## **Index**

### **ACCOUNTANT**

Accountant-client privilege, challenging claims in discovery, § 7:38, 7:42

### ACOUIESCENCE

Shareholders' litigation, § 7:32

### **ACQUISITIONS**

Control share acquisition statutes, § 4:16

### ADMINISTRATIVE AGENCIES

Clayton Act, § 7:37 Information and assistance from, § 7:37 Minority shareholders, protection

### AGE DISCRIMINATION IN EMPLOYMENT ACT (ADEA)

of, § 10:16

Discharged shareholder-employee use of, § 8:22

### **AGENTS**

See index heading Officers and

### **AGREEMENTS**

See index heading Shareholders

### APPRAISAL RIGHTS

Generally, § 5:33 et seq. See also index heading Remedies Costs of proceedings, § 2:16, 5:35 Discounts for minority status of lack of marketability, § 5:43 Effectiveness of remedy, § 5:33 Excluding value created by the merger from an appraisal calculation, § 5:42

### APPRAISAL RIGHTS—Cont'd

Exclusivity of remedy in fundamental corporate changes, § 5:39

Lack of marketability discounts, § 5:43

Measure of recovery, § 5:47 Merger created value, excluding, § 5:42

Minority status discounts, § 5:43 Procedural difficulties, § 5:34 Procedures for determining valuation, § 5:47

Two-step transactions, § 5:38 Valuation. See index heading VALUATION

### **ARBITRATION**

Responses to squeeze-out, limited liability companies, § 6:29

### ASSET SALES

See index heading Fundamental CORPORATE CHANGES

### **ATTORNEY**

Attorney-client privilege generally, § 7:39 challenging claims in discovery, § 7:38 intracorporate setting, § 7:40 limits to use, § 7:41 work-product doctrine, overcoming, § 7:43

Squeeze-outs

inability to supply adequate preventive services, § 2:20 separate for each participant, § 9:28

### ATTORNEY—Cont'd

Work-product doctrine, overcoming, § 7:43

### ATTORNEY-CLIENT PRIVILEGE

See index heading Attorney

### **BANKRUPTCY**

Use to eliminate minority shareholders, § 5:29

### **BOARD OF DIRECTORS**

See index heading DIRECTORS

### **BOOKS AND RECORDS**

Inspection
director's right to, utilizing,
§ 7:36

shareholder's right to, utilizing, § 7:35

Squeeze-out and oppression caused by failure to keep, § 2:8

### BRITISH AND COMMONWEALTH COMPANIES LAWS

§ 10:14

Minority shareholders', devices to protect, § 10:13

Oppression, remedies to, § 10:15

Remedies, modifications to,

### **BUSINESS JUDGMENT RULE**

Judicial discrimination in application of, § 10:4, 10:5

### **BUYOUTS**

Generally, § 7:17-7:18
Corporation choice for, § 7:18
Fair value of corporation, § 7:20
Judicially ordered, § 7:19
Limited liability company,
contractual provisions
providing, § 6:20
Majority shareholder choice for,
§ 7:18
Squeeze-outs, § 9:7, 9:14-9:18

### CHARTERS AND BYLAWS

Amendments. See index heading Fundamental Corporate Changes

### CLAIMS AGAINST CORPORATIONS

Purchase and enforcement to eliminate minority shareholders, § 5:29

### **CLASS ACTIONS**

Shareholders' litigation, § 7:30

### **CLAYTON ACT**

Administrative agencies, information and assistance from, § 7:37

### **CLOSE CORPORATIONS**

Aged founder who hangs on, § 2:5 Definition, § 1:1 Different entities, mergers with,

§ 5:13
Enhanced or modified fiduciary

duties, § 7:4
Fiduciary duty. See index heading
FIDUCIARY DUTY

Mergers. See also index heading Mergers

Minority shareholders, difficulty of disposing of interest, § 2:15

Remedies, application, non-profit, **§ 1:16.50** 

Sale of control, § 4:2, 4:16

Squeeze-outs

causes of, § 2:2-2:20

other oppression possibilities, § 6:41

sale of control and related techniques, § 4:1 et seq.

Squeeze-outs generally, § 6:1 et seq.

Stock, value of, § 2:16 Survival of partnership or joint venture, § 7:5

### **CLOSE CORPORATIONS**

### —Cont'd

Transfers of shares and squeezeouts, § 6:43

Withdrawing from, § 2:15, 2:16 Withholding dividends or compensation, § 6:42

# COMMON-LAW RELIEF IN ABSENCE OF STATUTE

Squeeze-outs, tactics for resisting, § 7:15

### COMMONWEALTH COMPANIES LAWS

See index heading British and Commonwealth Companies Laws

### **CONSPIRACY**

Federal remedies, squeeze-outs, § 8:21

Remedies for squeeze-out, § 8:21

### **CONSTITUTIONAL LAW**

Interstate commerce, § 8:3

# CONTRACTUAL OBLIGATIONS

Good faith and fair dealing, limited liability companies, § 6:27

### **CONTROL ARRANGEMENTS**

Devices for shifting control on sale of stock, § 4:1 et seq.

Legal controls, traditional pattern, § 1:2

Sale of control. See index heading SALE OF CONTROL

Stock sale, devices for shifting

control on, § **4:1 et seq.**Traditional control pattern, § **1:2** 

### **CONTROLLING INTERESTS**

Sale of control. See index heading Sale of Control

Shareholders. See index heading Controlling Shareholders

### CONTROLLING SHAREHOLDERS

Acquiescence by others in assumption of special privileges, § 2:7

Alternative transactional settings available to purchaser, substitutability, § 4:3

Anti-takeover statutes and control premiums, § 4:14

Appraisal in cash out mergers and control premiums, § 4:15

Assertion of fiduciary duties in defense of control premiums, § 4:12

Cash out mergers and control premiums, § 4:15

Controlling interests, premium value, § 4:1, 4:2

Definition of controlling shareholder, § 4:11.50

Delawares role in oppression law, § 7:2.50

Fiduciary duties

basis for relief for minority shareholders, § 7:3

breach of, § 4:11

cash out mergers and control premiums, § 4:15

controlling shareholders ability to assert, § 4:12

empirical studies of control premiums, § 4:6

when selling controlling interest, § 4:7, 4:8, 4:9

Fiduciary duties. See also index heading Fiduciary Duty Claims

Insider trading, § 8:17

Minority shareholders, elimination of, § 2:11

Purchasing or selling shares, concealing material information, § 8:17

Revlon applications in control premiums, § **4:13** 

### **CONTROLLING** CONTROLLING SHAREHOLDERS—Cont'd SHAREHOLDERS—Cont'd Trusts in control of limited Sale of control liability companies, § 3:25 alternative transactional settings Who is a controlling shareholder, available to purchaser, § 4:11.50 § 4:3 anti-takeover statutes and **CORPORATIONS** control premiums, § 4:14 Action, judicially ordered, § 7:24 assertion of fiduciary duties in Appraisal statutes. See index defense of control heading Appraisal Rights premiums, § 4:12 attacks, § 4:2 appropriation for personal use, breach of fiduciary duty, § 4:7, corporate line of credit, 4:8, 4:11 § 3:14 control premiums, § 4:2, 4:5, controlling interest as, § 4:9 4:11 Bankruptcy use to eliminate empirical studies of control minority shareholders, § 5:29 premiums, § 4:6 Books and records. See index employment contacts as payheading Books and Records ment, § 4:1 Charter and bylaw provisions to fiduciary duty owed to minority avoid squeeze-out and shareholders, § 4:11 oppression, § 9:25 fraud, § 4:7, 4:8 Claim against corporation, liabilities, § 4:7, 4:8 purchase and enforcement to looting corporation of assets, eliminate minority sharehold-§ 4:2, 4:4, 4:9 ers, § 5:29 misrepresentation, liability, Creditor proceedings use to elimi-§ 4:7, 4:8 nate minority shareholders, omissions, § 4:7, 4:8 § 5:29 plaintiff does not buy or sell, Destruction of business to elimifraud if, § 4:8 nate minority shareholders, § 5:29 price per share, § 4:1 Different kinds of entities, mergers procedures to expedite transfer, with, § 5:13 § 4:2 Dissolution. See index heading Revlon applications in control DISSOLUTION OF CORPORATIONS premiums, § 4:13 Dual class recapitalizations, Rule 10b-5 liabilities, § 4:7, 4:8 § 5:18 side payments, § 4:1, 4:10 Expanding the number of squeeze-out techniques, § 4:1 et defendants, § 7:31 Governance, shareholder disputes, traditional legal doctrine, § 4:4 § 3:19 Squeeze-out Holding company creation as insider trading, § 8:17 squeeze play maneuver,

§ 5:28

techniques, § 4:1 et seq.

### CORPORATIONS—Cont'd

Intentional destruction of business to eliminate minority shareholders, § 5:29

Mergers. See index heading Mergers

Opportunity

diversion, sale of control, § 4:11 usurpation, squeeze-out technique, § 3:15

Preferred shareholders, protecting, § 9:26

Purchase and enforcement of claim against corporation to eliminate minority shareholders, § 5:29

Reasonable expectations standard, applicability of, § 7:14

Recapitalizations, dual class, § 5:18

Subsidiary creation as squeeze play maneuver, § 5:28

### **CORPORATION STATUTES**

Amendments obtained to facilitate squeeze-outs, § 5:27

Appraisal, minority discount, § 4:16

Appraisal statute, changing, § 10:12

Buyout. Dissolution and Buyout, below

Common law relief from squeezeout, § 7:15

Control share acquisition, § 4:16 Dissolution and buyout

legislative alternatives as remedy, § 10:9

legislative broadening of grounds for, § 10:8

Fundamental corporate changes, statutory modifications, § 10:11

Greenmail, § 4:16

Oppression, minority discount, § 4:16

### **CORPORATION STATUTES**

—Cont'd

Permanence in corporations, statutory response to, § 7:10

Squeeze-out avoiding, state of incorporation selection, § 9:27

### **COSTS**

Appraisal proceedings, § 2:16, 5:35

### **CREDITOR PROCEEDINGS**

Use to eliminate minority shareholders, § 5:29

### **CUMULATIVE VOTING**

Circumvention, § 3:20

Elimination of, § 3:20

High vote requirements, cautions, § 9:23

Limited liability company, providing a veto, § 6:19

Tailoring ownership structure to provide veto, § 9:24

Veto, provision for in corporate formation, § 9:22

### **CUSTODIANS**

Appointment and powers, § 7:22

### **DEADLOCK**

Limited liability companies, § 6:33

### **DE FACTO MERGER**

See index heading Fundamental Corporate Changes

### **DELAWARE**

Corporate governance, § 3:19
Role in oppression law, § 7:2.50
Shareholder disputes, § 3:19

### **DERIVATIVE ACTIONS**

See index heading Shareholders' Litigation

### **DIRECTORS**

Cleansing self-interested transactions, § 5:37

Cumulative voting. See index heading Cumulative Voting

Eliminating minority shareholders from the board, § 3:6

Fiduciary duties, basis for relief for minority shareholders, § 7:3

Fiduciary duty owed minority shareholders. See index heading Fiduciary Duty Claims

Meetings

failure to hold, § 3:19

postponement, § 3:19
Provisional director, appoi

Provisional director, appointment and powers, § 7:23

Replacement, sale of control, § 4:10

Resignation, sale of control, § 4:10

Sale of control of corporation, § **4:10** 

Self-interested transactions, cleansing, § 5:37

Seriatim resignation on sale of controlling stock, § 4:2

Shareholders. See index heading Shareholders

Vacancies, filling, § 4:2

### DISCLOSURE DUTY

Fundamental corporate changes federal law obligations. See index heading Federal Securities Laws

state law obligations, § 5:48
Securities Exchange Act of 1934, elements of prohibited acts, § 8:11

### **DISSENTERS' RIGHTS**

Appraisal control premium, § 4:16 minority discount, § 4:16

### DISSENTERS' RIGHTS—Cont'd

Appraisal—Cont'd statute, changing, § 10:12
Appraisal. See also index heading Appraisal Rights
Valuation of shares, whether to discount, § 4:16

# DISSOLUTION OF CORPORATION

Generally, § 7:17-7:27
See also index heading
Fundamental Corporate
Changes

Appointment of receiver, § 7:21 Assets

inadequacy of valuation of, § 5:26

refusal to grant sale of for misconduct related to corporate meetings, § 3:19

Contractual limits, § 6:34

Custodian after dissolution, § 7:22

Inadequacy of valuation of proportionate part of corporation's physical assets as, § 5:26

Interest of objecting shareholder, payment for, § 5:26

Involuntary dissolution of L.L.C., § 6:30, 6:32

Legislative alternatives to dissolution as remedy, § 10:9

Legislative broadening of grounds for, § 10:8

Misconduct related to corporate meetings, refusal to grant sale of assets for, § 3:19

Objecting shareholder's interest, payment for, § 5:26

Payment for objecting shareholder's interest, § 5:26

Proportionate part of corporation's physical assets, inadequacy of valuation of, § 5:26

Provisional director, § 7:23

# DISSOLUTION OF CORPORATION—Cont'd

Receiver, appointment of, § 7:21 Refusal to grant sale of assets for misconduct related to corporate meetings, § 3:19

### **DIVIDENDS**

Provisions requiring, § 9:21 Withholding, squeeze-out by withholding dividends, § 3:4, 3:5

### EMPLOYMENT CONTRACTS

Controlling shareholders, payment, § 4:1

Excluding minority shareholders from, § 3:6

Long-term contracts to avoid squeeze-out or oppression, § 9:20

Sale of control generally, § 4:1 payment to sellers, § 4:1

### **ENGLISH COMPANIES LAWS**

See index heading British and Commonwealth Companies Laws

### **EQUITABLE RELIEF**

Judicially ordered, § 7:24

### **EQUITY CAPITAL**

Loss of equity capital because of minority shareholder oppression, § 1:4

### FEDERAL SECURITIES LAWS

Age Discrimination in Employment Act (ADEA), use by shareholder-employees, § 8:22

Clayton Act, information and assistance from administrative agencies, § 7:37

Going private regulations, § 5:52 Investment Advisers Act, § 8:1, 8:7, 8:9

# FEDERAL SECURITIES LAWS —Cont'd

Investment Company Act of 1940, § 8:1

Mergers, proxy regulation, § 5:49 Protections against squeeze-outs in limited liability companies, § 6:18

Proxy regulation, § 5:49
Remedies available under, § 5:49
et seq., 8:1 et seq.

Rule 10b-5 claims, § 5:50 Securities Act of 1933, registration provisions, § 5:51

Securities Exchange Act of 1934 any security, term defined, § 8:4 causation, as element of prohibited act, § 8:15 common law and statutory sources of elements, § 8:10

duty to disclose, § 8:11 elements of the prohibited act, § 8:10-8:16

fact as element of prohibited act, § 8:13

insider trading, § 8:17
interstate commerce, § 8:3
jurisdictional and policy limits,
§ 8:2-8:9

jurisprudence, trends in, § 8:9 materiality, § 8:12 merger and Rule 10b-5, § 8:18 mismanagement and Rule 10b-5, § 8:19 misrepresentation, § 8:11

omission, § 8:11
oppression transactions covered
by Rule 10b-5, § 8:17-8:19
private causes of action, § 8:7
purchase or sale, § 8:5, 8:6
recovery, measure of, § 8:16

reliance, as element of prohibited act, § 8:15 remedies available under, § 8:1-8:19

## FEDERAL SECURITIES LAWS —Cont'd

Securities Exchange Act of 1934
—Cont'd
rule 10b-5, language of, § 8:2
Rule 10b-5 proceedings vs.

state law proceedings, **§ 8:20** 

scienter, as element of prohibited act, § 8:14 section 10(b), language of, § 8:2

sources of elements of prohibited acts, § 8:10

squeeze-outs covered by Rule 10b-5, § 8:17-8:19

standing, § 8:8

statutory and common law sources of elements, § 8:10

Sherman Act, other tactics and maneuvers, § 7:33

State claims combined with, § 7:30

State law proceedings compared, § 8:20

State securities laws. See index heading State Securities Laws

### FIDUCIARY DUTY CLAIMS

Generally, § 5:36 et seq.
See also index heading Remedies
Cash out mergers, § 4:15

Cleansing of self-interested transactions, § 5:37

Close corporations, § 4:15 Control premiums, § 4:15

Enhanced duties in oppression contexts, **§ 10:7** 

Exclusivity of remedy in fundamental corporate changes, § 5:39

changes, § 5:39
Failure to hold meetings, § 3:19
Limited liability companies,
responses to squeeze-outs,
§ 6:21, 6:22, 6:23, 6:26

# FIDUCIARY DUTY CLAIMS —Cont'd

Merger of limited liability companies, § 6:40

Oppression remedies, relation to, § 5:40

Remedies based on

generally, § 7:3-7:9

controlling shareholders, obligations as basis for relief, § 7:3

directors, obligations as basis for relief, § 7:3

enhanced or modified fiduciary duties in close corporations, § 7:4

officers, obligations as basis for relief, § 7:3

Self-interested transactions, cleansing, § 5:37

Two-step transactions, § 5:38

### **FINANCING**

Loss of equity capital because of minority shareholder oppression, § 1:4

Minimum financing feasible in national securities market, § 1:4

Undercapitalization as bar to bank loan, § 2:18 cause of dissension and squeeze-outs, § 2:18

### FIRST OPTION RIGHTS

Mergers used to avoid, § 5:10

### **FOUNDERS**

Aging, § 2:5

Death, § 2:4

Personal relationship, corporation founded on, § 7:6

### **FRANCHISES**

Fundamental corporate changes, assets sales, § 5:19

### **FRAUD**

Remedies available to squeezee under common law fraud, § 7:29

Squeezee's remedies for fraudulent or unfair contracts, § 3:12

### **FREEZE-OUTS**

See index heading Squeeze-outs

## FUNDAMENTAL CORPORATE CHANGES

Generally, § 5:1 et seq.

Alteration of preferences or other rights of preferred shareholders, § 5:17

Appraisal rights

exclusivity of remedy, § 5:39

Appraisal rights. See also index heading Appraisal Rights

Assets sales

generally, § 2:16

Generally, § 5:19 et seq.

circumvention of veto power of minority, § 5:21

franchises, § 5:19

inadequate price, § 5:20

minority, circumvention of veto power of, § 5:21

mortgage of all corporate assets, § 5:24

oppressive circumstances, § 5:20

profitable part of business splitting off, § 5:23

splitting off profitable part of business, § 5:23

stage setting for oppression of minority, § 5:22

valuation for sale, § 2:16

veto power of minority, sale to circumvent, § 5:21

Bankruptcy use to eliminate minority shareholders, § 5:29

# FUNDAMENTAL CORPORATE CHANGES—Cont'd

Bylaws. Charter or bylaw amendments, below

Charter or bylaw amendments

Generally, § 5:14 et seq.

alteration of preferences or other rights of preferred shareholders, § 5:17

destruction of preferences or other rights of preferred shareholders, § 5:17

dual class recapitalizations, § 5:18

making shares redeemable, § 5:16

preferred shareholders, alteration or destruction of preferences or other rights of, § 5:17

recapitalizations, § 5:18 redeemability provisions, § 5:16 reverse stock split, § 5:15

Circumvention of veto power of minority through asset sales, § 5:21

Claim against corporation, purchase and enforcement to eliminate minority shareholders, § 5:29

Compulsory share exchange, § 5:9 Creditor proceedings use to eliminate minority shareholders, § 5:29

De facto merger doctrine, remedies for minority shareholders, § 5:32

Derivative suits, mergers used to terminate, § 5:11

Destruction of business to eliminate minority shareholders, § 5:29

Destruction of preferences or other rights of preferred shareholders, **§ 5:17** 

# FUNDAMENTAL CORPORATE CHANGES—Cont'd

- Different kinds of entities, mergers between, § 5:13
- Disclosure obligations under federal law. See index heading Federal Securities Laws
- Disclosure obligations under state laws, § 5:48
- Dissenters' rights. See index heading DISSENTERS' RIGHTS
- Dissolution. See index heading
  DISSOLUTION OF CORPORATIONS
- Distinctive valuation rules for short form mergers, § 5:46
- Distinguishing sale of control, § 4:2
- Dual class recapitalizations, § 5:18
- Enforcement of purchased claim against corporation to eliminate minority shareholders, § 5:29
- Exclusivity of appraisal or fiduciary duty claim for minority shareholder squeezed out in merger or other fundamental control transaction, § 5:39
- Exit rights changes as remedies for minority shareholders, § 5:31
- Fair value, § 2:16, 7:20
- Fiduciary duty owed minority shareholders. See index heading Fiduciary Duty Claims
- First option rights, mergers used to avoid, § 5:10
- Franchises, assets sales, § 5:19 Going private
  - Generally, § 5:8
  - federal securities laws regulations, § 5:52
- Historical trend of statutory and judicial developments, § 5:3
- Holding company creation as squeeze play maneuver, § 5:28

# FUNDAMENTAL CORPORATE CHANGES—Cont'd

- Inadequacy of value of proportionate part of dissolved corporation's physical assets as payment for objecting shareholder's interest, § 5:26
- Inadequately priced assets sales, § 5:20
- Intentional destruction of business to eliminate minority shareholders, § 5:29
- Judicial developments, historical trend, § 5:3
- Judicial remedies, effect on, § 7:25
- Limited liability companies, mergers and related transactions, § 6:36-6:40
- Litigation in fundamental corporate changes, § 5:53
- Management buyouts
  - Generally, § 5:8
  - federal securities laws regulations, § 5:52
- Measure of recovery, § 5:47
- Mergers and related transactions
  - Generally, § 5:4 et seq.
- Mergers and related transactions.

  See also index heading

  Mergers
- Minority shareholders, assets sale oppressive to, § 5:20
- Mortgage of all corporate assets, § 5:24
- Obtaining amendment of the corporation statute or enactment of special statute to facilitate squeeze-out, § 5:27
- Oppressive circumstances assets sales, § 5:20
- Payment for objecting shareholder's interest in dissolved corporation, § 5:26
- Preferred shareholders, alteration or destruction of preferences

### FUNDAMENTAL CORPORATE FUNDAMENTAL CORPORATE CHANGES—Cont'd CHANGES—Cont'd or other rights of, § 5:17 Statutory amendment, obtaining to facilitate squeeze-out, § 5:27 Procedures for determining valuation, § 5:47 Statutory developments, historical Procedures for use in squeeze trend, § 5:3 plays, § 5:2 Statutory modifications, § 10:11 Profitable part of business, split-Subsidiary creation as squeeze ting off, § 5:23 play maneuver, § 5:28 Proxy regulation, § 5:49 Tender offers plus mergers, § 5:7 Purchase and enforcement of Transferring of business to claim against corporation to company in state where eliminate minority shareholdclimate is more favorable to ers, § 5:29 squeeze-out, § 5:28 Recapitalizations, § 5:18 Two-step merger transactions Redeemability provisions in generally, § 5:7 charter or bylaw amendappraisal rights, § 5:38 ments, § 5:16 fiduciary duty claims, § 5:38 Redemption obligations, mergers used to avoid, § 5:10 Use of bankruptcy or other credi-Registration provisions of Securitor proceedings to eliminate ties Act of 1933, § 5:51 minority shareholders, § 5:29 Remedies for minority sharehold-Valuation. See index heading ers VALUATION generally, § 5:30 et seq. Variations on short form mergers, Remedies for minority sharehold-§ 5:6 ers. See also index heading Veto power of minority, asset sale REMEDIES to circumvent, § 5:21 Reverse stock split, § 5:15 Voting rights changes, remedies Rule 10b-5 claims for minority shareholders, generally, § 5:50 § 5:31 mergers and related transac-GOING PRIVATE tions, § 8:18 Sale of control. See index heading Generally, § 5:8 SALE OF CONTROL Federal securities laws regula-Sales of assets. Asset sales, above tions, § 5:52 Short form mergers GOOD FAITH AND FAIR Generally, § 5:5 DEALING distinctive valuation rules for. Contractual obligations, limited § 5:46

Splitting off profitable part of business, § 5:23

Stage setting for oppression of

minority, asset sales as,

variations, § 5:6

§ 5:22

liability companies, § 6:27

Limited liability companies,

Sale of control, § 4:16

§ 6:27

**GREENMAIL** 

### **HOLDING COMPANIES**

Creation as squeeze play maneuver, § 5:28

### INSIDER TRADING

Section 10(b) and SEC Rule 10b-5, **§ 8:17** 

# INSPECTION OF BOOKS AND RECORDS

See index heading Books and Records

### INVESTMENT ADVISERS ACT

Judicial trends, changes in, § 8:9 Private causes of action, § 8:7 Remedies under, § 8:1

### INVESTMENT COMPANY ACT OF 1940

Federal securities laws, § 8:1

### INVOLUNTARY DISSOLUTION

See index heading Dissolution of Corporation

### **JOINT VENTURES**

Close corporations. See index heading Close Corporations
Partnerships. See index heading
Partnerships

### JUDICIAL RESPONSES

Buyout, judicially ordered remedy, § 7:19

Corporate action, judicially ordered, § 7:24

Equitable relief, judicially ordered, § 7:24

Legislative remedies, relation to judicial remedies, § 7:26

Resisting squeeze-out, judicial views, § 7:2

Shareholders' agreements, effect on judicial orders, § 7:25

### **JURISDICTION**

Corporation's law, determining which applies, § 7:27

### JURISDICTION—Cont'd

Pendent, § 7:30

### **LACHES**

Remedies. See index heading Remedies

Shareholders' litigation. See index heading Shareholders' Liti-GATION

## LEGAL CONTROLS, CHANGES IN

Generally, § 10:1-10:16

Administrative agencies to protect minority shareholders, § 10:16

Appraisal statutes, changing, § 10:12

British and Commonwealth companies laws

modifications to remedies, § 10:14

protecting minority shareholders, § 10:13

remedies, modifications to, § 10:14

Business judgment rule, judicial discrimination in application of, § 10:4, 10:5

Contractual arrangements to prevent minority oppression, legal protection, § 10:2

Court developed innovative or resourceful remedies, § 10:10

Direct vs. derivative suits, § 10:6

Failure to obtain protective arrangements, legal protection in spite of, § 10:3

Fiduciary duties, enhancement in oppression contexts, § 10:7

Fundamental corporate changes, statutory modifications, § 10:11

Information to minority shareholders, requiring corporate officials to supply, § 10:16

# LEGAL CONTROLS, CHANGES IN—Cont'd

Innovative remedies developed by courts, § 10:10

Judicial discrimination in application of business judgment rule, § 10:4, 10:5

Legislative alternatives to dissolution as remedy for dissension, § 10:9

Legislative broadening of grounds for corporate dissolution, § 10:8

Miscellaneous proposals, § 10:16 Need of minority shareholders for legal protection, § 10:3

Oppression remedies in other jurisdictions, § 10:15

Requiring corporate officials to supply information to minority shareholders, § 10:16

Resourceful remedies developed by courts, § 10:10

### LIMITED LIABILITY COMPANIES

Arbitration, responses to squeezeout, § 6:29

Buyouts, contractual provisions providing, § 6:20

Claims related to Issuance of stock, § 3:21.50

Contracts, importance of, § 6:5 Contractual obligation, good faith and fair dealing, § 6:27

Cumulative voting, eliminating or circumventing, § 3:20

Denial of admission, member, return of minority owner, reducing the, § 6:8

Different entities, mergers with, § 5:13

Direct/derivative distinction, responses to squeeze-out, § 6:24, 6:25

Fiduciary duty, responses to squeeze-out, § 6:21, 6:22,

### LIMITED LIABILITY COMPANIES—Cont'd 6:23, 6:26, 6:40

Good faith and fair dealing, § 6:27 Legal processes as squeeze-out technique, § 3:27

Majorities, squeeze-outs of, § 3:26 Majority control, § 6:4

Mergers and other fundamental changes

generally, § 6:36-6:40

Generally, § 5:12

appraisal of L.L.C., § 6:39

articles of organization, amendments to, § 6:38

different entities, mergers with, § 5:13

fiduciary duty, § 6:40

operating agreement, amendments to, § 6:38

Oppressive practices, § 3:28 Origin and structure, § 6:2

Responses to squeeze-out

generally, § 6:17 et seq.

arbitration, § 6:29

buyouts, contractual provisions offering, § 6:20

contractual limits on involuntary dissolution, § 6:34

deadlock, § 6:33

direct/derivative distinction, § 6:24, 6:25

fiduciary duty, § 6:21, 6:22, 6:23, 6:26

inspection rights, asserting attorney-client privilege, § 6:28

involuntary dissolution, § 6:30, 6:32, 6:34

not reasonably practicable, § 6:31

oppression, adverse impact on individual, § **6:32** statutory protections, § **6:18** 

# LIMITED LIABILITY COMPANIES—Cont'd

Responses to squeeze-out
—Cont'd
unfairly prejudicial, adverse

impact on individual, \$ 6:32

veto to check majority, contractual provisions, § 6:19

Return of minority owner, reducing the

company opportunity, § 6:12 competition with the company, § 6:12

corporate opportunity, § 6:12 denial of admission, member, § 6:8

dilution of share via new issuance of ownership interests, **§ 6:11** 

excluding, minority owners, § 6:6

expulsion, members, § 6:7 governance, misuse of annual meeting, § 6:14

minority owners, excluding, **§ 6:6** 

misuse of annual meeting, § 6:14

purchasing shares pursuant to agreement, § 6:15

removing members and managers, § 6:7

siphoning income to controlling group, § 6:9

group, § 6:9 withholding information, § 6:13

Squeeze-outs generally, § 6:1 et seq.

Stock transfer restrictions buyback of shares, § 3:21 manipulation of, § 3:22 removal or imposition of, § 3:21

Trusts as controlling shareholders, § 3:25

# LIMITED LIABILITY COMPANIES—Cont'd

Valuation, refusal to adjust transfer price, § 3:23
Whitholding distributions, § 6:10

### LIQUIDATION

Dissolution of corporation. See index heading Dissolution of Corporation

Fundamental corporate changes. See index heading Fundamental Corporate Changes

### LLC AGREEMENTS

Remedies, § 5:40.50

### **MAJORITY RULE**

Limited liability companies, squeeze outs, § 6:4

Minority interests effects, § 1:2

Minority squeeze-out of majority, L.L.C.s, § 3:26

Traditional corporate control pattern, § 1:2

### MAJORITY SHAREHOLDERS

See index heading Controlling Shareholders

Eliminating minority shareholders by short form mergers, § 5:5

Mergers, eliminating minority shareholders by short form mergers, § 5:5

Misconduct, valuation of shares reflecting, § 5:44

Short form mergers, eliminating minority shareholders by, § 5:5

Valuation of shares reflecting misconduct of, § 5:44

### MANAGEMENT BUYOUTS

See index heading Going Private

### **MEETINGS**

Directors. See index heading DIRECTORS

### MEETINGS—Cont'd

Shareholders. See index heading Shareholders

### **MERGERS**

Generally, § 5:4 et seq.

See also index heading

FUNDAMENTAL CORPORATE CHANGES

Appraisal rights. See index heading Appraisal Rights

Close corporations, mergers with different entities, § 5:13

Compulsory share exchange, § 5:9

De facto merger doctrine, remedies for minority shareholders, § 5:32

Derivative suits, mergers used to terminate, § 5:11

Different kinds of entities, mergers between, § 5:13

Distinctive valuation rules for short form mergers, § 5:46

Eliminating minority shareholders by short form mergers, § 5:5

Excluding value created by the merger from an appraisal calculation, § 5:42

Fiduciary duty claims arising out of two-step transactions, § 5:38

First option rights, mergers used to avoid, § 5:10

Going private, § 5:8

Limited liability companies

Generally, § 5:12

different entities, mergers with, § 5:13

Proxy regulation, § 5:49

Redemption obligations, mergers used to avoid, § 5:10

Rule 10b-5, § 8:18

Short form mergers

Generally, § 5:5

distinctive valuation rules for, § **5:46** 

### MERGERS—Cont'd

Short form mergers—Cont'd variations, § 5:6

Tender offers plus mergers, § 5:7

Two-step transactions

generally, § 5:7

appraisal rights, § 5:38

fiduciary duty claims, § 5:38

Variations on short form mergers, § 5:6

### MINORITY SHAREHOLDERS

Administrative agencies to protect, § 10:16

Appraisal rights. See index heading Appraisal Rights

Arrangements for protecting, state of incorporation, selecting, § 9:27

Assets sales

circumvention of veto power of minority, § 5:21

minority, circumvention of veto power of, § 5:21

oppressive circumstances, § 5:20

profitable part of business splitting off, § 5:23

splitting off profitable part of business, § 5:23

stage setting for oppression of minority, § 5:22

veto power of minority, sale to circumvent, § 5:21

Bankruptcy use to eliminate, § 5:29

British law and other jurisdictions, remedies for oppression, § 10:13-10:15

Circumvention of veto power of minority through asset sales, § 5:21

Claim against corporation, purchase and enforcement to eliminate, § 5:29

# MINORITY SHAREHOLDERS —Cont'd

- Close corporations, difficulty of disposing of interest, § 2:15
- Controlling shareholders. See index heading Controlling Shareholders
- Creditor proceedings use to eliminate, § 5:29
- De facto merger doctrine, remedies, § 5:32
- Delawares role in oppression law, § 7:2.50
- Destruction of business to eliminate, § 5:29
- Discounts for minority status of lack of marketability of shares, § 5:43
- Dissolved corporation, payment for interest in, § 5:26
- Entry into competing business as cause of dissension, § 2:12
- Exit rights changes remedies, § 5:31
- Failure to receive fair value for interest, § 1:1
- Fiduciary duties of majority or controlling shareholders generally, § 4:11
- Fiduciary duties of majority or controlling shareholders. See also index heading Fiduciary Duty Claims
- Inadequacy of value of proportionate part of dissolved corporation's physical assets as, § 5:26
- Intentional destruction of business to eliminate, § 5:29
- Interest in dissolved corporation, payment for, § 5:26
- Interests, difficulty of disposing of, § 2:15
- Lack of marketability share discounts, § 5:43
- Legal protection of, § 10:3

# MINORITY SHAREHOLDERS —Cont'd

- Losses, § 1:3
- Minority status share discounts, § 5:43
- Obstreperous or uncooperative attitude, cause of dissension, § 2:11
- Oppression, remedies in British law and other jurisdictions, § 10:13-10:15
- Oppressive circumstances assets sales, § 5:20
- Payment for interest in dissolved corporation, § 5:26
- Profitable part of business splitting off, § 5:23
- Protective contractual arrangements
  - failure to obtain, § 10:3
  - legal protection of, § 10:2, 10:3
  - prevention of oppression,

### § 10:2

- Purchase and enforcement of claim against corporation to eliminate, § 5:29
- Remedies of. See index heading Remedies
- Requiring corporate officials to supply information to, § 10:16
- Sale of shares, § 4:2
- Shares. See index heading Shares Splitting off profitable part of
  - business, § 5:23
- Squeeze-outs
  - resistance against, § 7:1-7:43
  - statutory and judicial views of the role of shareholders, § 7:2
- Stage setting for oppression of minority, asset sales as, § 5:22
- Unreasonable and uncooperative conduct, § 2:11

## MINORITY SHAREHOLDERS

### —Cont'd

Value of proportionate part of corporation's physical assets as payment for objecting shareholder's interest in dissolved corporation, inadequacy of, § 5:26

Veto power of minority, asset sale to circumvent, § 5:21

Voting rights changes, remedies, § 5:31

### **MISREPRESENTATION**

Securities Exchange Act of 1934, elements of prohibited acts, § 8:11

### **MORTGAGES**

All corporate assets, mortgage of, § 5:24

### **MULTIPLE ACTS**

Squeeze-outs, § 6:16

### OFFICERS AND AGENTS

Fiduciary duty as basis of relief for minority shareholders, § 7:3

Fiduciary duty owed minority shareholders. See index heading Fiduciary Duty Claims

Minority shareholders, requiring corporate officials to supply information to, § 10:16

### OMISSION

Securities Exchange Act of 1934, elements of prohibited acts, § 8:11

### **OPPRESSION**

Corporation statutes, minority discount, § 4:16

Fiduciary duty claims, relation to oppression remedies, § 5:40

Remedies in British law and other jurisdictions, § 10:13-10:15

### OPPRESSION-Cont'd

Shareholder exit, relief based on, § 7:10

### **OPTIONS**

First option rights, mergers used to avoid, § 5:10

### PARENT AND SUBSIDIARY

Creation of subsidiary as squeeze play maneuver, § 5:28

### PARTNERSHIPS

Dissolution, easy, § 2:15 Incorporated businesses viewed as, § 2:10

### PREFERRED SHARES

See index heading Shares

### PREVENTIVE LAW

Aids to practice of, § 1:5

Business participants' failure to obtain preventive law services, § 2:20

Failure to reduce all business bargains to writing, § 2:17

Inactive shareholder, planning for, § 2:3

Lawyers' inability to render adequate preventive services, § 2:20

Planning services, provision of, § 1:5

Possible disadvantages of detailed legal planning at birth of business, § 2:20

Squeeze-out caused by failure to use, § 2:1

### **PRICE**

See index heading Valuation

### **PRIVILEGE**

Accountant-client. See index heading Accountant

Attorney-client. See index heading ATTORNEY

# PROFESSIONAL CORPORATIONS

Disputes over professional conduct and client responsibility, § 2:2

### PROVISIONAL DIRECTOR

Corporate management after deadlock, § 7:23

### RECAPITALIZATIONS

See index heading Fundamental Corporate Changes
Dual class recapitalizations,
§ 5:18

### RECEIVERSHIPS

Minority shareholders eliminated through, § 5:29

### RECORDS

See index heading Books and Records

### RECOVERY, MEASURE OF

Securities Exchange Act of 1934, § 8:16

### REDEMPTION OF SHARES

See also index heading Appraisal Rights

Charter or bylaw amendment redeemability provisions, § 5:16

Mergers used to avoid redemption obligations, § 5:10

Shareholders. See index heading Shareholders

Shares. See index heading Shares

### RELATIONSHIPS

Multiple remedies, squeeze-outs, § 6:35

### REMEDIES

Generally, § 7:3-7:43, 8:1 et seq. Accountant-client privilege, challenging claims, § 7:38, 7:42 Acquiescence, § 7:32

### REMEDIES—Cont'd

Administrative agencies, information and assistance from, § 7:37

Age Discrimination in Employment Act (ADEA), § 8:22

Any security, term defined in section 10(b) and rule 10b-5, § 8:4

Appraisal statutes. See index heading Appraisal Rights

Attorney-client privilege generally, § 7:39 challenging claims in discovery, § 7:38

intracorporate setting, § 7:40 limits to use, § 7:41 work-product doctrine, overcoming, § 7:43

Avoiding waiver, § 7:32

British and other companies laws, § 10:13-10:15

Causation, as element of prohibited act, § 8:15

Class actions, § 7:30

Combined action, federal and state claims, § 7:30

Common law and statutory sources of elements, § 8:10

Common law fraud, remedies available under, § 7:29

Conspiracy doctrines, § 8:21

Controlling persons, securities laws provisions on, § 8:21

Corporate action, judicially ordered, § 7:24

Corporate books and records, utilizing right to inspect, § 7:35, 7:36

Corporation's law, determining which applies, § 7:27

De facto merger doctrine, minority shareholders' remedies, § 5:32

Defendants, expanding the number, § 8:21

#### REMEDIES—Cont'd REMEDIES—Cont'd Director's right to inspect Fiduciary duty, remedies based on corporate books and records, —Cont'd utilizing, § 7:36 controlling shareholders, Disclosure obligations under state obligations as basis for law, § 5:48 relief, § 7:3 Discovery, privilege claims, directors, obligations as basis § 7:38 for relief, § 7:3 Dissolution and buyouts enhanced or modified fiduciary duties in close corporagenerally, § 7:17-7:27 tions, § 7:4 appointment of receiver, § 7:21 officers, obligations as basis for corporation choice for buyout, relief, § 7:3 § 7:18 Fiduciary duty, remedies based on. corporation's law, determining See also index heading FIDUwhich applies, § 7:27 CIARY DUTY CLAIMS custodian after dissolution. Fraudulent or unfair contracts. § 7:22 § 3:12 fair value in buyout, § 7:20 Fundamental corporate change judicially ordered buyout, remedies, § 5:30 et seq. § 7:19 Insider trading, § 8:17 legislative alternatives as reme-Interstate commerce in section dies, § 10:9 10(b) and rule 10b-5, § 8:3 majority shareholder choice for Investment Advisers Act, § 8:1 buyout, § 7:18 Judicial ordering, corporate action provisional director, § 7:23 or equitable relief, § 7:24 receiver, appointment of, § 7:21 Jurisdictional and policy limits, Duty to disclose, § 8:11 § 8:2-8:9 Effect on judicial remedies of Jurisprudence, trends in, § 8:9 fundamental corporate Laches, § 7:32 changes, § 7:25 Legislative alternative remedies to Elements of the prohibited act, dissolution, § 10:9 § 8:10-8:16 Legislative and judicial remedies, Equitable relief, judicially relationship of, § 7:26 ordered, § 7:24 LLC agreements, § 5:40.50 Exit rights changes as remedies Mergers for minority shareholders, effect on judicial remedies, § 5:31 § 7:25 Expanding the number of Rule 10b-5, applicability, § 8:18 defendants, § 7:31 Miscellaneous tactics, § 7:33 Fact, as element of prohibited act, Mismanagement and Rule 10b-5, § 8:13 § 8:19 Federal and state claims, Misrepresentation, § 8:11 combined action, § 7:30 Modifications to, British and com-Fiduciary duty, remedies based on monwealth companies laws, generally, § 7:3-7:9 § 10:14

### REMEDIES—Cont'd

Multiple remedies, squeeze-outs, § 6:35

Omission, § 8:11

Oppression of minority, British law and other jurisdictions, § 10:13-10:15

Oppression transactions covered by Rule 10b-5, **§ 8:17-8:19** Pendent jurisdiction, **§ 7:30** Prelitigation investigation sources,

§ 7:34

Preserving rights, § 7:32

Primary liability, broadened concepts of, § 8:21

Private causes of action, § 8:7

Proxy regulation, § 5:49

Purchase or sale, § 8:5, 8:6

Receiver, appointment of, § 7:21

Recovery, measure of, § 8:16

Registration provisions of Securities Act of 1933, § 5:51

Relation to shareholders, § 5:40.50

Reliance, as element of prohibited act, § 8:15

Rule 10b-5 claims, § 5:50

Rule 10(b)-5 of the Securities Exchange Commission, language, § 8:2

Scienter, as element of prohibited act, § 8:14

Secondary liability, § 8:21

Section 10(b) of the Securities Exchange Act of 1934, language, § 8:2

Securities Exchange Act of 1934, § 8:1-8:19

Securities laws provisions on controlling persons, § 8:21

Shareholders' agreements, effect on judicial remedies, § 7:25

Shareholders exit

close corporation, application, non-profit, § 7:16.50

### REMEDIES—Cont'd

Shareholders exit

common law relief in absence of statute, § 7:15

deadlock, relief based on, § 7:16

oppression, relief based on, § 7:11

reasonable expectations, relief based on, § 7:12-7:14

Shareholders' litigation. See index heading Shareholders' Liti-

Shareholder's right to inspect corporate books and records, utilizing, § 7:35

Siphoning off earnings with high compensation to majority shareholders, § 3:8

Sources of elements of prohibited acts, § 8:10

Squeeze-outs covered by Rule 10b-5, § 8:17-8:19

Standing, § 8:8

State law proceedings compared, § 8:20

State securities law, remedies available under, § 7:29

Statutory and common law sources of elements, § 8:10

Voting rights changes as remedies for minority shareholders, § 5:31

Withholding dividends, § 3:5 Work-product doctrine, overcoming, § 7:43

### RESTRICTIONS ON TRANSFERABILITY OF SHARES

Manipulation of, § 3:22 Removal or imposition of, § 3:21 S corporations, squeeze-outs, § 6:43

### REVERSE STOCK SPLIT

See index heading Squeeze-outs

### SALE OF CONTROL SALE OF CONTROL—Cont'd Control premiums—Cont'd Alternative transactional settings available to purchaser, tender offers, § 4:16 substitutability, § 4:3 theories, § 4:5 Anti-takeover statutes and control Williams Act, § 4:16 premiums, § 4:14 Corporate office sale, § 4:10 Appraisal in cash out mergers and Corporate opportunity, diversion, control premiums, § 4:15 § 4:11 Assertion of fiduciary duties in Differential between control prices defense of control premiums, and minority interest prices, § 4:12 increase in, § 4:2 Assets, looting of, § 4:4, 4:9 Directors, replacement or resigna-Attacks, Rule 10b-5, § 4:7, 4:8 tion, § 4:10 Close corporations, § 4:2 Duty of sellers to investigate Controlling shareholders purchasers, § 4:2 assertion of fiduciary duties in Earnout provision (more pay for defense of control seller if business prospers), premiums, § 4:12 § 4:1 breach of fiduciary duty, § 4:11 Empirical studies of control close corporations, § 4:16 premiums, § 4:6 duty to investigate purchasers, Employment contracts as pay-§ 4:2 ment, § 4:1 fiduciary duty owed to minority Equal sharing of control shareholders, § 4:2, 4:11 premiums, § 4:5 looting corporation of assets, Fiduciary duty of majority to § 4:9 minority shareholders, § 4:2 Control premiums Fraud, § 4:7, 4:8 generally, § 4:2 Greenmail, § 4:16 acceptance, legitimacy, § 4:5 Investment companies, § 4:9 alternative transactional settings Investment Company Act of 1940, available to purchaser, § 4:9 § 4:3 Liabilities of controlling Anti-takeover statutes and shareholders, § 4:7, 4:8 control premiums, § 4:14 Looting corporation of assets, appraisal in cash out mergers, § 4:2, 4:4, 4:9 § 4:15 assertion of fiduciary duties in Mergers distinguished, § 4:2 defense, § 4:12 Minority shareholders breach of fiduciary duty, § 4:11 empirical studies of control greenmail, § 4:16 premiums, § 4:6 fiduciary duty owed by controljudicial interpretation, § 4:16 ling shareholders, § 4:2 legislation, § 4:16 opportunity to sell shares, § 4:2 Revlon applications, § 4:13 securities laws, § 4:16 Misrepresentation, § 4:7, 4:8 takeovers, § 4:16 Omissions, § 4:7, 4:8

### SALE OF CONTROL—Cont'd **S CORPORATIONS** Plaintiff does not buy or sell, fraud See index heading CLOSE CORPORAif, § 4:8 TIONS Price per share SECURITIES EXCHANGE ACT generally, § 4:1 OF 1934 control group versus minority Controlling persons, provisions shareholders, § 4:2 on, § 8:21 Recapitalization plan, § 4:11 Federal securities laws other than. Resale of shares for profit, § 4:7, See index heading Federal SECURITIES LAWS Revlon applications in control Remedies available under, generpremiums, § 4:13 ally, § 8:1 et seq. Rule 10b-5 remedies, § 4:7, 4:8 Replacement of directors, § 4:7, Sale of all assets distinguished, 4:8 § 4:2 Sale of control, § 4:16 Sellers Section 10(b) and SEC Rule 10b-5 employment of, by purchaser, generally, § 8:1-8:19 § 4:1 "any security," defined, § 8:4 purchasers investigated by, causation, as element of § 4:2 prohibited act, § 8:15 Shareholders common law and statutory controlling. Controlling sources of elements, § 8:10 shareholders, above duty to disclose, § 8:11 minority. Minority shareholders, elements of the prohibited act, above § 8:10-8:16 minority shareholders' fact as element of prohibited opportunity to sell, § 4:2 act, § 8:13 price per. Price per share, above resale for profit, § 4:7, 4:8 insider trading, § 8:17 tender offer, § 4:2 interstate commerce, § 8:3 Shares. Shareholders, above jurisdictional and policy limits, Side payments, § 4:1 § 8:2-8:9 Special circumstance doctrine, jurisprudence, trends in, § 8:9 § 4:7, 4:8 language, § 8:2 Squeeze-out techniques, § 4:1 et materiality, § 8:12 seq. merger and Rule 10b-5, § 8:18 Takeovers, § 4:16 mismanagement and Rule Tender offer to shareholders, 10b-5, § 8:19 § 4:2, 4:16 misrepresentation, § 8:11 Traditional legal doctrine, § 4:2, omission, § 8:11 4:4 oppression transactions covered Valuation of assets, § 2:16 by Rule 10b-5, § 8:17-8:19 Williams Act, § 4:16 private causes of action, § 8:7 SALES OF ASSETS purchase or sale, § 8:5, 8:6 See index heading Fundamental CORPORATE CHANGES recovery, measure of, § 8:16

#### SECURITIES EXCHANGE ACT SHAREHOLDERS—Cont'd OF 1934—Cont'd Controlling shareholders. See Section 10(b) and SEC Rule 10b-5 index heading Controlling SHAREHOLDERS —Cont'd Corporation belongs to, § 2:9 reliance, as element of prohibited act, § 8:15 Corporation's purchase of majorisale of control, § 4:7, 4:8, 4:10 ty's shares at high price, scienter, as element of § 3:13 prohibited act, § 8:14 Deadlock, meetings, § 3:19 sources of elements of Destruction of preferences or other rights of preferred shareholdprohibited acts, § 8:10 ers, § 5:17 squeeze-outs covered by Rule 10b-5, § 8:17-8:19 Direct and derivative actions distinguished, L.L.C.s, standing, § 8:8 § 6:24, 6:25 state law proceedings Employee, physical or mental compared, § 8:20 deterioration, cause of dissenstatutory and common law sion, § 2:11 sources of elements, § 8:10 Exit State securities laws. See index close corporation, application, heading State Securities non-profit, § 7:16.50 Laws common law relief in absence **SELF-INTERESTED** of statute, § 7:15 **TRANSACTIONS** corporations held to reasonable Fiduciary duty claims, § 5:37 expectations standard, § 7:14 **SHAREHOLDERS** deadlock, relief based on, Agreements § 7:16 judicial remedies, effect on, oppression, relief based on, § 7:25 § 7:11 legal protection, need for, permanence of corporations, § 10:2 legal responses to, § 7:10 oppression and squeeze-out plaintiff's conduct, reasonable avoiding, § 9:1-9:28 expectations, § 7:13 remedies, § 5:40.50 reasonable expectations, relief Alteration of preferences or other based on, § 7:12 rights of preferred sharehold-Inactive ers, § 5:17 planning for, § 2:3 Assets sales at inadequate price or squeeze-outs caused by, § 2:3 in circumstances oppressive Litigation. See index heading to minority shareholders; SHAREHOLDERS' LITIGATION shareholder remedies, § 5:20 Meetings, failure to hold, § 3:19 Buyouts. See index heading Minority. See index heading **BUYOUTS** MINORITY SHAREHOLDERS Class actions, § 7:30 Preferred Close corporations, difficulty of withdrawing from, § 2:15 alteration or destruction of pref-

### SHAREHOLDERS—Cont'd

Preferred—Cont'd

erences or other rights of, § 5:17

protecting, § 9:26

Relations, remedies, § 5:40.50

Relations among, deterioration of, § 2:11

Role of, statutory and judicial views of, § 7:2

Shares. See index heading Shares

# SHAREHOLDERS' AGREEMENTS

See index heading Shareholders

### SHAREHOLDERS' LITIGATION

Acquiescence, § 7:32

Books and records

director's right to inspect, utilizing, § 7:36

shareholder's right to inspect, utilizing, § 7:35

Class actions, § 7:30

Defendants, expanding the number, § 8:21

Derivative suits

direct recovery in, § 7:9

mergers used to terminate, § 5:11

vs. direct suits, judicial discrimination, § 10:6

Direct actions distinguished, § 7:7, 7:8

Direct recovery in derivative suits, § 7:9

Direct vs. derivative suits, judicial discrimination, § 10:6

Federal remedies, expanding the number defendants, § 8:21

Laches, § 7:32

Mergers used to terminate derivative actions, § 5:11

Miscellaneous tactics, § 7:33

Prelitigation investigation sources, § 7:34

# SHAREHOLDERS' LITIGATION —Cont'd

Recovery, direct recovery in derivative suits, § 7:9

Remedies. See index heading Remedies

Waiver, avoiding, § 7:32

### **SHARES**

Charter or bylaw amendments, redeemability provisions, § 5:16

Controlling shareholders. See index heading Controlling Shareholders

Cumulative voting. See index heading Cumulative Voting

Dilution of minority interest by issuance of stock, § 3:16

Gifts, impact, § 2:14

Issuance of, small number to employees of children, cause of dissension, § 2:14

Market price impact on valuation, § 5:45

Purchasing pursuant to agreement, § 6:15

Redemption. See index heading REDEMPTION OF SHARES

Restrictions on transferability of shares. See index heading RESTRICTIONS ON TRANSFERABILITY OF SHARES

Reverse stock splits, § 5:15
Sale of, controlling interest, § 4:1
et seq.

Sale of control, § **4:1 et seq.** Shareholders. See index heading Shareholders

Transfer of, restrictions on. See index heading Restrictions on Transferability of Shares

Valuation. See index heading
VALUATION

### **SHERMAN ACT**

Federal securities laws, miscellaneous tactics, § 7:33

### SMALL BUSINESSES SQUEEZE-OUTS—Cont'd Avoiding, arrangements for Squeeze-outs, economic impact, —Cont'd § 1:4 contexts—Cont'd **SQUEEZE-OUTS** points in relationship, Generally, § 4:1 et seq., 6:1 et contracts used, § 9:5 seq. restrictions on transfers. Actions outside of entity law that § 9:11 set up effective, § 6:16 sales, buy-sell or other Age Discrimination in Employcontracts, § 9:10 ment Act (ADEA), use as default rules, need for contract, remedy, § 8:22 § 9:2 Attorney fiduciary duty, contract limiting, inability to supply adequate § 9:4 preventive services, § 2:20 governance agreements, § 9:13 separate for each participant, longstanding relationships, § 9:28 § 9:6 Avoiding, arrangements for long-term employment generally, § 9:1-9:28, 9:5-9:13 contracts, § 9:20 alternative arrangements, § 9:8 ongoing employment contracts, attorney, separate for each par-§ 9:12 ticipant, § 9:28 ownership structure to provide buybacks, covenant of good veto, tailoring, § 9:24 faith and fair dealing, § 9:9 partnership incorporation, buyouts, settling current § 9:27 dispute, § 9:7 points in relationship, contracts bylaw provisions, § 9:25 used, § 9:5 charter provisions, § 9:25 preferred shareholders, protecting, § 9:26 common law and statutory relief from oppression, use of rules, § 9:3 contract, § 9:4 contexts restrictions on transfers, § 9:11 generally, § 9:5-9:13 returns on investment, provialternative arrangements, sions requiring, § 9:21 § 9:8 sales, buy-sell or other buybacks, covenant of good contracts, § 9:10 faith and fair dealing, § 9:9 specific agreements buyouts, settling current generally, § 9:14-9:26 dispute, § 9:7 buy-outs, generally, § 9:14-9:18 governance agreements, § 9:13 bylaw provisions, § 9:25 longstanding relationships, contracts and statutory and § 9:6 fiduciary duties, § 9:18 ongoing employment dividends, participant contracts, § 9:12 remains active, § 9:21

#### SOUEEZE-OUTS—Cont'd SOUEEZE-OUTS—Cont'd Avoiding, arrangements for Causes—Cont'd —Cont'd difficulty of valuing a business interest, § 2:16 specific agreements-Cont'd disregard of corporate ritual, governance, veto, § 9:22 § 2:8 high vote requirements, § 9:23 failure to appreciate problems long-term employment of changes in ownership or control, § 2:19 contracts, § 9:20 failure to keep records, § 2:8 preferred shareholder provifailure to provide for new sions, § 9:26 inventions, § 2:13 procedural issues, buy-outs, failure to reduce all business § 9:19 bargains to writing, § 2:17 return, participant remains family quarrels, § 2:2 active, § 9:20, 9:21 gifts of stock, § 2:14 special charter, § 9:25 greed, § 2:2 terms of purchase, buy-outs, improper recordkeeping, § 2:8 § 9:16 informal corporate conduct, trigger, buy-outs, § 9:15 § 2:8 valuation, buy-outs, § 9:17 issuance of small number of veto, § 9:22, 9:24 shares to employees or state of incorporation, § 9:27 children, § 2:14 statutory and common law lack of cooperation, § 2:11 rules, § 9:3 lawyer's inability to supply adeveto provided for in corporate quate preventive services, formation, § 9:22 § 2:20 Causes legal advice, necessity, § 2:20 autocratic controlling marital and family discord, shareholder, § 2:7 § 2:2 businessmen's failure to obtain minority shareholders preventive law services, competing business entered § 2:20 into by, § 2:12 competing business entered into obstreperous or uncooperaby minority shareholder, tive, § 2:11 § 2:12 ownership changes, § 2:19 conflicts of interest, § 2:2 patent disputes, § 2:13 control changes, § 2:19 personality clashes, § 2:2 controlling shareholders, assumption of special privpolicy disagreement, § 2:2 ileges, § 2:7 rise of superior talent, § 2:6 death of founder, § 2:4 shareholders deteriorating relationships, controlling, assumption of § 2:11 special privileges, § 2:7 difficulty in disposing of minorcorporation as viewed by, ity interest, § 2:15 § 2:10

SQUEEZE-OUTS—Cont'd	SQUEEZE-OUTS—Cont'd
Causes—Cont'd	Federal remedies—Cont'd
shareholders—Cont'd	insider trading, § 8:17
inactivity, § 2:3	interstate commerce in section
oral agreements, § 2:17	10(b) and rule 10b-5, § 8:3
special privileges, assumption, § 2:7	jurisdictional and policy limits, § 8:2-8:9
under-capitalization, § 2:18	jurisprudence, trends in, § 8:9
valuation disputes, § 2:16	merger and Rule 10b-5, § 8:18
Closed corporations, § 6:1 et seq. Common law and rules, § 9:3	mismanagement and Rule 10b-5, <b>§ 8:19</b>
Controlling shareholders, special	misrepresentation, § 8:11
privileges, § 2:7	omission, § 8:11
Corporate meetings, failure to hold, § 3:19	oppression transactions covered by Rule 10b-5, <b>§ 8:17-8:19</b>
Default rules, need for contract, § 9:2	primary liability, broadened concepts of, § 8:21
Definition, § 1:1	private causes of action, § 8:7
Direct vs. derivative suits, § 7:7	purchase or sale, § 8:5, 8:6
Disposing of interest of minority shareholders, § 2:15	recovery, measure of, § 8:16
Economic impact, § 1:4	reliance, as element of
Expanding the number of	prohibited act, § 8:15
defendants, § 7:31	rule 10(b)-5 of the Securities
Federal remedies	Exchange Commission, language, § 8:2
generally, § 8:1 et seq.	scienter, as element of
Age Discrimination in Employ-	prohibited act, § 8:14
ment Act (ADEA), § 8:22	secondary liability, § 8:21
"any security" defined in section 10(b) and rule 10b-5,	section 10(b) of the Securities
\$ <b>8:4</b>	Exchange Act of 1934,
causation, as element of	language, § 8:2
prohibited act, § 8:15 common law and statutory	Securities Exchange Act of 1934, <b>§ 8:1-8:19</b>
sources of elements, § 8:10	securities laws provisions on
conspiracy doctrines, § 8:21	controlling persons, § 8:21
controlling persons, securities laws provisions on, § 8:21	sources of elements of prohibited acts, § 8:10
defendants, expanding the number, § 8:21	squeeze-outs covered by Rule 10b-5, <b>§ 8:17-8:19</b>
duty to disclose, § 8:11	standing, § 8:8
elements of the prohibited act, § 8:10-8:16	state law proceedings compared, § 8:20
fact, as element of prohibited	statutory and common law
act, § 8:13	sources of elements, § 8:10

<b>SQUEEZE-OUTS—Cont'd</b> Fiduciary duty, contract limiting,	SQUEEZE-OUTS—Cont'd Resisting and remedies—Cont'd
§ 9:4	attorney-client privilege
Freeze-out vs., § 1:1	—Cont'd
Issuance of shares, § 3:16	intracorporate setting, § 7:40
Justifications, § 2:11	limits to use, § 7:41
Limited liability companies, § 6:1 et seq.	work-product doctrine, overcoming, § 7:43
Losses	avoiding waiver, § 7:32
economy-related, § 1:4	buyout by choice of corporation
squeeze-induced, § 1:3	or majority shareholder,
Meetings, failure to hold corporate	§ 7:18
meetings, § 3:19	buyout or dissolution, generally
Minority shareholders. See index	§ 7:17-7:27
heading Minority Sharehold-	class actions, § 7:30
ERS	common law fraud, remedies
Multiple acts, § 6:16	available under, § 7:29
Partial, § 1:1	common law relief in absence of statute, § 7:15
Prevention	corporate action, judicial order-
appreciate problems of changes in ownership or control,	ing, § 7:24
§ 2:19	corporate books and records,
keep records, § 2:8	utilizing right to inspect,
provide for new inventions,	§ 7:35, 7:36
§ 2:13	corporations held to reasonable
reduce all business bargains to writing, § 2:17	expectations standard, § 7:14
Providing money, causes, § 2:3.50	corporation's law, determining which applies, § 7:27
Relationships, multiple remedies, § 6:35	custodian after dissolution, § 7:22
Resisting and remedies	deadlock, relief based on,
generally, § 7:1 et seq.	§ 7:16
accountant-client privilege,	director's right to inspect
challenging claims, § 7:38, 7:42	corporate books and records, utilizing, § 7:36
acquiescence, § 7:32	direct recovery for derivative
administrative agencies, infor-	suits, § 7:9
mation and assistance	direct vs. derivative suits, § 7:7
from, § 7:37	discovery, challenging privilege
appointment of receiver for dis-	claims, § 7:38
solution of corporation, § 7:21	dissolution or buyout, generally § 7:17-7:27
attorney-client privilege	enhanced or modified fiduciary
generally, § 7:39	duties in close corpora-
challenging claims, § 7:38	tions, § 7:4
<i>D D</i>	/ <del>-</del>

#### SQUEEZE-OUTS—Cont'd SQUEEZE-OUTS—Cont'd Resisting and remedies-Cont'd Resisting and remedies—Cont'd equitable relief, judicial orderpreserving rights, § 7:32 ing, § 7:24 provisional director, appointfair value of corporation in ment and powers, § 7:23 buyout, § 7:20 reasonable expectations, relief federal and state claims, based on, § 7:12 combined action, § 7:30 receiver, appointment for disfederal remedies, above solution of corporation, fiduciary duty of the officers, § 7:21 directors and controlling remedies available if grounds shareholders, § 7:3 shown, § 7:17-7:27 fundamental corporate changes, shareholder exit, § 7:10-7:16 effect on judicial remedies, shareholders' agreements, effect § 7:25 on judicial remedies, judicially ordered buyout, § 7:25 § 7:19 shareholder's right to inspect judicial orders, corporate action corporate books and or equitable relief, § 7:24 records, utilizing, § 7:35 judicial remedies and relation to state and federal claims, legislative remedies, combined action, § 7:30 § 7:26 state of incorporation selection, jurisdiction, pendent, § 7:30 § 9:27 laches, § 7:32 state securities law, remedies legislative remedies and relation available under, § 7:29 to judicial remedies, § 7:26 Statutory and judicial views of mergers, effect on judicial remthe role of shareholders, edies, § 7:25 § 7:2 miscellaneous tactics and survival of incorporation of maneuvers, § 7:33 partnership or joint oppression, relief based on, venture, § 7:5 § 7:11 work-product doctrine, partnership or joint venture, overcoming, § 7:43 survival of incorporation, Sale of control. See index heading § 7:5 SALE OF CONTROL pendent jurisdiction, § 7:30 Shareholders permanence in corporations, controlling shareholders, special legal response, § 7:10 privileges, § 2:7 personal relationship, foundaminority shareholders, dispostion of corporation on, ing interest of, § 2:15 § 7:6 State, caution in selecting a state plaintiff's conduct, role in reaof incorporation, § 9:27 sonable expectations, Statutory and common law rules, § 7:13 § 9:3 prelitigation investigation sources, § 7:34 Sweat equity, causes, § 2:3.50

### Techniques generally, § 3:1-3:20 appropriation for personal use of corporate assets, contracts or credit, § 3:14 assets, appropriation for personal use, § 3:14 buying out minority shareholders while withholding information, § 3:18 contracts, appropriation for personal use, § 3:14 corporation's purchase of majority's shares at high price, § 3:13 credit, appropriation for personal use, § 3:14 dilution of minority's interests thought issuance of stock, § 3:16 directorate and employment, restricting minorities from, § 3:6 dividends, withholding remedies, § 3:5 setting and technique variations, § 3:4 fraudulent or unfair contracts, squeezee's remedies, § 3:12 legal principles obstructing relief, § 3:3 legal process, § 3:27 siphoning off earnings contractual arrangements, § 3:11 failure to enforce contracts, § 3:11 high compensation to majority shareholders, § 3:7 leases and loans to majority shareholders, § 3:9 other enterprises performing

services for corporation,

§ 3:10

SOUEEZE-OUTS—Cont'd

### SQUEEZE-OUTS—Cont'd

Techniques—Cont'd siphoning off earnings—Cont'd remedies for minority shareholders, § 3:8 usurpation of corporate opportunity, § 3:15 withholding information, § 3:17, 3:18

Tender offers as part of, § 4:2

### STATE SECURITIES LAWS

Disclosure obligations, fundamental corporate changes, § 5:48

Federal claims combined with, § 7:30

Federal securities laws, relation to. See index heading Federal Securities Laws

Fundamental corporate changes, disclosure obligations, § 5:48

Protections against squeeze-outs in limited liability companies, § 6:18

Remedies available under, § 7:29 SEC Rule 10b-5 proceedings compared, § 8:20

### **STOCK**

See index heading Shares Claims related to Issuance, § 3:21.50

### SUBCHAPTER S CORPORATION

See index heading Close Corporations

### **SWEAT EQUITY**

Squeeze-outs, causes, § 2:3.50

### **TAKEOVERS**

Control share acquisition statutes, **§ 4:16** 

### **TORTS**

Fiduciary duty owed minority shareholders. See index head-

### TORTS-Cont'd

ing Fiduciary Duty Claims

### **TRUSTS**

Limited liability companies, controlling shareholders, § 3:25

### TWO-STEP MERGER TRANSACTIONS

See index heading Mergers

### **VALUATION**

Generally, § 5:41 et seq.

Appraisal calculations
cost of, § 2:16, 5.35
firms for, availability of, § 2:16
merger created value, exclud-

ing, § 5:42 proceedings, § 5:41

Created value in merger, excluding from an appraisal calculation, § 5:42

Discounts for minority status of lack of marketability, § 5:43

Dissolved corporation's physical assets, inadequacy of value of proportionate part of, § 5:26

Distinctive valuation rules for short form mergers, § 5:46

Excluding value created by the merger from an appraisal calculation, § 5:42

Fiduciary duty suits, § 5:41

Impact of market price on, § 5:45

Inadequacy of value of proportionate part of dissolved corporation's physical assets, § 5:26

Inadequately priced assets sales, § 5:20

Inclusion of a valuation reflecting majority misconduct, § 5:44

Lack of marketability discounts, § 5:43

Majority misconduct, inclusion of a valuation reflecting, § 5:44

Measure of recovery, § 5:47

### VALUATION—Cont'd

Mergers

generally, § 2:16

excluding value created by the merger from an appraisal calculation, § 5:42

Mergers. See also index heading Mergers

Minority discount, § 4:16

Minority status discounts for, § 5:43

Objecting shareholder's interest in dissolved corporation, payment for, § 5:26

Payment for objecting shareholder's interest in dissolved corporation, § 5:26

Physical assets of dissolved corporation, inadequacy of value of proportionate part of, § 5:26

Procedures for determining valuation, § 5:47

Proportionate part of dissolved corporation's physical assets, inadequacy of value of, § 5:26

Relief available, fair value, § 7:20 Shareholder's interest in dissolved corporation, payment for, § 5:26

Time of valuation, § 5:42
Transfer price of shares, refusal to adjust, § 3:23

### **VOTING**

Cumulative. See index heading Cumulative Voting

Remedies for minority shareholders, changes in voting rights, § 5:31

### WAIVER

Shareholders' litigation, avoiding waiver, § 7:32

### WILLIAMS ACT

Sale of control, § 4:16

## OPPRESSION OF MINORITY SHAREHOLDERS & LLC MEMBERS

## WORK-PRODUCT DOCTRINE

Overcoming the doctrine in discovery, attorney-client

WORK-PRODUCT DOCTRINE

—Cont'd privilege, § 7:43