

ACT 291

H.B. NO. 1553

A Bill for an Act Relating to Mergers or Consolidations.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. Section 417-19, Hawaii Revised Statutes, is amended to read as follows:

“§417-19 Written demand for compensation by dissenting stockholders. If the requisite number of stockholders of any constituent corporation approve its merger or consolidation with another corporation, domestic or foreign, then any holder of voting or nonvoting shares who has not approved the merger or consolidation at the meeting at which the same was approved, may make written demand upon the constituent corporation of which he is a stockholder for the payment to him of the fair market value of his shares. The fair market value shall be determined as of the close of business of the day before the vote of the stockholders approving the action.

In the event an offeror, as defined in section 417E-1(2), has acquired ten per cent of the equity securities as defined in section 417E-1(6) of any constituent corporation through a take-over bid, as defined in section 417E-1(7), within two years prior to the date of approval of the merger or consolidation of the constituent corporation in which such shares are held and if the offeror has voted or caused such shares, through control thereof directly or indirectly, to be voted in favor of such merger or consolidation, then the offeror shall be liable to any other holder of such shares who has not voted in favor of such merger or consolidation for the difference between the maximum amount the offeror paid for such shares during any take-over bid within the aforesaid period and the fair market value of such shares.”

SECTION 2. New statutory material is underscored.

SECTION 3. This Act shall take effect upon its approval.

(Approved June 22, 1982.)