SAFEGUARDING MINORITY RIGHTS WITHIN THE SCOPE OF CORPORATE MANAGEMENT UNDER THE NIGERIAN COMPANY LAW*

Abstract

This seminar paper delves into the reality of safeguarding of minority rights under Nigerian Company Law. Minority shareholders, despite their limited influence, play a crucial role in the corporate structure, necessitating robust legal protections to ensure their interests are not overshadowed by majority stakeholders. The paper explores the legislative frameworks and judicial precedents that govern minority rights in Nigeria, highlighting key provisions in the Companies and Allied Matters Act (CAMA) and the role of the Corporate Affairs Commission (CAC) in enforcing these protections. It examines the efficacy of existing legal safeguards, such as the derivative action, injunctions, and unfair prejudice remedies, in maintaining a balanced and equitable corporate environment. Additionally, the paper discusses the challenges faced by minority shareholders in asserting their rights and proposes recommendations for enhancing the legal mechanisms to better serve their interests. By scrutinizing the interplay between corporate governance and minority protection, this paper aims to contribute to the discourse on fostering a more inclusive and just corporate management system in Nigeria.

Keywords: Minority Rights Protection, Corporate Management, Shareholder Rights, Corporate Governance, Safeguarding, Nigeria

1. Introduction

The Companies and Allied Matters Act (CAMA) 2020[1] is a federal legislation that governs the formation, incorporation, administration and regulation of companies in Nigeria. It stands as a pivotal legal framework in Nigeria, regulating the establishment, governance, and operations of companies. Within the intricate web of provisions that Companies and Allied Matters Act encompasses, the rights and safeguards afforded to minority shareholders hold significant importance. Minority shareholders, often with limited ownership interests, can find themselves in vulnerable positions within corporate entities, necessitating the existence and effective enforcement of protective measures. The protection of the minority shareholders within the domain of corporate activity constitutes one of the most difficult problems facing modern company law. The reason for this is not far-fetched, due to the fundamental attribute of corporate personality conferred on a company which distinct it from members. A company is an 'artificial person' hence, its affairs is managed by natural persons. Such natural persons are the members or directors of the company who are tasked with the daily management and operation of the company and are required to act in the best interests of the company. Accordingly, decision making in a company though meant to be reached in a democratic manner is often lopsided due to the fact that majority get to have their suggestions adopted. It is not unusual to find majority shareholders running a company in an illegal or oppressive mode irrespective of provisions of the Laws regulating the operation of companies in Nigeria or managing the company in an oppressive manner detrimental to the rights of the minority shareholders. In most cases, the saying that 'majority will always have their way while the minority will have their say' holds true in most cases when decisions are made by the company.

In Nigeria's evolving business landscape, where corporate entities continue to thrive and diversify, understanding the intricacies of minority protection rights essential. Once a business is properly formed, it gains legal identity and separates from its members and other executives as a separate legal person.[2]According to Section 37 of Companies and Allied Matters Act[3];

> As from the date of incorporation mentioned, in the certificate of incorporation, the subscriber of the memorandum together with such other persons as may, from time to time, become members of the company, shall be a body corporate by the name contained in the memorandum, capable forthwith of exercising all the powers and functions of an incorporated company.

2. Company as a Legal Personality

The concept of the legal personality of a company as a separate entity from its members became finally established under the common law in the classical case of *Salomon vs. Salomon & Co.*2, where Lord MacNaghten stated the position of the law as follows:

> When the memorandum is duly signed and registered, though there be only seven shares taken, the subscribers are body corporate „capable forthwith", to use the words of the enactment, „of

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[1]Companies and Allied Matters Act, 2020 (CAP. C20) L. F. N. 2020

[2]*Afribank (Nig.) Ltd vs. M. Ent. Ltd (2008) 12 NWLR (Pt. 1098).*

[3] Companies and Allied Matters Act 2020

> exercising all the functions of an incorporated company…. The company is at law a different person altogether from the subscribers to the memorandum, and, though it may be that after incorporation the business is precisely the same as it was before, and the same persons are managers, and the same hands receive the profits, the company is not in law the agent of the subscribers as members liable, in any shape or form, except to the extent and in the manner provided by the Act.[4]

Section 38 (1) states further thus: 'Except to the extent that the company's memorandum or any enactment otherwise provides, every company shall, for the furtherance of its authorized business or objects, have all the powers of a natural person of full capacity.' A company that has been incorporated is defined by law as 'united or combined into an organized body,'[5] and is therefore considered a separate legal entity or 'legal person' from the individual members of the firm. It is regarded by the law as 'any other independent person' with rights and obligations. A company is a legal person with the ability to possess property, enter into contracts, and even conduct crimes.[6] Even if a company is regarded as a person for legal purposes, it is still an artificial person; it is merely a legal device that depends on actual people to perform its functions. In *Bolton (Engineering) Co. Ltd vs. Graham & Sons*[7], Lord Denning, the law lord put it succinctly thus:

> A company may in many ways be likened to a human body. It has a brain and nerve centre which controls what it does. It also has hands which hold the tools and act in accordance with directions from the Centre. Some of the people in the company are mere servants and agents who are nothing more than hands to do the work and cannot be said to represent the mind or will. Others are directors and managers who represent the directing mind and will of the company, and control what it does. The state of mind of those managers is the state of mind of the company and is treated by law as such…[8]

The brain and nerve Centre of a company are those that are in charge of its management, and control its day-to-day activities. They are the set of people under the law, authorized to exercise, on behalf of the company, the powers vested on it upon incorporation. This means, when acting within the scope of their authority, their acts are taken as the acts of the company.[9] Section 63(1) of Companies and Allied Matters Act provides: 'A company shall act through its members in general meeting or its board of directors or through officers or agents, appointed by or under authority derived from, the members in general meeting or the board of directors.' As can be seen from the above section, the primary organs of a company are: 1) The General Meeting and 2) The Board of Directors. However, what can amount to a third organ is derivative. It is really a delegation of any of the two principal organs, as can be gleaned from the section. Providing a sufficient system of checks and balances between the many organs of a corporation is one of the key issues facing modern company law and practice. To put it another way, how can the law make sure that the company's organs manage its affairs in a way that will benefit all of its members and that the directors, who are in charge of the company's business, do not abuse their privileged positions to give themselves an unfair advantage at the expense of the company? To put it succinctly, when can a minority member of the corporation enforce both his individual rights and the rights owed by the company?

3. The Rule in *Foss v Harbottle*

Foss v Harbottle is the leading English precedent in corporate law. It established the legal principle that, in the event of a breach of duty owed to a company or an infringement of the company's rights, the proper plaintiff or claimant to seek redress is prima facie the company itself. This principle, known as 'the rule in *Foss v Harbottle*,' is based on the idea that individual shareholders should not bring legal action against their company because the courts will not participate in the company's internal management. It is common knowledge that only the firm has the authority to approve irregular behavior and file a lawsuit to correct wrongs done to it or to rectify irregularities committed during business operations.[10] The rule gave rise to the principles of majority and minority shareholders' rights. In matters of company management, decisions are made through resolutions passed by a simple majority or a three-fourth majority of the company's members. The court generally does not interfere in the company's internal management and affairs, as most members decide them. Consequently, the company becomes the appropriate plaintiff to institute a lawsuit or legal proceedings, and it does not typically allow a single shareholder to take direct legal action against the wrongdoer. The rule empowers the company to address irregularities through its internal procedures.[11] As a result, the court in *Foss v Harbottle* established two principal rules.

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[4] (1897) AC 22

[5] Section 38(2) of the Corporate and Allied Matters Act *2020*

[6] Section 38 (2).

[7] (1957) 1 QB p. 159*;* See also *Lennard's Carrying Co v Asiatic Petroleum Co Ltd (1915) AC 705.*

[8]1957) 1 QB p. 159; See also *Lennard's Carrying Co v. Asiatic Petroleum Co Ltd (1915) AC 705.*

[9]*Adeniji v. The State. (1992) 4NWLR*

[10]See section 341 Companies and Allied Matters Act 2020*;* see also the case of *Foss v Harbottle.* (1843) 2 Hare 461, 67 ER 189

[11]*Foss vHarbottle Case*. LawBhoomi. <https://lawbhoomi.com/foss-vs-harbottle-> (4 August, 2023).

a) The first is the 'Proper Plaintiff Rule,' which states that only the company can sue directors or outsiders for any wrong or loss due to fraudulent or negligent acts. Members of outsiders cannot sue on behalf of the company because of the principle of 'Separate Legal Entity,' which treats the company as a distinct legal person from its members.
b) The second rule is the 'Majority Principle Rule,' where the court will not interfere if the alleged wrong can be ratified by a majority of members in a general meeting.

The proper plaintiff in an action in respect of a wrong done to the company or association of persons is prima facie the company or association itself. And, the court will not interfere in the internal affairs of a company at the instance of the minority if the irregularities complained of could be legally done or ratified by the majority. The Nigerian Supreme Court has held in *Agip (Nig.) Ltd. v Agip Petroli International*:

> The rule in Foss v Harbottle … prevents claims by shareholders for reflective losses, and provides that if a wrong is done to a company then the company is usually the proper claimant in respect of that wrong. The rule in Foss v Harbottle is now part of Nigerian company law and it is embodied in the Companies and Allied Matters Act, 2020.[12]

The said section 299 of the CAMA enacts the rule as follows: Subject to the provisions of this Act, where irregularity has been committed in the course of a company's affairs or any wrong has been done to the company, only the company can sue to remedy that wrong and only the company can ratify the irregular conduct.[13] The doctrine of corporate personality of registered companies[14] and the principle of the supremacy of the majority[15], which have their roots in the partnership law principle that courts would not interfere as between partners in respect of internal irregularities that the partners could rectify[16], are the foundation of corporate governance and the enforcement of a company's rights. First off, the firm itself is initially the rightful plaintiff in a lawsuit alleging wrongdoing against it. Secondly, no individual member of the company may pursue legal action regarding the alleged wrong if the transaction in question is one that a simple majority of the company's members could ratify as binding on the company and all of its members 'for the simple reason that, if a mere majority of the company's members... is in favor of what has been done, then *caditquestio* (in other words, the majority rule)'. Keep in mind that the phrase *'caditquestio'* signifies 'the matter admits of no further argument.' Another point that can be gleaned from the case at hand is the reluctance of the court to intervene in the internal management of a company. The rationale for this is that the management of companies is best left to the judgment of their directors who are supposedly more commercially aware than judges and besides, those directors would have been elected by the majority of members.[17]

Exception to the Rule

To mitigate the harshness of the rule, four exceptions to the rule of proper plaintiff have been laid down where the litigation will be allowed. In Nigerian company law, there are exceptions to the rule that only a company can sue for wrongs done to it. These exceptions allow minority shareholders to bring derivative or personal actions in certain circumstances:

1. Fraud on the Minority: If wrongdoers control the company, minority shareholders can sue for actions that amount to fraud against the minority[18].
2. Ultra Vires Acts: If a transaction is beyond the company's powers or illegal, minority shareholders can sue. Vinelott J concluded that it was not necessary for the plaintiff to allege and prove that a defendant, in breaching a duty to the company, acted 'with a view' to benefiting him or herself at the company's expense. In fact, he expressed doubt as to whether the requirement for some benefit on the defendant's part was a valid one at all.[19]

[12](2010) 5 NWLR (Pt. 1187) p. 348 at p. 392*; Onuekwusi v Registered Trustees of the Christ Methodist Zion Church* (2011) 6 NWLR (Pt. 1243) p. 341 at 361-362*; Okonkwo v National Universities Commission* (2013) 15 NWLR (Pt. 1378) p.482 at 500.

[13] Rule applied in *CBN v Kotoye* (1994) 3 NWLR (Pt.330) p.66*; First African Trust Bank Ltd v Ezegbu* (1994) 4 NWLR (Pt. 367) p.149.

[14]*Trenco (Nig) Ltd. v African Real Estate & Investment Co. Ltd.* (1978) 11 N.S.C.C. 220*; Marina Nominees Ltd. v Federal Board of Inland Revenue* (1986) 2 NWLR (Pt. 20) 48; *Wallersteiner v Moir* (No. 2) (1975) 1 All ER 991; *Berliet Nig. Ltd. v Francis* (1987) 2 NWLR (Pt. 58) 673*; Salomon v Salomon & Co.* (1897) A.C. 22

[15]*Edokpolor& Co. Ltd. v Semi-Edo Wire Industries Ltd &Anor.* (1984) 7 S.C. 119.

[16]*Carlen v Drury* (1812) 35 E.R. 61. *Featherstone v Cooke* (1873) L.R. 16 Eq. 298*, Trade Auxiliary Co. v Vickers Probate* (1812) 21 VR. 835.

[17]*Edwards vs. Haliwell*(1950) 2 All E.R. 1064;*Edokpolor& Co. Ltd. vs. Sem-Edo Wire Industries Ltd. &Anor. Op. Cit. p.119*.

[18] *Burland v Earle* [1902] AC 83, 93

[19] Prudential *Assurance Co Ltd v Newman Industries Ltd [1981] Ch 257, overruled in part by the Court of Appeal [1982] Ch 2044*

3. Special Majority Requirement: If a matter requires a special majority or specific procedure and it's not followed, a minority shareholder can take action. *Edwards v Halliwell*[20]
4. Infringement of Personal Rights: If a shareholder's personal rights are violated, they can sue individually. 'A member under this heading includes the personal representative of a deceased member; and any person to whom shares have been transferred or transmitted by operation of law.[21]

These exceptions ensure that minority shareholders can seek redress when the majority abuses its power or when the company's management acts improperly.

4. Remedies Available to Minority Shareholders

Personal and Representative Action

The Companies and Allied Matters Act empowers aggrieved minorities to maintain personal action or representative action. The remedies available to personal and representative actions are either damages for loss or breach of right, injunction or declaration. The provision however allows a member to institute a personal action to enforce a right due to him personally, in such circumstance, he shall be entitled to damages for loss incurred on account of the breach of that right and a declaration or injunction to restrain the company and/or the directors from doing a particular act What this means is that where the rights of the minority have been breached, every one of the minorities has a cause of action against the company or the directors. They may decide to exercise that right of redress jointly or severally. But whether it is exercised jointly or severally, the reliefs awardable are the same- declaration or injunction. Section 344 (1)[22] provides that: 'Where a member institutes a personal action to enforce a right due to him personally, he shall not be entitled to any damages but to declaration or injunction to restrain the company and/or the directors from doing a particular act.' Subsection (2)[23] states that: 'Where a member institutes a representative action on behalf of himself and other affected members to enforce any rights due to them, he shall not be entitled to any damages but to a declaration or injunction to restrain the company and/or directors from doing a particular act.' In *Pender v Lushingnton*[24] the court held that, where there is a breach of any of the individual rights, the aggrieved member can bring an action in his personal capacity since the injury is done to him in his personal capacity and this he can do without the consent or approval of any other member to sue. It is consequently up to the minority to decide how best to air out his complaints. To portray a representative action, it is always preferable when the other minority members also consent.

Derivative Action

This is an action where the minority is allowed in law to sue on behalf of the company. This is exception to the general rule of company law where the normal organs that can maintain such actions on behalf of the company are either the board of directors or the general meeting through the majority. In a derivative action, an applicant can apply to the court for leave to bring an action in the name or on behalf of a company, or to intervene in an action to which the company is a party, for the purpose of prosecuting, defending or discontinuing the action on behalf of the company. The remedies available in the event that the court is satisfied with the application includes the following[25]

1. Court orders directing that the applicant or a third party control the conduct of the action;
2. Giving directions for the conduct of the action;
3. Directing any amount adjudged to be paid by the individual or company; or
4. Requiring the company to pay reasonable legal fees incurred by the applicant in connection with the proceedings.

Being a departure from the general rule, the power is not resorted to as a matter of course. Certain circumstances must be in place to entitle a minority to be clothed with locus standi to present the action – under the derivative action. The authority to continue acting under this title is derivative, as the name suggests. It indicates that another person or organ holds the majority of the power. In this sense, the corporation typically has the authority, which it may lawfully execute through its main organs, the board of directors or the general meeting.[26] *In East Pant Du United Lead Mining Co. v. Merrywheather*[27], the owners of a derelict mine formed a company, of which they became directors and shareholders, and sold the mine to it for a substantial sum. The outside shareholders sought to relieve the company of the purchase and to recover the money paid to the sellers. An action was commenced

[20][1950] 2 All ER 1064
[21] Section 345 of the Companies and Allied Matters Act.
[22] Section 344 (1) of the Companies and Allied Matters Act, 2020
[23] Section 344 (2) of the Companies and Allied Matters Act, 2020
[24] 1877 6 CH D 701
[25] Section 347(2) CAMA 2020.
[26] Chapter 4 of the Companies and Allied Matters Act
[27] (1864) 2 H. & M.254

in the name of the company but was dismissed when the miscreants secured, through the exercise of their votes, the passing of a resolution directing that the company should discontinue the proceedings. A shareholder then started another action in the name of himself and all other shareholders, except the fraudulent directors. It was held that, notwithstanding Foss vs. Harbottle, the court would allow an action framed in this way, since otherwise it would be impossible to set aside the fraud. In such situation, a minority can bring the derivate action on behalf of the company. The application must be brought in good faith and it must appear that the granting of the application will be for the interest of the company. It thus seems that in granting or refusing the application, the court will consider the interest of the company rather than the personal interest of the applicant. This is so because a minority shareholder usually stands to gain nothing, apart from a sense of satisfaction in seeing justice done and perhaps some appreciation in the value of his shares reflecting the amount recovered from the wrongdoers. One of the strongest factors influencing the court's decision to approve or deny an application to file a derivative action[28] has been the degree of influence the guilty director or directors hold within the firm.

Petition for Relief on Ground of Oppressive or Unfairly Prejudicial Conduct

The Act does not define what 'oppressive or unfairly prejudicial conduct' however the courts in several cases have through the years construed a meaning. In *Re Jermyn Street Turkish Baths Ltd*[29] the English Court of Appeal held that;

> oppression occurs when shareholders, having a dominant power in a company, either exercise that power to procure that something is done or not done in the conduct of the company's affairs or procure by an express or implicit threat of an exercise of that power that something is not done in the conduct of the company's affairs; and when such conduct is unfair or, to use the expression adopted by Viscount Simonds in *Scottish Co-operative Wholesale Society Ltd v. Meyer*[30] 'burdensome, harsh and wrongful" to the other members of the company or some of them, and lacks that degree of probity which they are entitled to expect in the conduct of the company's affairs…

Similarly, Nigerian courts have had causes to interpret the expression 'oppression or unfairly prejudicial conduct'. In *Ogunde v Mobil Films (W/A) Ltd*[31] the court held that, the oppression or fraudulent conduct of the majority must be harsh, burdensome and wrongful and must represent a consistent pattern of conduct intentionally directed at the oppressed minority over a period of time. Section 355 empowers the court on an application made under the heading to make the orders enumerated therein under subsection (2) of the section. The orders include:

a) The winding up of the company;
b) Regulating how the affairs of the company should be conducted in the future;
c) Order for the purchase of the shares of any member by the members of the company;
d) Directing that an investigation be made into the affairs of the company by the Corporate Affairs Commission; etc.

The Corporate Affairs Commission, as the supervisory agency over companies registered under the Act, creditors, directors, and anyone else who, in the court's opinion, is a proper person to make the application when they allege that oppressive or prejudicial and unfair conduct has been done or is threatened to be done against the applicant are all eligible to file this type of application. Before approaching the court, the applicant is not required to wait for the oppressive act or omission to be finished. In any case, the applicant won't be left without a remedy just because the conduct has been finished. In making the application, it is not enough to merely allege that a conduct is unfairly prejudicial, oppressive or illegal. The applicant must show the circumstances of the oppression and illegality. Thus, the applicant must plead all the relevant facts that will prove the allegation.[32]

5. Challenges in Seeking Remedies

In a system where, corporate governance can sometimes be elusive, seeking remedies for perceived injustices as a minority shareholder becomes a formidable challenge. Some of the challenges that the shareholders would or might face includes:

High Burden of Proof

Generally, burden of proof describes the standard that a party seeking to prove a fact in court must satisfy to have that fact legally established. There are different standards for different circumstances.[33] For example,

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[28]Daniels vs. Daniels (1978) Ch. 406.; See also *Pavlides v Jensen* (*supra*) p.565.
[29] (1971) 3 All ER184 at 199.
[30](1958)3 All ER 66 at 71.
[31] (1976) 2 FRCR 10
[32] *Solanke vs. Ogunmenfun* (unreported) Suit No: FHC/L/M/137/81 of 11/8/83
[33]<https://www.law.cornell.edu/wex/burden_of_proof#:~:text=In%20civil%20cases%2C%20the%20plaintiff,is%20more%20likely%20than%20not.> Accessed on 27th October, 2023.

in criminal cases, the burden of proving the defendant's guilt is on the prosecution, and they must establish that fact beyond a reasonable doubt. In civil cases, the plaintiff has the burden of proving their case by a preponderance of the evidence, which means the plaintiff merely needs to show that the fact in dispute is more likely than not. A 'preponderance of the evidence' and 'beyond a reasonable doubt 'are different standards, requiring different amounts of proof. The Plaintiff is not entitled to the reliefs sought in Court by the fact that he has filed his suit in Court. The law requires the Plaintiff to establish that he is genuinely entitled to the reliefs sought in the suit. To achieve this result, the Plaintiff must Proof his case before the court and must succeed on the strength of his own evidence. See the case of *Akande v Adisa*[34] *Section 131*of the *Evidence Act* concretized this principle and States:

> Whoever desires any Court to give judgment as to any legal right or liability dependent on the existence of facts which he asserts shall prove that those facts exist.'
> (2) When a person is bound to prove the existence of any fact, it is said that the burden of Proof lies on that person.

Section 132 of the Evidence Act states that the burden of proof lies on who would fail if no evidence at all were given on either side. Once the burden is discharged, the burden of disproving those facts falls on the party who would lose if no further Evidence is adduced.[35] In Nigeria, the burden of proof for minority shareholders seeking remedies is often set at a high standard, requiring evidence that is persuasive and beyond a reasonable doubt. To challenge any wrongdoing, the aggrieved party must present evidence that establishes the violation and does so beyond a reasonable doubt. These stringent standards place an onerous task on the shoulders of minority shareholders, demanding an almost Herculean effort to gather irrefutable evidence against those in positions of power.

Costs and Delays in Litigation

Costs and litigation delays can pose significant challenges for minority shareholders seeking remedies in the context of corporate governance disputes. Minority shareholders, who own a relatively small percentage of a company's shares, may face several obstacles when addressing grievances through the legal system. Here are some key factors contributing to the problem:

1. High Costs (Legal Expenses): Litigation can be expensive, involving legal fees, court costs, expert witness fees, and other related expenses. Minority shareholders may find it financially burdensome to pursue legal action against more significant, more resourceful entities such as majority shareholders or the company itself.
2. Time Delays (Lengthy Legal Processes): Litigation can be time-consuming, with cases often taking years to resolve. The extended duration can deter minority shareholders, especially those with limited resources, from pursuing legal remedies.
3. Deterrence Effect (Fear of Retaliation): Minority shareholders may fear retaliation or negative consequences from the majority shareholders or company management. This fear can discourage them from pursuing legal remedies even if they believe their rights have been violated.

Ineffectiveness of Statutory Remedies

The ineffectiveness of statutory remedies poses a challenge for shareholders seeking redress in corporate governance disputes. Statutory protections may have limited scope, addressing only certain issues and leaving gaps in coverage. The legal processes for pursuing these remedies can be complex and time-consuming, with high evidentiary standards and obstacles. Even when protections exist, enforcement is often hindered by limited resources for regulatory bodies. Additionally, statutory remedies may fail to impose personal liability on wrongdoers, and legal gaps or ambiguities can complicate shareholder efforts. Improving shareholder rights protection may require legislative reforms, better regulatory enforcement, and more meaningful shareholder participation.

6. Conclusion and Recommendations

We have examined the legal protections that are available to the minority shareholders in the company laws of Nigeria. Why does the company's minority shareholder require particular protection is the question? It has been observed that minorities are always a vulnerable segment in all societies and organizations. This is especially evident in any democratically based political or economic system. Democracy is, put simply, the rule of the majority or on behalf of the majority in its ideal form. Therefore, in situations where the minority's rights are in jeopardy and the majority shows little care or empathy for their situation, the minority may make an introspective but voice out. This has rendered providing the minority with extra protection vital. The current tenet is that the minority must be given a voice, even though the majority will always get its way. It implies that under majority

[34](2012) 15 NWLR (Pt. 1324) P. 538
[35] Section 132 (2) of the Evidence Act, 2011.

rule, minorities' rights shouldn't be violated without consequence. Democracy is, after all, supposed to be the rule for everybody.

There are quite a number of legal protections that are available in safeguarding the rights of minority shareholders in company laws of Nigeria. However, safeguarding minority rights within corporate management under Nigerian Company Law requires a holistic approach that addresses the existing gaps in the legal framework and enhances the enforceability of minority protections. While the current provisions under the Companies and Allied Matters Act (CAMA) provide some remedies, they remain insufficient in addressing key challenges faced by minority shareholders, especially in cases of corporate mismanagement, fraud, or oppression. To this end, the recommendations outlined below aim to strengthen the mechanisms available for minority shareholders to seek redress and hold corporate officers accountable. Ultimately, the effective implementation of these measures will not only safeguard minority interests but also foster confidence in corporate governance, contributing to a more equitable and sustainable business environment in Nigeria.

Having examined the legal protection that are available to minority shareholders in company laws of Nigeria, and in view of the dilemma associated with safeguarding the rights of minority shareholders, we have made the following recommendations:

1. That the legislature should further strengthen the management of a company by enacting a law that any member of the company can bring an action or requisition for inspectors to inspect or investigate the affairs of a company. There should be no restrictions on the ground of shares owned by a shareholder or number of members.
2. There should be a provision in CAMA empowering inspectors to investigate the financial transactions of relatives and allies of Directors and corporate officers and their businesses whether connected with the company being investigated or not. The Corporate Affairs Commission (CAC) should as a matter of fact make it mandatory that companies should be investigated at least once every year. This will go a long way to cushioning the effect of fraud and unjust enrichment by corporate officers. The sources of revenue with which owners of companies established such companies must be unraveled and established. There should be regular training of inspectors and investigators in forensic investigations. Inspectors should be qualified lawyers and Accountants and other professionals in different fields who are have knowledge of corporate governance.
3. It is also suggested that in order to lower the standard of prove required under Section 343 (d) CAMA, the, "fraud' in the phrase, "committing fraud' should be amended to, "committing any wrong' on either the company or the minority shareholders…. This will remove any criminality in an allegation, and reduce the difficult task of proving the issue beyond reasonable doubt; thereby lowering the standard of proof to balance of probability especially where the applicant lacks access to all the necessary facts being that the directors are in control of the company.
4. We have seen that security for cost in Section 344 (4) CAMA will act serious impediment against indigent minority shareholders who may ordinarily would have wanted to bring an action to enforce their rights. Accordingly, it is recommended that the requirement for security for cost should be removed as provided in Section 349 CAMA which stipulates that an applicant shall not be required to give security for costs in any application made or action brought or intervened in under Section 345 of CAMA.
5. The denial of award of damages to an applicant for personal action or representative action under Section 344 Companies and Allied Matters Act is wrong. If there is a breach of duty, then there should be a remedy for any person who may have suffered losses as a result of the breach. Usually a claim for damages could only arise if there is a breach of any legal duty to the claimant.10 It is therefore recommended that there is need to include the award of damages as one of the remedies available to an applicant under Section 344 Companies and Allied Matters Act especially where he can prove any financial loss suffered as a consequence of any breach by the company or director.