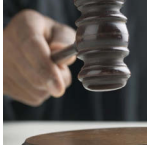


Private Company Loss Scenarios from Chubb



After Six Years, A Lawsuit

COVERAGE SECTION	Directors & Officers Liability
Cause of action	Breach of Fiduciary Duty, Fraud
Type of organization	Private
Number of employees	100
Annual revenue	\$16.4 million

DESCRIPTION OF EVENT

The president of a newly forming company, New Co., induced Doe to purchase a minority interest in the company by promising a substantial return on investment and substantial dividends. Nearly six years later, Doe sued New Co. and its president, alleging fraud, failure to comply with corporate by-laws, exclusion of minority shareholders from profits, squandering company assets, and breach of fiduciary duties. Doe demanded that corporate records be opened for inspection and that Doe be awarded damages of \$500,000. In its defense, New Co. said there was no wrongdoing and claimed that no loss had been suffered.

RESOLUTION

The parties settled for \$140,000. New Co. incurred \$25,000 in defense costs.



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Could this happen to your organization? Contact your trusted Chubb agent or broker.

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