

271B.3-040 Ultra vires.

- (1) Except as provided in subsection (2) of this section, the validity of corporate action shall not be challenged on the ground that the corporation lacks or lacked power to act.
- (2) A corporation's power to act may be challenged in a proceeding by:
 - (a) A shareholder against the corporation to enjoin the act;
 - (b) The corporation, directly, derivatively, or through a receiver, trustee, or other legal representative, against an incumbent or former director, officer, employee, or agent of the corporation; or
 - (c) The Attorney General under KRS 271B.14-300.
 - (d) In a shareholder's proceeding under subsection (2)(a) of this section to enjoin an unauthorized corporate act, the court may enjoin or set aside the act, if equitable and if all affected persons are parties to the proceeding, and may award damages for loss (other than anticipated profits) suffered by the corporation or another party because of enjoining the unauthorized act.

Effective: January 1, 1989

History: Created 1988 Ky. Acts ch. 23, sec. 25, effective January 1, 1989.