

**SENATE COMMITTEE ON BUSINESS, LABOR AND ECONOMIC  
DEVELOPMENT**

January 15, 2001 Hearing Room C  
3:00 PM Tapes 2 -3

**MEMBERS PRESENT:**       **Sen. Roger Beyer, Chair**  
                                  **Sen. Avel Gordly, Vice-Chair**  
                                  **Sen. Jason Atkinson**  
                                  **Sen. Ryan Deckert**  
                                  **Sen. Steve Harper**  
                                  **Sen. Charles Starr**

**MEMBER EXCUSED:**       **Sen. Tony Corcoran**

**STAFF PRESENT:**         **Keith Putman, Committee Administrator**  
                                  **Pam Brunell, Committee Assistant**

**MEASURE/ISSUES HEARD:**       **SB 116 Public Hearing**  
                                  **SB 117 Public Hearing**  
                                  **SB 118 Public Hearing**  
                                  **SB 119 Public Hearing**

---

These minutes are in compliance with Senate and House Rules. Only text enclosed in quotation marks reports a speaker's exact words. For complete contents, please refer to the tapes.

---

<b>TAPE/#</b>	<b>Speaker</b>	<b>Comments</b>
<b>TAPE 2, A</b>		
004	Chair Beyer	Calls meeting to order at 3:05 pm and opens a public hearing on SB 116.
<b><u>SB 116 – PUBLIC HEARING</u></b>		
016	Sen. Peter Courtney	Senate District 17. Describes the history of the issue and explains SB 116.
121	Bob Olson	Oregon State Bar. Testifies in support of SB 116.
150	Robert Art	Chair, Task Force on Close Corporations and Shareholders Rights Business Law Section, Oregon State Bar, and Professor of Law, Willamette University. Testifies on judicial remedies for shareholders of closely-held corporations. Presents <b>(EXHIBIT A)</b> to the committee.
268	Sen. Deckert	Inquires what areas attracted the largest contingence.
270	Art	Explains the minority rights and reasonable expectations as defined in SB 116.
348	Steve Naito	Lawyer, Tarlow Jordan & Schrader. Explains SB 116 as a no fault corporate divorce.
475	Ben Fetherston	Lawyer, Associated Oregon Industries (AOI), Executive Board. Conveys concerns about restating existing law.

**TAPE 3, A**

001 Fetherston Continues testimony.  
037 Betsy Earls AOI. States AOI has not taken a position on SB 116 and will work with OSB to resolve differences.  
040 Fetherston Explains possible problems.  
070 Naito States that SB 116 will supercede existing agreements.  
100 Chair Beyer Closes the public hearing on SB 116.

**SB 117 – PUBLIC HEARING**

111 Keith Putman Committee Administrator, explains SB 117  
126 Andrew Morrow Lawyer, Legislative Chair of the Business Section of Oregon State Bar, testifies in support of SB 117. **(EXHIBIT B)**  
235 Sen. Harper Asks for further explanation.  
240 Morrow Declares SB 117 clarifies current statute..  
285 Chair Beyer Asks about retroactive effects going back to October, 1999.  
300 Morrow Agrees to provide letter explaining possible retroactive results.  
420 Chair Beyer Closes the public hearing on SB 117.

**SB 118 – PUBLIC HEARING**

432 Putman Explains SB 118.  
480 Morrow Testifies in support of SB 118. **(EXHIBIT C)**

**TAPE 2, B**

001 Morrow Continues explanation.  
100 Jim Harlan Senior Policy Advisor, Department of Consumer & Business Services. Discusses policy and Articles of Incorporation.  
162 Sen. Atkinson Queries the type of bank.  
175 Harlan Relates the fraudulent use of the word “bank” in Articles of Incorporation.  
188 Morrow Describes the loopholes.  
250 Sen. Harper Asks about the extent of abuse.  
251 Harlan Offers examples of misuse.  
350 Sen. Harper Asks why the Secretary of State doesn’t revoke charter.  
355 Harlan Points out revocation of Articles is too late to help victim.  
411 Chair Beyer Closes the public hearing on SB 118 and opens a public hearing on SB 119.

**SB 119 – PUBLIC HEARING**

420 Putman Explains SB 119 to the committee.  
447 Morrow Testifies in support of SB 119. **(EXHIBIT D)**.  
500 Morrow Presents amendment to SB 119 **(EXHIBIT E)**.

**TAPE 3, B**

005 Morrow Clarifies the non-unanimous consent of shareholders.  
035 Morrow Compares SB 119 to Delaware law.  
125 Sen. Gordly Asks why it doesn’t apply to all corporations.  
135 Morrow Responds SB 119 does not impose this process on all corporations.  
156 Chair Beyer Closes the public hearing on SB 119.  
198 Chair Beyer Adjourns the meeting at 4:43 pm.

Submitted By,

Reviewed By,

Pam Brunell  
Committee Assistant

Keith Putman,  
Committee Administrator

**EXHIBIT SUMMARY**

**A – SB 116, written material, Robert Art, 4 pp.**

**B – SB 117, written testimony, Andrew Morrow, 4 pp.**

**C – SB 118, written testimony, Andrew Morrow, 4 pp.**

**D – SB 119, written testimony, Andrew Morrow, 4 pp.**

**E – SB 119, written material, Andrew Morrow, 1 p.**