

**QUESTION 12 THE ANSWER TO THIS QUESTION SHOULD GO IN BLUEBOOK IV
OR IN SOFTEST ANSWER SCREEN 12**

Demara Corp is a Michigan corporation specializing in custom automotive interiors. Pursuant to the bylaws of the corporation, the shareholders elected Dennis Dwayne as President of Demara Corp in 2013, with an annual compensation package in excess of \$1.5 million dollars.

It is uncontested that Dennis Dwayne has been an unmitigated failure as President. Rude and pompous, Dwayne has been responsible for losing several important accounts and was the cause of several key employees resigning. Under Dwayne's leadership, corporate profits have evaporated.

The Board of Directors met and unanimously voted to immediately remove Dwayne as President. However, Dwayne hired an attorney and filed suit, contesting the board's actions.

Applying Michigan law, discuss (1) the board's responsibility to Demara Corp, (2) whether Dwayne can be removed as President of Demara Corp by the board and (3) if not, what other steps can be taken by the board to address Dwayne holding the position. Explain your answer.

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