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Corporations—Salaries Voted to Officers by Themselves Acting as Directors of the Concern

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But in the following cases it was held that such a creditor was not barred: Demeules v. Jewel Tea Co., 103 Minn. 150; Seattle, Renton and Southern R. R. v. Seattle-Tacoma Power Co., 63 Wash. 639; and Prudential Insurance Co. v. Cottingham, 103 Md. 319.

The decision in most of these cases was made to turn upon the question whether payment of the amount admitted to be due without dispute did or did not constitute a valid consideration for the discharge of the balance of the debt about which there was a dispute.

W. J. P., '27.


The plaintiff, as trustee in assignment, brings suit against the defendant, who had been an officer and director of the concern assigned, for salaries voted him by a board of directors which consisted of the officers of the concern. The defendant and others constituted the majority of the stockholders of the concern; elected themselves directors, and later officers of the concern—voting themselves salaries. As the business of the concern increased during the war, they steadily increased their own salaries to an unreasonable amount. After the war ended and the profits fell off, they again decreased their salaries commensurate, they thought, with the decrease in the profits. Held that when directors of a concern pass resolutions increasing their own salaries, the burden of proof is cast upon them to show that such resolutions were fair and reasonable. Held that large profits were not a ground for high salaries, as the profits of a business rightfully belong to the stockholders; and such action by the directors, even though they constituted the majority stockholders, was void. As the defendant failed to show that the salary received was reasonable or what would have constituted a reasonable salary, the Court refused to adjust the claim upon quantum meruit, and commanded all money received to be returned.

No case of such singular facts has ever arisen in Missouri. However, the law seems fairly well settled that a resolution in favor of an officer of a concern is invalid when the vote of the officer as director of the concern was necessary to carry the resolution. Ward
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v. Davidson, 89 Mo. 425; Bennett v. St. Louis Car Roofing Co., 19 Mo. App. 349; Davis Mill Co. v. Bennett, 39 Mo. App. 460. There were no decisions adverse to the holdings in the Michigan case.

The entire number of cases upon the subject hold that Equity will closely scrutinize the acts of directors when they derive a benefit from such acts. Some courts hold the acts void, Hansen v. Uniform Seamless Wire Co. 235 Fed. 616, Okla., Field v. Victor Building & Loan, 175 Pac. 529; Enterprise Printing and Publishing Co. v. Craig, 135 N. E. 189, In re McCarthy Portable Elevator Co., 201 Fed. 923, Ross v. Ross Manufacturing Co., 183 Ill. App. 180; Luthy v. Ream, 190 Ill. App. 315, but the majority of the courts hold that such resolutions are voidable only on showing bad faith or fraud. Francis v. The Brigham Hopkins Co., 108 Md. 233, Wash.; Tefft v. Schafer, 239 Pac. 837, Del. Ch.; Cshall v. Lofland, 114 Atl. 224; Beha et al. v. Martin et al., 161 Ky. 838; Pride v. Pride Lumber Co., 109 Me. 452; Krin et al. v. The Kraus Plumbing and Heating Co., 12 Ohio App. 55. The majority of the cases hold that the officer can recover the value of his services under the quantum meruit.

C. L. W., '26.

EQUITY—REFORMATION OF DEEDS—VENDOR AND PURCHASER—QUANTITY OF INTEREST CONVEYED.

—Kite v. Pittman, 278 S. W. 830 (Mo. App. 1926).

Defendant agreed to sell and convey to plaintiff 18 acres, "more or less." The land actually conveyed contained but 13¾ acres.

Held: The words "more or less" are construed to cover a small excess or deficiency proportioned to the amount named. Court cites Patterson v. Judd, 27 Mo. loc. cit. 567; McGhee v. Bell, 170 Mo. loc. cit. 133, 70 S. W. 493, 59 L. R. A. 761; Leicher v. Keeney, 98 Mo. App. 394, 72 S. W. 145; 8 R. C. L. 1080, art. 136. "A variance of 4½ acres in a tract so small, amounting to more than ½ of the whole tract, certainly could not have been contemplated by the parties, and the words 'more or less' was no protection to defendant."

In Wisconsin Realty Co. v. Lull et al., 177 Wis. 53, 187 N. W. 978, the court in holding that a deed conveying 65.48 acres more or less did not convey 173 acres, say: "Such term ('more or less') covers an excess or deficit that is within a reasonable limit, the risk as to