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DIRECTORS AND OFFICERS IN CANADA: LAW AND PRACTICE

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Directors and Officers in Canada: Law and Practice is a comprehensive text on the current legal framework of corporate governance in Canada. It considers and compares the *Canada Business Corporations Act* and the corporate statutes in each of the provinces and territories, describes relevant case law in detail, and discusses current themes in corporate governance.

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This release features updates to the Case Summaries — The Oppression Remedy in Chapter 16. Shareholder Remedies Against Corporate Directors.

Highlights

Shareholder Remedies Against Corporate Directors—Case Summaries—The Oppression Remedy—Issuance of Additional Shares/ Transfer of Shares/Corporate Reorganization—Involuntary appropriation of a shareholding interest is oppressive conduct. The son's conduct in transferring the shares and executing the resolutions ousting his father from the company, in the secretive manner he did, knowing that his father would not agree, violated his father's reasonable expectations and was unfair, prejudicial to and oppressive of his father's interests as a shareholder, director and officer of Poppa Corn. The share transfers were not in accordance with ss. 122 and 123 of the *OBCA* which require notice to directors of shareholder's meetings and, if the purpose is to remove the director, they are entitled to make a statement at the meeting. Considering the entire context, as the sole shareholder and a director, the father had a reasonable expectation that his son would not oust him from Poppa Corn. The son's actions in excluding his father from the banking relationship, telling the employees not to give his father any information, and opening a secret bank account were all oppressive. The Court noted that where the attorney uses a power of attorney to wrongfully execute a transfer of the donor's property to themselves, the transfer is void. The father was entitled to a declaration that the August 1, 2024, share transfers were void. The resolution removing the father as a director was invalid because he remained a shareholder; he was entitled to notice of any meeting to conduct business leading to the execution of the resolutions. The actions taken by the son as the purported sole director of Poppa Corn were also unauthorized. Those included removal of the father as director, President and Secretary, revocation of his banking authority and removal of the other son as a director and Vice-President of Poppa Corn: *Al-Ali v. Al-Ali*, 2024 CarswellOnt 19857, 2024 ONSC 6292, 2024 A.C.W.S. 6028, 56 B.L.R. (6th) 298 (Ont. S.C.J.).

Shareholder Remedies Against Corporate Directors—Case Summaries—The Oppression Remedy—Exclusion of Complainant from Decision Making and Involvement in Corporation—Two sisters, Susan and Debora, were gifted shares in their father's company, Grand Supreme. The sisters were the only shareholders. While each was given an equal equity interest, Debora had voting control. Wilson was the President of Grande Supreme. Grande Supreme held 730 acres of undeveloped land just north of Winnipeg. The land was Grand Supreme's only asset. Since 2014 the sisters had been in conflict over developing the land. Susan made a proposal to re-zone and develop 18 acres of the land. Debora blocked the re-zoning application, refused to reimburse Susan for land development expenses, and voted Susan out as a director. The Court was satisfied that Debora did not seriously and fairly consider Wilson's recommendations to determine if his recommendations were in the interests of Grande Supreme. Debora dismissed Wilson's recommendations and refused to approve Susan's plan for developing the 18 acres for malicious reasons that had nothing to do with the best interests of Grande Supreme. That conduct by Debora was abusive and in bad faith. The Court was satisfied that Susan met her onus to establish oppressive conduct. Section 242(2)(c) of the

CBCA provides the court with broad powers to make any order that the court thinks fit where the powers of the directors have been exercised in a manner that is oppressive or unfairly prejudicial to or that unfairly disregards the interests of any security holder. The Court agreed that while the power is broad, it is not limitless. As the purpose of the oppression remedy is corrective, in crafting a remedy, the court should go no further than necessary to correct the injustice or unfairness between the parties. The court must intervene in as minimal a way as possible in the circumstances. The ultimate test requires an assessment of the best interests of the corporation, its shareholder, directors, and officers: *Hoffman v. Hoffman*, 2025 CarswellAlta 790, 2025 ABKB 219, [2025] A.W.L.D. 2168, 2025 A.C.W.S. 1787 (Alta. K.B.).