

**QUESTION 14 THE ANSWER TO THIS QUESTION SHOULD GO IN BLUEBOOK V
OR IN SOFTEST ANSWER SCREEN 14**

Davy is a long-time shareholder in the Acme Widget Company (AWC), a Michigan corporation. After reviewing the corporation's 2015 annual financial report, Davy is shocked to discover that one of the members of the Board of Directors, Bernie, spent over one million dollars of the corporation's money attending numerous conferences in exotic tropical locations. On March 8, 2016, Davy wrote a letter to the corporation, demanding that Bernie reimburse the corporation for the costs of his "frivolous freebie vacations."

After receiving no response from AWC, Davy filed a shareholder derivative suit against AWC and Bernie on June 30, 2016, seeking to recover damages for Bernie's alleged breach of fiduciary duty. Davy also asked that AWC pay his reasonable expenses, including reasonable attorney fees.

AWC filed a motion to dismiss, claiming that Davy had not satisfied the requirements for filing a shareholder derivative suit, and that Davy was not legally authorized to recover expenses and attorney fees.

Applying principles of Michigan corporate law, discuss:

- 1. Whether Davy satisfied the procedural requirements necessary for filing a shareholder derivative suit.**
- 2. Whether the court may order AWC to pay the reasonable expenses and attorney fees of Davy.**