



Ohio Revised Code

Section 1702.55 Liability of members, directors and officers of corporation.

Effective: April 10, 2001

Legislation: House Bill 597 - 123rd General Assembly

(A) The members, the directors, and the officers of a corporation shall not be personally liable for any obligation of the corporation.

(B) Directors who vote for or assent to:

(1) A distribution of assets to members contrary to law or the articles;

(2) A distribution of assets to persons other than creditors during the winding up of the affairs of the corporation, on dissolution or otherwise, without the payment of all known obligations of the corporation, or without making adequate provision therefor;

(3) The making of loans, other than in the usual conduct of its affairs or in accordance with provisions therefor in the articles, to an officer, director, or member of the corporation; shall be jointly and severally liable to the corporation as follows: in cases under division (B)(1) of this section up to the amount of such distribution in excess of the amount that could have been distributed without violation of law or the articles, but not in excess of the amount that would inure to the benefit of the creditors of the corporation if it was insolvent at the time of the distribution or there was reasonable ground to believe that by such action it would be rendered insolvent, or to the benefit of the members other than members of the class in respect of which the distribution was made; and in cases under division (B)(2) of this section, to the extent that such obligations (not otherwise barred by statute) are not paid, or for the payment of which adequate provision has not been made; and in cases under division (B)(3) of this section, for the amount of the loan with interest thereon at the rate of six per cent per annum until such amount has been paid, except that a director shall not be liable under division (B)(1) or (2) of this section if in determining the amount available for any such distribution, the director in good faith relied on a financial statement of the corporation prepared by an officer or employee of the corporation in charge of its accounts or certified by a public accountant or firm of public accountants, or in good faith the director considered the assets to be of their book value, or the director followed what the director believed to be sound accounting and business



practice.

(C) A director who is present at a meeting of the directors or a committee thereof at which action on any matter is authorized or taken and who has not voted for or against such action shall be presumed to have voted for the action unless the director's written dissent therefrom is filed either during the meeting or within a reasonable time after the adjournment thereof, with the person acting as secretary of the meeting or with the secretary of the corporation.

(D) A member who knowingly receives any distribution made contrary to law or the articles shall be liable to the corporation for the amount received by the member that is in excess of the amount that could have been distributed without violation of law or the articles.

(E) A director against whom a claim is asserted under or pursuant to this section and who is held liable thereon shall be entitled to contribution, on equitable principles, from other directors who also are liable; and in addition, any director against whom a claim is asserted under or pursuant to this section or who is held liable shall have a right of contribution from the members who knowingly received any distribution made contrary to law or the articles, and such members as among themselves shall also be entitled to contribution in proportion to the amounts received by them respectively.

(F) No action shall be brought by or on behalf of a corporation upon any cause of action arising under division (B)(1) or (2) of this section at any time after two years from the day on which the violation occurs.

(G) Nothing contained in this section shall preclude any creditor whose claim is unpaid from exercising such rights as the creditor otherwise would have by law to enforce the creditor's claim against assets of the corporation distributed to members or other persons.