

Oregon Judge Dismisses Executive Compensation Action

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An Oregon federal magistrate judge granted director defendants' motion to dismiss a shareholders' derivative action claiming that the board breached its fiduciary duty of loyalty to the shareholders and harmed the company by raising executive compensation in 2010, despite negative shareholder returns. The court held that the shareholders' claims did not override the presumption that, in making decisions regarding executive compensation, the board, in exercising its business judgment, acted on an informed basis, in good faith and in the honest belief that the action taken was in the best interest of the company. *Plumbers Local No. 137 Pension Fund v. Davis*, No. 03:11-633-AC (D. Ore. Jan. 11, 2012).