"Who will guard the guards themselves?"
(Juvenal, Satires)

This 2,000-year-old question, describes the ancient and modern dilemma of the safeguarding of the various interests by guards who have to remain uncorrupted. The book 'Business Ethics - The Ethical Revolution of Minority Shareholders' by the same author proves how in many cases the interests of the minority shareholders are not safeguarded by the Boards of Directors, which are controlled by the majority shareholders, or by committees of independent directors appointed by the same shareholders. Those organisms were supposed, among others, to safeguard the interests of the minority shareholders. The new organism proposed in this chapter, the Supervision Board that will be established in order to support the interests of the minority shareholders, will have to be immune to corruption and to the influence of the majority shareholders. On the other hand the addition of a new organism that will supervise the operations of the company could complicate its operations and make them impossible in cases of deadlocks between the two Boards – the Supervision and the Directors. Which Board does the CEO have to obey? These legitimate issues will be addressed in a very detailed manner in this chapter, which proposes a practical solution to all those dilemmas. But, more importantly, as the present situation is unbearable, and the minority shareholders are despoiled continuously, the establishment of this new board has to be risked in order to respond to the urgent need of the safeguarding of the interests of the minority shareholders. As the new vehicles, the Internet, Transparency, Activist Associations and Ethical Funds are not sufficient to guard their interests; the Supervision Board will be the first guard of the minority shareholders and not the guard of the guards, without lessening the critics of the modern Juvenals who will always criticize such innovations.

The greatest danger for the minority shareholders comes from the holy alliance between the executives of companies and the majority shareholders who appoint and remunerate them. Those executives themselves participate in the quarry, by receiving shares and warrants of the companies in very favorable terms that enable them to get rich without incurring apparent risks. This book will propose to break this link by establishing a new organism – the Supervision Board, in which the shareholders who control the Board of
Directors would be able to appoint at maximum only 50 percent of their members, even when they hold almost all the shares, while the other members will be elected by the other shareholders and by the Institute of Ethics.

The Supervision Board would be able to hire and fire the CEO of the company, and to decide on his remuneration, his bonuses, and the shares and warrants that he will be entitled to. In this manner, the CEO will pledge allegiance to all the shareholders and will have only one target: to succeed in his mission without taking into consideration the breakdown of the ownership of the shares. The members of the Supervision Board will be elected by adjusted voting. If the shareholders, who control the Board of Directors, hold 40 percent of the shares, they will be able to elect only 20 percent of the members of the board of supervision. If the other shareholders present at the shareholders’ meeting hold 10 percent of the shares (as the shareholders are scattered throughout the country and do not attend or send their proxies), they will be able to elect only 10 percent of the members of the board of supervision. The other 70 percent will be elected by the National Institute of Ethics. In this manner, the majority of the members of the Supervision Board will always be elected by organisms that are not controlled by the Board of Directors or by the management of the company and will always be able to safeguard the interests of the minority shareholders. The members of the Supervision Board will be elected proportionately to the capital that the minority shareholders have and not by the random proportion of their attendance in the shareholders’ assembly. The shareholders who will not vote will therefore be represented by the delegates appointed by the Institute of Ethics.

The functions of the Supervision Board could be inspired by the German Bundesrat, which acts mainly as a Consultative House, but has to give its advice and consent to a large number of laws, as well as to constitutional changes. The Supervision Board will not duplicate the Board of Directors but will control it, as the latter is elected in most of the cases by the majority shareholders, by controlling shareholders with less than 50 percent of the shares, or sometimes even by the executives of the company, if the shareholders are totally scattered and do not control the company. The external or independent directors do not function genuinely in most cases as supervision committees, as they are appointed by the executives, the majority shareholders, or by political bodies in companies controlled by the state.

There could be many ramifications to the structure of the Supervision Board. If the allocation of a maximum of 50 percent of the votes in the Supervision Board to the shareholders who control the Board of Directors seems draconian, it could be possible to amend the adjusting formula in favor of the minority shareholders up to 50 percent of the members of the Supervision Board. In this manner, the shareholders who control the Board of Directors