

Some Comments on Milhaupt's NPO Paper

Nonprofit Organizations as Investor
Protection:

Explaining the Puzzle of Corporate
Law Enforcement in East Asia

What is unique in East Asia?

- Shareholder derivative actions are raised not only by monetary incentives?
- Such activities are organized as NPOs?

What is “corporate law enforcement”?

- Is it equal to raising more shareholder derivative actions?
- In that case, “weak enforcement” in Japan is true?
- How important is the shareholder derivative action in the corporate governance system as a whole?

Exaggeration of the role of Shareholders Ombudsman

- Particularly in monitoring management as a whole.

Why “East Asia”?

- The “Shareholders Ombudsman” phenomenon is equivalent with Korean PSPD?
- Such a “spontaneous emergence” could be explained only by economic theories?
- No need of cultural or social norm explanations?

“Shareholder Democracy” Sentiment in Japan

- Japanese love shareholder meetings.
 - Shareholder meetings are places where democracy should be realized.
- Japanese love shareholder derivative suits.
- A big company is as a feudal clan, which could be a kabuki scene.
 - “Forty seven Samurais”

A Law-Matters Explanation

- The derivative action is for the interest of the majority shareholders in the US.
 - It is simply a money matter.
- The derivative action is for protection of minority shareholders in Japan.
 - It is a social justice matter.
 - NPO could play a role.

The theory implication towards transition economies?

- NPO as a supplement
- Need human infrastructure (so so rich)
 - Maybe not in transition economies
 - But rather in Germany and France