

**Dry Creek Rancheria
Band of Pomo Indians**

Business Code

TITLE 5. BUSINESS CORPORATIONS CODE

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CHAPTER 1. FORMATION OF CORPORATIONS

SECTION 1. Scope of Title

(A) Unless otherwise provided, the provisions of this Title apply to all for-profit corporations formed under the sovereign powers of the Tribe, except those corporations owned in whole or in part by the Tribe. Only close corporations may be formed under the provisions set forth in this Title, and provisions which are stated to be applicable only to "corporations formed under this Title" refer only to close corporations which comply with Section (B) below.

(B) Any member of the Dry Creek Rancheria, over the age of 18 years wishing to incorporate a for-profit business or for-profit cooperative may apply to the Director of Commerce for the issuance of a certificate of incorporation under this Title, provided that the articles of incorporation shall provide that all of the issued shares of the corporation are to be subject to one or both of the following restrictions on transfer:

(1) Obligating a shareholder to offer to the corporation or to one or more shareholders of the corporation or to any designated person or to any combination of the foregoing, a prior opportunity to acquire such shares; or

(2) Requiring the corporation, or the holders of shares of a particular class of the corporations, to consent to any proposed transferee to the shares.

(C) The Tribal Council retains the authority to issue corporate charters for business corporations not eligible to be formed under this Title. The Tribal Council may approve the formation of a Tribal corporation under the provisions of this Title if it so chooses.

(D) The provisions of this Title shall be liberally construed and applied to promote its underlying purposes and policies.

SECTION 2. General Powers of Business Corporations

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:

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

(B) To 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;

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

(1) To purchase, receive, lease, or acquire, whether by gift, devise, bequest or otherwise, and to own, hold, improve, use and otherwise deal with, real or personal property, or any legal or equitable interest in property, wherever located;

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

(3) To 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 of other interest in, or obligations of any other entity;

(4) To 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 or any of its property, franchises or income;

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

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

(7) To conduct its business, structure and restructure its operations, locate offices, and exercise the powers granted by this Title within or without trust funds.

(8) To elect Directors and appoint officers, employees, and agents of the corporation, define their duties, fix their compensation, and lend them money and credit;

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

(10) To transact any lawful business that will aid government policy;

(11) To make payments or donations, or do any other act, not inconsistent with tribal, state, or federal law, that furthers the business affairs of the corporation;

(12) To cease its corporate activities and surrender its corporate franchise.

SECTION 3. Defense of Ultra Vires

No act of a corporation and no conveyance or transfer of real or personal property to or by a corporation shall be invalid by reason of the fact that the corporation was without capacity or power to do such act or to make or receive such conveyance or transfer, but such lack of capacity or power may be asserted:

(A) In a proceeding by a shareholder against the corporation to enjoin the doing of any act or acts or the transfer of real or personal property by or to the corporation. If the unauthorized acts or transfer sought to be enjoined are being, or are to be, performed or made pursuant to any contract to which the corporation is a party, the court may, if all the parties to the contract are parties to the proceeding and if it deems the same to be equitable, set aside and enjoin the performance of such contract, and in so doing may allow to the corporation or to the other parties to the contract, as the case may be, compensation for the loss of damage sustained by either of them which may result from the action of the court in setting aside and enjoining the performance or such contract, but anticipated profits to be derived from the performance of the contract shall not be awarded by the court as a loss or damage sustained.

(B) In a proceeding by the corporation, whether acting directly or through a receiver, trustee, or other legal representative, or through shareholders in a representative suit, against the incumbent or former officers or Directors of the corporation.

(C) In a proceeding by the Director of Commerce, as provided in this Title, to dissolve the corporation, or to enjoin the corporation from the transaction of unauthorized business.

SECTION 4. Articles of Incorporation

The articles of incorporation for any corporation formed under this Title shall set forth:

(A) The name of the corporation.

(B) The period of duration, which may be perpetual or for a stated term of years.

(C) The purpose or purposes for which the corporation is organized which may be stated to be, or include, the transaction of any or all lawful business for which corporations may be incorporated under this Title.

(D) The aggregate number of shares which the corporation shall have authority to issue, such shares to be divided into classes, and the number of shares in each class.

(1) If the shares to be divided into classes, the designation of each class and a statement to the preference, limitation, and relative rights in respect of the shares of each class.

(2) If the corporation is to issue the shares of any preferred or special class in a series, then the articles must contain a designation of each series and a statement of the variations in the relative rights and preferences as between series and a statement of authority vested in the Board of Directors to establish series and determine the variations in the relative rights and preferences between series.

(G) Any provision limiting or denying shareholders the preemptive right to acquire additional shares of the corporation.

(H) The name and address of its initial registered agent and the address of its principal office.

(I) A description of any election to operate without a Board of Directors.

(J) The number of Directors constituting the initial Board of Directors and the names and addresses of the persons who are to serve as Directors until the first annual meeting of shareholders or until their successors be elected and qualify; provided, however, that if all persons who have agreed to purchase shares shall enter into a written agreement under Chapter 2 Section 15 of this Title to operate the corporation without a Board of Directors, that fact shall be recited in the articles of incorporation and the names and addresses of the persons who are to be voting shareholders shall be listed instead.

(K) The name and address of each incorporator.

(L) One or more of the restrictions on the transfer of shares described in Section 1 and all other restrictions on the transfer of shares.

(M) The following notice, conspicuously displayed:

"THIS IS A CLOSE CORPORATION FORMED PURSUANT TO THE TRIBAL BUSINESS CORPORATIONS CODE, TITLES OF THE DRY CREEK TRIBAL CODE. THE RIGHTS OF SHAREHOLDERS IN THIS CORPORATION MAY DIFFER MATERIALLY FROM THE RIGHTS OF SHAREHOLDERS IN OTHER CORPORATIONS. COPIES OF DOCUMENTS WHICH RESTRICT TRANSFERS AND AFFECT VOTING AND OTHER RIGHTS MAY BE OBTAINED BY A SHAREHOLDER ON WRITTEN REQUEST TO THE CORPORATION.

In addition to the provisions required under this Section, the articles of incorporation may also contain provisions not inconsistent with law regarding:

(1) The direction of the management of the business and the regulation of the affairs of the corporation;

(2) The definition, limitation, and regulation of the powers of the corporation, the Directors, and the shareholders, or any class of the shareholders;

(3) The par value of any authorized shares of class of shares; and

(4) Any provision which under this Title is required or permitted to be set forth in the bylaws.

It shall not be necessary to set forth in the articles of incorporation any of the corporate powers enumerated in this Title.

SECTION 5. Filing of Articles of Incorporation

Duplicate originals of the articles of incorporation shall be delivered to the Director of Commerce. If the Director of Commerce finds that the articles of incorporation conform to this Title, he/she shall, when all the fees have been paid as described in this Title:

(A) Endorse on each of such originals the work "Filed" and the effective date of the filing thereof.

(B) File one of such originals.

(C) Issue a certificate of incorporation to which the other original shall be affixed. The certificate of incorporation together with the original articles of incorporation affixed thereto shall be returned to the incorporators or their representatives.

SECTION 6. Effect of Filing the Articles of Incorporation — Certificate of Incorporation

Upon the filing of the articles of incorporation, the corporate existence shall begin, and the certificate of incorporation shall be conclusive evidence that all conditions precedent required to be performed by the incorporators have been complied with and that the corporation has been incorporated under this Title, except as against the Tribe in a proceeding to cancel or revoke the certificate of incorporation or for involuntary dissolution of the corporation.

SECTION 7. Organization Meeting of Directors

After the issuance of the certificate of incorporation, an organization meeting of the Board of Directors named in the articles of incorporation shall be held at the call of a majority of the Directors named in the articles of incorporation, for the purpose of adopting bylaws not inconsistent with this Title, electing officers, and the transaction of such other business as may come before the meeting. The Directors calling the meeting shall give at least three days' notice thereof by mail to each Director so named, which notice shall state the time and place of meeting. Any action permitted to be taken at the organization meeting of the Directors may be taken without a meeting if each Director signs an instrument which states the action so taken.

CHAPTER 2. SHARES, SHAREHOLDERS, AND DISTRIBUTIONS

SECTION 1. Authorized Shares

Each corporation shall have power to create and issue the number of shares stated in its articles of incorporation. Such shares may be divided into one or more classes with such designations, preferences, limitations, and relative rights of or provide special voting rights for the shares of any class to the extent not inconsistent with the provisions of the Tribe. Unless otherwise provided in the articles of incorporation, such shares shall carry preemptive rights.

Without limiting the authority herein contained, a corporation, when so provided in its articles or incorporation, may issue shares of preferred or special classes:

- (A) Subject to the right of the corporation to redeem any of such shares at the price fixed by the articles of incorporation for the redemption thereof.
- (B) Entitling the holders thereof to cumulative, non-cumulative, or partially cumulative dividends.
- (C) Having preference over other class or classes of shares as to the payment of dividends.
- (D) Having preference in the assets of the corporation over any other class of shares or classes of shares upon the voluntary or involuntary liquidation of the corporation.

(E) Convertible into shares of any other class or into shares of any series of the same or any other class, except a class having prior or superior rights and preferences as to dividends or distribution of assets upon liquidation.

SECTION 2. Certificates Representing Shares

(A) Shares of a corporation may but need not be represented by certificates. Unless this Title of another statute expressly provides otherwise, the rights and obligations of shareholders are identical whether or not their shares are represented by certificates.

(B) At a minimum each share certificate must state on its face:

(1) The name of the issuing corporation and that it is organized under the laws of the Tribe;

(2) The name of the person to whom issued; and the number and class of shares and the designation of the series, if any, the certificate represents.

(C) If the issuing corporation is authorized to issue different classes of shares of different series within a class, the designations, relative rights, preferences, and limitations applicable to each class and the variations in rights, preferences, and limitations determined for each series (and the authority of the Board of Directors to determine variations for future series) must be summarized on the front or back of each certificate. Alternatively, each certificate may state conspicuously on its front or back that the corporation will furnish the shareholder this information on request in writing and without charge.

(D) Each share certificate (1) must be signed (either manually or in facsimile) by two officers designated in the bylaws or by the Board of Directors and (2) may bear the corporate seal or its facsimile.

(E) If the person who signed (either manually or in facsimile) a share certificate no longer holds office when the certificate is issued, the certificate is nevertheless valid.

(F) No certificate shall be issued for any share until the consideration established for its issuance is received by the corporation.

(G) Within a reasonable time after the issue or transfer of shares without certificates, the corporation shall send the shareholder a written statement of the information required on certificates by this Section.

SECTION 3. Subscription For Shares

A subscription for shares of a corporation to be organized shall be in writing and shall be irrevocable for a period of six months, unless otherwise provided by the terms of the subscription agreement or unless all subscribers consent to the revocation of such subscription.

SECTION 4. Determination of Price -- Payment For Shares

(A) The powers granted in this Section are subject to restriction by the articles of incorporation.

(B) Shares may be issued at a price determined by the Board of Directors, or the Board may set a minimum price or establish a formula or method by which the price may be determined.

(C) Consideration for shares may consist of cash, promissory notes, services performed, contracts for services to be performed, or any other tangible or intangible property. If shares are issued for other than cash, the Board of Directors shall determine the value of the consideration.

(D) Shares issued when the corporation receives the consideration determined by the Board are validly issued, fully paid, and non-assessable.

(E) A good faith judgment of the Board of Directors as to the value of the consideration received for shares is conclusive.

(F) The corporation may place shares issued for a contract for future services of a promissory note in escrow, or make other arrangements to restrict the transfer of the shares, and may credit distributions in respect of the shares against their purchase price, until the services are performed or the note is paid. If the services are not performed or the note is not paid, the shares escrowed or restricted and the distributions credited may be canceled in whole or in part.

SECTION 5. Expenses of Organization, Reorganization, and Financing

The reasonable charges and expenses of organizing a corporation, and the reasonable expenses of and compensation for the sale or underwriting of its shares, may be paid or allowed by such corporation out of the consideration received by it in payment for its shares without thereby rendering such shares assessable.

SECTION 6. Stockholder's Liability -- Consideration For Shares

A holder or subscriber to shares of a corporation shall be under obligation to the corporation or its creditors with respect to such shares other than the obligation to pay to the corporation the full consideration for which such shares were issued or were to be issued, except that he/she may become personally liable by reason of his/her own acts or conduct.

SECTION 7. Stated Capital; Determination of Amount

(A) The consideration received by a corporation for its shares shall constitute stated capital. If the shares have been assigned a par value, the consideration received shall constitute stated capital to the extent of the par value of such shares, and the excess, if any, of such consideration shall constitute capital surplus.

(B) The stated capital of a corporation may be increased from time to time by resolution of the Board of Directors directing that all or part of the surplus of the corporation be transferred to stated capital. The Board of Directors may direct that the amount of the surplus so transferred shall be deemed to be stated capital in respect of any designated class of shares.

(C) Dividends shall not be paid out of stated capital.

SECTION 8. Payment of Deficits Out of Capital Surplus or Earned Surplus

A corporation may, by resolution of its Board of Directors, apply any or all of its capital surplus to the reduction or elimination of any deficit arising from losses, however incurred, but only after first eliminating the earned surplus, if any, of the corporation by applying such losses against earned surplus and only to the extent that such losses exceed the earned surplus, if any. Each such application of capital surplus shall, to the extent thereof, effect a reduction of capital surplus.

SECTION 9. Insolvent Corporation Prohibited From Purchasing Own Shares

No purchase of or payment for its own shares shall be made by a corporation at a time when the corporation is insolvent or when such purchase or payment would make it insolvent.

SECTION 10. Shares Transfer Restrictions

(A) Except as otherwise provided in the articles of incorporation, no interest in shares of a corporation formed under this Title may be transferred, by operation of law or otherwise, whether voluntary or involuntary.

(B) Section (A) above shall not apply to a transfer:

(1) To the corporation or to any other holder of the same class of shares;

(2) To members of the holder's immediate family, or to a trust, all of whose beneficiaries are members of the holder's immediate family. A holder's immediate family shall include his/her spouse, parents, lineal descendants (including any adopted children and stepchildren) and spouse of any lineal descendants, and brother and sisters;

(3) Which has been consented to in writing by all of the holders of the corporation's common shares having voting rights;

(4) To an executor or administrator upon the death of a shareholder or to a trustee or receiver as a result of a bankruptcy, insolvency, dissolution, or similar proceeding brought by or against a shareholder;

(5) By merger, consolidation, or a share exchange of existing shares for other shares of a different class or series in the corporation;

(6) By a pledge as collateral for a loan that does not grant the pledge any voting rights possessed by the pledgor.

SECTION 11. Offer to Sell Shares

(A) Any person desiring to transfer shares in a transaction which is prohibited by Section 10(A) and is not exempt under Section 10 (B) shall obtain a written offer from a third party who meets the requirements in paragraphs (1) and (2) of this Section to purchase such shares for cash and shall deliver written notice of the third party offer to the corporation's registered office stating the number and kind of shares, the offering price, the other terms of the offer, and the name and address of the third party offeror. No transfer shall be made to a third party unless:

(1) The third party is eligible to become a qualified shareholder under the provisions of any federal, state, or Tribal tax statute that the corporation has elected to be subject to and the third party shall agree in writing not to take any action to terminate the election without the approval of the remaining shareholders;

(2) The transfer to the third party will not result in the imposition of the personal holding company tax or any similar Tribal, state, or federal penalty tax on the corporation.

(B) The notice specified in Section (A) shall constitute an offer to sell the shares to the corporation on the terms of the third party offer. Within twenty (20) days after the corporation receives the notice, the corporation shall call a special meeting of shareholders which shall be held not more than 40 days after the call, for the purpose of determining whether to purchase all (but not less than all) of the offered shares. Approval of action to purchase shall be by affirmative vote of the holders of a majority of the shares entitled to vote excluding the offered shares. With the consent of all the shareholders entitled to vote for the approval, the corporation may allocate some or all of the shares to one or more shareholders or to other persons, but if the corporation has more than one class of shares, the remaining holders of the class of shares being offered for sale shall have a first option to purchase the shares that are not purchased by the corporation, in proportion to their shareholdings or in such proportion as shall be agreeable to those desiring to participate in the purchase.

(C) Written notice of the acceptance of the shareholder's offer shall be delivered or sent to the offering shareholder at the address specified in his/her notice to the corporation, or in the absence of any specification, at his/her last known address as reflected in the records of the corporation, within seventy-five (75) days after receipt of the shareholder's offer. Notice sent by U.S. mail shall be timely if it is deposited in the mail prior to midnight of the 75th day following the date the offer from the shareholder was received by the corporation. If the notice contains terms of purchase different from those contained in the shareholder's notice, the different terms shall be deemed a counter offer and unless the

shareholder wishing to transfer his/her stock accepts in writing the counter offer, or the shareholder and the purchaser(s) otherwise resolve by written agreement the differences between the offer and counter offer within fifteen (15) days of receipt by the shareholder of the notice of acceptance, the notice containing the counter offer shall be ineffective as an acceptance.

(D) If a contract to sell is created under Section (C), the shareholder shall make delivery of all the certificates for the stock so sold, duly endorsed, within 20 days of receipt of the notice of acceptance, or in the case of un-certificated securities, shall within the 20-day period or deliver to the corporation the required instruction requesting that the transfer be made. Breach of any of the terms of the contract shall entitle the non-breaching party to any remedy at law or equity allowed for breach of a contract, including, without limitation, specific performance.

(E) If the offer to sell is not accepted pursuant to Section (C) and (D), the shareholder shall be entitled to transfer to the third party offeror all (but not less than all) of the offered shares within one-hundred twenty (120) days after delivery of the shareholder's notice specified in Section (C) in accordance with the terms specified in the shareholder's notice.

SECTION 12. Notice of Transfer Restrictions on Issued Shares

If the summary of share transfer restrictions required by Section 2 (C) of this Chapter to be printed on share certificates is too long to fit practicably on the certificates, the following notice may be used instead:

CAUTION: SHARES IN THIS CORPORATION CANNOT BE TRANSFERRED (BY SALE WED BY THE ARTICLES OF INCORPORATION, BYLAWS, AND SHAREHOLDERS AGREEMENTS. COPIES OF DOCUMENTS WHICH DESCRIBES HOW SHARES CAN BE TRANSFERRED MAY BE OBTAINED BY A SHAREHOLDER ON WRITTEN REQUEST TO THE CORPORATION.

All persons claiming an interest in shares of a statutory close corporation complying with the notice requirements of Section 2 (C) or the notice requirement of Section (A) above shall be bound by the documents referred to in the notice. All persons claiming an interest in shares of a statutory close corporation not complying with the requirement of this Section shall be bound by any documents of which they, or any person through whom they claim, have knowledge or notice.

SECTION 13. Transfer of Shares in Breach of Transfer Restrictions

Any attempted transfer of shares in a corporation formed under this Title in violation of any transfer restriction binding on the transferee shall be ineffective. Any attempted transfer of share in a corporation formed under this Title in violation of any transfer restriction not binding on the transferee because the notice required by Sections 2 or 12 of this Chapter has not been given shall; give the corporation the option, exercisable buy notice and payment within thirty (30) days after presentation of the shares for registration in the name of the transferee, to purchase the shares from the transferee for the same price and terms.

SECTION 14. Sale of Assets

Unless otherwise provided in the articles of incorporation, a sale, lease, exchange, or other disposition of all, or substantially all, the property and assets, with or without the good will, of a corporation formed under this Title, if not made in the usual and regular course of its business, shall require the affirmative vote of all of the holders of outstanding shares of each class of shares of the corporation, whether or not otherwise entitled to vote thereon.

SECTION 15. Election Not to Have a Board of Directors

(A) A corporation formed under this Title may operate without a Board of Directors if the articles of incorporation contain a statement to that effect. While this statement is effective:

(1) All corporate powers shall be exercised by or under his/her authority of and the business affairs of the corporation shall be managed under the direction of the shareholders of the corporation, and all powers and duties conferred or imposed upon the Board or Directors by this Title shall be exercised by the shareholders.

(2) No liability that would otherwise be imposed on the Directors shall be imposed on a shareholder by virtue of any act or failure to act unless the shareholder was entitled to vote on the action.

(3) Any requirement that an instrument filed with any government agency contain a statement that a specified action has been taken by the Board of Directors shall be satisfied by a statement that the corporation is formed under this Title having no Board of Directors and that the action was duly approved by the shareholders.

(4) The shareholders by resolution may appoint one or more shareholders to sign any documents as "Designated Directors".

(5) Unless the articles of incorporation otherwise provide, any action requiring Director approval or both Director and shareholder approval shall be sufficiently authorized by shareholder approval and any action otherwise requiring vote of a majority or greater percentage of the Board of Directors shall require the affirmative vote of the holder of a majority, of such greater percentage, if the shares entitled to vote thereon.

(B) Any amendment to the articles of incorporation to include provisions authorized by Section (A) must be approved by the holders of all the shares of the corporation whether or not they are otherwise entitled to vote thereon, or all the subscribers to such shares, or the incorporators, as the case may be. Any amendment to the articles of incorporation to delete the election must be approved by the affirmative vote of the holders of all of the shares of the corporation whether or not they are otherwise entitled to vote thereon.

SECTION 16. Agreements Among Shareholders

(A) The shareholders of a corporation formed under this Title may by unanimous action enter into one or more written agreements to regulate the exercise of the corporate powers and the management of the business and affairs of the corporation or the relations among the shareholders of the corporation.

(B) Any agreement authorized by this Section shall be valid and enforceable according to its terms notwithstanding the elimination of the Board of Directors, any restriction on the discretion or powers of the Board of Directors, or any proxy or weighted voting rights given to Directors and notwithstanding that the effect of the agreement is to treat the corporation as if it were a partnership of that the arrangement of the relations among the shareholders or between the shareholders and the corporation would otherwise be appropriate only among partners.

(C) If the corporation has a Board of Directors, the effect of an agreement authorized by this Section restricting the discretionary powers of the Directors shall be to relieve the Directors of, and impose upon the person or persons on whom such discretion or powers are vested, the liability for acts or omissions imposed by law upon Directors to the extent that the discretion of powers of the Directors are controlled by the agreement.

(D) Any election not to have a Board of Directors is an agreement authorized by this Section and shall not be valid unless the articles of incorporation expressly contain a statement to that effect.

(E) A shareholder agreement authorized by this Section shall not be amended except by the unanimous written consent of the shareholders unless otherwise provided in the agreement.

(F) Any action permitted by this Section to be taken by shareholders may be taken by the subscribers to shares of the corporation if no shares have been issued at the time of the agreement authorized by the Section.

(G) Provisions otherwise required to be stated in corporate bylaws may be contained with equal effect in a shareholder's agreement.

(H) This Section shall not prohibit any other agreement among two or more shareholders not otherwise prohibited by law.

SECTION 17. Shareholders' Right to Inspect Records

(A) A corporation shall keep at least the following records:

(1) Minutes of all shareholders, meetings, and Board of Director's meetings;

(2) Appropriate accounting records;

(3) Names and addresses of all shareholders and the number and class of shares held;

(4) Current articles of incorporation, bylaws and shareholders' agreements;

(5) Resolutions adopted by the Board of Directors.

(B) Upon five days written notice, a shareholder of the corporation is entitled to inspect and copy records referred to in Section (A) above, subject to the following requirements:

(1) The shareholder's demand must be made in good faith and for a proper purpose;

(2) The shareholder must describe with reasonable particularity his/her purpose and the records he/she desires to inspect;

(3) The records must be directly connected with his/her purpose;

(4) The corporation may impose a reasonable charge covering the costs of labor and materials for copies of documents made for the shareholder; provided, however, that the charge may not exceed any estimates of such costs provided to the shareholder.

(C) A shareholder's agent or attorney has the same inspection and copying rights as the shareholder he/she represents.

(D) A corporation may take reasonable steps to prevent the dissemination of trade secrets, proprietary information or other commercially-sensitive information to persons other than shareholders.

SECTION 18. Annual Meeting

A corporation formed under this Title may establish in its articles of incorporation or bylaws, or in shareholders' agreement, a date at which an annual meeting of shareholders shall be held, if called, and if not so established the date shall be the first business day after May 31st. Unless otherwise provided in the articles of incorporation, no annual meeting need be held unless a written request is delivered to the corporation by any shareholder not less than thirty (30) days before the date specified for the meeting.

SECTION 19. Special Meetings of Shareholders

(A) A corporation shall hold a special meeting of shareholders:

(1) On call of its Board of Directors or the person or persons authorized to do so by the articles of incorporation or bylaws; or

(2) If the holders of at least 10 percent (10%) of all the votes entitled to be cast on any issue proposed to be considered at the proposed special meeting sign,

date, and deliver to the corporation's secretary one or more written demands for the meeting describing the purposes for which it is to be held.

(B) Special shareholders' meetings may be held on or off the Rancheria, at the place stated in accordance with the bylaws. Special meetings shall be held at the corporation's principal office.

(C) Only business within the proposes described in the notice sent to shareholders may be conducted at a special shareholders' meeting.

SECTION 20. Notice of Shareholders Meeting

(A) A corporation shall notify shareholders of the date, time, and place of each annual and special shareholders meeting no fewer than ten (10) or more than sixty (60) days before the meeting. Unless this Title or the articles of incorporation require otherwise, the corporation is required to give notice only to shareholders entitled to vote at the meeting. Notice shall be given by mail or telephone, using the most recent address or telephone number supplied to the corporation by each shareholder.

(B) If an annual or special shareholders' meeting is adjourned to a different date, time, or place, notice need not be given of the new date, time, or place if that information is announced before the meeting adjourn.

SECTION 21. Shareholder Sale Option at Death

(A) If the articles of incorporation of a corporation formed under this Title provide that this Section shall apply to the corporation, the executor or administrator of the estate of any deceased shareholder shall, subject to any directions in the deceased shareholder's last will and testament, have the right to require the corporation to elect either to purchase or cause the purchase of all, but not less than all, of the shares of the decedent pursuant to Section (D) through (F), or to be dissolved.

(B) A modification of the provisions in this Section shall be valid if it is set forth or referred to in the articles of incorporation.

(C) Any amendment to the articles of incorporation to provide that this Section shall apply or to delete or modify the provisions of this Section shall be approved by the unanimous vote of the holders of each class of shares of the corporation affected by the proposed deletion or modification, whether or not they are otherwise entitled to vote thereon; but if the corporation has not shareholders at the time of the proposed amendment, by the unanimous vote of all the subscribers of all of the incorporators, as the case may be.

(D) A person exercising rights under this Section shall, within six months after the death of the beneficial owner of shares, deliver a written notice to the corporation's registered office specifying that number and class of all shares beneficially owned by the deceased shareholder and stating that an offer by the corporation to purchase such shares is being solicited pursuant to this Section. Within twenty (20) days after receipt of the notice, the

president of the corporation shall call a special meeting of shareholders, which shall be held not more than 40 days after the call, for the purpose of determining whether to offer to purchase the shares. Approval of action to offer to purchase the shares shall be by affirmative vote of the holders of a majority of shares entitled to vote, excluding the shares covered by the notice. With the consent of all the shareholders entitled to vote for approval, the corporation may allocate shares to one or more shareholders, or to other persons, but if the corporation has more than one class of shares, the remaining holders of the class of shares being offered for sale shall have first option to purchase the shares that are not purchased by the corporation in proportion to their shareholdings or such proportion as shall be agreeable to those desiring to purchase. Written notice of any offer to purchase approved by the shareholders, or that no offer to purchase was approved, shall be delivered or sent to the person exercising his/her rights under this Section within seventy-five (75) days after delivery of the notice soliciting the offer to purchase. Any offer to purchase shall be accompanied by copies of the corporation's balance sheets and profit and loss statements for its preceding two accounting years and any available interim balance sheet, and profit and loss statement.

(E) To the extent the price and other terms for purchasing shares of a transferring shareholder by the corporation or remaining shareholders are fixed or are to be determined pursuant to provisions in the articles of incorporation, the bylaws of the corporation, or by written agreement, those provisions shall be binding, except that in the event of a default in any payment due, Section (H) shall apply and the person exercising his/her rights under this Section shall have the right to petition for dissolution of the corporation. Any offer to purchase shall be accepted or rejected in writing within fifteen (15) days.

(F) If an offer to purchase is rejected, or if no offer to purchase is made, the person exercising rights under this Section may commence an action in the Tribal Court. The jurisdiction of the court shall be plenary and exclusive. The corporation shall be made a part defendant in such action and shall, at its expense, give notice of the commencement of the action to all of its shareholders and such other persons as the court may direct. The court shall proceed to determine the fair value of the shares of the person exercising the rights under this Section in accordance with Section 22 (E) of this Title and enter an order requiring the corporation to cause the purchase of the shares at fair value and on the other terms so determined or to give such person the right to have the corporation dissolved.

(G) Upon the petition of the corporation, the court may modify its decree to change the terms of payment if it finds that the changed financial or legal ability of the corporation or other purchasers of the shares to complete the purchase justifies a modification. Any person making a payment in order to prevent or insure any default by any purchaser shall be entitled to recover the excess payment from the defaulting person.

(H) If the corporation or other purchaser fails for any reason to make any payment specified in the court decree within thirty (30) days after the due date for such payment, the court shall, upon the petition of the person to whom the payment is due and in the absence of good cause shown by the corporation, enter a decree dissolving the corporation.

(1) If the fair value of the shares as determined by the court does not materially exceed the last offer made by the corporation prior to the commencement of an action brought pursuant to Section (F) and the court finds that the failure of the person exercising rights under this Section to accept the corporation's last offer was arbitrary, vexatious, or not otherwise in good faith, the court may assess all or a portion of the costs and expenses of the action against such person.

(2) If the fair value of the shares as determined by the court materially exceeds the amount of the last offer made by the corporation prior to the time a petition was filed pursuant to Section (F) and the court finds that the corporation's last offer was arbitrary, or was otherwise not made in good faith, the court may assess all or a portion of the costs and expenses of the action against the corporation.

(3) Expenses assessable under Sections (1) and (2) shall include reasonable compensation for and reasonable expenses of any appraisers appointed by the court, and the reasonable fees and expenses of counsel for and experts employed by any party.

(4) Except as provided in Sections (1) and (2), the legal costs of an action filed pursuant to Section (F) shall be assessed on an equal basis between the corporation and any party exercising rights under this Section, and all other fees and expenses shall be borne by the party incurring the fees and expenses.

(I) Any shareholder may waive his/her and his/her estate's and heirs' rights under this Section by a signed writing.

(J) This Section shall not be construed to prohibit any other agreement not prohibited by law that provides for the purchase of shares of the corporation, nor shall it prevent a shareholder from enforcing any other remedy he/she may have.

SECTION 22. Actions by Shareholders of Close Corporations

(A) Any shareholder of record, the beneficial owner of share held by a nominee, or the holder of voting trust certificates of a corporation formed under this Title may file a petition in the Tribal Court for relief on the grounds that:

(1) The Directors of those in control of the corporation have or will have conducted the business and affairs of the corporation in a manner which is not in good faith and which is unfair or oppressive as to the petitioner. Such conduct shall include, but shall not be limited to unfairly depriving the shareholder of the benefit of his/her investment in preference to other shareholders by failing to pay dividends which in good faith ought to be paid, or using the payment of wages as an unfair device to divert income from the petitioner.

(2) Conditions exist that would be grounds for judicial dissolution of the corporation under Section 9 of Chapter 5.

(B) In determining whether one or more of the conditions specified in Section (A) above exist, the court shall give due consideration to the strict fiduciary duty which shareholders of corporations formed under this Title owe to one another, with is the duty of good faith, fairness and loyalty.

(C) The jurisdiction of the court shall be plenary and exclusive. If the court finds that one or more of the conditions specified in Section (A) exist, it shall grant such relief as in its discretion is deems appropriate, including, without limitation, orders granting one or more of the following types of relief:

- (1) Canceling, altering, or enjoining any resolution or other act of the corporation;
- (2) Directing or prohibiting any act of the corporation or of shareholders, Directors, officers, or other persons party to the action;
- (3) Canceling or altering any provision contained in the articles of incorporation or by-laws of the corporation;
- (4) Removing from office any Director or officer, or ordering that a person be appointed a Director of officer;
- (5) Requiring an accounting with respect to any matters in dispute;
- (6) Appointing a custodian to manage the business and affairs of the corporation;
- (7) Appointing a provisional Director who shall have all the rights, powers, and duties of a duly elected Director and shall serve for the term and under conditions established by the court;
- (8) Ordering the payment of dividends;
- (9) If the court finds the relief specified in paragraph (1) through (8) is or would be inadequate or inappropriate, ordering that the corporation is liquidated and dissolved unless either the corporation or one or more of the remaining shareholders has purchased all of the shares of another shareholder at their fair value by a designated date, with the fair value and terms of the purchase to be determined as provided by Section (E). In the event the share purchase is not consummated and the corporation is dissolved and liquidated, any shareholder whose shares were to be purchased shall have the same rights and priorities in the assets of the corporation as would have been the case had no purchase been ordered by the court.
- (10) Awarding damages to any aggrieved party in addition to or in lieu of any other relief granted.

In determining whether to enter a judgment under paragraph (9), the court shall take into consideration the financial condition of the corporation but shall not refuse to order liquidation solely on the grounds that the corporation has earned surplus or current operating profits.

(D) If the court determines that any party to a proceeding brought under this Section has acted arbitrarily, capricious, or otherwise not in good faith, it may award reasonable expenses, including attorneys, fees and the costs of any appraisers of other experts, to one or more of the other parties.

(E) If the court orders relief pursuant to Section (C)(9), the court shall:

- (1) Proceed to determine the fair value of the shares to be purchased, considering the going concern values of the corporation, any agreement among the same or all of the shareholders fixing a price or specifying a formula for determining the value of the corporation's shares for any purpose, the recommendations of any appraiser appointed by the court, any legal constraints on the ability of the corporation to acquire the shares to be purchased, and other relevant evidence.
- (2) Enter a decree specifying the identity of the purchaser and the terms of the purchase found to be proper under the circumstances, including such provisions as are deemed proper concerning payment of the purchase price in two or more installments, payment of interest on the installments, subordination of the obligation to the rights of other creditors of the corporation, security for the deferred purchase price, and a covenant not to compete or other restriction on the selling shareholder.
- (3) Order that the selling shareholder shall, concurrently with the payment of the purchase price, or in the event of an installment purchase concurrently with the payment of the initial payment called for in the order make delivery of all his/her shares and from that date have no rights or claims against the corporation or its Directors, officers, or shareholders by reason of his/her having been a Director, officer, or shareholder of the corporation, except the right to receive the unpaid balance of the amount awarded under this Section and any amounts due under any agreement with the corporation for the remaining shareholders that are not terminated by the court's order.
- (4) Order that if the purchase is not completed in accordance with the court's decree, the corporation shall be liquidated.

(F) Except as otherwise provided in Section (G), the rights of a shareholder to file a proceeding under this Section are in addition to and not in lieu of any other rights or remedies the shareholder may have.

- (1) No shareholder shall be eligible to file an action under this Section until he/she shall have exhausted any non-judicial remedy for resolution of the issues in dispute to which the shareholder has agreed in writing.

SECTION 23. Limited Liability

The failure of a corporation to observe usual corporate formalities or requirements relating to the exercise of its corporate powers or the management of its business and affairs shall not be grounds for imposing personal liability on the shareholders for obligations of the corporation.

CHAPTER 3. DIRECTORS AND OFFICERS

SECTION 1. Duties of Board of Directors

Unless the election under Section 15 of Chapter 2 above to operate without a Board of Directors has been made, all corporate powers shall be exercised by or under the authority of, and the business and affairs of the corporation managed under the direction of, its Board of Directors, subject to any limitations set forth in the articles of incorporation.

SECTION 2. Qualifications of Directors

The articles of incorporation or bylaws may prescribe qualifications for Directors. A Director need not be a resident of the state of a shareholder of the corporations unless the articles of incorporation or bylaws so prescribe. A Director shall be at least 18 years of age.

SECTION 3. Terms of Directors

(A) The terms of the initial Directors of the corporations expire at the first shareholders' meeting at which Directors are elected.

(B) The terms of all other Directors expire at the next annual shareholders' meeting following their election unless the articles of incorporation provide that their terms be staggered.

(C) A decrease in the number of Directors does not shorten an incumbent Director's term.

(D) The term of a Director elected to fill a vacancy expires at the next shareholders' meeting at which Directors are elected.

(E) Despite the expiration of a Director's term, he/she continues to serve until his/her successor is elected and qualifies or until there is a decrease in the number of Directors.

SECTION 4. Removal of Directors by Shareholders

(A) The shareholders may remove one or more Directors with or without cause unless the articles of incorporation provide that Directors may be removed only for cause.

(B) If a Director is elected by a voting group of shareholders, only the shareholders of that voting group may participate in the vote to remove.

(C) A Director may be removed by the shareholders only at a meeting called for that purpose and the meeting notice must state that the purpose, or one of the purposes, of the meeting is removal of the Director.

SECTION 5. Removal of Directors by Judicial Proceeding

(A) The Tribal Court may remove a Director of the corporation from office in a proceeding commenced either by the corporation or by its shareholders holding at least 10 percent (10%) of the outstanding shares of any class if the court finds that:

(1) The Director engaged in fraudulent or dishonest conduct, or gross abuse of authority or discretion, with respect to the corporation; and

(2) Removal is in the best interest of the corporation.

(B) If the court removes the Director, it may bar the Director from reelection for a period prescribed by the court.

(C) If shareholders commence a proceeding under Section (A), they shall make the corporation a party defendant.

SECTION 6. Meetings

(A) The Board of Directors may hold regular or special meetings on or off the Rancheria.

(B) Unless the articles of incorporation or bylaws provide otherwise, the Board of Directors may permit any or all Directors to participate in a regular or special meeting by, or conduct the meeting through the use of, any means of communication by which all Directors participating may simultaneously hear each other during the meeting. A Director participating in a meeting by this means is deemed to be present in person at the meeting.

SECTION 7. Action Without Meeting

(A) Unless the articles of incorporation or bylaws provide otherwise, action required or permitted by this Title to be taken at the Board of Directors' meeting may be taken without a meeting if the action is taken by all members of the board. The action must be evidenced by one or more written consents describing the action taken, signed by each Director, and included in the minutes or filed with the corporate records reflecting the action taken.

(B) Action taken under this Section is effective when the last Director signs the consent, unless the consent specifies a different effective date.

(C) A consent signed under this Section has the effect of a meeting vote and may be described as such in any document.

SECTION 8. Notice of Meeting

(A) Unless the articles of incorporation or bylaws provide otherwise, regular meetings of the Board of Directors may be held as provided in the bylaws without notice to Directors of the date, time, place, or purpose of the meeting.

(B) Unless the articles of incorporation or bylaws provide for a longer or shorter period, special meeting of the Board of Directors must be preceded by at least two (2) days' notice of the date, time, and place of the meeting. The notice need not describe the purpose of the special meeting unless required by the articles of incorporation, bylaws, or the provisions of this Title.

SECTION 9. Waiver of Notice

(A) A Director may waive any notice required by this Title, the articles of incorporation, or the bylaws before or after the date and time stated in the notice. Except as provided by Section (B), the waiver must be in writing, signed by the Director entitled to the notice, and filed with the minutes or corporate records.

(B) A Director's attendance or participation in a meeting waives any required notice to him/her unless that Director at the beginning of the meeting (or promptly upon his/her arrival) objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting.

SECTION 10. Quorum and Voting

(A) Unless the articles of incorporation or bylaws require a greater number, a quorum of the Board of Directors consists of a majority of the number of Directors.

(B) The articles of incorporation or bylaws may authorize a quorum of a Board of Directors to consist of no fewer than one-third of the number of Directors.

(C) If a quorum is present when a vote is taken, the affirmative majority of Directors present is the act of the Board of Directors unless the articles of incorporation or bylaws require the vote of a greater number of Directors.

(D) A Director who is present at a meeting of the Board of Directors of a committee of the Board of Directors when corporate action is taken is deemed to have assented to the action unless:

- (1) He/she objects at the beginning of the meeting (or promptly upon his/her arrival) to holding it or transacting business at the meeting;
- (2) His/her dissent or abstention from the action is taken in the minutes of the meeting; or
- (3) He/she delivers written notice of his/her dissent or abstention to the presiding officer of the meeting before its adjournment or to the corporation immediately

after adjournment of the meeting. The right of dissent or abstention is not available to a Director who votes in favor of the action taken.

SECTION 11. General Standards for Directors

(A) A Director shall discharge his/her duties as a Director, including duties as a member of a committee;

- (1) In good faith;
- (2) With the care an ordinarily prudent person in a like position would exercise under similar circumstances; and
- (3) In a manner he/she reasonably believes to be in the best interests of the corporation.

(B) In discharging his/her duties, a Director is entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, if prepared or presented by:

- (1) One or more officers or employees of the corporation whom the Director believes to be reliable and competent in the matters presented;
- (2) Legal counsel, public accountants, or other persons as to matters the Director reasonably believes are within the person's professional or expert competence, or
- (3) A committee of the Board of Directors of which he/she is not a member if the Director reasonably believes to committee merits confidence.
 - (a) A Director is not acting in good faith if he/she has knowledge concerning the matter in question that makes reliance otherwise permitted by Section (b) unwarranted.
 - (b) A Director is not liable for any action taken as a Director, of any failure to take any action, if he/she performed the duties of office in conjunction with this Section.

SECTION 12. Director Conflict of Interest

(A) A conflict of interest transaction is a transaction with the corporation in which a Director of the corporation has a direct or indirect interest. Any conflict of interest transaction is voidable by the corporation because of the Director's interest in the transaction unless any one of the following is true:

- (1) The material facts of the transaction and the Director's interest were disclosed or known to the Board of Directors or a committee of the Board of Directors authorized, approved, or ratified the transaction;

(2) The material facts of the transaction and the Director's interest were disclosed or known to the shareholders entitled to vote and they authorized, approved, or ratified the transaction; or

(3) The transaction was fair to the corporation.

(B) For the purposes of this Section, a Director of the corporation has an indirect interest in the transaction if:

(1) Another entity in which he/she has a material financial interest or in which he/she is a general partner is a party to the transaction; or

(2) Another entity of which he/she is a Director, officer, or trustee is a party to the transaction and the transaction is or should be considered by the Board of Directors of the corporation.

(C) For the purposes of Section (A)(1), a conflict of interest transaction is authorized, approved, or ratified if it receives the affirmative vote of a majority of the Directors on the Board of Directors (or on the committee) who have no direct or indirect interest in the transaction, but a transaction may not be authorized, approved, or ratified under this Section by a single Director. If a majority of the Directors who have no direct or indirect interest in the transaction vote to authorize, approve or ratify the transaction, a quorum is present for the purpose of taking action under this Section. The presence of, or a vote cast by, a Director with a direct or indirect interest in the transaction does not affect the validity of any action taken under Section (A)(1) if the transaction is otherwise authorized, approved, or ratified as provided in that Section.

(D) For the purposes of Section (A)(2), a conflict of interest transaction is authorized, approved, or ratified if it receives the vote of a majority of the shares entitled to be counted under this Section. Shares owned by or voted under the control of a Director who has a direct or indirect interest in the transaction, and shares owned by or voted under the control of an entity described in Section (B)(1), may not be counted in a vote of shareholders to determine whether to authorize, approve or ratify a conflict of interest transaction under Section (A)(2). The vote of those shares, however, is counted in determining whether a transaction is approved under other Sections of this Title. A majority of shares, whether or not present, that are entitled to be counted in a vote on the transaction under this Section constitutes a quorum for the purpose of taking action under this Section.

SECTION 13. Liability for Unlawful Distributions

(A) Unless he/she complies with the applicable standards of conduct described in Section 12, a Director who votes for or assents to a distribution made in violation of this Title or the articles of incorporation is personally liable to the corporation for the amount of distribution that exceeds what could have been distributed without violating this Title or the articles of incorporation.

(B) A Director held liable for an unlawful distribution under Section (A) is entitled to contributions:

(1) From every other Director who voted for or assented to the distribution without complying with the applicable standards of conduct described in Section 11; and

(2) From each shareholder for the amount the shareholder accepted knowing the distribution was made in violation of this Title or the articles of incorporation.

SECTION 14. Officers

(A) A corporation has the officers described in its bylaws or appointed by the Board of Directors in accordance with the bylaws.

(B) A duly appointed officer may appoint one or more officers or assistant officers as authorized by the bylaws or the Board of Directors.

(C) The bylaws or the Board of Directors shall delegate to one of the officers responsibility for preparing minutes of the Directors and shareholders meetings and for authenticating records of the corporation.

(D) The same individual may simultaneously hold more than one office in the corporation.

(1) Each officer has the authority and shall perform the duties set forth in the bylaws or, to the extent consistent with the bylaws, the duties prescribed by the Board of Directors or by direction of an officer authorized by the Board of Directors to prescribe the duties of other officers.

SECTION 15. Standards of Conduct for Officers

(A) An officer with discretionary authority shall discharge his/her duties under that authority:

(1) In good faith;

(2) With the care an ordinarily prudent person in a like position would exercise under similar circumstances; and

(3) In a manner he/she reasonably believes to be in the best interests of the corporation.

(B) In discharging his/her duties an officer is entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, if prepared or presented by:

(1) One or more officers or employees of the corporation whom the Director believes to be reliable and competent in the matters presented; or

(2) Legal counsel, public accountants, or other persons as to matters the Director reasonably believes are within the person's professional or expert competence.

(C) An officer is not acting in good faith if he/she has knowledge concerning the matter in question that makes reliance otherwise permitted by Section (B) unwarranted.

(D) An officer is not liable for any action taken as a Director, of any failure to take any action, if he/she performed the duties of office in conjunction with this Section.

SECTION 16. Resignation and Removal of Officers

(A) An officer may resign at any time by delivering notice to the corporation. A resignation is effective when the notice is delivered unless the notice specifies a later effective date. If resignation is made effective at a later date and the corporation accepts the future effective date, its Board of Directors may fill the pending vacancy before the effective date if the Board of Directors provides that the successor does not take office until the effective date.

(B) A Board of Directors may remove any officer at any time with or without cause.

SECTION 17. Indemnification of Corporate Agents

(A) A corporation may indemnify any person who was a party or is threatened to be made a party to any threatened pending or completed action, suit, or proceeding, whether civil, criminal, administrative or investigative by reason of the fact that he/she is or was a Director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a Director, officer, employee or agent of another corporation, partner, joint venture, trust, or other enterprise, against expenses including attorneys' fees, judgments, fines and amounts paid in settlement actually of reasonably incurred in connection with the action, suit or proceeding if he/she acted in good faith and in a manner he/she reasonably believed to be in or not opposed to the best interest of the corporation or, with respect to any criminal action or proceeding, had no reasonable cause to believe his/her conduct was unlawful.

(B) No indemnification shall be made pursuant to this Section in respect of any proceeding in which such person shall have been adjudged to be liable to the corporation.

(C) No person shall be indemnified under this Section in respect to any proceeding charging improper personal benefit to him/her, whether or not involving action in his/her capacity, in which he/she have been adjudged to be liable on the basis that personal benefit was improperly received by him/her.

SECTION 18. Mandatory Indemnification

Unless limited by its articles of incorporation, a corporation shall indemnify a Director or officer who was wholly successful, on its merits or otherwise, in the defense of any proceeding to which he/she was a party because he/she is or was a Director of the

corporation, against reasonable expenses incurred by him/her in connection with the proceedings.

SECTION 19. Insurance

A corporation may purchase and maintain insurance on behalf of an individual who is or was a Director, officer, employee, or agent of the corporation, or who, while a Director, officer, employee, or agent of the corporation, is or was serving at the request of the corporation as a Director, officer, partner, trustee, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust, employee benefit plan, or other enterprise against liability asserted against or incurred by him/her in that capacity or arising from his/her status as a Director, officer, employee, or agent, whether or not the corporation would have power to indemnify him/her against the same liability under this Title.

CHAPTER 4. AMENDMENT OF ARTICLES OF INCORPORATION

SECTION 1. Resolution of Proposed Amendment

The Board of Directors shall adopt a resolution setting forth a proposed amendment to the articles of incorporation and directing that it be submitted to a vote at a meeting of the shareholders, which may be either an annual or a special meeting. Any number of amendments may be submitted to shareholders, and voted upon by them, at one meeting.

SECTION 2. Notice of Proposed Amendment

Written notice setting forth a proposed amendment to the articles of incorporation or a summary of the changes to be effected thereby shall be given to each shareholder of record entitled to vote thereon. If the meeting be an annual meeting, the proposed amendment or such summary may be included in the notice of such annual meeting.

SECTION 3. Vote of Shareholders Meeting

At the meeting described in Section 2 above, a vote of the shareholders entitled to vote thereon shall be taken on the proposed amendment. Except as otherwise provided in this Title, the proposed amendment shall be adopted upon receiving the affirmative vote of the holders of two-thirds of the shares entitled to vote thereon. If any class of shares is entitled to vote thereon as a class pursuant to Section 4 below, the proposed amendment shall be adopted upon receiving the affirmative vote of the holders of two-thirds of the shares of each class of shares entitled to vote thereon as a class, unless a greater majority is required by the provisions of this Title.

SECTION 4. Classes of Shares Entitled to Vote

The holders of the outstanding shares of a class shall be entitled to vote as a class upon a proposed amendment, whether or not entitled to vote thereon by the provisions of the articles of incorporation, if the amendment would:

- (A) Increase or decrease the aggregate number of authorized shares of such class;
- (B) Increase or decrease the par value of the shares of such class;
- (C) Effect an exchange, reclassification, or cancellation of all or parts of the shares of such class;
- (D) Effect an exchange, or create a right of exchange, of all or any party of the shares of another class into the shares of such class;
- (E) Change the designations, preferences, limitations or relative rights of the shares of such class;
- (F) Change the shares of such class, whether with or without par value, into the same or a different number of shares, either with or without par value, of the same class or another class or classes;
- (G) Create a new class of shares having rights and preferences prior and superior to the shares of such class, or increase the rights and preferences of any class having rights and preferences prior or superior to the shares of such class;
- (H) In the case of a preferred or special class of shares, divide the un-issued shares of such class into series and fix and determine the designation of such series and the variations in the relative rights and preferences between the shares of such series or authorize the Board of Directors to do so;
- (I) Limit or deny the existing preemptive rights of shares of such class;
- (J) Cancel or otherwise affect dividends on the shares of such class which have accrued but have not been declared.

SECTION 5. Articles of Amendment

(A) Articles of amendment shall be executed in duplicate by the corporation by its chief executive officer and shall be verified by the officer who has been delegated responsibility under Section 14 of Chapter 3 for authenticating corporate records, and shall set forth:

- (1) The name of the corporation;
- (2) The amendment so adopted;
- (3) The date of the adoption of the amendment by shareholders;
- (4) The number of shares outstanding, and the number of shares entitled to vote thereon, and if the shares of any class are entitled to vote thereon as a class, the designation and number of outstanding shares entitled to vote thereon on each such class;

- (5) The number of shares voted for and against such amendment, respectively, and, if the shares of any class are entitled to vote thereon as a class, the number of shares of each such class voted for and against such amendment, respectively;
- (6) If such amendment provides for an exchange, reclassification, or cancellation of issued shares, then a statement of the manner in which the same shall be effected;
- (7) If such amendment effects a change in the amount of stated capital, then a statement of the manner in which the same is effected and a statement expressed in dollars, of the amount of stated capital as changed by the amendment.

(B) The articles of amendment shall be sent to the Director of Commerce with fees as provided in this Title. If the Director of Commerce approves the amendments, he/she issue a certificate of amendments.

CHAPTER 5. DISSOLUTION

SECTION 1. Dissolution by Board of Directors and Shareholders

(A) A corporation's Board of Directors may propose dissolution for submission to the shareholders.

(B) For a proposal to dissolve to be adopted:

- (1) The Board of Directors must recommend dissolution to the shareholders unless the Board of Directors determines that because of conflict of interest or other special circumstances it should make no recommendation and communicates the basis for its determination to the shareholders; and
- (2) The shareholders entitled to vote must approve the proposal to dissolve as provided in Section (E).

(C) The Board of Directors may condition its submission of the proposal for dissolution on any basis.

(D) The corporation shall notify each shareholder, whether or not entitled to vote, of the proposed shareholders' meeting in accordance with Section 20 of Chapter 2. The notice must also state that the purpose, or one of the purposes, of the meeting is to consider dissolving the corporation.

(E) Unless the articles of incorporation or the Board of Director (acting pursuant to Section (C)) require a greater vote or a vote by voting groups, in order for the proposal to dissolve to be adopted, it must be approved by a majority of all the votes entitled to be counted on that proposal.

SECTION 2. Shareholder Option to Dissolve The Corporation

(A) Unless a shareholder's agreement or the articles of incorporation provide otherwise, any shareholder of a corporation formed under this Title has an option to have the corporation dissolved at will. Whenever any such option to dissolve is exercised, the shareholder exercising the option shall give written notice thereof to all other shareholders. The corporation or one or more shareholders of the corporations may offer to purchase the shares at their fair market value from the person exercising the option to dissolve. If the parties cannot agree on the price for the shares or other terms of the sale, any party may bring an action in Tribal Court to oversee the terms of the sale, utilizing the procedures set forth in Section 22(E) of Chapter 2. If no such written offer to purchase is received within thirty (30) days following the sending of the notice, the dissolution of the corporation shall proceed as if the required number of shareholders having voting power had consented pursuant to Section 1 above.

(B) Unless the articles of incorporation otherwise provide, an amendment to the articles of incorporation to include or delete a provision authorized by Section (A) shall be approved by the holders of all the outstanding shares, whether or not otherwise entitled to vote thereon, or all of the subscribers of all of the incorporators, as the case may be.

SECTION 3. Articles of Dissolution

(A) At any time dissolution is authorized, the corporation may dissolve by delivering to the Director of Commerce for filing articles of dissolution setting forth:

- (1) The name of the corporation;
- (2) The date dissolution was authorized;
- (3) If dissolution was approved by the shareholders:
 - (a) The number of votes entitled to be cast on the proposal to dissolve; and
 - (b) Either the total number of votes cast for and against dissolution or the total number of undisputed votes cast for dissolution and a statement that the number cast for dissolution was sufficient for approval.
- (4) If voting by voting groups was required, the information required by Section (B)(3) above must be separately provided for each voting group entitled to vote separately on the proposal to dissolve.
- (5) If the dissolution resulted from the exercise of an option to dissolve authorized by Section 2 above, a copy of the notice required by that Section shall be attached.

(B) A corporation is dissolved upon the effective date of its articles of dissolution.

SECTION 4. Effect of Dissolution

(A) A dissolved corporation continues its corporate existence but may not carry on any business except that appropriate to wind up and liquidate its business and affairs, including:

- (1) Collecting its assets;
- (2) Disposing of its properties that will not be distributed in kind to its shareholders;
- (3) Disposing property of the Tribe in accordance with the appropriate procedures;
- (4) Discharging or making provisions for discharging of its liabilities;
- (5) Distributing its remaining property among its shareholders according to their interests; and
- (6) Doing every other act necessary to wind up and liquidate its business and affairs.

(B) Dissolution of a corporation does not:

- (1) Transfer title of the corporation's property;
- (2) Transfer title of the Tribe's property that was controlled by the corporation; prevent transfer of its shares of securities, although the authorization to dissolve may provide for closing the corporation's share transfer records;
- (3) Subject its Directors or officers to standards of conduct different from those prescribed in this Title.
- (4) Change quorum or voting requirements for its Board of Directors or shareholders; change provisions for selection, resignation, or removal of its Directors or officers; or change provisions for amending its bylaws;
- (5) Prevent commencement of a proceeding by or against the corporation in its corporate name;
- (6) Abate or suspend a proceeding pending by or against the corporation in its corporate name; or
- (7) Terminate the authority of the registered agent of the corporation.

SECTION 5. Known Claims Against Dissolved Corporation

(A) A dissolved corporation may dispose of the known claims against it by following the procedures prescribed in this Section.

(B) The dissolved corporation shall notify its known claimants in writing of the dissolution at any time after its effective date. The written notice must:

- (1) Describe information that must be included in a claim;
- (2) Provide a mailing address where a claim may be sent;
- (3) State the deadline, which may not be fewer than one-hundred twenty (120) days from the effective date of the written notice, by which the dissolved corporation must receive a claim; and
- (4) State that the claim will be barred if not received by the deadline.

(C) A claim against the dissolved corporation is barred:

- (1) If the claimant was given written notice under Section (B) does not deliver the claim to the dissolved corporation by the deadline;
- (2) If the claimant whose claim was rejected by the dissolved corporation does not commence a proceeding to enforce the claim within ninety (90) days from the effective date of the rejection notice.

(D) For the purposes of this Section, "claim" does not include a contingent liability or a claim based on an event occurring after the effective date of dissolution.

SECTION 6. Unknown Claims Against Dissolved Corporation

(A) A dissolved corporation may also publish notice and request that persons with claims against the corporation present them in accordance with the notice.

(B) The notice must:

- (1) Be published one time in a newspaper of general circulation in the county where the dissolved corporation's principal office is or was last located, and in newspaper of general circulation on the Rancharia;
- (2) Describe the information that must be included in a claim and provide a mailing address where the claim may be sent; and
- (3) State that a claim against the corporation will be barred unless a proceeding to enforce the claim is commenced within two years after the publication of the notice.

(C) If the dissolved corporation publishes a newspaper notice in accordance with Section (B), the claim of each of the following claimants is barred unless the claimant commences a proceeding to enforce the claim against the dissolved corporation within two years after the publication date of the newspaper notice:

- (1) A claimant who did not receive written notice under Section 5 above;
- (2) A claimant whose claim was timely sent to the dissolved corporation but not acted on; or
- (3) A claimant whose claim is contingent or based on an event occurring after the effective date of dissolution.

(D) A claim may be enforced under this Section:

- (1) Against the dissolved corporation, to the extent to its undistributed assets; or
- (2) If the assets have been distributed in liquidation, against a shareholder of the dissolved corporation to the extent the his/her pro-rata share of the claim or the corporate assets distributed to him/her in liquidation, whichever is less, but a shareholder's total liability for all claims under this Section may not exceed the total amount of assets distributed to him/her.

SECTION 7. Grounds For Administrative Dissolution

The Director of Commerce may proceed under Section 8 to administratively dissolve a corporation if:

- (A) The corporation's period of duration stated in the articles of incorporation expires;
- (B) Responses to interrogatories under Section 7 of Chapter 1 show that the corporation has been inactive for a period of at least one (1) year, and there are no plans to reactivate the corporation in the future; or
- (C) Interrogatories under Section 7 of Chapter 1 of this Title have not been answered by any persons to whom they were directed for a period of one-hundred twenty (120) days after becoming due; provided, however, that thirty (30) days before commencing a proceeding under this Section, the Director of Commerce shall notify each person failing to answer such interrogatories of its intent to commence such a proceeding.

SECTION 8. Procedure For and Effect of Administrative Dissolution

(A) If the Director of Commerce determines that one or more grounds exist under Section 7 for dissolving a corporation, it shall serve the corporation with written notice of its determination.

(B) If the corporation does not correct each ground for dissolution or demonstrate to a reasonable satisfaction of the Director of Commerce that each ground determined by the

Director of Commerce does not exist within sixty (60) days after service of the notice is perfected, the Director of Commerce shall administratively dissolve the corporation by signing a certificate of dissolution that recites the grounds for dissolution and its effective date. The Director of Commerce shall file the original of the certificates and serve a copy on the corporation.

(C) A corporation administratively dissolved continues its corporate existence but may not carry on any business except that necessary to wind up and liquidate its business and affairs under Section 4 and notify claimants under Sections 5 and 6.

(D) The administrative dissolution of a corporation does not terminate the authority of its registered agent.

SECTION 9. Grounds For Judicial Dissolution

The Tribal Court may dissolve a corporation:

(A) In a proceeding brought on behalf of the Director of Commerce or other agency or official of the Tribe if it is established that:

- (1) The corporation obtained its articles of incorporation through fraud; or
- (2) The corporation has continued to exceed or abuse the authority conferred upon it by law.

(B) In a proceeding by a shareholder if it is established that:

- (1) The Directors are deadlocked in the management of the corporate affairs; the shareholders are unable to break the deadlock, and irreparable injury to the corporation is threatened or being suffered, or the business and affairs of the corporation can no longer be conducted to the advantage of the shareholders generally, because of the deadlock;
- (2) The Directors or those in control of the corporation have acted or will act in a manner that is illegal, oppressive, or fraudulent;
- (3) The shareholders are deadlocked in voting power and have failed, for a period that includes at least two consecutive annual meeting dates, to elect successors to Directors whose terms have expired;
- (4) The corporate assets are being misapplied or wasted; or
- (5) The shareholder has duly exercised an option described in Section 2 to dissolve the corporation, and the corporation has failed to proceed with filing articles of dissolution or winding up corporate affairs as required by this Title.

(C) In proceeding by a creditor if it is established that:

(1) The creditor's claim has been reduced to judgment, the execution on the judgment returned unsatisfied, and the corporation is insolvent; or

(2) The corporation has admitted in writing that the creditor's claim is due and owing and the corporation is insolvent.

(D) In a proceeding by the corporation to have its voluntary dissolution continued under court supervision.

SECTION 10. Procedure for Judicial Dissolution

(A) It is not necessary to make shareholders parties to a proceeding to dissolve a corporation unless relief is sought against them individually.

(B) The Tribal Court in a proceeding brought to dissolve a corporation may issue injunctions, appoint a receiver or custodian with all powers and duties the court directs, take other action required to preserve the corporate assets wherever located, and carry on the business of the corporation until a full hearing can be held.

SECTION 11. Decree of Dissolution

(A) If after a hearing, the Tribal Court determines that one or more grounds for judicial dissolution described in Section 9, exist, it may enter a decree dissolving the corporation and specifying the effective date of the dissolution, and the court shall deliver a certified copy of the decree to the Director of Commerce, who shall file it.

(B) After entering the decree of dissolution, the court shall direct the windup and liquidation of the corporation's business and affairs in accordance with Section 4 and the notification of claimants in accordance with Sections 5 and 6.

SECTION 12. Deposit With Tribal Treasurer

Assets of a dissolved corporation that should be transferred to an individual who is a creditor, claimant, or shareholder of the corporation who cannot be found, is a minor, or who is not competent to receive them shall be reduced to cash and deposited with the Tribal Treasurer for safekeeping. When the individual furnishes satisfactory proof of entitlement to the amount deposited, the Tribal Treasurer shall pay to the individual the amount due.

SECTION 13. Severability

In the event that any provision of this Title shall be found or declared to be invalid, the remaining provisions of this Title shall be unaffected thereby, and shall be in full force and effect.

