# The topic can be proposed by the writer

Law

Organization and financial structure of corporations Introduction David Stufft was correct in his argument that he had the right tobuy the shares as tendered by the other four shareholders at book value. The by-laws of the company show that the owners of the company had an interest in keeping the company in the family. The case shows that Stufft Farms, Inc. was a family business a feature that guided the formation of its by-laws. Shares are among the greatest source of financing for a business. A business sells its shares in order to gain adequate financial capital. However, the transfer of shares in a company always imply to a transfer of the ownership of the business. As such, the business must always create appropriate share transfer restrictions (Mallor, 2013).

By-laws are among the most appropriate forms of share transfer restrictions. The by-laws show and protect the interest of the company by postulating how the shareholders should trade their shares. At Stufft Farms, Inc. the laws state that shareholders must first offer his or her shares to the firm and shareholders. The principle of separation grants the corporation the freedom and ability to buy its shares since corporations are legal entities. When the other four offered their shares, the by-laws gave David Stufft the exclusive right to purchase the shares at the book value. David Stufft is a shareholder and, therefore, has the right to buy the shares at book value before any shareholder of the company offers to sell the shares to any third party. His interest to purchase the shares grants him exclusive right to purchase them and to do so at book value.

Reference

Mallor, J. P. et al. (2013). Business law: The ethical, global, and e-commerce environment. Boston: McGraw-Hill/Irwin.