

QUESTION 3 THE ANSWER TO THIS QUESTION SHOULD GO IN BLUEBOOK I

Acme Anvil, Inc. ("Acme") is a Michigan corporation. Its primary shareholders are Amber and Greg, who together own 46% of the company's common stock. Nine other family members own the remainder of the common stock, each possessing 6%. This stock distribution has remained the same since the company's formation in 2001. Both Amber and Greg have served on Acme's Board of Directors since 2001. Greg is the President and Chief Executive Officer of Acme, while Amber serves as the Vice President and Chief Financial Officer.

In 2007, Acme entered into a 5-year contract with the Ironic Iron Company, agreeing to purchase iron ore from Ironic at prices significantly above market value. Amber entered into the contract on Acme's behalf after her psychic told her that iron prices would triple over the next few years.

Unhappy with the company's performance over the past two years, Uncle Bob, one of the shareholders, discovered that the reason for Acme's dismal performance was its contract with Ironic Iron. Uncle Bob demanded a meeting of the shareholders in order to elect new directors. In anticipation of a shareholder's meeting, Uncle Bob drafted a confidential agreement, signed by each of the nine minority shareholders, agreeing to vote for cousins Chris and Tammy as corporate directors in lieu of Greg and Amber.

Amber and Greg refused to hold a shareholder's meeting, claiming that the corporate bylaws did not require an annual shareholder meeting. Additionally, Aunt Faye, one of the minority shareholders who had signed Uncle Bob's agreement, indicated that she changed her mind and would not vote to oust Amber and Greg, as she simply could not be "mean" to her niece and nephew.

Discuss whether Uncle Bob can compel a shareholder's meeting, the probability of ousting Greg and Amber, and any possible legal recourse against Amber. Explain your answer.

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