

Is it Permitted to Own Shares in a Company That Sells Chometz on Pesach?

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Question: If one owns shares in a corporation, does that mean that he is considered a halachic partner? Would this mean it would be forbidden to own shares in a company that sells *chometz* on Pesach or a bank that lends money with interest?

Answer: Since corporations are a relatively modern invention, they are not discussed in the Gemara and Rishonim, and all the halachic literature about them was penned in the last 200 or so years.

Some Poskim take the stance that halacha does recognize a corporation in the modern legal sense. They say that it is considered a separate entity of its own, and not as a standard partnership. This would insulate the shareholders from problems of the company selling *chometz* on Pesach or lending money with *ribbis*, as the entity of the corporation is doing those actions and not them.

Many others, including Rav Vosner and Rav Sternbuch, disagree and say there is no precedent in halacha for such a concept; therefore, they say that a corporation has to be viewed as a partnership, with the shareholders being considered partners.

Having said this, the makeup of a corporation can still protect the shareholders from certain prohibitions. For example, even if the shareholders are considered partners, some Poskim say that if they have no personal liability for the company's debts, they would not be halachically responsible for the corporation lending with *ribbis*.

Some opinions are of the belief that the concept of *dina d'malchusa dina* would be a valid means to create a halachically-recognized corporation according to the modern legal structure, even according to the opinion that there is no precedent for such a thing in the Torah. Others disagree and say that the law of the land does not have the power to contradict the Torah.

Rav Moshe Feinstein has a famous distinction between meaningful shareholders who have large stakes and can influence the direction of the company and small shareholders who have no real influence. He says the large, powerful shareholders are considered partners, while the small, insignificant shareholders cannot be considered partners, and are simply investors.