Table of Contents

CHAPTER 1. CORPORATE V. NON-CORPORATE FORMS OF BUSINESS

	1:1	Selecting the most advantageous business form
	1:2	The sole proprietorship
8	1:3	The general partnership: concept and advantages
Ş	1:4	The general partnership: means of creation
Ş	1:4 1:5	The general partnership: aggregate status, litigation, partnership property, and the filing of a statement of partnership authority
8	1:6	The general partnership: rights and duties respecting management
Ş	1:7	The general partnership: obligations to third parties
\$	1:8	The general partnership: dissociation and dissolution
	1:8.50	The new Alabama Partnership Law of (2018): evolution and summary [New]
ş	1:9	The limited partnership: general requirements, advantages, and agreement(s) under the 2017 Alabama Partnership Law [Retitled]
Ş	1:10	The limited partnership: formation of the entity; partner status, admission, and attributes; and dissociation of a partner [Retitled]
Ş	1:11	The limited partnership: dissolution and winding up; conversion and mergers [Retitled]
8	1:12	The limited partnership: other requirements and general partnership comparisons
Ş	1:14	The business trust
§	1:15	The limited liability company: Alabama's new Limited Liability Law of 2014, statutory background, advantages, adoption and modifications [Retitled]
Ş	1:16	The limited liability company: general provisions and formation under the Alabama Limited Liability Law of 2014 [Retitled]
Ş	1:17	The limited liability company: liability, direction and oversight, and financing [Retitled]
Ş	1:18	The limited liability company: transfer of interest, dissociation, and dissolution [Retitled]
Ş	1:19	The limited liability company: other special provisions
	1:20	The limited liability partnership in Alabama
	1:21	The limited liability partnership in Alabama: the 1996 legislation

- § 1:23 The real estate investment trust in Alabama
- § 1:24 New "Article 8" and the Alabama Business Conversion and Merger Act of 2000
- § 1:26 The new "General Provisions" chapter of the Alabama Business and Nonprofit Entity Code: contents table and key text provisions, §§ 10A-1-1.01 to 10A-1-9.32 [Retitled]
- § 1:27 Formation of a pilot program in small business development for ex-offenders via the Alabama Board of Pardons & Paroles [New]
- § 1:28 The "Alabama Small Business Relief and Revitalization Act of 2022" [New]
- § 1:29 Chapter 3A Nonprofit Corporation Law [New]

CHAPTER 2. HISTORY, CHARACTERISTICS, AND TYPES OF CORPORATE ORGANIZATION

- § 2:5 Definition and attributes of a corporation
- § 2:7 The public corporation
- § 2:8 The quasi-public corporation
- § 2:10 Public utilities and Alabama corporate law
- § 2:11 Certain public utilities under the 1901 Constitution
- § 2:12 Banking and financial institutions under the 1901 Constitution
- § 2:13 Banking and financial institutions under the Alabama Code
- § 2:14 Insurance companies and insurers in Alabama
- § 2:19 Corporations formed to provide professional services
- § 2:20 Professional service corporations in Alabama
- § 2:21 Laws governing small business corporations
- § 2:22 Affiliated corporations—Subsidiaries and brother-sister corporations
- § 2:23 Nature and scope of nonprofit corporations and other entities
- § 2:24 Cooperative corporations
- § 2:26 Advantages of centralized management
- § 2:27 Advantages of limited liability
- § 2:28 Advantages of perpetual life
- § 2:29 Advantages of free transferability of shares
- § 2:32 Disadvantages of organizing costs and expenses
- § 2:33 Disadvantages of corporate formalities
- § 2:34 Disadvantages of being a public record entity
- § 2:36 Disadvantages under state tax and license laws
- § 2:37 Disadvantages from double taxation of income
- § 2:38 Domestic vs. foreign corporations: nonrestrictive corporate statutes

- § 2:40 Foreign corporations: recognition and the requirement to register
- § 2:41 Foreign corporations: statutory restrictions and requirements
- § 2:42 "Pseudo foreign" corporations and federal corporate law
- § 2:43 The Revised Model Business Corporation Act
- § 2:45 Statutory definitions governing business corporations in Alabama under the 2011 Alabama Business and Nonprofit Entity Code: text of § 10A-2-1.40 [Retitled]
- § 2:46 Statutory definitions governing business corporations in Alabama under the 2011 Alabama Business and Nonprofit Entity Code: comparison with the prior law and changes
- § 2:49 Reservation of power under the 2011 Alabama Business and Nonprofit Entity Code: comparison with prior law and changes [Retitled]
- § 2:50 The Alabama Business Corporation Law (of 2020) [New]
- § 2:51 A new constitutional amendment—Act No. 2022-286 [New]

CHAPTER 3. THE PROCESS OF INCORPORATION

- § 3:3 Where to incorporate: out-of-state vs. Alabama incorporation
- § 3:4 The corporate "contract" and corporate legal norms
- § 3:6 Form of corporate name: general requirements
- § 3:8 Form of corporate name under the 2011 Alabama Business and Nonprofit Entity Code: text of principal sections 10A-1-5.02, 10A-1-5.03, and 10A-1-5.04 [Retitled]
- § 3:9 Reservation of corporate name
- § 3:10 Reservation of corporate name under the 2011 Alabama Business and Nonprofit Entity Code: text of principal sections 10A-1-5.11, 10A-1-5.12, 10A-1-5.13, 10A-1-5.14, 10A-1-5.15, and 10A-1-5.16 [Retitled]
- § 3:11 Registration and renewal of corporate name for foreign entities
- § 3:12 Registration and renewal of corporate name for foreign entities under the Alabama Business and Nonprofit Entity Code: text of principal sections 10A-1-5.21 and 10A-1-5.22 [Retitled]
- § 3:13 Incorporators: number, qualification, and capacity
- § 3:15 Incorporators under the 2011 Alabama Business and Nonprofit Entity Code: text of principal section 10A-2-2.01 [Retitled]
- § 3:16 Pre-incorporation agreements
- § 3:18 Form and content of articles of incorporation
- § 3:19 Form and content of articles of incorporation under the 2011 Alabama Business and Nonprofit Entity Code: text of principal sections 10A-2-2.02 and 10A-1-3.05

- § 3:20 Duration of the corporation
- § 3:21 Duration of the corporation under the 2011 Alabama Business and Nonprofit Entity Code: text of principal section 10A-2-3.02 [Retitled]
- § 3:22 Purpose of the corporation
- § 3:24 Corporate powers
- § 3:25 Corporate powers under the 2011 Alabama Business and Nonprofit Entity Code: text of principal §§ 10A-2-3.02 and 10A-1-2.11
- § 3:26 Registered office and registered agent
- § 3:27 Registered office and registered agent under the 2011 Alabama Business and Nonprofit Entity Code: text of principal section 10A-1-5.31 [Retitled]
- § 3:28 Service of process on an entity
- § 3:29 Initial corporate directors
- § 3:31 Beginning of corporate existence
- § 3:32 Beginning of corporate existence under the 2011 Alabama Business and Nonprofit Entity Act: text of principal sections 10A-2-2.03 and 10A-1-3.01(c) [Retitled]
- § 3:33 Correction of errors or omissions in entity filings
- § 3:34 Adoption of bylaws: purpose and function
- § 3:37 Organizational meeting of directors
- § 3:38 Organizational meeting of directors: items of business
- § 3:44 Liability where "corporateness" has not been established under the 2011 Alabama Business and Nonprofit Entity Code: comparison with prior law and changes
- § 3:46 The Incorporation provisions of the new Alabama Business Corporation Law /New]

CHAPTER 4. FILING OF DOCUMENTS; LIABILITY FOR STATE TAXES; AND STATE GOVERNMENT ECONOMIC INCENTIVES [Retitled]

- § 4:1 Filing duties under Alabama law
- § 4:2 Filing duties of a corporation under the 2011 Alabama Business and Nonprofit Entity Code: text of principal sections 10A-2-1.20, 10A-1-4.01, and 10A-1-4.02 [Retitled]
- § 4:5 Filing, service, and copying fees
- § 4:6 Filing, service, and copying fees under the 2011 Alabama Business and Nonprofit Entity Code: text of principal sections 10A-1-1.21 and 10A-1-4.31 [Retitled]
- § 4:7 Effective time and date of a document
- § 4:9 Correcting a filed document

Table of Contents

§ 4:10	
	Business and Nonprofit Entity Code: text of principal section 10A-1-4.21 [Retitled]
§ 4:14	
§ 4:19	
§ 4:23	
§ 4:24	Taxation by the State—Former penalties for failure to pay corporate franchise taxes
§ 4:26	Taxation by the State—The Alabama Business Privilege Tax of 1999
§ 4:28	Taxation by the State—Ad valorem taxes on corporations
§ 4:31	Taxation by the State—Taxes on special-purpose corporations
§ 4:32	The Alabama Tax Tribunal—Purpose, creation, and provisions [New]
§ 4:33	
§ 4:34	The Alabama Small Business and Agribusiness Jobs Act
§ 4:35	
§ 4:36	The Alabama Innovation Act [New]
§ 4:37	The Alabama Incentives Modernization Act [New]
§ 4:38	The Alabama Job Creation and Military Stability Commission [New]
§ 4:39	The Alabama Innovative Corporation [New]
§ 4:40	Filing of Documents; Liability for State Taxes; and State Government Incentives [New]
§ 4:41	Liability Issues Respecting the recent Coronavirus Pandemic In Alabama [New]
§ 4:42	The Alabama Business Privilege Tax of 2022 [New]
§ 4:43	Municipal business licenses and taxpayer insurance fees

CHAPTER 5. ALLOCATION OF AUTHORITY AND CONTROL IN THE CORPORATION: DIRECTORS AND OFFICERS

- § 5:1 Role, authority, and qualifications of directors
- § 5:3 Authority of directors to set director compensation
- § 5:7 Nature and use of emergency authority by directors
- § 5:9 Number and election of directors
- § 5:11 Terms of directors

[New]

- § 5:13 Election of directors by classes
- § 5:17 Filling director vacancies

- § 5:18 Filling director vacancies under the 2011 Alabama Business and Nonprofit Entity Code: text of principal section 10A-2-8.10 [Retitled]
- § 5:19 Resignation of directors
- § 5:20 Shareholder removal of directors
- § 5:21 Shareholder removal of directors under the 2011 Alabama Business and Nonprofit Entity Code: Text of principal section 10A-2-8.08 [Retitled]
- § 5:23 Court-ordered removal of directors under the 2011 Alabama Business and Nonprofit Entity Code: text of principal section 10A-2-8.09 [Retitled]
- § 5:25 Director action at meetings under the 2011 Alabama Business and Nonprofit Entity Code: text of principal section 10A-2-8.20 [Retitled]
- § 5:28 Director action by written consents
- § 5:34 Delegation of authority to officers and agents
- § 5:36 Duties and express authority of officers
- § 5:38 Types of authority exercised by officers
- § 5:39 Authority of officers: president
- § 5:40 Authority of officers: secretary
- § 5:41 Authority of officers: treasurer
- § 5:44 Authority of officers: board chair
- § 5:45 Resignation and removal of officers
- § 5:47 Contract rights of officers

CHAPTER 6. DISTRIBUTION OF AUTHORITY IN THE CORPORATION: SHAREHOLDERS

- § 6:1 Ownership status and authority of those holding shares
- § 6:2 Shareholder approval and authorization of corporate
- § 6:5 Shareholders as beneficiaries of corporate action: enhancement of share value vs. corporate social goals
- § 6:6 Voting rights of shareholders affecting control
- § 6:8 Shareholder meetings: general requirements and manner of "calling"
- § 6:12 Special shareholder meetings under the 2011 Alabama Business and Nonprofit Entity Code: text of principal section 10A-2-7.02 [Retitled]
- § 6:14 Notice of shareholder meetings
- § 6:15 Notice of shareholder meetings under the 2011 Alabama Business and Nonprofit Entity Code: text of principal section 10A-2-7.05
- § 6:16 Waiver of notice to shareholders
- § 6:22 Quorum and voting of shareholders
- § 6:24 Greater quorum or shareholder voting requirements
- § 6:31 Shareholder agreements to pool their votes

- § 6:33 Shareholder voting trusts
- § 6:35 General shareholder agreements affecting corporate decision making
- § 6:37 Shareholder voting and appointments of proxy
- § 6:46 Shareholder access to corporate records
- § 6:50 Court-ordered inspection of records under the 2011 Alabama Business and Nonprofit Entity Code: text of principal section 10A-2-16.04
- § 6:53 Shareholder reports in connection with indemnification of corporate officials and the issuance of certain shares under the 2011 Alabama Business and Nonprofit Entity Code: text of principal section 10A-2-16.21
- § 6:57 Infant shareholders right to receipt of dividends under the 2011 Alabama Business and Nonprofit Entity Code: text of principal section 10A-2-7.35 [Retitled]

CHAPTER 7. LACK OF CORPORATE AUTHORITY—THE ULTRA VIRES DOCTRINE

- § 7:1 Ultra vires—The rule and its origins
- § 7:6 Ultra vires—Areas of ultra vires activity cured by statutes
- § 7:7 Ultra vires—Current areas of application

CHAPTER 8. DISREGARD OF THE CORPORATE ENTITY

- § 8:1 Disregard of the entity in general: nature and rationale of action
- § 8:2 Actions by "involuntary" and "voluntary" creditors—Tort vs.
- § 8:3 The corporation as "agent"—Shareholder liability under the "instrumentality," "alter ego," and "failed formalities" doctrines
- § 8:4 Liability based on fraud or unfairness
- § 8:5 Liability because of inadequate assets—The "thin capitalization" doctrine
- § 8:7 Brother-sister corporations and the theory of "enterprise entity"

CHAPTER 9. SMALL BUSINESS CORPORATIONS

- § 9:1 The "close" corporation: general characteristics and principles
- § 9:3 Close corporation pooling agreements
- § 9:4 Use of voting trusts in the close corporation
- § 9:5 Special classes of close corporation stock

- § 9:7 Close corporation agreements affecting authority of directors
- § 9:8 Court-ordered dissolution of a close corporation
- § 9:9 Arbitration as a means to resolve close corporation disputes
- § 9:10 Share transfer restrictions in a close corporation
- § 9:11 Statutory close corporation status
- § 9:12 Close corporation shares, share certificates, and notice of close corporation status
- § 9:15 Custodians and provisional directors in a statutory close corporation
- § 9:17 Termination of statutory close corporation status
- § 9:18 Small business corporations and tax planning

CHAPTER 10. LIABILITY OF DIRECTORS, OFFICERS, AND OTHER CORPORATE INSIDERS

- § 10:1 Insider liability in general
- § 10:3 The duty of care
- § 10:6 General standards of "care" for directors under the 2011 Alabama Business and Nonprofit Entity Code: text of principal section 10A-2-8.30
- § 10:11 Conflicting interest contracts under the 2011 Alabama Business and Nonprofit Entity Code: text of principal sections 10A-2-8.60 to 10A-2-8.63 [Retitled]
- § 10:12 Conflicting interest contracts under the 2011 Alabama Business and Nonprofit Entity Code; comparison with prior law and changes
- § 10:13 Breach of duty because of "unreasonable" compensation
- § 10:14 Breach of duty under the corporate opportunity doctrine
- § 10:16 Breach of duty through other forms of interested conduct

CHAPTER 11. SHAREHOLDER REMEDIES FOR INSIDER LIABILITY

- § 11:1 Shareholder suits as an alternative remedy
- § 11:2 Derivative actions
- § 11:4 Who may bring a derivative action
- § 11:5 Derivative vs. direct actions and "individual" recovery by injured shareholders
- § 11:13 Direct actions and shareholder class actions
- § 11:15 Requirements as to corporate books and records and shareholder lists
- § 11:16 Indemnification
- § 11:17 Indemnification under the 2011 Alabama Business and Nonprofit Entity Code

§ 11:18 Indemnification under the 2011 Alabama Business and Nonprofit Entity Code: text of principal sections 10A-2-8.50 to 10A-2-8.58 [Retitled]

CHAPTER 12. LITIGATION BY AND AGAINST THE CORPORATION

- Power to sue and be sued § 12:1
- § 12:2 Name in which corporation sues
- § 12:3 Actions
- § 12:4 Remedies
- § 12:6 Service of process and in personam jurisdiction
- § 12:7 In personam jurisdiction of foreign corporations under the Alabama long-arm statute
- § 12:9 Venue requirements for domestic corporations
- § 12:10 Venue requirements for foreign corporations
- § 12:11 Forum non conveniens

CHAPTER 13. FINANCING THE CORPORATION

- § 13:6 The balance sheet revisited: assets, debt, and "capital § 13:9 Corporate warrants and stock options under the 2011 Alabama Business and Nonprofit Entity Code: text of principal section 10A-2-2.64 § 13:13 Liability of purchasers of shares § 13:15 Authorized and issued shares § 13:17 Shares with terms prescribed by directors: the concept of "blank" stock Issued and outstanding shares: legal requirements in § 13:19 general § 13:21 Treasury shares and the effect of share acquisition [Retitled] § 13:23 Fractional shares § 13:24.50 Fractional shares under the 2022 Legislative Act No. 2022-124 [New] § 13:25 Share certificates Certificated and uncertificated share interests § 13:26
- Certificated and uncertificated share interests under § 13:27 the 2011 Alabama Business and Nonprofit Entity Code: text of principal sections 10A-1-3.41, 10A-1-3.42, 10A-1-3.43, 10A-1-3.44, and 10A-1-3.45 [Retitled]

CHAPTER 14. CORPORATE PAYOUTS TO **SHAREHOLDERS**

§ 14:6 The concept of revaluation, or appreciation, surplus

- § 14:8 Distributions to shareholders generally under the 2011 Alabama Business and Nonprofit Entity Code [Retitled]
- § 14:10 Alternatives to a cash distribution
- § 14:13 Share splits
- § 14:15 Share repurchases
- § 14:16 Share repurchases under section 10A-2-6.31 of the 2011 Alabama Business and Nonprofit Entity Code revisited [Retitled]
- § 14:17 Entitlement to distributions: the issue of corporate dividend policy
- § 14:18 Loans to shareholders—As directors, officers, and employees

CHAPTER 15. ORGANIC CHANGES— AMENDMENT OF THE ARTICLES OF INCORPORATION AND BYLAWS

- § 15:1 Shareholder rights affected by amendment of the articles of incorporation
- § 15:7 Amendment of the articles of incorporation by action of directors and shareholders
- § 15:11 Articles of amendment
- § 15:13 Restated articles of incorporation
- § 15:15 Amendment of the articles of incorporation to comply with reorganization requirements
- § 15:21 Bylaw amendments that increase shareholder quorum or voting requirements
- § 15:23 Bylaw amendments that increase director quorum or voting requirements for directors

CHAPTER 16. ORGANIC CHANGES— CORPORATE MERGERS AND ACQUISITIONS

- § 16:1 Reorganization of a corporation in general
- § 16:3 Stock-for-stock exchange—The "B" reorganization
- § 16:5 Statutory requirements for a share exchange under the 2011 Alabama Business and Nonprofit Entity Code: text of principal section 10A-2-11.02
- § 16:9 Effect of merger or share exchange—under the Alabama Business and Nonprofit Entity Code [Retitled]
- § 16:11 Exchange or sale of corporate assets
- § 16:12 Exchange or sale of corporate assets in the usual and regular course of business and mortgage of assets under the 2011 Alabama Business and Nonprofit Entity Code: text of principal section 10A-2-12.01

- § 16:13 Exchange or sale of corporate assets other than in the usual and regular course of business under the 2011 Alabama Business and Nonprofit Entity Code: text of principal section 10A-2-12.02
- § 16:14 Dissenters' rights in organic changes
- § 16:16 Shareholder's right to dissent under the 2011 Alabama Business and Nonprofit Entity Code: text of principal section 10A-2-13.02
- § 16:26 Shareholder dissatisfaction with a payment or payment offer under the 2011 Alabama Business and Nonprofit Entity Code: text of principal section 10A-2-13.26
- § 16:28 Payment of court costs and counsel fees in appraisal proceedings

CHAPTER 17. DISSOLUTION OF THE CORPORATION

- § 17:1 Dissolution in general
- § 17:5 Voluntary dissolution of a subsidiary corporation under the pre-1994 law
- § 17:6 Voluntary dissolution of the corporation by action of directors and shareholders
- § 17:7 Voluntary dissolution of the corporation by action of directors and shareholders under the 2011 Alabama Business and Nonprofit Entity Code: text of principal section 10A-2-14.02
- § 17:8 Articles of dissolution
- § 17:13 Effect of dissolution and the winding up of corporate affairs under the 2011 Alabama Business and Nonprofit Entity Code: text of principal sections 10A-2-14.05, 10A-1-9.21, 10A-1-9.22
- § 17:14 Effect of dissolution and the winding up of corporate affairs under the 2011 Alabama Business and Nonprofit Entity Code: comparison with prior law and changes
- § 17:18 Procedures governing administrative dissolution under the 2011 Alabama Business and Nonprofit Entity Code: text of principal section 10A-2-14.21
- § 17:19 Procedures governing administrative dissolution under the 2011 Alabama Business and Nonprofit Entity Code: comparison with prior law and changes
- § 17:20 Procedure for reinstatement following administrative dissolution under the Alabama Business and Nonprofit Entity Code: text of principal section 10A-2-14.22
- § 17:22 Procedure for appealing a denial of reinstatement following administrative dissolution under the 2011 Alabama Business and Nonprofit Entity Code: text of principal section 10A-2-14.23
- § 17:26 Judicial dissolution: the current Alabama remedy

- § 17:30 Election to purchase shares in lieu of judicial proceeding
- § 17:32 Deposit of assets with the state
- § 17:33 Deposit of assets with the state under the 2011 Alabama Business and Nonprofit Entity Code: text of principal section 10A-2-14.40

CHAPTER 18. FOREIGN CORPORATIONS

- § 18:1 Recognition of foreign corporations: registration with the Alabama Secretary of State
- § 18:2 Recognition of foreign entities under the Alabama Business and Nonprofit Entity Code and text of principal sections 10A-2-15.01, 10A-1-7.01, 10A-1-7.02, 10A-1-7.03 [Retitled]
- § 18:3 Consequences of transacting business without registering
- § 18:4 Consequences of transacting business without registering under the 2011 Alabama Business and Nonprofit Entity Code: text of section 10A-1-7.21 [Retitled]
- § 18:5 Application for registration
- § 18:7 Amended registration
- § 18:8 Amended registration under the 2011 Alabama Business and Nonprofit Entity Code: text of principal section 10A-1-7.06 [Retitled]
- § 18:9 Effect of registration
- § 18:11 Corporate name of a foreign corporation
- § 18:12 Corporate name of a foreign corporation under the 2011 Alabama Business and Nonprofit Entity Code: text of principal sections 10A-1-7.07 and 10A-1-5.04
- § 18:13 Registered office and registered agent of a foreign corporation
- § 18:14 Right of eminent domain
- § 18:18 Revocation of a foreign entity's registration under the 2011 Alabama Business and Nonprofit Entity Code: text of principal section 10A-1-7.12 [Retitled]
- § 18:19 Procedure for and effect of revocation of a foreign entity's registration under the 2011 Alabama Business and Nonprofit Entity Code: text of principal section 10A-1-7.13 [Retitled]
- § 18:20 Appeal from the revocation of a foreign entity's registration under the 2011 Alabama Business and Nonprofit Entity Code: text of principal section 10A-1-7.14
- § 18:21 Foreign entities acting in a fiduciary capacity in Alabama
- § 18:22 Exemption of out of state business or property from state regulation

Table of Laws and Rules

Table of Cases

Index