

**QUESTION 2 THE ANSWER TO THIS QUESTION SHOULD GO IN BLUEBOOK I**

Deliriously Delightful Depot (DDD) is a Michigan corporation whose stated corporate purpose is to bake and deliver unique baked goods throughout the mid-Michigan area. The company was founded in 1985 by Dan York and several of his family members. The articles of incorporation permit only 100 shares, all of equal class and series. Dan owns 30%, while his brother Greg owns 52% of the corporation. Dan's Uncle Bob and his cousin Chris each own 9%.

Thirty days prior to the annual shareholder's meeting, notice was personally given to all shareholders that a proposal to amend the articles of incorporation to expand its stated corporate mission was to be presented at the upcoming meeting. The following resolution was presented:

To buy, sell, hold and otherwise deal in,  
acquire, and dispose of vintage and/or  
antique automobiles, vintage and/or antique  
automobile parts, and related automobile  
memorabilia.

The proposed amendment was adopted by a vote of 52 shares to 48 shares. Subsequently, a certificate amending the articles of incorporation was filed with the State of Michigan.

Dan, the Director of Creative Development of DDD, voted against the adoption of the resolution. He claimed that the amendment to the articles of incorporation was invalid and interfered with the company's purpose of creating distinctive confectionary delights. When Dan sought to transfer his shares of the company to his friend Faye as a belated birthday gift, Greg reminded Dan that a shareholder agreement was unanimously executed in 1999, requiring shareholders to sell their shares to the other shareholders of DDD.

Infuriated, Dan filed a lawsuit. First, Dan claims that because he is the creative genius behind DDD's success, his shares should have twice the voting weight of the other shares. Second, Dan seeks to have the amended articles of incorporation declared invalid. In the alternative, Dan seeks to have the shareholder agreement prohibiting the transfer of shares declared void.

**Discuss the merits of Dan's claims regarding (1) the voting weight of his 30 shares; (2) the validity of the amended articles of incorporation; and (3) the likelihood that Dan will be able to transfer his shares to his friend Faye. Explain your answers.**

**\*\*\*\*\*THE ANSWER TO THIS QUESTION SHOULD GO IN BLUEBOOK I\*\*\*\*\***