

## **Oligarchs Take Over Corporations**

*Private market norms favoring consolidated power over corporate decision-making by a few wealthy individuals transfer over to public markets.*

The number of individuals who have the power to shape corporate behavior — and with it, our economy and our lives — is narrowing quickly and dramatically.

Elon Musk and other billionaire oligarchs have triggered a race to the bottom in state corporate law, with Delaware, Texas, and Nevada changing their laws to strengthen the power of corporate insiders while decreasing the power of regular shareholders to provide input and hold management accountable for corporate misconduct.

Meanwhile, federal agencies — most notably the Securities and Exchange Commission (SEC) — are taking actions to solidify this power grab with the encouragement of the White House and some members of Congress.

### **State Corporate Law Race to the Bottom**

**Delaware, which has been the state of choice for companies to incorporate in for many years, has recently overhauled its corporate law through legislative action at the behest of venture capital firms, private equity firms, Musk, Zuckerberg, and others:**

- [SB 313](#), passed in 2024, gives venture capital and other large, early investors special rights to override and effectively control boards of directors.
- [SB21](#) passed in 2025 following threats by [Musk](#) and [Zuckerberg](#) to reincorporate their companies elsewhere. This major overhaul, also [backed by private equity firms](#), makes it easier for corporate insiders to escape scrutiny for conflicted transactions that can harm regular shareholders.
  - This law also benefits Larry Ellison, who founded technology company Oracle and still [owns 40 percent](#) of it. Even though he [won a shareholder lawsuit](#) alleging he made Oracle pay too much money for NetSuite (in which Ellison also had a significant stake), it wasn't before a protracted legal battle of over five years, a full trial, and an appeal to the Delaware Supreme Court. This law also benefits Larry Page and Sergey Brin, who together have [90 percent of voting power at Alphabet](#), and Zuckerberg, who has over [60 percent voting power at Meta](#).

- Although a Delaware judge had invalidated Musk’s 2018 \$56 billion pay package, calling it “[an unfathomable sum](#),” the Delaware Supreme Court recently held [Musk can keep that pay](#). His 2025 pay package — which could be worth around \$1 trillion — was awarded by Tesla after it had already changed its state of incorporation from Delaware to Texas.

**[Texas](#) has changed its corporate law to favor insiders like Musk since he reincorporated Tesla and SpaceX there:**

- Corporations can amend their bylaws to require a three percent ownership threshold to bring shareholder derivative lawsuits. This is likely why shareholders did not sue Musk when his political activities caused Tesla’s share price to tank, as shareholders would have needed to own around \$40 billion in stock to sue. It also effectively insulates him from shareholder lawsuits challenging his \$1 trillion pay package.
- Corporations can amend their bylaws to require a three percent or \$1 million ownership threshold to file shareholder proposals, largely blocking shareholder input on important issues such as workers’ rights, climate, or political spending.
- Proxy advisors have to falsely state they incorporated “nonfinancial factors” and “subordinated the financial interest of shareholders” if they take into account environmental, social, or governance factors when making recommendations to clients to cast votes against the recommendations of corporate management. This law is being challenged in court.

**Nevada is a16z’s preferred state of incorporation for the VC and tech world.** Venture capital firm [Andreessen Horowitz](#) (a16z) — founded by [Bitcoin backer](#), [Trump advisor](#), and [right-wing futurist](#) Mark Andreessen — reincorporated its primary business, AH Capital Management, in Nevada from Delaware in 2025, and is advocating that others in the VC and tech world do the same to take advantage of its founder-friendly corporate law. One of the “perks” of Nevada’s framework is a 15 percent ownership threshold for shareholders to request a corporation’s internal documents, closing off an often initial and critical step in regular shareholders holding corporate insiders accountable for wrongdoing.

## Federal Backing of Oligarch Takeover

**The SEC has taken drastic steps to shut off avenues of shareholder accountability, enabling the consolidation of power amongst billionaire oligarchs, tech titans, and other corporate insiders.**

- In February 2025, the SEC changed its policy to [make it easier for companies to prevent shareholders from voting on proposals](#) related to important issues like workers' rights, climate, racial equity, and political spending.
- In February 2025, the SEC changed guidance suggesting that [asset managers with more than a five percent ownership](#) stake in public companies could be subjected to heightened regulation if they engaged with companies on important issues such as workers' rights, climate, racial equity, political spending, and executive pay. The guidance is not clear on what behavior would push asset managers over the line and trigger extra requirements or SEC action against them, which has had a [chilling effect](#) on these engagements.
- In June 2025, the SEC hosted a [roundtable on executive compensation](#) where the vast majority of panelists represented corporate interests. The agency also opened a comment file in a thinly-veiled attempt to lay the groundwork for watering down executive pay disclosures.
- In September 2025, the SEC made an [about-turn on forced arbitration](#), blocking a powerful shareholder tool to combat corporate fraud and misconduct: it went from disfavoring forced arbitration provisions to explicitly allowing them to be included by establishing a policy against taking such provisions into consideration when deciding whether to accelerate the effectiveness of a registration statement. Chair Atkins highlighted the fact that [Delaware law may prohibit forced arbitration](#) provisions while other states do not, seemingly attempting to pressure Delaware to change its law.
- In November 2025, the SEC announced that it would [no longer serve as the arbiter on disputes between corporate management and shareholders](#) over whether shareholder proposals can be excluded from corporate ballots. This means corporations could block proposals on important issues such as workers' rights, climate, and political spending without fear that the SEC will take action against them, undermining a critical process for shareholders to engage on priority issues with corporate management.
  - The SEC's policy has a notable exception for cases where corporate management argues that the proposal is not proper under state law. This

follows a speech by Chair Atkins in which he [suggested that nonbinding shareholder proposals may not be proper under Delaware corporate law](#), a claim legal academics [strongly contest](#).

- In January 2026, Chair Atkins [disparaged the public company disclosure regime](#) governed by Regulation S-K and announced that the SEC was opening up a comment file on the matter — an attempt to lay the groundwork for watering down disclosures critical for investors and the public. Shortly thereafter, Commissioner Uyeda gave a [speech that laid out a roadmap](#) of the disclosures the SEC is likely to attempt to water down, including those related to insider trading, conflicted transactions, cybersecurity, and mine safety.
- In January 2026, the SEC changed its staff guidance so that [only shareholders with over \\$5 million in shares](#) will be able to communicate with other shareholders and the public through EDGAR, the SEC’s public filing system.
- Actions from the White House, the SEC, and Congress foreshadow potential additional changes:
  - In September 2025, Chair Atkins said he was fast-tracking President Trump’s push to allow companies to [decrease the frequency of their earnings reports](#) from quarterly to semiannually. This would drastically decrease the information available to workers saving for retirement, other investors, and the public.
  - In December 2025, Commissioner Uyeda suggested that [investors simply using the same proxy advisor](#) to vote their shares could trigger stringent reporting requirements, a move that could chill shareholder votes against corporate management.
  - On December 11, 2025, the White House issued an [executive order targeting proxy advisors](#), calling on the SEC to consider policies that would stymie the ability of proxy advisors to recommend votes against corporate management.
  - The House Financial Services Committee (HFSC) [raised 14 bills](#) in connection to a hearing in September 2025 that would make it more difficult for investors to make shareholder proposals and easier for companies to exclude them, create strong incentives for asset managers to cast votes — and proxy advisors to make voting recommendations — in favor of management, and undermine the SEC’s ability to mandate important corporate disclosures. HFSC marked up two of the bills in January 2026:
    - H.R. 6967, the Public Company Advisory Committee Act would create a new advisory committee that would exclusively represent the interests of corporate directors and executives within the SEC.

- H.R. 7085 would eliminate disclosure requirements related to conflict minerals that are material to investors, have been statutorily required for over fifteen years, and survived legal challenge.

**The Department of Labor (DOL) implements the Employee Retirement Income Security Act (ERISA), which governs around \$12 trillion in retirement and health plans. DOL regulations shape whether these investments rubber stamp the decisions of billionaire oligarchs and other corporate insiders or serve as a check on their power.**

- The Department of Justice has indicated that the DOL [will engage in rulemaking](#) to rescind a Biden-era rule and make it more difficult for shares governed by ERISA to be voted against corporate management. The House [passed H.R. 2988](#), which would codify this action.
- The White House [executive order targeting proxy advisors](#) calls on the DOL to enact policies that would stymie the ability of proxy advisors to recommend votes against corporate management.

**The Federal Trade Commission (FTC) [launched an investigation](#) into whether proxy advisors Institutional Shareholder Services (ISS) and Glass Lewis violated antitrust laws.** The White House [executive order targeting proxy advisors](#) calls on the FTC to investigate proxy advisors on several unfounded legal theories. Earlier in 2025, the [House Judiciary Committee](#) had launched an investigation into ISS and Glass Lewis on similar grounds.