

# NEW YORK VOTING TRUSTS

A voting trust is a device for combining the voting power of shareholders. It is not unlawful for shareholders to combine their voting stock for the election of directors so as to obtain or continue the control or management of a corporation. The New York Business Corporation Law limits the duration of voting trusts to a period of ten years. In order to avoid the invalidation of a voting trust, the applicable statutes should be strictly complied with.

## USE OF VOTING TRUSTS:

There are various situations in which a voting trust agreement may be used. It may be used when several shareholders wish to vote their respective stock as a unit. It also may be used for the special purpose of protecting corporate creditors. The general plan of a voting trust is controlled by the voting trust agreement, then the shareholders endorse their stock certificates to the voting trustee. The voting trustee surrenders these certificates to the corporation and the voting trustee receives in return new certificates issued in the name of the voting trustee, and the voting trustee votes the shares as principal, rather than as agent as in the case of proxies.

## TAXABILITY:

For tax purposes, the voting trust certificate takes the place of the stock it represents. Tax transactions with respect to voting trust certificates are treated as transaction affecting the stock.

A voting trust is not an association taxable as a corporation, because in itself it is not an enterprise for the carrying on of business for profit.

The Voting Trust could be a useful tool for your corporation, so please feel free to call your nearest Spiegel & Utrera office for more information.

**If you have any questions, please call a Spiegel & Utrera office listed below:**

MIAMI, FL CALL: 305-854-6000 800-603-3900 FAX: 305-857-3700	NEW YORK CITY, NY CALL: 212-962-1000 800-576-1100 FAX: 212-964-5600	TAMPA, FL CALL: 813-871-5400 800-658-5900 FAX: 813-870-2500	LAS VEGAS, NV CALL: 702-364-2200 888-530-4500 FAX: 702-458-2100
CHICAGO, IL CALL: 312-443-1500 888-514-9800 FAX: 312-443-8900	LOS ANGELES, CA CALL: 323-936-3400 888-520-7800 FAX: 323-939-5600	LONG ISLAND, NY CALL: 516-338-9100 888-797-6200 FAX: 516-338-9200	DOVER, DE CALL: 302-744-9800 888-641-3800 FAX: 302-674-2100
FT LAUDERDALE, FL CALL: 954-630-9800 800-465-8500 FAX: 954-561-7900	CLIFTON, NJ CALL: 973-473-2000 888-336-8400 FAX: 973-778-2900	ORLANDO, FL CALL: 407-898-5500 888-991-9700 FAX: 407-894-5700	