14A:14-15

P.L. 2001, CHAPTER 231, ***approved August 27, 2001***
Senate, No. 2297

AN ACT concerning certain claims against the shareholders of dissolved corporations and supplementing Title 14A of the New Jersey Statutes.

BE IT ENACTED *by the Senate and General Assembly of the State of New Jersey:*

1. (1) A creditor as defined in subsection (3) of N.J.S.14A:12-12 or subsection (b) of N.J.S.14A:14-1, and all those claiming through or under the creditor, shall be forever barred from suing a shareholder on any claim, or otherwise realizing upon or enforcing any claim against a shareholder, unless that claim was filed against the shareholder, pursuant to N.J.S.14A:12-13 or N.J.S.14A:14-15, or otherwise, within five years after the corporation was dissolved.

(2) This section shall not: (a) apply to claims against shareholders which are in litigation on the effective date of this section; (b) operate to extend any otherwise applicable statute of limitations; or (c) affect any rights of creditors under the "Uniform Fraudulent Transfer Act," R.S.25:2-20 et seq.

2. This act shall take effect immediately.

STATEMENT

This bill creates a new provision of the "New Jersey Business Corporation Act" to bar claims against shareholders of a dissolved corporation unless filed against the shareholders within five years of dissolution of the corporation.

Almost every state, including New Jersey, allows creditors of a dissolved corporation to sue the corporation's shareholders for unsatisfied claims against the corporation if certain conditions are met. New Jersey, however, is one of fewer than ten states that place no limit on the time period during which such suits can be brought. As a result, investors in dissolved New Jersey corporations may be sued years, possibly even decades, after the dissolution. This open-ended exposure for shareholders discourages investment in New Jersey public corporations and depresses the value of those corporations as investment opportunities.

Over 40 states currently bar creditors of a dissolved corporation from suing shareholders for unsatisfied corporate liabilities, unless the suits are filed within a specified period of time. Most of those states require claims against shareholders to be filed within two to five years. This bill provides a five-year period for filing such claims.

This bill would not apply to claims against shareholders which were in litigation on its effective date. It would not operate to extend any otherwise applicable statute of limitations, nor affect any rights of creditors under the "Uniform Fraudulent Transfer Act."

Bars claims against shareholders of dissolved corporations after five years.

CHAPTER 231

AN ACT concerning certain claims against the shareholders of dissolved corporations and supplementing Title 14A of the New Jersey Statutes.

BE IT ENACTED *by the Senate and General Assembly of the State of New Jersey:*

C.14A:12-13.1 Creditors barred from suing shareholders of certain dissolved corporations.

1. (1) A creditor as defined in subsection (3) of N.J.S.14A:12-12 or subsection (b) of N.J.S.14A:14-1, and all those claiming through or under the creditor, shall be forever barred from suing a shareholder on any claim, or otherwise realizing upon or enforcing any claim against a shareholder, unless that claim was filed against the shareholder, pursuant to N.J.S.14A:12-13 or N.J.S.14A:14-15, or otherwise, within five years after the corporation was dissolved.

(2) This section shall not: (a) apply to claims against shareholders which are in litigation on the effective date of this section; (b) operate to extend any otherwise applicable statute of limitations; or (c) affect any rights of creditors under the "Uniform Fraudulent Transfer Act," R.S.25:2-20 et seq.

2. This act shall take effect immediately.

Approved August 27, 2001.