

§194-C. Notice and approval for conversion transaction

1. Notice or approval required. Prior to completing a conversion transaction, a public charity must:

A. If the fair market value of assets to be converted in the transaction is \$500,000 or more, obtain approval of the court in accordance with section 194-F; [PL 2001, c. 550, Pt. A, §2 (NEW).]

B. If the fair market value of assets to be converted in the transaction is less than \$500,000 but at least \$50,000, obtain approval from the Attorney General in accordance with section 194-E or, if the Attorney General does not approve the transaction, obtain approval from the court in accordance with section 194-F; or [PL 2001, c. 550, Pt. A, §2 (NEW).]

C. If the value of the transaction is less than \$50,000, provide notice to the Attorney General in accordance with section 194-D. [PL 2001, c. 550, Pt. A, §2 (NEW).]
[PL 2001, c. 550, Pt. A, §2 (NEW).]

2. Appraisal required. Fair market value must be determined by an independent appraisal for conversion transactions with a fair market value of \$50,000 or more. If the appraisal provides a range of values, the highest point of the range determines which section of law applies to the transaction pursuant to subsection 1.

[PL 2001, c. 550, Pt. A, §2 (NEW).]

3. Failure to comply with this section or sections 194-D to 194-H. A transaction consummated in violation of any provision of this section or sections 194-D to 194-H is voidable. Officers and directors who receive private inurement or excess benefits from such a transaction are subject to the civil penalties provided in section 194-K.

[PL 2001, c. 550, Pt. A, §2 (NEW).]

4. Applicability to nonprofit hospital or medical service organizations. This section, section 194-B and sections 194-D to 194-K do not apply to a corporation or other entity licensed under Title 24, chapter 19. A conversion of a corporation or other entity licensed under Title 24, chapter 19 is governed by section 194-A and Title 24, section 2301, subsection 9-D.

[PL 2001, c. 550, Pt. A, §2 (NEW).]

SECTION HISTORY

PL 2001, c. 550, §A2 (NEW).

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