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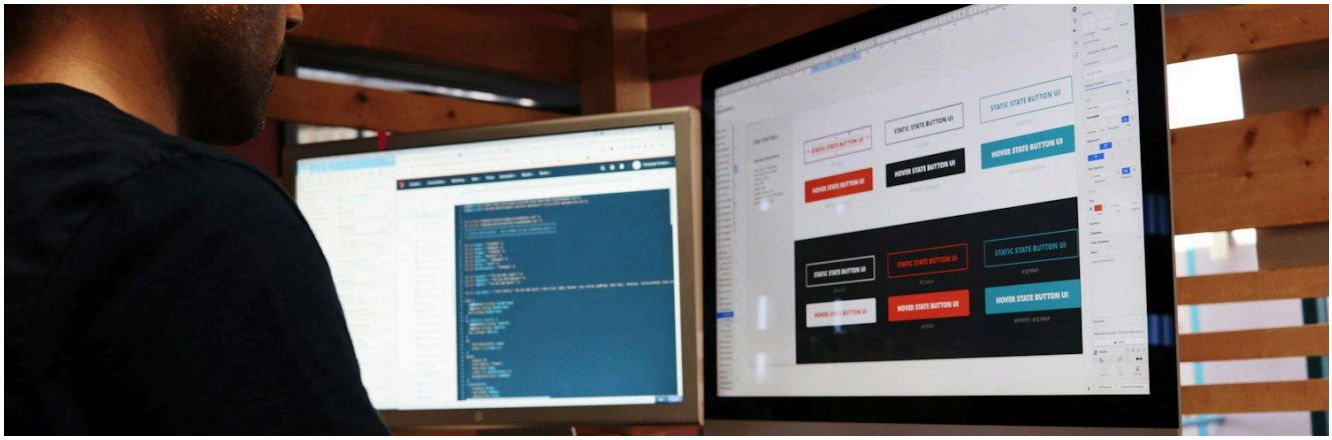
PRACTICE GUIDE · CORPORATE GOVERNANCE

Practice Pointers

Grand Park Law Group · 2026



1. **Issue books-and-records demands early.** A § 1601 demand letter often produces, at minimum, the universe of documents needed to draft a particularized derivative or oppression complaint. A § 1602 director demand is even broader and should be served by any director who suspects wrongdoing — refusal triggers an attorneys'-fees-eligible writ proceeding.

2. **Plead direct and derivative claims in the alternative where supportable.** California pleading rules permit combining theories; pleading both protects against motions to dismiss that recharacterize the claim.

3. **Take § 2115 seriously.** A Delaware-incorporated, California-headquartered company is at material risk of being treated as a quasi-California corporation. Cumulative voting, dissenters' rights, derivative-suit standing, and indemnification provisions should be modeled under both regimes before dispute escalation.

4. **In oppression cases, watch the § 2000 trigger.** Filing for involuntary dissolution under § 1800 commits the minority to a process the majority can convert into a buyout. Decide whether you want a buyout (and at what valuation posture) before pulling the dissolution lever.

5. **Lock down the no-discount rule pre-suit.** *Brown v. Allied Corrugated Box* is a doctrinal anchor. Retain a qualified business appraiser early to develop the going-concern, no-discount valuation thesis.

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6. **In derivative practice, plead facts, not conclusions.** *Bader v. Anderson* requires particularized allegations about each director's independence as to the specific transaction. Generic "controlled by CEO" allegations will fail.

7. **In M&A disputes, frame fraud claims under *Robinson Helicopter* from day one.** A well-pleaded fraud carve-out unlocks punitive damages and bypasses the indemnification cap. Plead intentional misrepresentation with the specificity required by Cal. Civ. Code § 1709 and CCP § 425.10.

8. **In LLC disputes, read the operating agreement first, statute second.** RULLCA is largely default law, and the agreement controls within the limits of § 17701.10(c). Identify the non-waivable provisions and use them as the foundation for claims that contractual language cannot eliminate.

9. **Watch the corporate veil.** *Sonora Diamond Corp. v. Superior Court* (2000) 83 Cal.App.4th 523, 538-539, confirms California's two-prong alter-ego test: (i) such unity of interest and ownership that the separate personalities of corporation and controller no longer exist, and (ii) recognition of the corporate form would sanction fraud or promote injustice. Insufficient capitalization, commingling of funds, and disregard of corporate formalities are the principal evidentiary handles.

10. **Use accounting demands strategically in partnership disputes.** Cal. Corp. Code § 16405 codifies the right of any partner to a formal accounting. Coupled with the equitable accounting remedy long recognized at common law, this provides a structured framework that often produces faster information and earlier settlement leverage than full-blown discovery.

Practice Corporate Governance

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