

## Foster in MarketWatch: Tesla's Decision Between Texas or Delaware

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February 2, 2024 Bradley Foster

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**PRACTICES** Corporate Governance, Corporate, Shareholder Activism

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Haynes Boone Partner [Brad Foster](#) was quoted in a *MarketWatch* article on Tesla's possible forthcoming proposal to reincorporate the electric-vehicle maker in Texas, a business-friendly state that may not be as focused on the rights of shareholders as Delaware.

"More than 10% of the Fortune 500 is headquartered in Texas — 55 of the 2023 list," said Brad Foster, a Dallas-based partner at Haynes Boone's corporate-governance practice group. "The majority have long been incorporated in Delaware, but there is competition. Texas wants to be at the front of that."

And it appears that Texas could end up being more friendly to businesses and CEOs, rather than shareholders.

"Texas has modern business statutes, in terms of the legal requirements for corporations. The fiduciary duties for officers and directors, those are substantially similar to Delaware's," Foster said. "In both states, you owe the same duties. But in Texas, the duties are owed to the corporation only, so that's one difference, as opposed to fiduciary duties that may run to minority shareholders or implied duties. Whereas Texas has more straightforward duties that are owed directly to the corporation."

To read the full article in *MarketWatch*, click [here](#).