

Company in charge
of the system



**ASSIGN
BUSTER**

When the company™s right is violated, the shareholders, as the ultimate owner of company™s interests, will inevitably receive damage. But as the company is the independent legal entity, the shareholders generally have no right to decide whether or not pursue the legal liability of infringer. Due to the separation of ownership from management, the company daily management power is mostly dominated by managers, directors and other senior management personnel (Arnold and Margaret referred to in this case). The shareholders, especially minority shareholders, are weak for the supervision of the company.

When infringers are third one, who have nothing to do with the company, the decisions made by the board are usually reasonable, however, when the infringers are members of the board, senior staff who control the company (Beta), the interests of the minority shareholders usually suffer from damage. Derivative Actions by Shareholders, entitled by Federal Rule of Civil Procedure 23. 1, states that a plaintiff have to be a shareholder or member at the time of the transaction in order to bring a derivative suit. Besides, under New York Business Corporation Law § 626(b), in this case, Arnold, as one of the directors and the majority shareholder of Beta, who held 85 shares of common stock out of a total of 100 shares issued and outstanding, infringed the company™s interests for his own good without the other director Tom™ admission. Therefore, the minority shareholder Diana, has the possibility to prevail against Arnold. The court should forbid Arnold™s order about purchasing the real estate from the Commercial Property and warn Arnold with an appropriate economic punishments.