

**PEREZ CARRERA & CO**  
**Attorney & Offshore Service.**

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**VENTAJAS DE LAS SOCIEDADES ANONIMAS**

Las sociedades anónimas panameñas, a diferencia de regimenes similares presentan algunas ventajas que hacen de este instrumento la opción ideal para los inversionistas internacionales.

- a) Un sistema jurídico único y Registro Público centra autónomo que facilitar y permite al usuario acceder por via electrónica, para verificar datos y vigencia.
- b) Los costos de incorporación competitivos en relación con otras jurisdicciones similares.
- c) Las utilidades no están gravadas con impuestos sobre la renta ni están obligadas a hacer declaraciones anuales cuando las operaciones se realizan en el extranjero.
- d) Los directores de la sociedad pueden ser de cualquier nacionalidad, incluso personas jurídicas y no necesitan ser accionistas de la sociedad. Ofrecemos el servicio de directores nominales exigidos por la ley a opción del cliente, buscando mayor confidencialidad;
- e) Las reuniones de directores o accionistas pueden efectuarse por Poder o personalmente, , en cualquier parte del mundo, e incluso por teléfono, telefax, o cualquier otro medio electrónico similar.
- f) El dólar americano es la moneda de curso legal en Panamá, lo cual es una de las mejores ventajas que ofrece el país.
- g) Agente Residente:  
La Ley señala que toda sociedad anónima debe tener un agente registrado que debe ser un abogado o firma de abogados. Pérez Carrera & CO. Ofrece este servicio.
- h) Poderes: Los Poderes generales pueden o no ser inscrito en el Registro Público, garantizando de este modo la confidencialidad y el anonimato. Otorgar Poderes Generales es usual cuando se utilizan los directores nominales por ejemplo.
- i) Sucursales: La sociedad puede abrir oficinas en cualquier parte del mundo

*Corporation Law of the Republic of Panama*  
*Law 32 of February 26, 1927*  
*(Official Gazette No. 5067 of March 16, 1927)*

**The National Assembly of Panama HEREBY DECREES:**  
**CHAPTER I: Incorporation**

ARTICLE 1. Two or more persons of lawful age, of any nationality even though not domiciled in the Republic of Panama may, in accordance with the formalities hereinafter provided, form a corporation for any lawful purpose or purposes.

ARTICLE 2. Such persons desiring to form such a corporation shall sign articles of incorporation which shall set forth:

1. The names and domiciles of each of the subscribers of the articles;
2. The name of the corporation which will not be the same as or similar to that of another, already existing corporation so as to cause confusion. The name shall include a word, phrase or abbreviation, indicating that it is a corporation, as distinguished from a person or an association of another type. The name of the corporation may be expressed in any language.
3. The general purpose or purposes of the corporation;
4. The amount of the capital stock and the number and par value of the shares of which it is to be divided; and, if the corporation is to issue shares without par value, the statements required by Article 22 of this law; The capital stock and par value of shares of any corporation may be expressed in terms of the legal currency of the Republic or of gold units of the legal currency of any other country, or in both;
5. If there are to be shares of different classes, the number of shares to be included in each class and the designations, preferences, privileges and voting rights or restrictions or other qualifications of the shares of each class; or a statement that such designations, preferences, privileges and voting powers or restrictions or other qualifications can be determined by resolution of the majority in interest of the Stockholders or of the majority of the Directors;
6. The number of shares of stock which each subscriber of the articles of incorporation agrees to take;
7. The domicile of the corporation and the name and domicile of its resident agent in the Republic, who may be a person or corporation;
8. Its duration;
9. The number, names and addresses of its Directors, of which shall not be less than three;
10. Any other lawful provisions which the subscribers of the articles of incorporation may desire to include.

ARTICLE 3. The articles of incorporation may be executed in any place, within or outside this Republic, and in any language.

ARTICLE 4. The articles of incorporation may be in the form of a public deed, or in any other form, provided that said articles be acknowledged by a Notary Public or by any other official authorized to make acknowledgements at the place of execution.

ARTICLE 5. If the articles of incorporation are not in the form of a public deed, they must be protocolized in the office of a Notary of the Republic. If said document should be executed outside of the Republic of Panama, it must be authenticated by a Panamanian Consul before it is protocolized, or if there should be no Panamanian Consul, by the Consul of a country friendly to Panama. If the Articles of Incorporation are drafted in a language other than Spanish they must be protocolized with an authorized translation executed by an official or public interpreter of the Republic of Panama.

ARTICLE 6. The public deed or the protocolized document containing the articles of incorporation must be presented for registration in the Mercantile Registry. The incorporation of the corporation shall not have effect as to third parties until articles of incorporation have been registered.

ARTICLE 7. Any corporation formed under this law may amend its articles of incorporation in any respect provided such amendments conform to the provisions of this law. Therefore, the corporation may, by such amendment: change the number of its shares of stock or of any class of its stock outstanding at the time of such amendment; change the par value of the outstanding shares of any class having such a value; change the outstanding shares of any class having par value into the same or different number of shares of the same or a different class without par value; change the outstanding shares of a class without par value into the same or different number of shares of the same or different class having par value; increase the amount of the number of shares of its authorized stock; divide its authorized capital into classes; increase the number of classes of its authorized capital; or change the designations, rights, privileges, preferences, voting powers, restrictions or qualifications of stock. But the capital stock of a corporation shall not be reduced except in accordance with the provisions of articles 14 et seq. of this law.

ARTICLE 8. The amendments shall be made by the persons designated hereinafter and in the manner provided in this law with respect to the execution of the articles of incorporation.

ARTICLE 9. Amendments to the Articles of Incorporation which are made before stock has been issued, shall be signed by every subscriber of the articles of incorporation and by every subscriber to the stock of the corporation.

ARTICLE 10. In case stock has been issued, such amendments to the articles of incorporation shall be signed:

- (a) By the holders of all the outstanding shares of the corporation entitled to vote thereon, in person or by proxy, and shall be accompanied by a certificate of the Secretary or an Assistant Secretary of the corporation stating that the persons who have executed said amendments, in person or by proxy, constitute the holders of all the outstanding shares of the corporation entitled to vote thereon; or
- (b) By the President or a Vice-President and the Secretary or an Assistant Secretary of the corporation, who shall sign and annex thereto a certificate stating that they have been authorized to execute said amendments by resolution adopted by the owners or their proxy of a majority of such shares and that such resolution was adopted at a stockholders meeting held on the date specified in the notice or waiver of notice.

ARTICLE 11. In case that the amendments to the Articles of Incorporation alter the preferences of outstanding shares of any class or authorized shares having preferences which are in any respect superior to those of outstanding shares of any class, such certificate mentioned

in Article 10 (b) shall state that the officers signing the same have also been authorized to execute such amendments to the Articles of Incorporation by resolution, adopted in person or by proxy of the holders of a majority of the outstanding shares of each class entitled to vote thereon, adopted at a stockholders' meeting held on a date specified upon notice or waiver of notice.

ARTICLE 12. If the articles of incorporation require more than a majority of the outstanding shares of any class or classes in order to effect any amendment of any provision of the articles of incorporation, the certificate referred to in paragraph (b) of article 10 shall state that such amendment has been authorized in that manner.

ARTICLE 13. Unless the articles of incorporation or any amendment thereof otherwise provide, in the event of an increase of stock, each stockholder shall have a pre-emptive right to subscribe, in proportion to the number of shares then held by him, the shares of stock issued pursuant to such increase.

ARTICLE 14. Any corporation may reduce its authorized capital stock by an amendment of its articles of incorporation; but no distribution of assets may be made pursuant to any such reduction, which will reduce the actual value of its remaining assets to an amount less than the total amount of its debts and liabilities plus the amount, as reduced, of its issued capital stock. There shall be annexed to the amendment to the articles of incorporation a certificate, issued under oath by the President or a Vice-President and of the Treasurer or an Assistant Treasurer, stating that no distribution of assets made or to be made pursuant thereto will violate the provisions contained in this article. In the absence of fraud, the judgment of the Directors as to the value of the assets, and their determination of debts and liabilities, shall be conclusive.

ARTICLE 15. Any corporation, unless its articles of incorporation otherwise provide, may acquire shares of its own stock by purchase or otherwise. If such acquisition or purchase is made out of funds or properties other than the surplus or the net profits of the corporation, the shares of stock so purchased or acquired shall be canceled and the amount of issued stock of the corporation shall be reduced accordingly; but such shares may be reissued if the authorized capital stock shall not have been reduced by such retirement.

ARTICLE 16. Shares of its own stock acquired by any corporation out of its surplus or net profits may be held by such corporation, or sold or otherwise disposed of from time to time for its corporate purposes and may be retired or reissued by the Board of Directors.

ARTICLE 17. No corporation shall directly or indirectly vote any shares of its own stock.

ARTICLE 18. No corporation shall purchase or otherwise acquire its own stock out of fund or property other than its surplus or net profits, if such purchase or acquisition will reduce the actual value of its assets to an amount less than the total amount of its debts and liabilities plus the amount of its issued capital stock so purchased or acquired. In the absence of fraud, the judgment of the Directors as to the value of the assets, and their determination of the debts and liabilities, shall be conclusive.

## ***CHAPTER II: Corporate Powers***

ARTICLE 19. Every corporation organized in accordance with this law shall have in addition to other powers specified in this law the following powers:

1. 1. To sue and be sued in any court;
1. 2. To adopt and use a corporate seal and alter the same at its convenience;
1. 3. To acquire, purchase, hold, use and convey real and personal property of all kinds and make and accept pledges, leases, mortgages, liens and encumbrances of all kinds;
1. 4. To appoint officers and agents;
1. 5. To make contracts of all kinds;
1. 6. To make by-laws not inconsistent with any existing laws of the Republic or its articles of incorporation, for the management, regulation and government of its affairs and property, the transfer of its stock and the calling and holding of meetings of its stockholders and directors, and for all other lawful matters;
1. 7. To carry on business and to exercise its powers in the Republic and foreign countries;
8. To dissolve itself or to be dissolved in accordance with the law;
9. To borrow money and contract debts in connection with its business or for any lawful purpose; to issue bonds, notes, bills of exchange, debentures and other obligations and evidences of indebtedness (which may or may not be convertible into stock of the corporation) payable at a specified time or times or payable upon the happening of a specified event or events whether secured by mortgage, pledge or otherwise or unsecured for money borrowed or in payment for property purchased or acquired or for any other lawful objects;
10. To guarantee, acquire, purchase, hold, sell, assign, transfer, mortgage, pledge or otherwise dispose of or deal in shares of the capital stock of, or bonds, securities or other evidences of indebtedness created by other corporations, or of any municipality, province, state or government.
11. To do all things necessary for the accomplishment of the objects enumerated in its articles of incorporation or any amendment thereof or necessary or incidental to the protection and benefit of the corporation, and in general to carry on any lawful business whether or not such business is similar in nature to the objects set forth in its articles of incorporation or any amendment thereof.

## ***CHAPTER III: Stock***

ARTICLE 20. Every corporation shall have power to create and issue one or more classes of shares of stock with such designations,

preferences, privileges, voting powers or restrictions or qualifications thereof and other rights as its articles of incorporation provide and subject to such rights of redemption as shall have been reserved to the corporation in such articles of incorporation. The articles of incorporation may provide that shares of stock shall be convertible into the shares of other classes.

ARTICLE 21. Shares of stock may have a nominal or par value. Such shares may be issued as fully paid and non-assessable, as partly paid or without any payment having been made thereon. Unless the articles of incorporation otherwise provide, fully paid and non-assessable shares having a par value, or securities or shares convertible into such shares, shall not be issued for a consideration which, in the judgment of the Board of Directors, is less in value than the par value of such shares or of the shares into which such securities or shares are convertible. Nor shall certificates for partly paid shares state that there has been paid thereon an amount greater than the value, in the judgment of the Board of Directors, of the consideration actually paid thereon. Such consideration may be money, labor, services or property of any kind. In the absence of fraud, the judgement of the Board of Directors as to the value of any such consideration shall be conclusive.

ARTICLE 22. Shares of stock may be created and issued without par value provided the articles of incorporation include the following statements:

1. The total number of shares that may be issued by the corporation;
2. The number of shares, if any, with par value and the par value of each;
3. The number of shares without par value;
4. Either one of the following statements:
  - (a) The stated capital of the corporation shall be at least equal to the sum of the aggregate par value of all issued shares having par value plus a certain determined amount in respect to every issued share without par value plus such amounts as from time to time by resolution of the Board of Directors may be transferred thereto; or
  - (b) The stated capital of the corporation shall be at least equal to the sum of the aggregate par value of all issued shares having par value plus the aggregate amount of consideration received by the corporation for the issuance of shares without par value, plus such amounts as from time to time by resolution of the Board of Directors may be transferred thereto. There may also be included in such articles of incorporation an additional statement that the stated capital shall not be less than the amount therein specified.

ARTICLE 23. Subject to the designations, preferences, privileges and voting powers or restrictions or qualifications granted or imposed in respect to any class of shares, each share with or without par value shall be equal to every other share of the same class.

ARTICLE 24. A corporation may issue and may sell its authorized shares without par value for such consideration as may be prescribed in its articles of incorporation; or for such consideration which, in the judgement of the Board of Directors, shall be the fair value of such shares; or for such consideration as from time to time may be fixed by the Board of Directors, pursuant to authority conferred in such articles of incorporation; as shall be consented to or approved by the holders of at least a majority of the shares entitled to vote.

ARTICLE 25. Any and all shares referred to in Articles 22, 23 and 24 of this law shall be deemed fully paid and non-assessable. The holders of such shares shall not be liable to the corporation or its creditors in respect thereto.

ARTICLE 26. The shares of a corporation shall be paid at such time and in such a manner as the Board of Directors may determine. In case of default in the payment, the Board of Directors may either proceed against the defaulting stockholder to enforce payment of the amounts due and unpaid and to collect such damages as the corporation may have suffered, or rescind the subscription contract in respect to the stockholder in default, having the right in this last alternative to retain for the corporation such amounts as the defaulting stockholder may be entitled to receive from the funds of the corporation. In the event that the corporation should proceed to rescind the subscription contract in respect to the stockholder in default and to retain for the corporation the amounts to which the stockholder may be entitled, the Board of Directors shall give at least sixty days advance notice to such stockholder. Shares acquired by the corporation by virtue of the provisions of this article may be reissued or re-offered for subscription.

ARTICLE 27. Every certificate of stock shall contain the following statements:

1. The reference to the registration of the corporation in the Mercantile Registry;
2. The amount of its capital stock;
3. The number of shares owned by the stockholder or bearer;
4. The class of share, if there is more than one class, and if the stock is classified, a summary statement of the special conditions, designations, preferences, privileges, voting powers, restrictions or qualifications that one of the classes of the shares has over the others.
5. If the shares which it represents are fully paid and non-assessable, the certificate of stock shall so state; and if such shares are not fully paid and non-assessable, the certificate shall state the amount or amounts which have been paid thereon;
6. If the shares are represented by certificate issued in the name of the owner, it should contain the name of said owner.

ARTICLE 28. Shares may be issued to bearer only if fully paid and non-assessable.

ARTICLE 29. Shares represented by certificates issued in the name of the owner shall be transferable on the books of the corporation in such manner and under such regulations as may be provided in the articles of incorporation or in the by-laws. But in no case shall the transfer of stock be binding on the corporation unless it shall have been registered in the corporation books. If the stockholder shall be indebted to the corporation, the corporation may refuse to permit the transfer of his stock until such indebtedness is paid. But in all cases the transferor and the transferee shall be jointly liable for the payment of the amounts owed to the corporation by virtue of the shares so transferred.

ARTICLE 30. Shares issued to bearer shall be transferable by delivery of the certificate or certificates representing title.

ARTICLE 31. If so provided in the articles of incorporation, any holder of a certificate for shares issued to bearer may exchange such certificate for a certificate or certificates for a like number of shares of the same class issued in his name; and the holder of a certificate for shares issued in the name of the owner may exchange it for a certificate for a like number of shares issued to bearer.

ARTICLE 32. The articles of incorporation may provide that in case a stockholder desires to sell, transfer or otherwise dispose of his shares of stock, the corporation or some stockholder or stockholders thereof shall have a preferential right to purchase such shares. Any other restrictions upon the transfer or transferability of the shares may also be imposed; but any restriction absolutely preventing a stockholder from selling, transferring or disposing of his shares of stock shall be invalid.

ARTICLE 33. A corporation may issue a new stock certificate in place of any certificate previously issued by it alleged to have been destroyed, lost or stolen. The Board of Directors may, in such cases, require the owner of the destroyed, lost or stolen certificate to post security against any claim that may be made against the corporation or damage suffered by it.

ARTICLE 34. The articles of incorporation may provide that the holders of any designated class or classes of stock shall not be given voting rights; or they may otherwise limit or define the respective voting powers of the several classes of stock. Such provisions of the articles of incorporation shall be controlling in all elections and in all proceedings in which the law requires the vote or the written consent of the holders of all of the shares or of a specified proportion of the shares of the corporation. The articles of incorporation may also provide that for specified purposes the vote of more than a majority of the holders of any class of stock shall be required.

ARTICLE 35. One or more stockholders by agreement in writing may transfer stock to a voting trustee or trustees for the purpose of conferring upon it or them the right to vote thereon in the name and in place of the owner for the period and upon the terms and conditions therein stated. Other stockholders may transfer their stock to the same trustee or trustees and thereupon shall be a party to such agreement. The certificates of stock so transferred shall be surrendered and canceled and new certificates therefor issued to such trustee or trustees, in which it shall appear that they are issued pursuant to such agreement, and in the entry of such ownership in the proper books of the corporation that fact shall also be noted. In order for the provisions contained in this article to be carried into effect, it will be necessary that a certified copy of such agreement be filed with the corporation.

ARTICLE 36. Every corporation organized under this law shall keep at its office in the Republic, or at such other place or places as the articles of incorporation or the by-laws may provide, a book to be known as the Stock Register, containing (except in the case of shares issued to bearer) the names alphabetically arranged of all persons who are stockholders of the corporation, showing their places of domicile, the number of shares held by each one respectively, the date of acquisition thereof and the amount paid thereon or that they are fully paid and non-assessable. In the case of shares issued to bearer such Stock Register shall state the number of shares so issued, and the date of issue and that such shares are fully paid and non-assessable.

ARTICLE 37. Dividends may be paid to the stockholders from the net earnings of the corporation or from the surplus of its assets over its liabilities and capital stock, but not otherwise. The corporation may declare and may pay dividends upon the basis of the amount actually paid upon partly paid shares of stock.

ARTICLE 38. When the directors shall so determine, dividends may be paid in stock of the corporation; provided the stock issued for such purpose shall be duly authorized and provided, if such stock has not heretofore been issued, there shall be transferred from surplus to the capital of the corporation an amount at least equal to that for which such stock could be lawfully issued.

ARTICLE 39. Every stockholder shall be personally liable to the creditors of the corporation only to an amount equal to the amount not paid on his stock; but no action shall be brought against a stockholder for any debt of the corporation until judgment therefor has been rendered against the corporation and execution thereon has been returned unsatisfied in whole or in part.

#### ***CHAPTER IV: Stockholders' Meetings***

ARTICLE 40. Whenever under the provisions of this law the approval or authorization of the stockholders is required, the notice of such stockholders' meeting shall be in writing and in the name of the President, Vice-President, Secretary or an Assistant Secretary or of such other person or persons so authorized by the articles of incorporation or the by-laws. Such notice shall state the purpose or purposes for which the meeting is called and the time and place at which it is to be held.

ARTICLE 41. All meetings of stockholders shall be held within the Republic, unless otherwise provided in the articles of incorporation or by-laws.

ARTICLE 42. Such notice shall be given at such time prior to any such meeting and in such manner as the articles of incorporation or by-laws of the corporation provide; but unless they otherwise provide, such notice shall be given personally or by mail upon each stockholder of record entitled to vote at such meeting not less than ten nor more than sixty days before such meeting. If the corporation has issued shares to the bearer, notice of stockholders' meetings shall be published in such manner, as the articles of incorporation or by-laws provide.

ARTICLE 43. Any stockholder may waive notice of any meeting by document signed by him or his representative either before or after the meeting.

ARTICLE 44. The resolutions approved in any meeting at which all stockholders are present, in person or by proxy, shall be valid for all purposes and the resolutions approved in any meeting at which a quorum is present, notice of which shall have been waived by all absent stockholders, shall be valid for all purposes stated in such waiver, even though in either of the above-mentioned cases the notice required by this law, the articles of incorporation or the by-laws has not been given.

ARTICLE 45. Unless otherwise provided in the articles of incorporation, every stockholder of a corporation shall be entitled at each meeting of stockholders thereof to one vote for each share of stock registered in his name on the books of the corporation regardless of the class of said stock and whether it has a nominal or par value. It is hereby understood, however, that unless contrary provision should be made in the articles of incorporation, the directors may prescribe a period not exceeding forty (40) days prior to any meeting of the stockholders during which time no transfer of stock on the books of the corporation may be made, or may fix a day not more than forty (40) days prior to the holding of any such meeting as the day as of which all stockholders (other than the holders of shares issued to bearer) entitled to notice of and with the right to vote at such meeting shall be determined, in which case, only stockholders of record on such day shall be entitled to notice of or to vote at such meeting.

ARTICLE 46. In the case of shares issued to bearer, the bearer of a certificate or certificates representing such shares shall be entitled to one vote at any meeting of the stockholders for each share of stock entitled to vote at such meeting, represented by such certificate, upon presentation at such meeting of such certificate or certificates, or upon presentation of such other evidence of ownership as may be prescribed by the articles of incorporation or by-laws.

ARTICLE 47. At any meeting of the stockholders any stockholder may be represented and vote by proxy or proxies (who need not be stockholder(s)) appointed by an instrument in writing, public or private, with or without power of substitution.

ARTICLE 48. The articles of incorporation of any corporation may provide that at all elections of directors of such corporation each holder of stock possessing the right to vote for directors shall be entitled to as many votes as shall equal the number of his shares of stock multiplied by the number of directors to be elected, and that he may cast all of such votes for a single director or may distribute them among the number to be voted for any two or more of them as he may see fit.

#### ***CHAPTER V: Board of Directors***

ARTICLE 49. The business of every corporation shall be managed by a Board of Directors composed of not less than three directors, all of whom shall be male or female persons of legal age.

ARTICLE 50. Subject to the provisions of this law and of the articles of incorporation, the Board of Directors of every corporation shall have absolute control over and full direction of the affairs of the corporation.

ARTICLE 51. The Board of Directors may exercise all of the powers of the corporation except such powers that are by law, the articles of incorporation or by the by-laws, conferred upon or reserved to the stockholders.

ARTICLE 52. Subject to the provisions of this law and the articles of incorporation, the number of Directors shall be fixed by the by-laws of the corporation.

ARTICLE 53. A majority of the Board of Directors of a corporation at a meeting duly assembled shall be necessary to constitute a quorum for the transaction of business. However, the articles of incorporation may provide that a certain number of the directors, whether more or less than a majority, shall be sufficient to constitute a quorum.

ARTICLE 54. The act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

ARTICLE 55. Unless otherwise provided in the articles of incorporation, no director need be a stockholder.

ARTICLE 56. The directors may make, alter, amend and repeal the by-laws of the corporation, unless otherwise provided by the articles of incorporation, or in the by-laws adopted by the stockholders.

ARTICLE 57. The directors of every corporation shall be chosen at the time and place and in the manner provided for by the articles of incorporation or by-laws.

ARTICLE 58. Vacancies in the Board of Directors shall be filled in the manner prescribed by the articles of incorporation or by-laws.

ARTICLE 59. Subject to the provisions contained in the two foregoing articles, vacancies, whether resulting from an increase in the authorized number of directors or otherwise, may be filled by the vote of a majority of the directors then in office.

ARTICLE 60. If the directors are not elected by the specific day designated for that purpose, the directors then in office shall continue to hold their offices and discharge their duties until their respective successors shall have been elected.

ARTICLE 61. Unless otherwise provided in the articles of incorporation or in the by-laws, the Board of Directors may appoint two or more of their number to constitute a committee or committees, who shall have and exercise the powers of the Board of Directors in the management of

the business affairs of the corporation to the extent and subject to the restrictions expressed in the articles of incorporation, the by-laws, or the resolutions appointing such committees.

ARTICLE 62. If the articles of incorporation so provide, at any meeting of the directors, any director may be represented and vote by proxy or proxies (who need not be directors), appointed by an instrument in writing, public or private, with or without power of substitution.

ARTICLE 63. Directors may be removed at any time by the vote of holders of a majority of the outstanding shares entitled to vote for directors. Officers, agents and employees may be removed at any time by resolution adopted by a majority of the directors, or in such a manner as the articles of incorporation or by-laws provide.

ARTICLE 64. If any dividend or distribution of assets be declared or paid which reduces the value of the assets of the corporation remaining after the payment of such dividend or such distribution, as the case may be, to less than the aggregate amount of its debts and liabilities, including capital stock, or if a reduction of capital stock be made, except in accordance with the provisions of this law, or if any report or statements be made which shall be false in any material representation, the directors of the corporation who assent thereto with knowledge of the impairment of the capital stock or of such falsity, as the case may be, shall be jointly and severally liable to the creditors of the corporation for any loss or damage arising therefrom.

#### ***CHAPTER VI: Officers***

ARTICLE 65. Every corporation shall have a President, a Secretary and a Treasurer, who shall be chosen by the Board of Directors and may also have such other officers, agents and representatives as the Board of Directors or the by-laws or the articles of incorporation may determine and who shall be chosen in the manner provided thereby.

ARTICLE 66. Any person may hold two or more offices, if so provided by the articles of incorporation or by the by-laws.

ARTICLE 67. No officer need be a director of the corporation unless the articles of incorporation or by-laws so require.

#### ***CHAPTER VII: Sale of Assets and Franchises***

ARTICLE 68. Every corporation may, by action taken at any meeting of its Board of Directors, sell, lease, exchange or otherwise dispose of all or substantially all of its property and assets, including its goodwill and its corporate franchise, upon such terms and conditions as its Board of Directors deems expedient, provided it is authorized by the affirmative vote of stockholders holding a majority of the shares entitled to voting power and given at a stockholders' meeting called for that purpose in the manner provided in Articles 40 through 44 of this law or authorized by the written consent of such stockholders.

ARTICLE 69. Notwithstanding the provisions contained in the preceding article, the articles of incorporation may require that the consent of the stockholders be expressed in a special manner in order to grant the authority referred to in said article.

ARTICLE 70. Unless the articles of incorporation provide otherwise, the vote or assent of stockholders shall not be necessary for a transfer of assets in trust, or to encumber them by pledge or mortgage to secure indebtedness of the corporation.

#### ***CHAPTER VIII: Mergers***

ARTICLE 71. Subject to the provisions of their articles of incorporation, any two or more corporations organized under this law may merge into a single corporation. The Directors, or a majority of them of each of such corporations desiring to merge, may enter into an agreement signed by them, describing the terms and conditions of the merger, the mode of carrying the same into effect and stating such other facts as are necessary to be stated in articles of incorporation and in accordance with this law, as well as the manner of converting the shares of each of the constituent corporations into shares of the new corporation, with such other details and provisions as are deemed necessary or desirable.

ARTICLE 72. The agreement may provide for the distribution of cash, notes or bonds in whole or in part, in lieu of stock, provided, however, that upon such distribution the liabilities of the new corporation, including those derived by it from the constituent corporations and including the amount of capital to be issued by the new corporation pursuant to the terms of merger agreement, shall not exceed the value of its assets.

ARTICLE 73. Said agreement shall be submitted to the stockholders of each of the constituent corporations at a meeting thereof called separately for the purpose of considering the same, of which meeting notice shall be given in the manner required by articles 40 to 43 of this law. At said meeting said agreement shall be considered and a vote taken for the adoption or rejection of the same.

ARTICLE 74. Unless the articles of incorporation otherwise provide, if the votes of stockholders of each corporation representing a majority of the shares entitled to vote thereon shall be for the adoption of said agreement, then that fact shall be certified on said agreement by the Secretary or Assistant Secretary of each corporation; and the agreements so adopted and certified shall be signed by the President or Vice-President and Secretary or Assistant Secretary of each of said corporations in the manner and in accordance with the requirements specified in Article 2 of this law with reference to the execution of articles of incorporation.

ARTICLE 75. The agreement of merger so executed shall be filed for registration in the Mercantile Registry as required in the case of articles of incorporation and when so filed shall be the agreement and act of consolidation of said corporations.

ARTICLE 76. When such agreement of consolidation is executed and filed as required by the two preceding articles, the separate existence of

each constituent corporation shall cease and the merged corporations shall become a single corporation in accordance with said agreement possessing all the properties, rights, privileges, powers and franchises and subject to the restrictions, obligations and duties of each of the constituent corporations; provided that all rights of creditors and all liens upon the property of either of the constituent corporations shall be preserved unimpaired, but such liens shall be limited to the property affected thereby at the time of the merger. All debts, liabilities and duties of the constituent corporations shall appertain to the consolidated corporation and may be enforced against it to the same extent as if they had been incurred by it.

ARTICLE 77. The articles of incorporation of any corporation may provide and determine conditions, in addition to the requirements of this law, upon which such corporation may merge with any other corporation.

ARTICLE 78. Any action or proceeding pending by or against the extinguished corporations or any one of them, the consolidated corporation shall continue as a party to the action.

ARTICLE 79. The liability of corporations or the stockholders, directors or officers thereof, or the rights and remedies of the creditors thereof or of persons doing or transacting business with such corporations shall not in any way be lessened or impaired by the merger of two or more corporations under the provisions hereof.

#### ***CHAPTER IX: Dissolution***

ARTICLE 80. If the Board of Directors deems it advisable that any corporation organized under this law should be dissolved, the Board may, by a majority of the whole Board, approve an agreement of dissolution and, within the ten ensuing days, shall call or cause to be called, in the manner provided in articles 40 through 43 hereof, a meeting of the stockholders having voting power to take such action to approve or reject the resolution adopted by the Board of Directors.

ARTICLE 81. If, at such meeting of the holders of a majority of the shares entitled to vote such stockholders by resolution consent to the dissolution, copy of such resolution together with a list of the names and residences of the Directors and Officers, certified by the President or a Vice-President and the Secretary or an Assistant Secretary, and the Treasurer or an Assistant Treasurer, shall be made and executed and filed for recordation in the Mercantile Registry as required in Article 2.

ARTICLE 82. Upon such filing at the Registry Office, a copy thereof shall be published in one issue of a newspaper published in the place where the office of the dissolved corporation was situated in this Republic, or if there be no such newspaper then in the Official Gazette of the Republic.

ARTICLE 83. Whenever all the stockholders with voting power consent in writing to a dissolution, no meeting of the Board of Directors or of the Stockholders shall be necessary for that purpose.

ARTICLE 84. The document setting forth such consent of the stockholders shall be protocolized and filed for record in the Mercantile Registry and published in the manner provided in Article 82 hereof. Once these formalities have been complied with, such corporation shall be deemed to be dissolved.

ARTICLE 85. All corporations, whether they expire by their own limitation or are otherwise dissolved, shall nevertheless continue to exist for the term of three years from such expiration or dissolution for the purpose of prosecuting or defending suits by or against them or enabling them to settle their business and dispose of and convey their property and to divide their capital stock, but under no circumstance may it continue the business for which said corporation was established.

ARTICLE 86. When any corporation expires by its own limitation or is otherwise dissolved, the Directors shall act as trustees of such corporation with full power to settle the affairs, collect the outstanding debts, sell and convey the property of all kinds and divide the moneys and property among the stockholders, after paying the debts of the corporation, and they shall have authority, in the name of the corporation, to sue for the recovery of its debts and property and to defend it when sued for debts owing by such corporation.

ARTICLE 87. In the case of the foregoing article, the Directors shall be jointly and severally responsible for the debts of the corporation, but only up to the amount of the moneys and properties which have come into their control.

ARTICLE 88. The Directors shall have the power to apply moneys and property of the corporation to the payment of a reasonable compensation for their services and to fill any vacancies which may occur in their number.

ARTICLE 89. The Directors, acting as trustees pursuant to the provisions of Articles 86, 87 and 88, shall act by majority vote.

#### ***CHAPTER X: Foreign Corporations***

ARTICLE 90. A foreign corporation may maintain offices or agencies and carry on business in the Republic, provided it files in the Mercantile Registry the following documents for recording:

1. Deed of protocolization of its Articles of Incorporation;
1. Copy of its last balance sheet accompanied by a declaration of the amount of its capital engaged or to be engaged in business in the Republic;

1. A certificate setting forth that it is incorporated and organized under the laws of the country of its domicile authenticated by a Consular Representative of the Republic in said country, or if there be none, then by that of a friendly nation.

ARTICLE 91. A foreign corporation maintaining an office or carrying on business in the Republic of Panama which has not complied with the requirements of this law may not sue in any court of the Republic, but may be sued therein. Any such corporation shall furthermore be liable to a fine of up to FIVE THOUSAND BALBOAS (B/.5,000.00) to be imposed by the Secretary of Finance and the Treasury.

ARTICLE 92. A foreign corporation carrying on business in the Republic which has recorded its articles of incorporation in the Mercantile Registry according to this law, shall be required to record in such Registry all amendments of such articles of incorporation and the instruments of consolidation or dissolution affecting it.

***CHAPTER XI: Sundry Provisions***

ARTICLE 93. National or foreign corporations established or having agencies or branches in the Republic at the time that this law comes into effect shall be governed insofar as refers to the contracting parties by their articles of incorporation, their by-laws and the laws in force at the time of their organization or of their establishment in the Republic, as the case may be.

ARTICLE 94. National corporations organized before this law comes into effect may at any time be governed by the provisions of this law; this fact must be set forth in a resolution adopted by the stockholders, which must be recorded in the Registry Office. The stockholders of national corporations actually dissolved but not yet liquidated may, for the purpose of the liquidation, be governed by the provisions of this article, provided that it is so resolved by a number of stockholders not less than that required by the by-laws to provide for the dissolution of the corporation before the expiration of the term fixed for such corporation.

ARTICLE 95. All the provisions heretofore in force relative to corporations are hereby repealed.

ARTICLE 96. This law shall come into effect on the first day of April, 1927.