

IN THE ABSENCE OF ACTUAL FRAUD IN THE TRANSACTION, A DETERMINATION BY THE BOARD OF DIRECTORS OR A STATEMENT IN THE CHARTER AS TO THE ACTUAL VALUE OF CONSIDERATION OTHER THAN MONEY FOR WHICH STOCK OR CONVERTIBLE SECURITIES ARE TO BE ISSUED OR AS TO THE PROPRIETY OF ACCEPTING THAT CONSIDERATION FOR ISSUING THE STOCK OR CONVERTIBLE SECURITIES IS CONCLUSIVE FOR ALL PURPOSES.

(C) PENALTY.

AN OFFICER OR DIRECTOR WHO VIOLATES ANY PROVISION OF THIS SECTION IS GUILTY OF A MISDEMEANOR AND ON CONVICTION IS SUBJECT TO A FINE NOT EXCEEDING \$5,000 OR IMPRISONMENT NOT EXCEEDING TWO YEARS OR BOTH.

REVISOR'S NOTE: This section presently appears as Art. 23, §63.

In subsection (a) (1) of this section, the words "convertible securities" are added to conform with §§2-201 and 2-204 and subsections (a) (2) and (3) of this section. This corrects an apparent oversight in present §63.

The only other changes are in style.

SUBTITLE 3. CAPITAL ACCOUNTS, DIVIDENDS, AND RETIREMENT OF SHARES.

2-301. DEFINITION.

IN THIS SUBTITLE "INSOLVENT" MEANS THAT A CORPORATION:

(1) HAS DEBTS WHICH EXCEED THE FAIR VALUE OF ITS ASSETS; OR

(2) IS UNABLE TO MEET ITS DEBTS AS THEY MATURE IN THE ORDINARY COURSE OF ITS BUSINESS.

REVISOR'S NOTE: This section is new language derived without substantive change from the last sentences of Art. 23, §§ 32(c) and 37(b). It is added to avoid repetition.

2-302. CAPITAL ACCOUNT.

(A) REQUIRED RECORDS.

EACH CORPORATION SHALL KEEP ITS BOOKS IN A MANNER WHICH SHOWS:

(1) THE AMOUNT AND NATURE OF THE MONEY OR OTHER CONSIDERATION IT RECEIVES FOR THE STOCK WHICH IT