

Forbes Q&A with Jeroen van Kwawegen: The Role of Shareholder Litigation in Preventing Abuses by Boards and Management

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Forbes published an extensive interview featuring BLB&G partner Jeroen van Kwawegen, who discussed his experiences representing activist institutional investors in shareholder litigation challenging boards and management who have breached their fiduciary duties and infringed on shareholder rights.

According to Mr. van Kwawegen, BLB&G's job "is to protect shareholders' three fundamental rights: the right to sell shares, the right to effectively vote shares, and the right to hold fiduciaries managing investor money accountable for misconduct." While the majority of boards and management generally act in good faith, "we become involved if directors favor their personal desires over the interests of shareholders," he explains.

In the article, he provides a general overview of the different challenges that BLB&G and its clients have waged in order to protect the shareholder franchise, including successfully defeating "dead-hand" proxy provisions and board entrenchment measures that have been used by board members at various companies in an attempt to protect their personal interests at the expense of company shareholders.

Mr. van Kwawegen acknowledges that the majority of companies engage fairly with their shareholders when conflicts arise. However, should the process break down and Board members use their corporate powers to undermine their shareholders, Mr. van Kwawegen explains that "the threat of litigation to enforce investor rights positively affects the balance of power between boards and the shareholders." He points out that litigation is "an arrow in the quiver of shareholder engagement that should be typically be used as a last resort."