CHAPTER 3

Purposes and Powers

**SECTION 33‑3‑101.** Purposes.

 (a) Every corporation incorporated under Chapters 1 through 20 of this Title has the purpose of engaging in any lawful business unless a more limited purpose is set forth in the articles of incorporation.

 (b) A corporation engaging in a business that is subject to regulation under another statute of this State may incorporate under Chapters 1 through 20 of this Title only if permitted by, and subject to all limitations of, the other statute.

HISTORY: Derived from 1976 Code Section 33‑3‑10 [1962 Code Section 12‑12.1; 1962 (52) 1996; 1981 Act No. 146, Section 2; Repealed, 1988 Act No. 444, Section 2], and Section 33‑7‑10 [1962 Code Section 12‑14.1; 1962 (52) 1996; 1981 Act No. 146, Section 2; Repealed, 1988 Act No. 444, Section 2]; 1988 Act No. 444, Section 2.

**SECTION 33‑3‑102.** General powers.

 Unless its articles of incorporation provide otherwise, every corporation has perpetual duration and succession in its corporate name and has the same powers as an individual to do all things necessary or convenient to carry out its business and affairs, including without limitation power to:

 (1) sue and be sued, complain, and defend in its corporate name;

 (2) have a corporate seal, which may be altered at will, and to use it, or a facsimile of it, by impressing or affixing it or in any other manner reproducing it;

 (3) make and amend bylaws, not inconsistent with its articles of incorporation or with the laws of this State, for managing the business and regulating the affairs of the corporation;

 (4) purchase, receive, lease, or otherwise acquire and own, hold, improve, use, and otherwise deal with real or personal property, or any legal or equitable interest in property, wherever located;

 (5) sell, convey, mortgage, pledge, lease, exchange, and otherwise dispose of all or any part of its property;

 (6) purchase, receive, subscribe for, or otherwise acquire, own, hold, vote, use, sell, mortgage, lend, pledge, or otherwise dispose of, and deal in and with shares or other interests in, or obligations of, any other entity;

 (7) make contracts and guarantees, incur liabilities, borrow money, issue its notes, bonds, and other obligations (which may be convertible into or include the option to purchase other securities of the corporation), and secure any of its obligations by mortgage or pledge of any of its property, franchises, or income;

 (8) lend money, invest and reinvest its funds, and receive and hold real and personal property as security for repayment;

 (9) be a promoter, partner, member, associate, or manager of any partnership, joint venture, trust, or other entity;

 (10) conduct its business, locate offices, and exercise the powers granted by Chapters 1 through 20 of this Title within or without this State;

 (11) elect directors and appoint officers, employees, and agents of the corporation, define their duties, and fix their compensation, to lend money and credit to them, or to officers, employees, and agents, of affiliated or subsidiary corporations;

 (12) pay pensions and establish pension plans, pension trusts, profit sharing plans, share bonus plans, share option plans, and benefit or incentive plans for any or all of its current or former directors, officers, employees, and agents, and such directors, officers, agents, and employees of affiliated, subsidiary, or constituent companies;

 (13) make donations for the public welfare or for charitable, scientific, or educational purposes;

 (14) transact any lawful business that will aid governmental policy;

 (15) make payments or donations, or do any other act, not inconsistent with law, that furthers the business and affairs of the corporation.

HISTORY: Derived from 1976 Code Section 33‑3‑20 [1962 Code Section 12‑12.2; 1952 Code Sections 12‑74, 12‑101 to 12‑105; 1942 Code Sections 7677, 7685, 7745, 7747, 7755, 7756; 1932 Code Sections 7677, 7685, 7745, 7747, 7755, 7756; Civ. C. ‘22 Sections 4251, 4259, 4319, 4321, 4329, 4330; Civ. C. ‘12 Sections 2784, 2792, 2850, 2852, 2860, 2861; Civ. C. ‘02 Sections 1843, 1848, 1893, 1895; R. S. 1500; R. S. 1504; 1896 (22) 99; 1898 (22) 770; 1903 (24) 74; 1905 (24) 842; 1911 (27) 153; 1933 (38) 62; 1940 (41) 1636; 1962 (52) 1996; 1963 (53) 327; 1981 Act No. 146, Section 2; Repealed, 1988 Act No. 444, Section 2], and Section 33‑9‑250 [1962 Code Section 12‑15.24; 1962 (52) 1996; 1963 (53) 327; 1981 Act No. 146, Section 2; Repealed, 1988 Act No. 444, Section 2]; 1988 Act No. 444, Section 2.

**SECTION 33‑3‑103.** Emergency powers.

 (a) In anticipation of or during an emergency defined in subsection (d), the board of directors of a corporation may:

 (1) modify lines of succession to accommodate the incapacity of any director, officer, employee, or agent; and

 (2) relocate the principal office, designate alternative principal offices or regional offices, or authorize the officers to do so.

 (b) During an emergency defined in subsection (d), unless emergency bylaws provide otherwise:

 (1) Notice of a meeting of the board of directors need be given only to those directors whom it is practicable to reach and may be given in any practicable manner, including by publication and radio.

 (2) One or more officers of the corporation present at a meeting of the board of directors may be considered to be directors for the meeting, in order of rank and within the same rank in order of seniority, as necessary to achieve a quorum.

 (c) Corporate action taken in good faith during an emergency under this section to further the ordinary business affairs of the corporation:

 (1) binds the corporation; and

 (2) may not be used to impose liability on a corporate director, officer, employee, or agent.

 (d) An emergency exists for purposes of this section if a quorum of the corporation’s directors cannot be assembled readily because of some catastrophic event.

HISTORY: Derived from 1976 Code Section 33‑11‑20 [1962 Code Section 12‑16.2; 1962 (52) 1996; 1981 Act No. 146, Section 2; Repealed, 1988 Act No. 444, Section 2]; 1988 Act No. 444, Section 2.

**SECTION 33‑3‑104.** Ultra vires.

 (a) Except as provided in subsection (b), the validity of corporate action may not be challenged on the ground that the corporation lacks or lacked power to act.

 (b) A corporation’s power to act may be challenged:

 (1) in a proceeding by a shareholder against the corporation to enjoin the act;

 (2) in a proceeding by 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

 (3) in a proceeding by the Attorney General under Section 33‑14‑300.

 (c) In a shareholder’s proceeding under subsection (b) (1) 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.

HISTORY: Derived from 1976 Code Section 33‑3‑30 [1962 Code Section 12‑12.3; 1962 (52) 1996; 1963 (53) 327; 1981 Act No. 146, Section 2; Repealed, 1988 Act No. 444, Section 2]; 1988 Act No. 444, Section 2.