



Citigroup Case Confirms Protections for Decisions by Corporate Boards

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On February 24, 2009, the Delaware Court of Chancery, a corporate law bellwether, issued a ruling that bolstered long-standing judicial protections afforded corporate directors when shareholders challenge ill-fated boardroom decisions. In *re Citigroup Inc. Shareholder Derivative Litigation* was the culmination of multiple actions brought by Citigroup shareholders asserting that company directors breached their duties and that this breach was the root cause of catastrophic losses incurred by the company — and its shareholders — during the recent financial markets meltdown. While the court's decision to dismiss the shareholders' lawsuit could be characterized as being primarily on procedural grounds, its written opinion includes an informative review of Delaware law concerning director liabilities. Moreover, it likely offers a forecast of how courts will view similar lawsuits that may arise in Delaware — and elsewhere — as shareholders seek a judicial salve for the deep financial wounds occasioned by the economic downturn.

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