Defining The Metes And Bounds Of A Director's Absolute Right To Inspect

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A year ago, I wrote this post discussing the Court of Appeal's decision in *Wolf v. CDS Devco*, 185 Cal.App.4th 903 (2010). In that case, a director was removed shortly after filing an inspection demand pursuant to Corporations Code Section 1602. Before removal, the director inadvertently sent the corporation a copy of his complaint to enforce his inspection rights. The Fourth District Court of Appeal concluded that the director lost standing to demand inspection upon his removal.

In *Wolf*, the court observed that a director could be denied the right to inspect corporate documents based on the director's "potential adversary status to [the corporation]," as illustrated by the inspection request. In April, the First District Court of Appeal rejected this limitation as "erroneous dicta" because "the [*Wolf*] court was discussing a former director's lack of standing to inspect corporate documents, which made the director's potentially adversarial posture irrelevant." *Quinn v. Aechelon Technology,* Case No. A127799 (April 25, 2011). The First DCA therefore upheld a trial court order requiring a corporation to permit a current director whose employment had been involuntarily terminated to inspect records, including records covered by the attorney-client privilege.

Quinn is an unpublished decision. Under Rule 8.115 of the California Rules of Court, an opinion that has not been certified for publication with limited exceptions must not be cited or relied on by a court or a party in any other action. However, practitioners should find the reasoning and arguments in *Quinn* useful even if they cannot cite the case as precedent.

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