

**60-223a. Derivative actions.** (a) *Prerequisites.* This section applies when one or more shareholders or members of a corporation or an unincorporated association bring a derivative action to enforce a right that the corporation or association may properly assert but has failed to enforce. The derivative action may not be maintained if it appears that the plaintiff does not fairly and adequately represent the interests of shareholders or members who are similarly situated in enforcing the right of the corporation or association.

(b) *Pleading requirements.* The petition must be verified and must:

(1) Allege that the plaintiff was a shareholder or member at the time of the transaction complained of, or that the plaintiff's share or membership later devolved on it by operation of law;

(2) allege that the action is not a collusive one to confer jurisdiction that the court would otherwise lack; and

(3) state with particularity:

(A) Any effort by the plaintiff to obtain the desired action from the directors or comparable authority and, if necessary, from the shareholders or members; and

(B) the reasons for not obtaining the action or not making the effort.

(c) *Conducting the action.* In conducting an action under this section, the court may issue any appropriate orders corresponding with those described in subsection (d) of K.S.A. 60-223, and amendments thereto.

(d) *Settlement, dismissal and compromise.* A derivative action may be settled, voluntarily dismissed or compromised only with the court's approval. Notice of a proposed settlement, voluntary dismissal or compromise must be given to shareholders or members in the manner that the court orders.

**History:** Order of Supreme Court dated July 17, 1969; L. 2010, ch. 135, § 91; July 1.