Piercing the Corporate Veil: Minimizing Alter Ego Liability for Subsidiaries, Affiliates and Related Entities

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VEIL PIERCING

Veil piercing is an equitable remedy that applies to hold an owner (and, occasionally, non-owners) liable for a debt of the entity.

Commentators have summarized the rule this way:

The most common veil-piercing test requires a plaintiff to demonstrate that a corporation was an ‘alter ego’ or ‘mere instrumentality,’ as evidenced by complete control and domination, of a shareholder used to perpetuate a fraud, wrong, or injustice that has proximately caused unjust loss or injury to the plaintiff. Oh, Veil-Piercing, 89 Tex. L. Rev. 81, 84 (2010).
The Delaware Court of Chancery explained the Delaware approach to piercing the corporate veil as follows:

This Court will disregard the corporate form only in the “exceptional case.” Determining whether to do so requires a fact intensive inquiry, which may consider the following factors, none of which are dominant: (1) whether the company was adequately capitalized for the undertaking; (2) whether the company was solvent; (3) whether corporate formalities were observed; (4) whether the controlling shareholder siphoned company funds; or (5) whether, in general, the company simply functioned as a façade for the controlling shareholder. Delaware courts also must find an element of fraud to pierce the corporate veil [citing Mason v. Network of Wilm., Inc., 2005 WL 16539954, at *3 (Del. Ch. 2005)] (other citations omitted). Winner Acceptance Corp. v. Return on Capital Corp., 2008 WL 5352063 at *3 (Del. Ch. 2008).
In McCallum Family LLC v. Winger, 221 P.3d 691 (Colo. App. 2009), the court held a non-shareholder liable in a corporate veil-piercing case where the non-shareholder dominated the corporation and caused its assets to be used for his benefit and the benefit of his family (which included the shareholders). The court applied an apparently new theory—“equitable ownership.”
VEIL PIERCING IN LLCs

As will be discussed below, limited liability company statutes generally provide liability shields similar to those provided for corporations. Accordingly, case law illustrates that situations that result in LLC piercing resemble those that result in piercing the corporate veil. *Netjets Aviation, Inc. v. LAC Commc’ns., LLC*, 537 F.3d 168, 176 (2d Cir. 2008). The Delaware Chancery Court has indicated that the circumstances justifying piercing the LLC veil must be pervasive—not just stemming from a single transaction. *EBG Holdings LLC v. Vredezicht’s Gravenhage 109 B.V.*, Civil Action No. 3184-VCP, 2008 WL 4057745 (Del. Ch. 2008). In this case, a Delaware LLC sued one of its members, a Dutch LLC (“VG 109”), and the member’s parent corporation (“NIBC”), seeking a declaration that VG 109 was NIBC’s alter ego, as well as specific performance of provisions of the LLC agreement, among other things. The court found that there was not a sufficient showing of fraud or other inequity to disregard the NIBC corporate form. The court pointed out that the fraud or injustice must stem from an inequitable use of the corporate form itself, not merely from the underlying cause of action for breach of contract. The court found that a conclusory statement in the complaint that NIBC knowingly used VG 109 as an instrument to shield itself from liability for tax obligations related to ownership in the LLC was insufficient to support a reasonable inference that NIBC’s use of VG 109's limited liability status was fraudulent or inequitable. There also was no showing that VG 109’s capitalization was so minimal as to prove it was a sham entity.
A Weird LLC Case

In 2009, the Colorado Court of Appeals held a non-member manager (Trowbridge) potentially liable to a creditor, remanding to the trial court to determine “Whether it is equitable to hold Trowbridge personally liable for the LLC’s improper actions by piercing the corporate [sic] veil.” Sheffield Services Company, et al. v. Trowbridge and Mason, 211 P.3d 639 (Colo. Ct. App. 2009). For a criticism of the Sheffield case, see Lidstone, “Piercing the Veil of an LLC or a Corporation,” 39 The Colorado Lawyer, no 8 at 71 (August 2010). According to the Court of Appeals, among the findings that the trial court will have to make are “whether, under the common law, (1) Colfax [the LLC] is Trowbridge’s alter ego, (2) justice requires recognizing the substance of Trowbridge’s relationship with Colfax because he used Colfax to perpetuate a fraud or defeat a rightful claim, and (3) disregarding the relationship’s form and holding Trowbridge personally liable would lead to an equitable result.” In connection with another claim (but arguably related to “justice” and “an equitable result”) the Court of Appeals directed the trial court also to determine: “Whether the LLCs were or became insolvent when Trowbridge distributed LLC assets to the non-party members and, if so, whether Trowbridge breached the common law duty of an LLC manager to avoid favoring personal interests over the LLC’s creditors’ claims.” In reaching its conclusions, the Colorado Court of appeals ignored C. R. S. §7-80-705, which provides that “[m]embers and managers of limited liability companies are not liable under a judgment, decree, or order of a court, or in any other manner, for a debt, obligation, or liability of the limited liability company.”
Weird LLC Case Overruled

In 2013, the Colorado Supreme Court overruled Sheffield. *Weinstein v. Colborne Foodbotics, LLC*, 302 P.3rd 263, 269 (Colo. 2013). Weinstein holds that a creditor of a Colorado LLC may not enforce an obligation of a member to return an unlawful distribution and that the managers of an insolvent Colorado LLC do not owe a fiduciary duty to the LLC’s creditors.
Statutory Provisions re Veil Piercing

A basic tenant of modern corporate law is that a shareholder is not liable for debts of the corporation. Model Business Corporation Act (“MBCA”) §622(b):

Unless otherwise provided in the articles of incorporation, a shareholder of a corporation is not personally liable for the acts or debts of the corporation except that he may become personally liable by reason of his own acts or conduct. The articles of incorporation may impose personal liability on shareholders. MBCA §2.02(b)(2)(v); Del. Code Ann., tit. 8, §102(b)(6).
De Facto Doctrine

“All persons purporting to act as or on behalf of a corporation, knowing there was no incorporation under this Act, are jointly and severally liable for all liabilities created while so acting.” MBCA §2.04. Several states have similar provisions, e.g. Colorado:

   All persons purporting to act as or on behalf of a corporation without authority to do so and without good faith belief that they have such authority shall be jointly and severally liable for all liabilities incurred or arising as a result thereof. C. R. S. §7-102-104.

See, for example, Adams v. Mt. Pleasant Bank & Trust Co., 355 N.W.2d 868 (Iowa 1984), involving shareholder liability for debts incurred during a two year period following expiration of a corporation’s old charter and before reincorporation. The court held that in the absence of a clear statutory mandate to the contrary, limited liability did not exist for liabilities incurred during the interim period. The Iowa statute similar to section 105 of the 1969 version of the Revised Model Business Corporation Act was held not to provide protection against such liabilities. The court also stated that Iowa does not recognize the concept of de facto corporations in the context of an expiration of a corporation’s charter.
LLC Statutes Typically Provide that Failure to Follow Formalities, without More, is Not a Ground for Veil Piercing

See, e. g., Revised Uniform Limited Liability Company Act §304(b); Prototype Limited Liability Company Act §304; Del. Code Ann title 6, §18-103; C.R.S. §7-80-107(2).

If a client does not intend to hold regular meetings or otherwise conduct its business with regular formalities, it is best not to put formal meeting, etc. requirements in the LLC Agreement. Also, statutory ignoring of formalities does not prevent veil piercing if the owners of an LLC disregard its economic separateness.
De Facto Doctrine Applied to LLCs by Statute

All persons who assume to act as a limited liability company without authority to do so and without good faith belief that they have such authority shall be jointly and severally liable for all debts and liabilities incurred by such persons so acting. C. R. S. §7-80-105.
De Facto Doctrine in Absence of Statute

What if the owners of a planned but not formed corporation or limited liability company begin acting in the name of the unformed entity in a state that does not have a statutory provision like that of RMBA §2.04 or C. R. S. §§7-80-105, 7-102-104? Unless a third party dealing with an owner of an unformed entity agrees otherwise, the owner will be personally liable on a contract entered into in the name of the unformed entity:

Unless the third party agrees otherwise, a person who makes a contract with a third party purportedly as an agent on behalf of a principal becomes a party to the contract if the purported agent knows or has reason to know that the purported principal does not exist or lacks capacity to be a party to a contract. Restatement Third, Agency §6.04.
Another Theory of Agency Law May Apply Even if the Entity has been Validly Formed

If an owner of the entity (or someone else acting on behalf of the entity) doesn’t disclose that they are acting on behalf of an entity, the person so acting may be liable under the theory of undisclosed principal.

In *Water, Waste & Land, Inc. d/b/a Westec v. Lanham*, 955 P. 2d 997, (Colo. 1998), the court held that Larry Clark and Donald Lanham were personally liable where they entered into a contract without disclosing that they were acting on behalf of Preferred Income Investors, LLC, a Colorado limited liability company (“Preferred”). Lanham and Clark were members and managers of Preferred. Clark contacted and contracted with Westec for engineering services. Clark’s business card included his name, address, and the initials “PII,” but not the name of the LLC or his title.

- In reaching its decision in this case, the court said that agency law applies in the LLC context, “notwithstanding the LLC’s statutory notice rules,” continuing:

  - Under the common law of agency, an agent is liable on a contract entered on behalf of a principal if the principal is not fully disclosed. . . . If both the existence and identity of the agent’s principal are fully disclosed to the other party, the agent does not become a party to any contract which he negotiates…. But where the principal is partially disclosed (i.e., the existence of a principal is known but his identity is not), it is usually inferred that the agent is party to the contract. 955 P. 2d at 1001.
Undisclosed Principal (continued)

The court went on to say, “The duty of disclosure clearly lies with the agent alone; the third party with whom the agent deals has no duty to discover the existence of an agency or . . . the identity of the principal.” As a result, the court reversed the judgment of the District Court and reinstated the judgment of the County Court which had held Lanham and Clark personally liable as agents for (at best) a partially disclosed principal. See Restatement Third, Agency §6.03. Of particular note in this case is the court’s holding that the duty of disclosure lies solely with the agent and is not affected by the provisions of C. R. S. §7-80-208:

The fact that the articles of organization are on file in the records of the secretary of state is notice that the limited liability company is a limited liability company and is notice of all other facts stated therein that are required to be stated in the articles of organization by section 7-80-204.
Other Statutory Sources of Liability

- Liability to pay for shares.
  MBCA §622(a): A purchaser from a corporation of its own shares is not liable to the corporation or its creditors with respect to the shares except to pay the consideration for which the shares were authorized to be issued (section 6.21) or specified in the subscription agreement (section 6.20). The Delaware General Corporation Act contains a similar rule. Del. Code Ann., tit. 8 §162(a).

- Improper Distributions
  MBCA §8.33(a) A director who votes for or assents to a distribution in excess of what may be authorized and made pursuant to section 6.40(a) or 14.09(a) is personally liable to the corporation for the amount of the distribution that exceeds what could have been distributed without violating section 6.40(a) or 14.09(a) if the party asserting liability establishes that when taking the action the director did not comply with section 8.30.
(b) A director held liable under subsection (a) for an unlawful distribution is entitled to:

(1) contribution from every other director who could be held liable under subsection (a) for the unlawful distribution; and

(2) recoupment from each shareholder of the pro-rata portion of the amount of the unlawful distribution the shareholder accepted, knowing the distribution was made in violation of section 6.40(a) or 14.09(a). See also Del. Code Ann., tit. 8 §174(b).
Dissolution.

MBCA §14.07 (d) A claim that is not barred by section 14.06(b) [relating to claims by known creditors] or section 14.07(c) [relating to claims by other creditors] may be enforced:

(1) against the dissolved corporation, to the extent of its undistributed assets; or
(2) except as provided in section 14.08(d), if the assets have been distributed in liquidation, against a shareholder of the dissolved corporation to the extent of the shareholder’s pro rata share of the claim or the corporate assets distributed to the shareholder in liquidation, whichever is less, but a shareholder’s total liability for all claims under this section may not exceed the total amount of assets distributed to the shareholder.

3. See also United States v. Seyler, 142 F. Supp. 408 (W.D. Pa. 1956), holding that the United States can recover unpaid income tax assessments from transferees of the corporate assets who received dividends that reduced assets of the corporation to substantially less than its outstanding liabilities.
Liability for Improper Distributions

Liability for Unpaid State Taxes and Unpaid Employment and Withheld Income Taxes

State Taxes. Several states have adopted statutes that impose liability on the constituent members and managers of an entity when the taxes are not paid by the entity. Rutledge, “Limited Liability (or Not); Reflections on the Holy Grail,” 51 South Dakota Law Review (2006) 417, 443.

Federal Employment and Withheld Income Taxes.

1. “Any person required to collect, truthfully account for, or pay over” taxes, who willfully fails to do so, faces liability not only for the amount of the tax but a 100% penalty as well. Internal Revenue Code of 1986 §§3102(a)(withheld employment taxes), 3402(a)(liability for taxes withheld or collected), 6672(a)(100% penalty for failure to collect and pay over tax; exception for volunteer directors of tax-exempt organizations ((§6672(e))), 7501(liability for taxes withheld or collected).

2. Recent amendments to the applicable regulations have made single- member LLCs the responsible party for employment and withheld taxes on employees of the LLC. The owner is still treated as a self-employed person and presumably will be the first target of the IRS if the LLC fails to satisfy its withholding and payment obligations with respect to its employees. T.D. 9356, I.R.B. 2007-39 at 675. Treas. Reg. §301.7701-2(c)(2)(iv).
Liability for Actions of the Entity’s Employees and Agents

An owner who is active in the entity’s business is responsible for his or her own actions, including torts. *Valley Dev. Co. v. Weeks*, 364 P.2d 730, 734 (Colo. 1961). If the owner is an agent of the entity and commits the tort while acting for the entity, the entity will also be liable. Restatement Third, Agency §§7.03(2), 7.03 cmt. b, 7.03(2)(a), 7.07.

An owner may also face liability for negligent hiring, supervision, and retention of employees, contractors, and other agents. Restatement Third, Agency §§7.03, 7.05.
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The Alter Ego Theory

- Business entity is so dominated by the individual business owner that it conducts the owner’s personal business. *Rohmer Assoc. v. Rohmer, 36 A.D.3d 990, 830 N.Y.S.2d 356 (3d Dept. 2007)*
- Issue – is the entity being used for purely personal rather than corporate purposes
- If the business (corporation or LLC) is being dominated and abused by the owner for personal purposes, each will be deemed the alter ego of the other
The Alter Ego Theory (cont.)

- If abuse of the corporate or LLC form is used to commit a wrong against a third party, the corporate form will be disregarded – i.e., corporate veil will be pierced
- Business owner will be held personally liable for corporate obligations
Required Proof/Factors

- Heavy burden of proof
- Difficult to convince Court to use equitable power to pierce corporate veil
- Factors relied upon (New York):
  - shuttling funds in and out of personal and business bank accounts
  - using corporate funds and property for personal purposes and obligations
Required Proof/Factors (cont.)

- corporation or LLC is under-capitalized
- lack of corporate formalities (i.e., issuance of stock, election of directors, keeping corporate records, etc.)
- common office space and telephone numbers used by corporation (LLC) and individual business owner
- overlap in ownership, officers, directors and personnel
- business owner using corporation as “personal ATM”
- no one factor is dispositive
Fraud Not Required (New York)

- Not necessary to prove fraud in New York – in other words, it is not necessary to prove intent to abuse corporate form to perpetrate a fraud or harm a third party.
- It is sufficient if a consistent pattern of domination and abuse – excessive control – exists and it causes harm to a third party.
- Error (in New York) for Court to instruct jury that fraud is required to pierce corporate veil. *Passalacqua Builders, Inc. v. Resnick Developers South, Inc., et al., 933 F.2d 131 (2d Cir. 1991)*
While proof of fraud not required, it is highly relevant and strengthens showing

In New York, transfer by business owner of corporate/LLC funds to a family member of owner without consideration is “classic indicia of fraud” *Federal Deposit Insurance Corporation v. Conte*, 204 A.D.2d 845, 612 N.Y.S. 2d 261, 263 (3d Dept. 1994)

Transfer to family member reflects fraudulent intent to evade corporate creditors and for owner to enrich himself at the expense of corporate creditors
Harm to Third Party

- In New York, for Court to use equitable power to pierce corporate veil, abuse of corporate form must cause harm to a third party *Morris v. New York State Dept. of Taxation*, 82 N.Y.2d 135, 623 N.E.2d 1157 (1993)

- Typical harm is inability of judgment creditor of corporation/LLC to satisfy judgment against corporation/LLC with funds diverted from corporation/LLC to the business owner
Reverse Piercing Doctrine (New York)

- Creditors usually ask the Court to pierce the corporate veil to hold business owner personally liable for corporate debts.
- Once it is shown that the business entity and the business owner are alter egos, they are deemed to be a single personality.
- They are merely two sides of the same financial coin.
Reverse Piercing Doctrine (New York)
(cont.)

- Once the alter ego finding is made, the piercing of the corporate veil flows in both directions – the business owner is treated as the alter ego of the business entity, and vice versa. *Sweeney, Cohn, Stahl & Vaccaro v. Kane, et al.*, 6 A.D.3d 72, 75, 773 N.Y.S.2d 420, 423 (2d Dept. 2004)

- Under the Reverse Piercing Doctrine, the corporation will be held liable for the debts of the business owner, and corporate assets may be used to satisfy a creditor’s judgment against the individual business owner.
Courts Will Not Place Form Over Substance

- Accounting treatment of transactions is not dispositive; Courts will not permit accounting mechanisms to be improperly used to shield assets from creditors.

- The focus is not on accounting treatment of a transaction, but the reality of the actual conduct of the business owner and whether such conduct harmed third parties, such as judgment creditors.

  *Wajilam Exports v. ATL Shipping, 475 F.Supp.2d 275 (S.D.N.Y. 2006)*
An example: The judgment debtor is the business owner; the owner uses corporate funds for personal purposes and transfers corporate funds to his wife for no consideration; the funds at issue are never in possession of the business owner (never deposited in owner’s bank account) – the funds are transferred directly from the corporate bank account to the owner’s personal creditors and his wife.
Courts Will Not Place Form Over Substance (cont.)

- Example continued: In attempting to oppose an alter ego finding, the business owner relies on financial statements and tax returns showing the above transactions as income to him; it is claimed that the use of corporate funds for personal purposes and the transfer of corporate funds to his wife are proper distributions to him of corporate earnings.
Courts Will Not Place Form Over Substance (cont.)

- Focusing on the reality that the business owner never took personal possession of the alleged distributions of income which enabled him to evade his personal judgment creditor, the Court rejected the owner’s defense and ruled that the corporation and its owner were alter egos.

- Applying the Reverse Piercing Doctrine, the Court further held that the corporation was liable for the debts of the business owner and that the corporation’s assets could be used to satisfy a judgment against the business owner.
Limited Liability Companies

- In New York, the alter ego theory applies to Limited Liability Companies in the same manner as traditional corporations *Colonial Surety Company v. Lakeview Advisors, LLC*, 93 A.D.3d 1253, 941 N.Y.S.2d 371 (4th Dept. 2012)

- In New York, other than focusing on the conduct and transactions of the controlling member(s) of the LLC in place of the controlling shareholder(s) of the traditional corporation, the above-described criteria for piercing the corporate veil is the same
PIERCING THE CORPORATE VEIL

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I. Pleading Requirements

A. Higher level of factual detail generally required

B. Greater specificity required in jurisdictions where fraud is required
   1. Federal Rule of Civil Procedure 9(b)

C. Greater specificity generally required in federal court
   1. To survive a motion to dismiss, a complaint must contain sufficient factual matter, accepted as true, to state a claim to relief that is plausible on its face. *Ashcroft v. Iqbal*, 556 U.S. 662 (2009)
   2. Factual allegations must be enough to raise a right to relief above the speculative level. *Bell Atlantic v. Twombly*, 550 U.S. 544 (2007)
II. Piercing the Corporate Veil of an Agent to Reach a Principal

A. The Agency Theory

1. Plaintiff attempts to prove that the subsidiary was acting as an agent of the parent, causing the imputation of the subsidiary’s actions to the parent.

2. Generally, to prevail a plaintiff must plead and prove the elements of a principal/agent relationship under controlling law:
   a. The parent intended for the subsidiary to act on the parent’s behalf
      i. The authority may be actual or apparent
      ii. Apparent authority exists when the parent gives a third party the impression through words or conduct that the subsidiary had the authority to act
II. Piercing the Corporate Veil of an Agent to Reach a Principal (cont’d)

b. The subsidiary agreed to act as the parent’s agent

c. The parent controlled the subsidiary’s actions
   i. Ordinary control exercised by a majority shareholder is generally insufficient
   ii. To prove control, generally plaintiff must prove
      a) active participation in and control over the subsidiary
      b) direction of the subsidiary to act with respect to the plaintiff in the circumstances at issue

3. The parent’s mere ownership of all the equity of the subsidiary is insufficient
III. Contract Claims v. Tort Claims

A. Courts may react differently to a plaintiff with a contract claim who is attempting to pierce than a plaintiff with a tort claim

B. Some courts have held that claims for breach of contract present insufficient circumstances to pierce the corporate veil
   1. The reasoning is that a plaintiff with a contract-based claim voluntarily entered a relationship with the defendant

C. Courts are not so reticent to consider piercing in tort cases because as a general matter the plaintiff did not enter a relationship with the defendant voluntarily
IV. Jurisdictional Issues

A. A foreign parent’s ownership of stock in a U.S. subsidiary is generally insufficient to subject to the foreign parent to the personal jurisdiction of a U.S. court

B. A plaintiff with a claim against a U.S. subsidiary of a foreign parent may attempt to pierce the veil of the subsidiary so as to:
   1. Subject the foreign parent to the personal jurisdiction of a U.S. court
   2. Force the foreign parent to appear and defend itself in the underlying action
   3. Ultimately subject the assets of the parent to the payment of a U.S. judgment

C. The theory is that if the subsidiary is the alter ego, instrumentality or agent of the foreign parent, the acts of the subsidiary are the acts of the parent, rendering the parent subject to personal jurisdiction
IV. Jurisdictional Issues (cont’d)

D. If the only issue is jurisdiction as a precursor to litigation on the merits, courts may be more inclined to pierce the veil

1. Some courts may require a lesser showing of fraud, injustice or improper conduct in the jurisdictional context

E. Delaware has rejected the extension of personal jurisdiction under an alter ego theory absent fraud

1. Delaware courts by statute may exercise personal jurisdiction over officers and directors of Delaware companies. Del. Code tit. 10, Section 3104(c)

2. However, with respect to shareholders, Delaware courts “will ignore the sanctuary of the corporate form to assert jurisdiction over a non-resident . . . under the alter ego theory only in the exceptional case where the complainant can show fraud, injustice or inequity in the use of the corporate form.” Fitzgerald v. Cantor, 1998 WL 842316 (Del Ch. Nov. 10, 1998)
V. Best Practices

A. Provide adequate capital and insurance for subsidiaries
   1. Plaintiffs may not pierce if they believe the defendant has adequate resources to satisfy the claim

B. Observe corporate formalities
   1. Articles
   2. By-laws
   3. Regular meetings of board of directors
V. Best Practices (cont’d)

C. Require a subsidiary’s management to run the operations of the subsidiary as independently as possible of the parent
   1. Hire and fire employees
   2. Maintain separate bank records
   3. File separate tax returns

D. Maintain books and records for subsidiaries independent of other companies in a corporate family

E. Intercompany transactions should be arms-length and well-documented
Steven S. Scholes is a partner in the law firm of McDermott Will & Emery LLP based in the Firm’s Chicago office, and the former leader of the Firm’s SEC Defense Group. Steve concentrates his trial practice in all varieties of securities and other complex commercial litigation. He has tried civil, criminal and administrative cases in federal and state courts, and he regularly represents clients before the Securities and Exchange Commission, the Illinois Securities Department and self-regulatory organizations, such as the Financial Industry Regulatory Authority, the Public Company Accounting Oversight Board and numerous stock, options and futures exchanges.

A former attorney in the Securities and Exchange Commission’s Division of Enforcement, Steve frequently speaks on securities litigation and enforcement topics. He has appeared numerous times in the press and has authored various materials concerning the federal securities laws. Steve is a former member of the Securities Law360 Editorial Board and he has served as a faculty member for the National Institute of Trial Advocacy. He has also served on the Business Conduct Committee of the Chicago Mercantile Exchange as well as on the Board of Visitors of the University of Illinois College of Law. Since 2008, Steve has been nationally ranked in Benchmark Litigation as a leader in securities litigation and as a lawyer most consistently recommended as a “bet the company” counsel. He received an "AV" Peer Rating, the highest rating available, from Martindale-Hubbell, and was selected as a Super Lawyer by Law & Politics, which names the top five percent of lawyers in each state as chosen by their peers and through the independent research of Law & Politics.

Steve has been appointed by three different federal judges in Chicago to serve as receiver in SEC civil enforcement proceedings. His work as receiver included conducting fraud investigations, prosecuting fraudulent conveyance claims, enforcing judgments, marshaling and liquidating assets, and developing and implementing plans of distribution. Stemming from his work as a receiver, Steve has substantial experience in both prosecuting and defending a wide variety of fraudulent conveyance claims.

Steve is a member of the bar of the United States Supreme Court, the State of Illinois, the U.S. Court of Appeals for the Second, Seventh and Eighth Circuits, the U.S. District Courts for the Northern District of Illinois (trial bar), the Northern District of Indiana, the Eastern District of Wisconsin and the Central District of Illinois. He is also a member of the American Bar Association’s Federal Regulation of Securities Committee, as well as its Subcommittees on Criminal Laws and Civil Litigation and SEC Enforcement Matters. He is a past co-chair of the Chicago Bar Association’s Securities Law Committee (2001-2002) and the Securities Law Committee’s Subcommittee on SEC Litigation and Enforcement (1999-2000). He is also a member of the Compliance and Legal Division of the Securities Industry Association, the Association of SEC Alumni, as well as the Futures Law Committee, and Financial and Investment Services Committee of the Chicago Bar Association.

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