Law case analysis

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Law Case Analysis Material Facts and Source of Law The plaintiff William Shelensky was a director who owned a minority stockholder of Defendant Corporation called Chicago National League Ball Club, which operated Chicago Cubs. The Cubs had been suffering operating losses from direct baseball operations from 1961-1965. The director defendant Philip K. Wrigley who owned 80% stock shares did not install lights at Wrigley Field so that the Cubs could not play at night when at home, even though the other 19 major league teams scheduled night games.

Defendant (Wrigley) claimed that baseball is a day sport and that playing at night would adversely affect the surrounding neighborhood. William appealed a lawsuit against the director Philip K. Wrigley and other directors that their mismanagement of not building lights for night games was contrary and unrelated to business interest, causing inadequate attendance and company financial losing. Oppositely, defendants argued that courts couldn’t interfere business decisions unless there is fraud, illegality or conflict of interest.

The source of law is case law where the rules of law announced in court decisions. Mr. Justice Sullivan judge on this case based on previous ground rules deprived from other 10 affirmed cases. Specific Legal Issues The case of Shlensky vs. Wrigley involves both question of law and question of fact. It involves question of law because plaintiff and defendant have different positions in interpreting rules. The Plaintiff holds that fraud, illegality and conflict of interest are not the only bases for stockholder to sue the directors while the defendant hold opposite position.

Therefore, it needs judge to interpret and apply the law in this case. It also involves the question of fact, which is whether it likes plaintiff’s saying that defendants’ refusal of constructing lights for night games attributed to the company loss. Plaintiff’s Argument Plaintiff Shensky was advocating for the damages for mismanagement of directors. The plaintiff also required the defendant to install the lights in Wrigley Field and schedule night baseball games.

The Plaintiff claimed that night games would help the company's financial condition, and that the sales from attendance at night games would pay for the cost of the lights. However, directors refused to install lights in Wrigley Field because the personal view that night baseball games would disturb surrounding neighborhood. Have the directors been negligent in failing to exercise reasonable care and prudence in the management of the corporate affairs by making decisions, not out of a good faith concern for the company, but for personal views.

Therefore, The Plaintiff claimed that defendants were liable for mismanagement because reasons of not installing lights were contrary and unrelated to business interests. Defendant’s Argument Defendant Wrigley was advocating for that court could not interfere cooperate affairs if they did not break the law and contract. Defendant claimed that the reason he insist not installing lights is that baseball is a daytime game and night games would disturb surrounding neighborhood.

He also claimed that if night games played, the negative effect from neighborhood would decrease company’s reputation. However, he was willing to play night games if a new stadium was built in Chicago. The defendants argued that their concerning and acting did not break the law, contract and conflict interest. Therefore, the court did not qualify for theresponsibilityto judge them. Court’s Decision and Rationale The court ultimately revoked the case and affirmed defendants’failureto schedule night games did not constitute negligence.

Firstly, The court feels that unless the conduct of directors borders on one of three elements (fraud, illegality, conflict of interest), the court will not interfere the directors’ decision and behavior. Secondly, the plaintiff’s claims are defective. Plaintiff cannot prove that the decision of not installing lights would bring huge amount of profits to the cooperation because there was no allegation that the night games played by other teams enhanced their financial condition. The plaintiff didn't even take into consideration how much it would cost to maintain the lights.

Also, the claim of “ Have the directors failing to exercise reasonable care and prudence in the management of the corporate affairs by making decisions, not out of a good faith concern for the company, but for personal views” is also defective. Because the effect on the surrounding neighborhood is something to be considered when making company decisions, as that affects who attends games as well as the value of the property. The concerning of surrounding neighborhood is a good faith of concern for the company and related to company’s long-term interest.

The legal rules used by the court include many court decisions from other similar cases. For example, the court relied on language found in Hunter v. Roberts, Throp & Co. , 83 Mich 63, 47 NW 131, 134, " Courts of equity will not interfere in the management of the directors unless it is clearly made to appear that they are guilty of fraud or misappropriation of the corporate funds, or refuse to declare a dividend when the corporation has a surplus of net profits which it can. The Justice Sullivan applied this rule onto the case of Shlensky. Lessons Learned from the Case After analyzing the Case of William Shlensky and Philip K. Wrigley, what I will take away from reading the case is that courts protect directors’ rational decisions. These decisions may not be very profitable or right in hindsight, but directors are protected from liability so long as there is no fraud, illegality or conflict of interests of shareholders. It is an important case to analysis because the case teaches more than just legal principles.

By learning law in context of actual lawsuits, in the case of Shlensky and Wrigley, I learned how disputes arise, how plaintiff and defendant deliver both arguments and how the judge applies previous case law decisions into the current case to make a decision. The judge decides the case based on the real facts other than one party’s claiming. Rather than reading pages of abstract statements of law, the rule that court cannot interfere legal business decision are presented more vividly by real problems involving real people.