Legal Education
Society of Alberta

62101.00
62102.00

Effective Legal Support: Corporate Law
&
Effective Legal Support: Commercial Law

Edmonton, Alberta **Calgary, Alberta**

Chair

Brendon G. Ho
Miller Thomson LLP
Edmonton, Alberta

Faculty

Rina Colabella-Mendoza
ConocoPhillips Canada
Calgary, Alberta

Shannon Fleury
Field LLP
Edmonton, Alberta

Mike Harris
Dentons Canada LLP
Edmonton, Alberta

Keith Hennel
Dentons Canada LLP
Edmonton, Alberta

Carolyn Hogan
Miller Thomson LLP
Calgary, Alberta

Colleen Ma
Miller Thomson LLP
Calgary, Alberta

LESA LIBRARY

LEGAL EDUCATION SOCIETY OF ALBERTA

These materials are produced by the Legal Education Society of Alberta (LESA) as part of its mandate in the field of continuing education. The information in the materials is provided for educational or informational purposes only. The information is not intended to provide legal advice and should not be relied upon in that respect. The material presented may be incorporated into the working knowledge of the reader but its use is predicated upon the professional judgment of the user that the material is correct and is appropriate in the circumstances of a particular use.

The information in these materials is believed to be reliable; however, LESA does not guarantee the quality, accuracy, or completeness of the information provided. These materials are provided as a reference point only and should not be relied upon as being inclusive of the law. LESA is not responsible for any direct, indirect, special, incidental or consequential damage or any other damages whatsoever and howsoever caused, arising out of or in connection with the reliance upon the information provided in these materials.

This publication may contain reproductions of the Statutes of Alberta and Alberta Regulations, which are reproduced in this publication under license from the Province of Alberta.

© Alberta Queen's Printer, 2018, in the Statutes of Alberta and Alberta Regulations.

The official Statutes and Regulations should be consulted for all purposes of interpreting and applying the law.

© 2018. Legal Education Society of Alberta. All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise without the prior permission of the Legal Education Society of Alberta.

ISBN-10: 1-55093-702-2
ISBN-13: 978-1-55093-702-2

LESA LIBRARY

Share Purchases

Prepared for: Legal Education Society of Alberta
Effective Legal Support: Corporate Law & Effective Legal Support: Commercial Law

LESA LIBRARY

Prepared by:
Rina Colabella-Mendoza
ConocoPhillips Canada
Calgary, Alberta

Legal Education Society of Alberta

For presentation in:
Edmonton, Alberta – April 23, 2019
Calgary, Alberta – April 30, 2019

SHARE PURCHASES

Due Diligence – Corporate Minute Book Review 2

Articles of Incorporation 2

Share Structure - the Classes of Shares, and any maximum number of shares that the corporation is authorized to issue 2

Restrictions on Share Transfers 2

Number, minimum and maximum number of directors that the corporation may have 2

Restrictions on Business 2

Other Rules or Provisions 2

Corporate Minute Book Review 5

Common Public Searches 7

Problems in Corporate Minute Books 9

Dispense With Auditors 10

Pre-Closing Documents 11

Closing Documents 12

Resignation and Release 13

Common Issues and Traps 14

Share Sale/Purchase Checklist 16

Share Sale/Purchase Agreement 23

Share Sale/Purchase Closing Agenda 32

PowerPoint – Share Purchases

LESA LIBRARY

DUE DILIGENCE – CORPORATE MINUTE BOOK REVIEW

This is paper is intended to provide you with further practical information for you take back to your office along with the presentation to refer to.

Articles of Incorporation

Share Structure - the Classes of Shares, and any maximum number of shares that the corporation is authorized to issue:

The share structure requires a number of shares and in certain cases it is an "unlimited" number and it requires at least one class of shares and if the rights, privileges, restrictions and conditions are not explicitly set out then they would be these equal in all respects:

(a) To vote at any meeting of shareholders of the corporation

(b) To receive any dividend declared by the corporation

(c) To receive the remaining property of the corporation on dissolution

Restrictions on Share Transfers

An example for this restriction is:

> No shareholder shall be entitled to sell, assign, transfer or otherwise dispose of any share or shares in the capital of the Corporation without the unanimous prior sanction of the directors of the Corporation expressed by a resolution passed at a meeting of the board of directors or by a resolution in writing signed by all of the directors of the Corporation.

Number, minimum and maximum number of directors that the corporation may have:

Please note that a distributing corporation must have 3 or more directors, 2 of whom are not officers or employees of the corporation or its affiliates.

Restrictions on Business

This would be restrictions from carrying on business or restricted to a certain business.

Other rules or provisions

There are a number of options that can be found under the other provisions section of the articles when reviewing a corporate minute book and they are:

Option #1

The number of its shareholders, exclusive of

LESA LIBRARY

(a) persons who are in its employment or that of an affiliate, and

(b) persons who, having been formerly in its employment or that of an affiliate, were, while in that employment, shareholders of the Corporation and have continued to be shareholders of that Corporation after termination of that employment, is limited to not more than 50 persons, 2 or more persons who are the joint registered owners of 1 or more shares being counted as 1 shareholder, and

Option #2

Any invitation to the public to subscribe for any shares of the Corporation are prohibited.

Option #3

The directors of a corporation may, without authorization of the shareholders,

(a) Borrow money on the credit of the Corporation

(b) Issue, reissue, sell or pledge debt obligations of the corporation,
Give a guarantee on behalf of the corporation to secure performance of an obligation of any person, and

(c) Mortgage, hypothecate, pledge or otherwise create a security interest in all or any property of the corporation, owned or subsequently acquired, to secure any obligation of the Corporation.

Option #4

Directors may, between annual general meetings, appoint one ore more additional directors of the Corporation to serve until the next annual general meeting, but the number of additional directors shall not at any time exceed 1/3 of the number of directors who held office at the expiration of the last annual meeting of the Corporation.

Option #5

The election or appointment of a director or directors

(a) For terms expiring not later than the close of the 3rd annual meeting of the shareholders following the election, and

(b) By creditors or employees of the Corporation or by a class or classes of those creditors or employees.

LESA LIBRARY