

What is a closely held corporation?

- a. Definition: A business that has only a few shareholders
- b. Stock is not readily tradable
- c. A corporation where shareholders are actively involved in business. Each shareholder has a dual role in the corporation such as serving on the board of directors or serving as an officer of the corporation
- d. Some courts compare a corporation to that of a partnership
 - i. The fiduciary duty that one shareholder has to another shareholder is like the fiduciary duty that exists between partners
 - ii. Each shareholder has a duty of fair play to his fellow shareholders because the shareholders are in a very close setting