

LEGAL INSIGHT

**TRUST ARRANGEMENT IN SHAREHOLDING DISPUTES
CASE SUMMARY: BEMUGA FORWARDERS LIMITED
(FORMERLY KASO INTERNATIONAL LIMITED) COMPANY
CAUSE NO. 0033 OF 2024**

Background:

In a notable decision by the High Court of Uganda (Commercial Division), Justice Patricia Kahigi Asiiimwe addressed a shareholders' dispute involving Bemuga Forwarders Limited (formerly Kaso International Limited). The issue revolved around an untraceable shareholder, and the company's application to revert his shares to the majority shareholder.

Court's Decision: The court ordered the following:

- 1. Rectification of the Register:** The Registrar of Companies is to remove the untraceable shareholder's name from the company's register.
- 2. Trust Arrangement:** His 3,600 shares will revert to the company and be held in trust for him until claimed. Any dividends declared during this time will also be held in trust for him.
- 3. Sale of Shares:** If the shares remain unclaimed for three years, the company can sell them to an interested buyer after proper valuation and public notice.

Practical Implications: The practical implications are:

- 1. Power of court to order rectification of a company register:** When dealing with untraceable shareholders, companies can seek to rectify their register through a court order, ensuring accurate records.
- 2. Handling Shareholder Disputes:** For companies struggling with untraceable shareholders, this ruling provides a roadmap. The trust arrangement mitigates the risk of future disputes arising from disgruntled shareholders that have been unlawfully removed from the members' register.
- 3. Practical Solutions for Corporate Governance:** A trust arrangement balances the interests of all

of all shareholders by preserving the property of the untraceable shareholder while also ensuring business continuity.

4. Filing Resolutions and Data Updates: The decision clarifies how companies can handle the issue of untraceable shareholders when filing resolutions or updating company records.

In summary, this case is a valuable reference for companies with untraceable shareholders. By prescribing a trust arrangement, this ruling provides a clear and practical approach to handling such situations without disrupting business operations.

AUTHOR



Asmahan Foum Iman
Junior Associate
Corporate, Commercial
& Projects

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