

**QUESTION 10 THE ANSWER TO THIS QUESTION SHOULD GO IN BLUEBOOK IV**

The Fantastic Pretzel Company (FPC), is a Michigan corporation formed in 2003. Its primary shareholders are Amanda Anders and Candy Coffman, who collectively own 45% of the company's stock. Five individuals own the remainder of FPC's stock, each possessing 11% of FPC stock. Amanda serves as the President and Chief Executive Officer of FPC, while Candy serves as the Vice-President and Chief Financial Officer.

In 2010, FPC entered into a 10-year contract with the Salty Salt Company (SSC), agreeing to purchase salt at prices significantly above current market value. Candy entered into the contract on FPC's behalf after reading several investment reports and trade articles predicting that there would be a tremendous salt shortage within a few years, and that salt prices would increase substantially.

Unhappy with the company's performance over the past two years, Greta Goulet, one of the five other shareholders, discovered that one of the principal reasons for FPC's dismal financial performance was the hyper-inflated prices FPC was paying for salt pursuant to the contract with SSC. Greta demanded a meeting of the shareholders in order to oust Amanda and Candy as directors. In anticipation of a shareholders' meeting, Greta placed a conference call with the four other minority shareholders. All five agreed to vote for Greta Goulet and Jaime Jenna as corporate directors in lieu of Amanda and Candy.

Amanda and Candy refused to hold a shareholders' meeting, claiming that the annual shareholders' meeting had already been held several months ago, and that the bylaws do not provide for any additional meetings. Additionally, Nancy Nome, one of the five minority shareholders, indicated that she changed her mind and would not be voting to oust Amanda and Candy.

**Assume that the bylaws and articles of incorporation are completely silent on these issues. Applying Michigan law, fully discuss: (1) whether Candy Coffman may be held liable for FPC's losses; (2) whether Greta Goulet can compel a shareholders' meeting, and (3) whether it is possible for the shareholders to oust Amanda Anders and Candy Coffman as directors.**

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