

# **Table of Contents**

## **PART I. INTRODUCTION**

### **CHAPTER 1. SCOPE OF BOOK: WRONGS, REMEDIES AND TACTICS**

- § 1:1 Introduction: The universality of oppression
- § 1:2 Scope of book
- § 1:3 —Wrongs
- § 1:4 —Remedies—A brief checklist
- § 1:5 —Citadels of oppressive power
- § 1:6 —Comforting the oppressed
- § 1:7 — —Strategy and tactics

## **PART II. CONSIDERING OPPRESSIONS UNDER THE SUN**

### **CHAPTER 2. RULE 10B-5 AND FEDERAL ACTIONS FOR FRAUD**

#### **I. GENERAL**

- § 2:1 Federal securities fraud provisions
- § 2:2 Direct or derivative actions
- § 2:3 Federal racketeering statutes
- § 2:4 —Mail and wire fraud
- § 2:5 Implied remedies: The way narrows

#### **II. PRIVATE ACTIONS UNDER RULE 10B-5**

- § 2:6 Elements of liability in general
- § 2:7 Private remedy—Jurisdiction and origins
- § 2:8 Threshold considerations—Means or instrumentalities  
of interstate commerce
- § 2:9 —Standing to sue
- § 2:10 —Definition of “security”
- § 2:11 —Sale of business through stock transfer
- § 2:12 —Venue, service of process
- § 2:13 Pendent jurisdictions
- § 2:14 —Parties liable
- § 2:15 Insider trading liability—An overview

- § 2:16 —Amplification on the duty to disclose
- § 2:17 —Enhanced liability under Sarbanes-Oxley
- § 2:18 —Misappropriation theory
- § 2:19 Elements of violation—Manipulative or deceptive practices
- § 2:20 —Path around disclosure violation requirement
- § 2:21 —Misrepresentations and omissions
- § 2:22 —Materiality, reliance, fraud-on-the-market theory
- § 2:23 —Causation
- § 2:24 —Scienter
- § 2:25 —“Purchase or sale”
- § 2:26 —“In connection with”
- § 2:27 Defenses
- § 2:28 —Untimeliness: Limitations and laches
- § 2:29 —Knowledge: Waiver, estoppel or ratification
- § 2:30 —Plaintiff’s misconduct: Unclean hands or in pari delicto
- § 2:31 —Past adjudication
- § 2:32 Remedies—Damages
- § 2:33 — —Duty to mitigate
- § 2:34 — —Indemnity and contribution
- § 2:35 — —Punitive damages
- § 2:36 —Attorney’s fees

### **CHAPTER 3. RACKETEER INFLUENCED AND CORRUPT ORGANIZATIONS ACT: RICO**

- § 3:1 Introduction
- § 3:2 RICO: Its history and purpose
- § 3:3 Jurisdiction, venue and process
- § 3:4 Parties defendant: Who may be sued under RICO?
- § 3:5 Parties defendant: who may be sued under RICO?—  
Standing: causation
- § 3:6 Elements of RICO: racketeering activity
- § 3:7 Enterprise liability
- § 3:8 —Parties defendant: Secondary liability, respondeat superior
- § 3:9 Definitions: Learning the RICO vernacular
- § 3:10 —Person
- § 3:11 —Enterprise
- § 3:12 —Racketeering activity
- § 3:13 Pattern of racketeering activity
- § 3:14 Prohibited activities under § 1962
- § 3:15 —1962(a): Using or investing money derived from a racketeering activity
- § 3:16 —1962(b): Acquiring or maintaining interest in racketeering activity

## TABLE OF CONTENTS

- § 3:17 —1962(c): Conducting or participating in an enterprise
- § 3:18 —1962(d): Conspiracy
- § 3:19 Damages under RICO; punitive damages
- § 3:20 Attorneys' fees
- § 3:21 Availability of private equitable relief
- § 3:22 RICO: Good faith defense
- § 3:23 Statute of limitations
- § 3:24 Burden of proof
- § 3:25 Arbitration
- § 3:26 RICO: Checklist
- § 3:27 State "little RICO" statutes

## **CHAPTER 4. Securities Act § 17(a): A PRIVATE REMEDY FOR DEFRAUDED BUYERS?**

- § 4:1 Scope
- § 4:2 Section 17(a)—Purpose and terms
- § 4:3 —Comparison with Rule 10b-5
- § 4:4 Another implied private remedy? Courts say no.
- § 4:5 Threshold considerations—Scope of protection
- § 4:6 —Parties liable
- § 4:7 —Scienter
- § 4:8 —Privity
- § 4:9 Elements of violation—Materiality of misstatement or omission
- § 4:10 —Causation
- § 4:11 —Fraudulent practices
- § 4:12 —Offer or sale
- § 4:13 —"In the offer or sale"
- § 4:14 —Use of interstate commerce or mails
- § 4:15 Defenses

## **CHAPTER 5. EXPRESS FEDERAL REMEDIES FOR FRAUD: SECURITIES ACT §§ 11 AND 12(2)**

### **I. GENERAL**

- § 5:1 Scope

### **II. PROSPECTUSES AND COMMUNICATIONS**

- § 5:2 Section 12(2)
- § 5:3 —Jurisdiction
- § 5:4 —Standing to sue
- § 5:5 —Material misrepresentations or omissions

- § 5:6 —Privity
- § 5:7 —Scienter
- § 5:8 —Parties liable
- § 5:9 —Defenses
- § 5:10 —Indemnity and contribution
- § 5:11 —Remedies
- § 5:12 —Tax offset rule

### **III. REGISTRATION STATEMENTS**

- § 5:13 Section 11
- § 5:14 —Elements of action
- § 5:15 —Standing to sue
- § 5:16 —Parties liable
- § 5:17 —Defenses
- § 5:18 —Damages
- § 5:19 —Attorney’s fees and costs
- § 5:20 —Indemnity and contribution

## **CHAPTER 6. FALSE FILINGS, MARKET MANIPULATION AND INSIDER TRADING: SECURITIES EXCHANGE ACT §§ 9, 16(B) AND 18(A)**

### **I. GENERAL**

- § 6:1 Scope

### **II. FALSE FILINGS**

- § 6:2 Misleading statements in documents filed with the SEC:  
Section 18(a)

### **III. MARKET MANIPULATION**

- § 6:3 Section 9
- § 6:4 —Standing to sue
- § 6:5 —Parties liable
- § 6:6 —Scienter
- § 6:7 —Jurisdictional means
- § 6:8 —Types of activity proscribed
- § 6:9 —Damages
- § 6:10 —Attorney’s fees and security for costs

### **IV. INSIDER TRADING**

- § 6:11 Section 16
- § 6:12 The civil (and sometimes criminal) remedy: Section  
16(b)

## TABLE OF CONTENTS

§ 6:13	The civil remedy: Section 16(b)—Securities covered
§ 6:14	—Scienter
§ 6:15	—A purchase or sale
§ 6:16	—A “short swing” profit
§ 6:17	—Standing to sue
§ 6:18	—Parties liable
§ 6:19	—Punitive damages and attorney’s fees
§ 6:20	—Defenses
§ 6:21	—Statute of limitations

## **CHAPTER 7. FRAUD IN PROXY SOLICITATIONS AND TENDER OFFERS: SECURITIES EXCHANGE ACT § 14**

### **I. INTRODUCTION**

§ 7:1	Scope
-------	-------

### **II. MISLEADING PROXY SOLICITATIONS**

§ 7:2	Section 14(a) and S.E.C. rules thereunder
§ 7:3	Elements of section 14(a) action—Proxy solicitation by a subject company
§ 7:4	—Misstatement or omission
§ 7:5	—Material fact
§ 7:6	Another capital-raising technique: crowdfunding
§ 7:7	Elements of section 14(a) action—Causation and injury
§ 7:8	—Standing to sue
§ 7:9	Jurisdiction and Venue
§ 7:10	Elements of section 14(a) action—Parties liable
§ 7:11	—Scienter
§ 7:12	Defenses/statute of limitations
§ 7:13	Remedies—Private and administrative
§ 7:14	—Costs, expenses and attorney’s fees
§ 7:15	—Punitive damages

### **III. MISLEADING TENDER OFFERS**

§ 7:16	Section 14(e) (“Williams Act”)
§ 7:17	“Tender offer” defined
§ 7:18	1979 tender offer rules
§ 7:19	Litigation under section 13(d)
§ 7:20	Existence of private right of action
§ 7:21	Elements of action—Standing to sue
§ 7:22	—Parties liable
§ 7:23	—Scienter
§ 7:24	—Material misrepresentation or omission

- § 7:25 — —Disclosure of merger negotiations
- § 7:26 —Manipulative practices
- § 7:27 —Reliance and causation
- § 7:28 Defenses
- § 7:29 —Poison pills
- § 7:30 —Curative amendments to tender offer
- § 7:31 Remedies—Compensatory damages
- § 7:32 —Injunction
- § 7:33 —Rescission
- § 7:34 —Punitive damages and attorney’s fees
- § 7:35 State takeover statutes
- § 7:36 “Going private” and S.E.C. Rule 13e-4

## **CHAPTER 8. STATE STATUTORY REMEDIES**

- § 8:1 Attractions of state remedies
- § 8:2 Blue sky laws: State securities statutes
- § 8:3 —Elements of blue sky action—Standing to sue
- § 8:4 —Definition of a security
- § 8:5 —Parties liable
- § 8:6 —Scienter
- § 8:7 —Material misrepresentation or omission
- § 8:8 —Occasionally—Reliance and causation
- § 8:9 —Remedies
- § 8:10 —Attorney’s fees
- § 8:11 —Remedies—Punitive damages
- § 8:12 —Defenses
- § 8:13 — —Statute of limitations
- § 8:14 —Conflict of law problems among states
- § 8:15 —Advantages and disadvantages of blue sky litigation
- § 8:16 State antitakeover statutes
- § 8:17 —Scope
- § 8:18 —Remedies
- § 8:19 —Constitutionality/historical background
- § 8:20 — —Post-*MITE* history
- § 8:21 Other state statutes
- § 8:22 Securities Litigation Uniform Standards Act of 1998  
remands of securities cases

## **CHAPTER 9. STOCKHOLDERS’ DERIVATIVE ACTIONS**

- § 9:1 Background
- § 9:2 State statutes
- § 9:3 Fed. R. Civ. P. 23.1
- § 9:4 Elements

## TABLE OF CONTENTS

§ 9:5	Takeover maneuvers
§ 9:6	Subject matter jurisdiction
§ 9:7	Removal to federal court
§ 9:8	Personal jurisdiction
§ 9:9	Venue
§ 9:10	—Transfer of venue under forum non conveniens and 28 U.S.C.A. § 1404(a)
§ 9:11	Standing to sue: Plaintiff's preconditions—In general
§ 9:12	—Shareholder status
§ 9:13	—Fair and adequate representation
§ 9:14	—Demand on the board of directors
§ 9:15	Choice of law issues related to the demand requirement
§ 9:16	Standard for establishing demand futility
§ 9:17	Allegation of non-collusion as prerequisite
§ 9:18	Verification of complaint
§ 9:19	Security for costs
§ 9:20	Right to jury trial
§ 9:21	Defenses
§ 9:22	—Plaintiff's conduct or status—Standing, collusion, clean hands, <i>pari delicto</i>
§ 9:23	—Presumptions of business purpose and defendant's good faith; dismissal by special litigation committees
§ 9:24	— —Selection of the committee
§ 9:25	— —Independence of committee
§ 9:26	— —Basis for committee's decision
§ 9:27	— —Ethical issues involved in representing defendants
§ 9:28	—Untimeliness
§ 9:29	Discovery
§ 9:30	Attorney-client privilege
§ 9:31	Arbitration
§ 9:32	Settlement and dismissal
§ 9:33	Recovery—Corporate or personal
§ 9:34	—New statutory remedies in derivative actions
§ 9:35	—Punitive damages
§ 9:36	Attorneys' fees and costs in derivative and class actions
§ 9:37	Indemnification of officers and directors in shareholder litigation
§ 9:38	An alternative protection for officers and directors: Liability insurance
§ 9:39	Quasi-derivative actions: Actions by corporate officers and directors

## CHAPTER 10. COMMON-LAW WRONGS AND REMEDIES

### I. INTRODUCTION

§ 10:1 The power of the common law

### II. BREACH OF FIDUCIARY DUTY

- § 10:2 The cause of action—*Pepper v. Litton* and its rationale
- § 10:3 Challenge and response—The expansion of breach of fiduciary duty remedies and legislative efforts to curb them
- § 10:4 Eliminating or limiting directors' liability
- § 10:5 The reasons underlying enhanced protections for directors—No insurance, no directors
- § 10:6 What is a fiduciary duty?
- § 10:7 Standing to sue
- § 10:8 Subject matter jurisdiction—The visitorial powers doctrine
- § 10:9 Parties liable
- § 10:10 Substantive wrongs
- § 10:11 Selfish maneuvers—Plucking perquisites and business opportunities
- § 10:12 Political maneuvers—Battles for corporate control and unequal treatment
- § 10:13 Punitive maneuvers—Spiteful acts
- § 10:14 Disloyal maneuvers—Self-interested behavior
- § 10:15 Terminal maneuvers—Disposing of the minority
- § 10:16 Entrenchment maneuvers—Fortifying against the raider
- § 10:17 Fiduciary duty of board of directors in takeover situations where change of control is implicated
- § 10:18 Fiduciary duty—Special applicability to close corporations
- § 10:19 Breach of fiduciary duty—Defenses; business judgment rule
- § 10:20 — —Burden of proof
- § 10:21 Remedies
- § 10:22 Punitive damages

### III. COMMON-LAW FRAUD

- § 10:23 Nature of action
- § 10:24 Elements of liability
- § 10:25 Scierter
- § 10:26 Reliance



## TABLE OF CONTENTS

- § 10:27 Substantive wrongs
- § 10:28 Parties liable
- § 10:29 Defenses—Ratifications, estoppel, limitation, in pari delicto
- § 10:30 Remedies
- § 10:31 Compensatory damages
- § 10:32 Consequential damages
- § 10:33 Punitive damages

## IV. NEGLIGENCE

- § 10:34 Nature of action—Duty and breach
- § 10:35 Examples of negligence
- § 10:36 Standard of care
- § 10:37 Defenses—The business judgment rule
- § 10:38 Direct or derivative actions

## V. MISCELLANEOUS REMEDIES

- § 10:39 Punitive damages
- § 10:40 Attorney's fees
- § 10:41 Breach of contract
- § 10:42 Application of statute of frauds
- § 10:43 Mandamus—Use for discovery
- § 10:44 Intentional infliction of emotional distress
- § 10:45 Tortious interference with contract or prospective business advantage

# Table of Contents

## PART II. CONSIDERING OPPRESSIONS UNDER THE SUN (CONTINUED)

### CHAPTER 11. ADMINISTRATIVE RELIEF OR ASSISTANCE

- § 11:1 Calling for help
- § 11:2 Federal administrative enforcement: The S.E.C
- § 11:3 Informational use of the S.E.C—Triggering an investigation
- § 11:4 —Discovering fruits of S.E.C. investigation
- § 11:5 —Requests for confidential treatment in required filings
- § 11:6 —Routine corporate filings and S.E.C. complaints
- § 11:7 —Obtaining grand jury transcripts
- § 11:8 —Value of persistence
- § 11:9 S.E.C. enforcement actions—Source of authority
- § 11:10 —The range of possible relief
- § 11:11 —Disgorgement
- § 11:12 —Ancillary relief
- § 11:13 —Other procedural advantages
- § 11:14 —Using S.E.C. enforcement in private civil litigation
- § 11:15 Using other federal administrative agencies
- § 11:16 Using state administrative agencies
- § 11:17 Problems of parallel proceedings—Strategic and tactical considerations
- § 11:18 Keeping administrators honest—Equal Access to Justice Act

### CHAPTER 12. CLASS ACTIONS

- § 12:1 Rationale of class actions: redressing the imbalance of power
- § 12:2 Class actions: a straitened, widened, gate
- § 12:3 Class action reform and Securities Litigation Uniform Standards Act (SLUSA)
- § 12:4 Class action requirements
- § 12:5 —A numerous class
- § 12:6 —Common question of law or fact which predominates

- § 12:7 —Typicality of representative's claims or defenses
- § 12:8 —Fair and adequate representation
- § 12:9 —Superiority of class action over individual suits
- § 12:10 Class action certification
- § 12:11 Notice requirements: Rule 23(c)(2)
- § 12:12 Effect of judgment: Rule 23(c)(3)
- § 12:13 Partial class actions: Rule 23(c)(4)
- § 12:14 Orders in class actions: Rule 23(d)
- § 12:15 Dismissal or compromise: Rule 23(e)
- § 12:16 Attorney's fees in class actions

## **PART III. CITADELS OF OPPRESSIVE POWER**

### **CHAPTER 13. TIME: LIMITATIONS, LACHES, AND ESTOPPEL**

- § 13:1 Time on side of oppressor
- § 13:2 The time bar: Why plaintiffs do not act
- § 13:3 Statutes of limitations
- § 13:4 State statutory requirements for mergers and charter amendments
- § 13:5 Equitable defenses
- § 13:6 —Attacking time bars: A plaintiff's approach
- § 13:7 Defendant's use of the time bar

### **CHAPTER 14. MONEY: THE TERRIBLE COSTS OF LITIGATION**

- § 14:1 Introduction
- § 14:2 Preparing the client
- § 14:3 Shifting the monetary burden: Possible sanctions for leaf-raking
- § 14:4 Distributing the monetary burden: Class and derivative actions

### **CHAPTER 15. INFORMATION: COPING WITH CORPORATE SECRECY**

- § 15:1 Importance of information
- § 15:2 Sources of information—The client
- § 15:3 —The defendant
- § 15:4 —Ex-employees
- § 15:5 —Income tax returns
- § 15:6 —Federal Securities Act filings
- § 15:7 —State administrative filings
- § 15:8 —Statutory and common law rights to review corporate records

## TABLE OF CONTENTS

- § 15:9 —Judicial enforcement of shareholder rights to inspect corporate documents
- § 15:10 —Director's right to inspect corporate records
- § 15:11 —Financial sources
- § 15:12 —Unexpected sources
- § 15:13 —Freedom of Information Act
- § 15:14 The fruits of investigation
- § 15:15 Legal audits

## **CHAPTER 16. LEGAL PRESUMPTIONS: GOOD FAITH AND BUSINESS JUDGMENT**

- § 16:1 Business judgment rule
- § 16:2 The business judgment rule—What is it?
- § 16:3 Attacks on the business judgment rule—General
- § 16:4 —Failure to exercise due care prior to making the “business judgment”—*Smith v. Van Gorkom*
- § 16:5 —Not in good faith
- § 16:6 —Violation of the duty of candor
- § 16:7 —Arbitrary or capricious action
- § 16:8 The corporate veil
- § 16:9 Special issues in piercing the corporate veil
- § 16:10 “Reverse” piercing of the veil

## **PART IV. COMFORTING THE OPPRESSED**

### **CHAPTER 17. ATTORNEY-CLIENT RELATIONSHIPS IN SHAREHOLDER LITIGATION**

- § 17:1 Introduction: The tears of the oppressed
- § 17:2 The client as source of information
- § 17:3 Instructing the client—Educating on law and procedure
- § 17:4 —Strengthening the will; Clarifying goals and costs
- § 17:5 —Ministering to the emotions
- § 17:6 Attorney liability

### **CHAPTER 18. ARBITRATION, SETTLEMENT, AND OTHER NONJUDICIAL REMEDIES**

- § 18:1 Drawbacks of suit
- § 18:2 The velvet-hammer letter
- § 18:3 Arbitration

- § 18:4 —Availability
- § 18:5 —Availability: The answer is no
- § 18:6 —Availability: The answer is maybe
- § 18:7 —Availability: The answer is yes
- § 18:8 —Availability: The door wide open
- § 18:9 —Availability: The colorful current palate
- § 18:10 —Availability: Who decides?
- § 18:11 —Availability: Miscellaneous
- § 18:12 —Venue
- § 18:13 —The demand
- § 18:14 —Motion to stay civil proceeding pending arbitration
- § 18:15 —Choosing arbitrators
- § 18:16 —Discovery
- § 18:17 —Enforcement
- § 18:18 —Remedies
- § 18:19 —Is arbitration desirable?
- § 18:20 Mediation
- § 18:21 Pretrial settlement
- § 18:22 —Tactical considerations

## **CHAPTER 19. COMMENCING AN ACTION**

### **I. INTRODUCTION AND BACKGROUND**

- § 19:1 Scope
- § 19:2 Choosing the forum
- § 19:3 Choosing the plaintiff
- § 19:4 Choosing the defendants

### **II. ALLEGATIONS IN SHAREHOLDER'S COMPLAINT**

- § 19:5 Jurisdictional
- § 19:6 Procedural
- § 19:7 Identification of parties
- § 19:8 Substantive

### **III. DEMAND FOR RELIEF**

- § 19:9 Choosing a remedy
- § 19:10 Injunction
- § 19:11 Dissolution
- § 19:12 Receivership
- § 19:13 Declaratory relief
- § 19:14 Money damages
- § 19:15 Appraisal
- § 19:16 Appraisal: fair value determinations
- § 19:17 Appraisal: Jurisdiction; Procedure

## TABLE OF CONTENTS

§ 19:18	Rescission
§ 19:19	Specific performance
§ 19:20	Mandamus
§ 19:21	Accounting
§ 19:22	Quo warranto
§ 19:23	Punitive damages
§ 19:24	Attorney's fees
§ 19:25	Removal of director, appointment of provisional director

## CHAPTER 20. MOTION PRACTICES, COUNTERCLAIMS, AND OTHER DEFENSIVE MANEUVERS

§ 20:1	Scope
§ 20:2	Attack on subject matter jurisdiction: Rule 12(b)(3)
§ 20:3	Abstention
§ 20:4	Attack on personal jurisdiction: Rule 12(b)(2); Forum non conveniens
§ 20:5	—Attack on joinder of parties
§ 20:6	Attack on venue: Rules 12(b)(3) and 42(a); Sections 1404(a) and 1407
§ 20:7	Attacking the complaint—Lack of particularity: Motions to dismiss or for a more definite statement
§ 20:8	—Striking scandalous or immaterial matter: Rule 12(f)
§ 20:9	—Striking baseless or bad-faith complaint: Rule 11
§ 20:10	—Dismissal for failure to state a claim: Rule 12(b)(6)
§ 20:11	—Motion for summary judgment: Rule 56
§ 20:12	Attacking the class action—Motion to deny certification: Rule 12(c)(1)
§ 20:13	Attacking the derivative action—Motion to dismiss for unfair or inadequate representation: Rule 23.1
§ 20:14	—Motions to stay
§ 20:15	Attacking the jury demand
§ 20:16	Attack by concession—Buying out the plaintiffs
§ 20:17	—Offering judgment under Rule 68
§ 20:18	Attacking the pocketbook—Motion for security for expenses
§ 20:19	—Motion for attorney's fees
§ 20:20	—Motion for discovery sanctions: Rule 37
§ 20:21	The counterattack: Crossclaims and counterclaims
§ 20:22	Motion to disqualify counsel
§ 20:23	Attacking a judgment—Motions under Rule 60(b)
§ 20:24	An action for declaratory judgment

## CHAPTER 21. DISCOVERY UNDER THE RULES

§ 21:1	Discovery options
--------	-------------------

- § 21:2 Discovery tactics—Depositions first or last?
- § 21:3 Stays of discovery under Reform Act
- § 21:4 Depositions on written questions
- § 21:5 Interrogatories pursuant to Rule 33
- § 21:6 Requests for production of documents
- § 21:7 Requests for admissions under Rule 35
- § 21:8 Class action discovery
- § 21:9 Attorney-client privilege in discovery—General rule
- § 21:10 —Abrogating the privilege—Generally
- § 21:11 —The advice is not “legal”
- § 21:12 —The lawyer as wrongdoer
- § 21:13 —Nonlegal purposes for the communication
- § 21:14 —Made in confidence
- § 21:15 —Who is the client?
- § 21:16 —Who can waive the privilege?
- § 21:17 —Who may disclose privileged materials?
- § 21:18 —Waiver of the privilege
- § 21:19 The work-product doctrine
- § 21:20 Use of stipulations and protective orders
- § 21:21 Internal investigations

## CHAPTER 22. TRIAL

- § 22:1 Prepare for trial, not settlement
- § 22:2 Bench or jury trial?
- § 22:3 Jury selection
- § 22:4 Opening statement
- § 22:5 Strategy and tactics generally
- § 22:6 Closing argument
- § 22:7 —Special cases in closing argument—The vicious judge
- § 22:8 — —The case of oppression
- § 22:9 — —The plaintiff exposed as a liar
- § 22:10 — —The small case
- § 22:11 — —The wishy-washy jury

# Table of Contents

## PART V. FORMS

### CHAPTER 23. PRELITIGATION

- § 23:1 Precomplaint demand letter—General form
- § 23:2 —Another form
- § 23:3 —“Velvet hammer” letter to opposing counsel
- § 23:4 —Demand on board of directors in derivative action
- § 23:5 Response to precomplaint demand letter—  
Threatening sanctions
- § 23:6 —Another form
- § 23:7 —To demand on board of directors in derivative  
action—General denial
- § 23:8 — —Reflecting appointment of special committee of  
board of directors
- § 23:9 Minutes of board of directors meeting appointing  
special committee of board of directors
- § 23:10 Report of special committee in response to demand  
letter on board of directors in derivative action
- § 23:11 Agreement to submit dispute to arbitration
- § 23:12 Letter claiming shareholder/director rights to  
inspection of corporate documents
- § 23:13 Letter requesting information prior to annual  
meeting, based on shareholders’ right to inspection
- § 23:14 Request under Freedom of Information Act
- § 23:15 —Possible securities violations
- § 23:16 Stock purchase agreement
- § 23:17 Letter advising shareholders of dissenters rights
- § 23:18 Demand for arbitration

### CHAPTER 24. COMPLAINTS AND RELATED PLEADINGS

- § 24:1 Arbitration—Demand with statement of claim for  
breach of contract
- § 24:2 —Demand with statement of claim for shareholder  
dispute (AAA International)
- § 24:3 —Statement of claim (National Association of  
Securities Dealers)
- § 24:4 Certificate of service by mailing of amended  
complaint
- § 24:5 Petition in dissenters rights action



## SHAREHOLDER LITIGATION

- § 24:6 —Federal court complaint alleging fraud in real estate investment trusts
- § 24:7 Federal court complaint in partnership dispute alleging breach of fiduciary duty and related claims
- § 24:8 Common law action—State court complaint to determine who is on board of directors and to enjoin transaction of corporate business by unauthorized persons
- § 24:9 — —Motion for temporary restraining order
- § 24:10 —State court derivative action for rescission or damages for wrongful conveyance of corporate assets
- § 24:11 —Complaint for damages for illegal gift of corporate assets
- § 24:12 —State court complaint to enforce restriction on transfer of shares as authorized by articles of incorporation
- § 24:13 Class action complaint alleging violation of federal securities laws
- § 24:14 Class action complaint alleging securities fraud—State court
- § 24:15 —State court complaint to enforce right of first refusal agreement
- § 24:16 Verified complaint stating a derivative claim for waste, misappropriation of corporate assets, ultra vires acts and breach of fiduciary duty, a direct claim for common-law fraud and a claim for dissolution
- § 24:17 —Notice of motion and motion for temporary restraining order
- § 24:18 — —Temporary restraining order and order to show cause
- § 24:19 — —Allegations as to efforts made to obtain relief from board of directors with alternative allegations of futility as reason for not making demand
- § 24:20 Derivative action—Misappropriation of corporate assets for personal use by director
- § 24:21 Complaint to recover excessive termination compensation from officers and directors
- § 24:22 Complaint for breaches of fiduciary duties in acquisition of shares from minority shareholders
- § 24:23 —Amended form including counts for violation of Rule 10b-5, blue sky laws; Common-law fraud; Negligent misrepresentation
- § 24:24 Complaint to enjoin selective redemption of particular class of shares
- § 24:25 Complaint for damages resulting from insider trading
- § 24:26 —Another form
- § 24:27 —Dissenting shareholder—Complaint for appraisal
- § 24:28 Complaint stating claims for wrongful termination

## TABLE OF CONTENTS

	(ultra vires conduct), wrongful termination (breach of contract), breach of fiduciary duty, and mandatory buy-out
§ 24:29	—Amended complaint stating claims for wrongful termination, breach of fiduciary duty, appointment of receiver and additional director, and mandatory buy-out
§ 24:30	Complaint stating claims for wrongful termination (direct and derivative claim), breach of fiduciary duty (direct and derivative claim, derivative claim), appointment of receiver and additional director, and mandatory buy-out
§ 24:31	Dissolution of corporation—State court petition
§ 24:32	Federal securities law—For damages under §§ 10(b), 17a, and 12(2), with pendent claims for common-law fraud, breach of contract, breach of warranty, and state statutory fraud claim
§ 24:33	Brokerage house customer for damages under Regulation T for margin violations with pendent claim for negligence
§ 24:34	—Customer for damages against brokerage house and broker for churning
§ 24:35	—False statements in 13D under the 1934 Act
§ 24:36	—For declaratory and injunctive relief under § 14(a) of the 1934 Act for misconduct in response to shareholder proposal
§ 24:37	—Complaint asserting improprieties in connection with a tender offer under § 14(e) of the 1934 Act with pendent claims for breach of fiduciary duty and blue sky violations
§ 24:38	—Asserting improprieties in connection with tender offer and seeking injunction under § 14(e) of the 1934 Act with pendent claims for breach of fiduciary duty and blue sky law violations—Motion for temporary restraining order
§ 24:39	Brief in support of temporary restraining order and preliminary injunction in connection with a tender offer
§ 24:40	Brief in support of motion to dismiss complaint in action under § 14(e)
§ 24:41	Brokerage house customer for damages under Regulation T for margin violations with pendent claim for negligence—Asserting improprieties in connection with tender offer and seeking injunction under § 14(e) of the 1934 Act with pendent claims for breach of fiduciary duty and blue sky law violations—Temporary restraining order
§ 24:42	— —Order to show cause
§ 24:43	State securities law—Federal diversity complaint for

- sale of unregistered securities and breach of  
fiduciary duty
- § 24:44 Voting trust—Federal court complaint asserting  
invalidity and alleging violations of common law of  
ultra vires, Rule 10b-5, state securities laws, and  
various derivative claims
- § 24:45 —Federal court complaint asserting right to restrict  
transfer of stock
- § 24:46 —Federal court—Injunctive relief under §§ 14(e),  
13(d), 14(d) and state Blue Sky Law and common-  
law claims to enjoin a tender offer
- § 24:47 Racketeering Influenced and Corrupt Organizations  
Act (RICO)—Federal court complaint for preliminary  
injunction and declaratory relief
- § 24:48 Third-party complaint—Indemnification and  
contribution

## CHAPTER 25. ANSWERS AND RELATED RESPONSES

- § 25:1 For extension of time to respond to complaint in  
federal court—Notice of motion and motion
- § 25:2 —Accompanying affidavit
- § 25:3 —Stipulation
- § 25:4 —Order extending time for response
- § 25:5 Removal to federal court—Notice of filing petition and  
bond
- § 25:6 —Petition
- § 25:7 —Bond
- § 25:8 Arbitration—Response to claim (New York Stock  
Exchange)
- § 25:9 —Notice of motion and motion in state court to stay  
proceedings and compel arbitration
- § 25:10 — —Affidavit in support of motion
- § 25:11 —Order compelling arbitration
- § 25:12 Answer to class action
- § 25:13 Answer to consolidated amended class action  
complaint
- § 25:14 —Answer to state court complaint asserting fraud in  
sale of limited partnership interests
- § 25:15 Counterclaim—Federal court counterclaim and  
answer alleging breach of employment contract  
including stock option agreement
- § 25:16 —Reply
- § 25:17 Direct and derivative actions—Answer, counterclaim  
and cross claim—Waste, misuse and  
misappropriation of corporate assets, ultra vires  
acts, breach of fiduciary duty and fraud, request for  
dissolution

## TABLE OF CONTENTS

- § 25:18 Answer to complaint alleging breach of fiduciary duty and common law fraud
- § 25:19 Federal securities law—Answering complaint in action by brokerage house customer seeking damages under Regulation T for margin violations with pendent claim for negligence, with counterclaim
- § 25:20 State securities law—Answering federal diversity complaint for sale of unregistered securities and breach of fiduciary duty
- § 25:21 Third-party complaint for indemnity and contribution—Answer and counterclaim for breaches of fiduciary duties and common-law actions
- § 25:22 Counterclaim—Actions for RICO and Clayton Act violations, and common-law claims

## CHAPTER 26. CLASS ACTION CERTIFICATION

- § 26:1 Stipulation and order extending deadline to respond to the complaint
- § 26:2 Defendants’ memorandum—In support of motion to dismiss plaintiffs’ consolidated amended complaint
- § 26:3 Defendants’ answer to plaintiffs’ second [corrected] consolidated complaint
- § 26:4 Notice of motion and motion for class certification
- § 26:5 Memorandum of law in support of motion for class certification
- § 26:6 Order and judgment approving notice to class
- § 26:7 —Industry representative
- § 26:8 Affidavit in opposition to motion for certification—Employee of party defendant
- § 26:9 Memorandum—In support of motion for certification
- § 26:10 —In opposition to certification
- § 26:11 Stipulation and order as to form and contents of notice
- § 26:12 Notice to class
- § 26:13 Motion for noncommunication order with supporting affidavit
- § 26:14 Memorandum in support of noncommunication order
- § 26:15 Memorandum in opposition to noncommunication order
- § 26:16 Noncommunication order
- § 26:17 Notice to class advising as to prior communications in conflict with official notice
- § 26:18 Stipulation and conditional order regarding class certification
- § 26:19 Notice of intention to appear/objection to stipulation and settlement

- § 26:20 Affidavit in support of settlement and application for attorneys' fees
- § 26:21 Application of plaintiffs' counsel for award of attorneys' fees and expenses
- § 26:22 Plaintiffs' memorandum of law in support of settlement and award of attorneys fees and expenses
- § 26:23 Affidavit—In support of application for reimbursement of fees and expenses filed on behalf of law firm
- § 26:24 Hearing order
- § 26:25 Stipulation of settlement
- § 26:26 Motion for approval of settlement, the plan of allocation and award of attorneys' fees and reimbursement of expenses
- § 26:27 Notice of settlement to shareholders
- § 26:28 —Notice of motion
- § 26:29 —Lead plaintiff's memorandum in support of motion

## CHAPTER 27. MOTIONS

- § 27:1 To dismiss for lack of subject matter jurisdiction—  
Notice of motion and motion in state court action as to certain defendants
- § 27:2 —Supporting memorandum
- § 27:3 To dismiss for lack of personal jurisdiction—Notice of motion and motion in federal court action
- § 27:4 —Supporting memorandum
- § 27:5 Motion to dismiss class action complaint for lack of adequate allegations of scienter—Motion in federal court action
- § 27:6 —Supporting memorandum
- § 27:7 —Reply memorandum
- § 27:8 Memorandum in support of motion to dismiss in state court securities action
- § 27:9 Notice of motion and motion to dismiss—First amended complaint
- § 27:10 — —Supporting reply memorandum
- § 27:11 — —Supporting memorandum for stay of discovery
- § 27:12 Memorandum of law in support of motion to dismiss derivative lawsuit for failure to make demand on the board of directors
- § 27:13 Memorandum in support of motion to dismiss
- § 27:14 —Another form
- § 27:15 —Another form
- § 27:16 —Another form
- § 27:17 Memorandum in support of motion to dismiss pursuant to 15 U.S.C.A. § 78u-4(b) and Fed R Civ P Rule 12(b)(6)

## TABLE OF CONTENTS

§ 27:18	Plaintiff's support memorandum in opposition to motion to dismiss
§ 27:19	Memorandum in support of motion to dismiss or in the alternative for summary judgment
§ 27:20	Dismissal for failure to comply with statute of limitations—Notice of motion and motion
§ 27:21	—Supporting memorandum
§ 27:22	To strike scandalous or immaterial matter—Notice of motion
§ 27:23	To strike baseless or bad faith complaint—Notice of motion and motion
§ 27:24	For change of venue and for costs of appearance—Notice of motion and motion in state court action
§ 27:25	—Affidavit supporting motion for costs
§ 27:26	For summary judgment—Defendants' notice of motion and motion in federal court proxy actions
§ 27:27	—Failure to prove loss causation, notice of motion
§ 27:28	—Notice of motion in derivative action
§ 27:29	To dismiss upon offer of judgment—Notice of motion and motion
§ 27:30	—Memorandum in support of motion
§ 27:31	For security for costs—Motion in federal court action
§ 27:32	To restrain directors from meeting and taking action on behalf of corporation without consent—Motion
§ 27:33	—Order
§ 27:34	To enjoin director payment of excessive compensation, attorney fees, unauthorized disbursement of funds, and for audit of corporate books—Motion
§ 27:35	—Order
§ 27:36	Notice of motion for temporary restraining order to restrain voting of transferred shares
§ 27:37	—Order restraining voting of stock pending hearing on injunction without notice
§ 27:38	Notice and motion for preliminary injunction to prohibit transfer of assets
§ 27:39	—Memorandum in support of motion to prohibit transfer of assets
§ 27:40	—Order enjoining transfer or removal of assets pendente lite
§ 27:41	To disqualify counsel or for waiver of conflict of interest—Motion
§ 27:42	—Supporting memorandum
§ 27:43	Motion for dismissal or, alternatively, for stay of proceedings due to appointment of special litigation committee
§ 27:44	Motion for dismissal due to appointment of special litigation committee
§ 27:45	Approval of plaintiffs' dismissal pursuant to Federal

- Rules of Civil Procedure 23(e), 23.1 and 41(a)—Tolling agreement dismissing class counts and allowing consolidation of derivative claim with others in state court action
- § 27:46 —Tolling agreement with uncertified class member
- § 27:47 —Order of dismissal
- § 27:48 Appeal—Reply brief of appellant
- § 27:49 Defendants’ offer of judgment
- § 27:50 —Order
- § 27:51 —Notice of acceptance
- § 27:52 — —Proof of service
- § 27:53 Notice of motion and motion for default judgment
- § 27:54 —Order for judgment
- § 27:55 Settlement agreement and release

## CHAPTER 28. DISCOVERY

- § 28:1 Prediscovery stipulation for protective order, and order, with confidentiality agreement
- § 28:2 Stipulated protective order governing discovery relating to application for fees and expenses by counsel for derivative plaintiffs with confidentiality agreement
- § 28:3 Stipulation and order to protect confidential information
- § 28:4 Request for production of documents—General request
- § 28:5 —Those identified in answers to interrogatories
- § 28:6 —Specific request
- § 28:7 —In action for sale of unregistered securities and breach of fiduciary duty
- § 28:8 Response to allegations in counter-demand and demand for arbitration
- § 28:9 Response to request for production of documents—With objections
- § 28:10 —To defendant in action by underwriter under federal securities laws including § 10(b) with pendent state claims
- § 28:11 —To defendant in securities action by brokerage house against customer
- § 28:12 Defendant’s first interrogatories directed to plaintiff’s class action
- § 28:13 —To plaintiff in action by customer against brokerage house and broker
- § 28:14 —To plaintiff in 1934 Act case asserting wrongdoing in connection with corporate takeover
- § 28:15 —To plaintiff on issue of basis for class action
- § 28:16 —To plaintiff in action asserting sale of investment contracts in violation of securities laws

## TABLE OF CONTENTS

- § 28:17 —To plaintiff in securities action asserting improprieties in connection with plaintiff's investments
- § 28:18 —Supplementary interrogatories
- § 28:19 —Response—In action by underwriter asserting default under agency agreement
- § 28:20 Request for admissions—Breach of contract action
- § 28:21 —Securities action
- § 28:22 Depositions—Notice of motion and motion for order granting leave to take expedited discovery by deposition
- § 28:23 —Order granting leave to take expedited discovery by deposition
- § 28:24 —Notice of taking
- § 28:25 —On written questions
- § 28:26 —To prevent taking of oral deposition—Notice of motion and motion
- § 28:27 — —Supporting affidavit
- § 28:28 — —Order barring taking of oral deposition but permitting written deposition
- § 28:29 Memorandum of law—In support of motion to discover attorney-client material based on crime or fraud exception
- § 28:30 Extension of time for discovery—Stipulation
- § 28:31 —Order
- § 28:32 Sanctions—Motion to impose costs and compel attendance at deposition
- § 28:33 —Motion to compel production of documents and for attorneys' fees
- § 28:34 — —Memorandum of law
- § 28:35 Joint defense agreement

## CHAPTER 29. TRIAL AND RELATED MATTERS

- § 29:1 Stipulation—Dissenters rights action
- § 29:2 Request for court approval of partial settlement of class action—Notice to class
- § 29:3 —Order approving settlement
- § 29:4 Settlement and release—Federal court action for declaratory judgment seeking to clarify terms of stock-option agreement
- § 29:5 Stipulation of settlement—Federal court consolidated class action claims for violations of Rule 10b-5 pursuant to §§ 10(b) and 20(a); Common-law fraud, negligent misrepresentation, and fraudulent transfer of assets
- § 29:6 —Escrow agency agreement



- § 29:7 —Plan of allocation of settlement proceeds
- § 29:8 Notice of proposed settlement
- § 29:9 Voir dire—Plaintiff's proposed questions in action by  
underwriter in federal court securities action
- § 29:10 Trial brief—Dissenters rights action
- § 29:11 —Defendants' statement of facts in action alleging  
violations of Rule 10b-5, state securities laws and  
common-law actions
- § 29:12 —Defendants' statement of law
- § 29:13 Closing argument—By plaintiff in state court  
shareholder action seeking resolution of membership  
of board of directors with various damages claims
- § 29:14 Award of attorney fees and costs—Notice of motion  
and motion
- § 29:15 —Another form
- § 29:16 —Supporting affidavit
- § 29:17 —Supporting affidavit of plaintiff
- § 29:18 —Supporting affidavit by plaintiff's attorney
- § 29:19 For postjudgment relief—Notice of motion and motion  
by defendant in federal court action seeking,  
alternatively, judgment for defendant, new trial, or  
remittitur
- § 29:20 For confirmation of arbitration award—Motion in  
state court action
- § 29:21 —Order confirming award
- § 29:22 Post-trial brief—Shareholders case

## CHAPTER 30. INSTRUCTIONS, FINDINGS AND VERDICTS

### I. INSTRUCTIONS

- § 30:1 Plaintiffs—Request for submittal
- § 30:2 —Fraud—Elements
- § 30:3 —Rule 10b-5—Explained
- § 30:4 — —Elements of claim
- § 30:5 — —Intent
- § 30:6 — —Facts as constituting violation
- § 30:7 —Disclosure obligation
- § 30:8 —Duty to disclose
- § 30:9 —Material fact
- § 30:10 —Truth or falsity of representation
- § 30:11 —Breach of contract—Elements
- § 30:12 —Damages in breach of contract action
- § 30:13 —Injury to professional reputation
- § 30:14 —Exemplary damages
- § 30:15 Defendant's—Request for submittal

## TABLE OF CONTENTS

- § 30:16 —Stock purchases—Principal-broker relationship
- § 30:17 — —Allocation of risk
- § 30:18 — —Negligence and stock market loss
- § 30:19 — —Assumption of risk
- § 30:20 — —Standard of care applicable to broker
- § 30:21 — —Sale of securities as mitigation of loss
- § 30:22 —Elements of assumption of risk
- § 30:23 —Professional negligence; Proof by expert testimony
- § 30:24 —Mitigation of damages
- § 30:25 Piercing the corporate veil

## **II. FINDINGS OF FACT AND CONCLUSIONS OF LAW**

- § 30:26 Annotated proposed findings—Dissenters rights action

## **III. VERDICTS**

- § 30:27 General—For defendant in state court action
- § 30:28 Special—Plaintiff's proposal in federal court securities action by underwriter with pendent claims
- § 30:29 —Defendant's proposal in state court securities action against stockbroker by customer

### **Table of Laws and Rules**

### **Table of Cases**

### **Index**