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In What Circumstances May Hedge Fund Investors Bring Proceedings in the Name of the Fund for a Wrong Committed Against the Fund, When Those in Control of It Refuse to Do So?

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Derivative actions by minority investors in hedge funds, similar to corporate derivative suits, are a procedural device for shareholders who are not being heard and cannot take action themselves to have value restored to the funds in which they have invested. In this article, SRZ litigation partner Michael E. Swartz and Appleby Cayman attorneys Christopher Russell and David Butler compare the mechanics of how hedge fund investors can bring a derivative action to seek substantive relief from wrongs committed by directors, managers and other service providers in three key jurisdictions: the Cayman Islands, where more than 10,000 mutual funds are registered, and Delaware and New York, where many of those funds are directed and managed.

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