

Trump Media Claims Corporate Law Decisions Are Better When Made Locals

Article By:

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Trump Media & Technology Group Corp., a Delaware corporation, operates Truth Social and its securities trade on The Nasdaq Stock Market LLC. The company's largest stockholder is Donald J. Trump, Jr. Given Trump *pere's* affiliation with Elon Musk and Mr. Musk's disdain for Delaware's corporate law regime, it likely will come as no surprise that TMTG has filed preliminary [proxy materials](#) that include a proposal to reincorporate from Delaware to Florida. Also, it should forgotten that President Trump's erstwhile rival for the presidency hails from Delaware.

TMTG makes the interesting argument that is better to have corporate law decided by the locals:

Another advantage of home-state incorporation is that the legislators and judges making corporate law - and the juries deciding fact disputes - are drawn from the community in which the Company operates. Corporate law and litigation often overlap with and impact business, employment and operational matters. The Board believes that local decision-makers have a deeper understanding of our business, and therefore are best situated to make decisions about our corporate governance.

TMTG supports this position by citing other companies that have chosen to be incorporated in their home states:

Successful companies are incorporated in many U.S. states and other jurisdictions outside of the United States. Some of the most successful consumer-facing companies in the United States are headquartered and incorporated in the same state, demonstrating identification with their home state, including, among others, Apple and Southwest Airlines. For example, Microsoft reincorporated from Delaware to its home state in order to reunite the company's legal and physical homes. One of the reasons given by Microsoft when it left Delaware was that Washington was "the location of the Company's world headquarters and the location of its primary research and development efforts." Similarly, the Board believes there is value in unifying TMTG's legal and physical homes

Although the Silicon Valley has spawned a great many public companies, Apple Inc. is one of the

very few publicly traded companies that has remained incorporated in California.

TMTG also takes aim at two recent Delaware court decisions, *In re Match Group, Inc. Derivative Litigation*, 315 A.3d 446 (Del. 2024) and *Tornetta v. Musk*, 310 A.3d 430 (Del. Ch. 2024), concluding that reincorporation "will result in less unmeritorious litigation against the Company, our directors and officers and our controlling stockholder, which in turn would better allow our directors and officers to focus on our business and save the Company the costs of such litigation".

Finally, TMTG discounts the recently proposed and highly controversial amendments to Delaware's General Corporation Law:

Though there are proposed amendments to the DGCL to, among other things, increase protections for officers of a corporation, we believe Florida strikes a better balance between the benefits and costs of litigation to the Company and its stockholders than does Delaware because Florida has a statute-focused approach to corporate law whereas Delaware's approach depends upon judicial interpretation that lends itself to greater uncertainty.

In a recent post, Professor Stephen Bainbridge asseverated:

"Assuming SB 21 passes the Delaware legislature, those decisions will be overturned and the incentive driving DExit will be significantly reduced".

Evidently, TMTG does not agree.

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