

Interoffice Memorandum of Law Features Chart – Shareholder Oppression

TO: Mr. Dudley Knox; Advanced Legal Research and Writing LGLA-2331-53500
 FROM: Mr. Chris Rainbolt
 DATE: April 27, 2015
 IN RE: *Argo v. Shagrithaya*, 380 S.W.3d 249 (Tex. App.-Dallas 2012, pet. denied).
Ritchie v. Rupe, 339 S.W.3d 275 (Tex. App.-Dallas 2011), order vacated (Mar. 2, 2012), rev'd, 443 S.W.3d 856 (Tex. 2014).
Davis v. Sheerin, 754 S.W.2d 375 (Tex. App.-Houston [1st Dist.] 1988), writ denied (Nov. 30, 1988), disapproved of by *Ritchie v. Rupe*, 443 S.W.3d 856 (Tex. 2014).
Matter of Wiedy's Furniture Clearance Center Co., Inc., 108 A.D.2d 81, 487 N.Y.S.2d 901 (1985).

Headnote #5 – Corporations and Business Organizations 1526(5)

“Depending on the facts of the case, conduct found by the jury in an action for minority shareholder oppression could be oppressive under either or both definitions of oppression which occurs when majority shareholder conduct substantially defeats minority’s expectations that were both reasonable under the circumstances and central to minority shareholder’s decision to join venture and when conduct is burdensome, harsh, or wrongful. V.T.C.A., Business Organizations Code § 11.404.” *Argo v. Shagrithaya*, 380 S.W.3d 249 (Tex.App.—Dallas 2012).

<u>Case Style</u>	<u>Facts</u>	<u>Texture</u>	<u>Issue</u>	<u>Case Law</u>	<u>Statute</u> (supportive/non-supportive)	<u>Appellate Court Decision</u>
<i>Argo v. Shagrithaya</i> , 380 S.W.3d 249, (Tex.App.-Dallas Aug 29, 2012).	Shareholder oppression in closely held Texas corporation.	Malicious suppression of dividends.	Did defendant’s act of withholding dividends constitute oppressive conduct?	“...Texas courts have recognized two non-exclusive definitions [of ‘oppressive’]: 1. majority shareholder conduct that substantially defeats the minority’s expectations that, objectively viewed, were both reasonable under the circumstances and central to the minority shareholder’s decision to join the venture; or 2. burdensome, harsh, or wrongful conduct...” <i>Ritchie v. Rupe</i> , 339 S.W.3d 275.	TEX. BUS.CODE ANN. §§ 11.404 (West 2012). Supportive of appellant / majority shareholder.	No oppressive conduct occurred. Reversed. Finds for appellant / defendant.
<i>Ritchie v. Rupe</i> , 339 S.W.3d 275, (Tex.App.-Dallas March 28, 2011).	Shareholder oppression in closely held Texas corporation.	Prevention of divestiture of minority interest.	Did defendant’s refusal to meet with prospective purchasers constitute oppressive conduct?	“Texas courts have generally recognized two non-exclusive definitions for shareholder oppression: 1. majority shareholders’ conduct that substantially defeats the minority’s [reasonable] expectations... or 2. Burdensome, harsh, or wrongful conduct...” <i>Willis v. Bydalek</i> , 997 S.W.2d 798, 801 (Tex. App.-Houston [1st Dist.] 1999), citing <i>Davis v. Sheerin</i> , 754 S.W.2d 375, at 381-2.	V. A. T. S. Bus. Corp. Act, Art. 7.05 (current version TEX. BUS, CODE ANN. §§ 11.404 (West 2012)). Supports Appellee / minority shareholder	Yes. Oppressive conduct occurred. Affirmed. Finds for appellee / plaintiff.
<i>Davis v. Sheerin</i> , 754 S.W.2d 375, (Tex.App.-Houston [1st Dist.] June 30, 1988).	Shareholder oppression in closely held Texas corporation.	Conspiracy to deprive ownership of stock.	Did defendant’s conspiracy to deprive plaintiff of his interest in corporation constitute oppressive conduct?	“... oppression should be deemed to arise only when the majority’s conduct substantially defeats the expectations that objectively viewed were both reasonable under the circumstances and were central to the minority shareholder’s decision to join the venture.” <i>Matter of Wiedy’s Furniture Clearance Center Co., Inc.</i> , 487 N.Y.S. 2d 901, at 903.	V. A. T. S. Bus. Corp. Act, Art. 7.05 (current version TEX. BUS, CODE ANN. §§ 11.404 (West 2012)). Supportive of appellee/minority shareholder.	Yes. Oppressive conduct occurred. Affirmed. Finds for appellee / plaintiff.
<i>Matter of Wiedy’s Furniture Clearance Center Co., Inc.</i> , 108 A.D.2d 81, 487 N.Y.S.2d 901 (1985).	Shareholder oppression in closely held New York corporation.	“Freeze-out” from control of corporation.	Did defendant’s discharge of minority shareholder from participation in corporation constitute oppressive conduct?	“... utilizing a complaining shareholder’s ‘reasonable expectations’ as a means of identifying and measuring conduct alleged to be oppressive is appropriate.” <i>Matter of Kemp & Beatley</i> , 64 N.Y.2d 63, 484 N.Y.S.2d 799, 473 N.E.2d 1173.	NY BUS CORP § 1104-a. Supportive of appellant / minority shareholder.	Yes. Oppressive conduct occurred. Affirmed. Finds for appellee / plaintiff.