

CHAPTER 166

COURTS

HOUSE BILL 98-1311

BY REPRESENTATIVES Udall, Mace, Paschall, and Reeser;
also SENATOR Mutzebaugh.

AN ACT

CONCERNING THE REPRESENTATION OF CLOSELY HELD BUSINESS ENTITIES BY PERSONS WHO ARE NOT
LICENSED TO PRACTICE LAW IN THIS STATE.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. 13-1-127 (1), (2), (3), (4), and (5), Colorado Revised Statutes, are amended, and the said 13-1-127 is further amended BY THE ADDITION OF THE FOLLOWING NEW SUBSECTIONS, to read:

13-1-127. Entities - legislative declaration - representation. (1) As used in this section, unless the context otherwise requires:

(a) "~~Closely held corporation~~ ENTITY" means ~~a privately held corporation~~ AN ENTITY, AS DEFINED IN SECTION 7-90-102 (20), C.R.S., with no more than three ~~shareholders~~ OWNERS.

(a.2) "COOPERATIVE" SHALL HAVE THE SAME MEANING AS SET FORTH IN SECTION 7-90-102 (9), C.R.S.

(a.5) "Corporate licensed child placement agency" means ~~a corporation which~~ AN ENTITY THAT places, or arranges for placement of, the care of any child with any family, person, or institution other than persons related to said child and ~~which~~ THAT is licensed by the department of human services pursuant to section 26-6-104, C.R.S., as a child placement agency.

(b) "~~Officer~~" means ~~a duly elected president, vice-president, secretary, or treasurer of a corporation.~~ "CORPORATION" SHALL HAVE THE SAME MEANING AS SET FORTH IN SECTION 7-90-102 (10), C.R.S.

Capital letters indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.

(c) ~~"Shareholder" means an individual, an association of individuals, a partnership, or a corporation having title to any share of a corporate stock~~ "ENTITY" SHALL HAVE THE SAME MEANING AS SET FORTH IN SECTION 7-90-102 (20), C.R.S.

(d) "LIMITED LIABILITY COMPANY" SHALL HAVE THE SAME MEANING AS SET FORTH IN SECTION 7-90-102 (32), C.R.S.

(e) "LIMITED PARTNERSHIP" SHALL HAVE THE SAME MEANING AS SET FORTH IN SECTION 7-90-102 (34), C.R.S.

(f) "LIMITED PARTNERSHIP ASSOCIATION" SHALL HAVE THE SAME MEANING AS SET FORTH IN SECTION 7-90-102 (35), C.R.S.

(g) "NONPROFIT ASSOCIATION" SHALL HAVE THE SAME MEANING AS SET FORTH IN SECTION 7-90-102 (38), C.R.S.

(h) "NONPROFIT CORPORATION" SHALL HAVE THE SAME MEANING AS SET FORTH IN SECTION 7-90-102 (39), C.R.S.

(i) "OFFICER" MEANS A PERSON GENERALLY OR SPECIFICALLY AUTHORIZED BY AN ENTITY TO TAKE ANY ACTION CONTEMPLATED BY THIS SECTION.

(j) "OWNER" SHALL HAVE THE SAME MEANING AS SET FORTH IN SECTION 7-90-102 (43), C.R.S.

(2) Except as otherwise provided in section 13-6-407, a closely held ~~Colorado corporation which is in compliance with the requirements otherwise imposed on corporations by law~~ ENTITY may be represented before any court of record or any administrative agency by an officer OF SUCH CLOSELY HELD ENTITY if:

(a) The amount at issue in the controversy or matter before the court or agency does not exceed ten thousand dollars, exclusive of costs, interest, or statutory penalties, on and after January 1, 1991; and

(b) The officer provides the court or agency, at or prior to the trial or hearing, with ~~a notarized copy of a written resolution signed by at least fifty percent of the corporation's shareholders of record authorizing~~ EVIDENCE SATISFACTORY TO THE COURT OR AGENCY OF THE AUTHORITY OF the officer to appear on behalf of the ~~corporation~~ CLOSELY HELD ENTITY in all matters within the jurisdictional limits set forth in this section.

(2.3) FOR THE PURPOSES OF THIS SECTION, EACH OF THE FOLLOWING PERSONS SHALL BE PRESUMED TO HAVE THE AUTHORITY TO APPEAR ON BEHALF OF THE CLOSELY HELD ENTITY UPON PROVIDING EVIDENCE OF THE PERSON'S HOLDING THE SPECIFIED OFFICE OR STATUS:

(a) AN OFFICER OF A COOPERATIVE, CORPORATION, OR NONPROFIT CORPORATION;

(b) A GENERAL PARTNER OF A PARTNERSHIP OR OF A LIMITED PARTNERSHIP;

(c) A PERSON IN WHOM THE MANAGEMENT OF A LIMITED LIABILITY COMPANY IS

VESTED OR RESERVED; AND

(d) A MEMBER OF A LIMITED PARTNERSHIP ASSOCIATION.

(3) The court may rely upon a written resolution of a closely held ~~Colorado corporation which~~ ENTITY THAT allows a named officer to appear in the ~~corporation's~~ CLOSELY HELD ENTITY'S behalf.

(4) A ~~corporation's~~ CLOSELY HELD ENTITY'S exercise of the option authorized by this section to be represented by an officer shall not alone be construed to establish personal liability of the representing officer or any other officer, director, OWNER, or shareholder for ~~corporate~~ action TAKEN BY THAT CLOSELY HELD ENTITY.

(5) A corporate licensed child placement agency, as defined in paragraph (a.5) of subsection (1) of this section, ~~which~~ THAT is in compliance with the requirements otherwise imposed on ~~corporations~~ CLOSELY HELD ENTITIES by law, may be represented by any named officer or designated agent of the agency in any proceeding involving the termination of the parent-child relationship pursuant to the "Colorado Children's Code", title 19, C.R.S., or in any proceeding involving a petition for adoption pursuant to section 19-5-208, C.R.S.

(6) NOTHING IN THIS SECTION SHALL BE INTERPRETED TO RESTRICT THE CLASSES OF PERSONS WHO, OR CIRCUMSTANCES IN WHICH PERSONS, MAY BE REPRESENTED BY OTHER PERSONS, OR MAY APPEAR IN PERSON, BEFORE COLORADO COURTS OR ADMINISTRATIVE AGENCIES.

SECTION 2. Effective date - applicability. (1) This act shall take effect February 1, 1999, unless a referendum petition is filed during the ninety-day period after final adjournment of the general assembly that is allowed for submitting a referendum petition pursuant to article V, section 1 (3) of the state constitution. If such a referendum petition is filed against this act or an item, section, or part of this act within such period, then the act, item, section, or part, shall take effect on the specified date only if approved by the people.

(2) The provisions of this act shall apply to civil actions filed on or after the applicable effective date of this act.

Approved: April 22, 1998