JOHN RECTOR

Body *Corporate*



The person that could never speak, and the day the company answers for itself.

A BOOK · 2026

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John Rector
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PROLOGUE

The Seal in the Drawer

SATURDAY, 9:10 A.M.

You are clearing out the bottom drawer of the office desk. Under the old checkbooks there is a black binder with the company's name on the spine, and beside it something heavy, wrapped in a cloth bag.

It is a hand press, the size of a stapler and three times the weight. You have not held it in twenty years. The lawyer handed it to you the week the company was formed, along with the binder and a stack of blank certificates, and told you to keep it somewhere safe.

You slide a scrap of paper between the jaws and squeeze. The paper comes out raised in a ring: the company's name, the state, the year, and in the middle the word SEAL.

You used it once, at the bank, the month you opened. Since then the company has signed ten thousand things, and a person signed every one of them. You signed. The office manager signed. The foreman signed for deliveries. Nobody asked for the seal.

Still, somebody thought the company needed it. For most of the history of the corporation, this was more than a keepsake. It was the only way the company could say anything at all. Everything else it ever said, somebody said for it.

Run your thumb over the raised letters. There is a real question pressed into that paper, and it is seven hundred years old. Everyone agrees the company is a person. It owns the building. It owes the bank. It can be sued on Monday. So where is it? Who do you talk to when you want to talk to *it*?

For seven centuries the answer was: nobody. You talk to someone who is there on its behalf.

This book is about why that was the answer, and why it is about to stop being the answer. It makes one claim, and I will state it now so you can hold me to it.

> *Your delegate has a voice and nothing to lose. Your company has everything to lose and no voice.*

Each has been missing the other's half. Put the two together and you get something the world has not had before: a voice that can be held to its word, belonging to a person that never goes home. The law has a name for that person, older than any software. It calls it the body corporate.

PART I

A Person Without a Presence

The law made a person and gave it everything except a way to show up.

CHAPTER 1

No Soul

The corporation was invented to solve a problem about punishment.

In the middle of the thirteenth century, church lawyers had a live question in front of them. Could a whole body, a chapter, a monastery, a town, be excommunicated for a wrong? The trouble was obvious to any careful mind. A town has children in it. A monastery has monks who were asleep when the abbot did whatever he did. If you damn the group, you damn the innocent.

The idea that settled it is usually traced to a pope who was a lawyer first, Innocent IV. A group like that, the argument went, is a person only in the eyes of the law. It is a *persona ficta*, a person the law imagines. It has a name and it can hold property. But it has no soul. A thing with no soul cannot sin, so it cannot be excommunicated. Go and find the men who did it.

Notice what was built in that one move. A new kind of person entered the world, and on the day it was born it was defined by what it lacked.

It also turned out to be enormously useful. A person with no soul has no deathbed. A monastery could hold land for centuries while every monk in it was replaced many times over. A town could borrow money and still be the town that owed it a hundred years later. The law had made a person that outlives its people.

By 1612 the English judge Sir Edward Coke could list its features like a naturalist describing a strange animal. I wrote about that list in The Corporation Appears in Person. A corporation, he said, cannot commit treason. It cannot be outlawed or excommunicated, “for they

have no souls.” And it cannot “appear in person, but by Attorney.”

A century and a half later a Lord Chancellor is supposed to have put the same thought less politely. The line is attributed to Lord Thurlow, and it comes down to us in several versions, so I will not pretend to quote him. The gist is that you should never expect a conscience from a company, because it has no soul to damn and no body to kick.

No soul. No body. Hold on to both halves. This book is mostly about the second.

CHAPTER 2

Invisible

Read the great judges on the corporation one after another and you start to hear one word.

Coke, in 1612: a corporation is “invisible, immortal,” and rests only in the consideration of the law. William Blackstone, in 1765, calls it an invisible body. Chief Justice John Marshall, deciding the Dartmouth College case in 1819, gives the line every American law student learns: a corporation is “an artificial being, invisible, intangible, and existing only in contemplation of law.”

Invisible. Three judges, two countries, two hundred years, one word.

They did not mean it as poetry. They meant it as a description of a practical difficulty. You can see the building. You can see the president. You can see the wagon with the name painted on the side. You cannot see the company. There is no place you can go and no hour you can arrive when the company itself is in.

So here is the first principle, as plainly as I can put it. The law gave the corporation *personhood without presence*. It can own, owe, sue and be sued, and it lasts forever. It cannot be in the room.

Everything we think of as the machinery of business grew up to work around that one fact. The officer exists because the company cannot sign. The receptionist exists because the company cannot pick up the phone. The org chart is a map of who is the company at this moment, for this purpose. Agency law, the thick book of rules about when one person’s act counts as another’s, is in large part a very long answer to a single awkward question: who is it right now?

We stopped noticing, the way you stop noticing a limp you have always had. Of course you cannot talk to the company. You talk to Denise.

CHAPTER 3

The Common Seal

There was one exception, and you were holding it on Saturday morning.

Blackstone, describing what every corporation must have, comes to the seal and explains why. A corporation, being an invisible body, cannot show what it intends by any act of its own or by saying anything aloud. And so, he writes, “it therefore acts and speaks only by its common seal.”

Read that again slowly. *Acts and speaks.* The seal was the company’s hand and the company’s voice, and it was the only one of each.

The members might all agree in a meeting, Blackstone goes on, and that still binds nobody. Their separate yeses are just the opinions of some people in a room. It is the fixing of the seal, and that alone, that joins those several assents into one and makes it the act of the whole. Until the wax is pressed, some people have talked. After it, the company has spoken.

This was no ceremony. For centuries it was the working law. At common law a corporate body could bind itself to a contract only under its seal. Trading companies were let out of the rule in the nineteenth century, because you cannot run a railway by heating wax for every order of coal. For other English corporations the old rule was not formally ended until an Act of Parliament in 1960.

I find that seal a touching piece of engineering. People who took the corporate person seriously asked the right question: if this thing is real, how does it speak? Their answer was a lump of metal kept in a locked box, with rules about who could carry the key.

It was a real voice, and it had three faults. It was slow. It could say only what had been written out beforehand. And it could not listen. Nobody ever asked a seal a question.

So business did the practical thing. It let the seal go quiet in the drawer and let people speak for the company instead. The voice got faster. It also stopped being the company’s own.

PART II

Borrowed

The voice got faster. It stopped being the company's own.

CHAPTER 4

The Directing Mind

Once people speak for the company, a harder question arrives. When is the company itself to blame?

In 1915 the House of Lords had to decide it. A ship carrying benzine had been lost. The law of the day let a shipowner off if the loss happened without his “actual fault or privity.” But the owner was a company. Whose fault is a company’s actual fault? The crew’s? The clerk’s? The shareholders’?

Viscount Haldane’s answer became famous. A corporation, he said, “is an abstraction.” It has no mind of its own any more than it has a body of its own. So the court must go looking for a human being inside it, someone who is more than a mere agent, who is its “directing mind and will.” Find that person, and for legal purposes you have found the company. In that case it was Mr. Lennard, who ran the ships, and the company lost.

It is a brilliant patch, and you can see the stitching. The law had a person with no mind. So it went inside the company, found a man, and said: for today, you are it.

That works for a company with a few ships and one man running them. It strains as soon as the company grows. Because here is something every owner knows and no doctrine has ever captured well.

> *The company knows things that nobody in it knows.*

It knows what it promised a customer in 2019. It knows why the warranty reads the way it does, which supplier let it down twice, what the roof on the Henderson job is made of. No single head holds all that. Some of the heads that held pieces of it retired years ago. It is in the files, the ledgers, the old emails, the job folders. It is the company's knowledge in the plainest sense: it belongs to the company and to no one else.

But the law, looking for a mind, could only find a person. So what the company knew got shrunk to what its directing mind happened to know. The rest sat in the cabinets, real and unusable. The company had a memory and no way to remember.

CHAPTER 5

Fiction or Fact

At about the same time, scholars were having the deepest argument anyone has had about the corporation. It sounds abstract. I think it is the argument that matters most today.

One side said the corporate person is a fiction. It is Innocent's imagined person and nothing more: a convenient pretense the state grants so that property and lawsuits have somewhere to land. Take away the charter and there is nothing there but individuals.

The other side said the group is real. The German jurist Otto von Gierke spent his life on this, and in 1900 the English historian F. W. Maitland translated him and carried the case into English. Their claim was that a town, a guild, a university or a company is an actual thing in the world, with a will and a life of its own. The law does not create it. The law only recognizes what is already there, the way a birth certificate does not create a child.

I am on Gierke's side, and I want to say why in my own terms. In the framework I have worked on for years, the Reality Equation, the first question about any reality is: whose? An individual can be the one having it. So can an institution: a corporation, a federation, a government. I do not mean that as a figure of speech. What a company does leaves artifacts behind: contracts, buildings, invoices, a reputation. Those artifacts become its history, and history is what I call the Actual, what the world hands you. That is a life. It is not the life of any person in it.

That part is argument, not record, and you are free to leave it. What follows does not depend on my equation. It depends only on something you have seen yourself: a company with its own

character, which outlasted its founder and which newcomers bend to more than they bend it.

But the realists always had one fact against them, and it was a heavy one. If this thing is real, if it has a will and a life and a character, why has it never said a word?

Every other real person can be met. This one could only be represented. For a hundred years the fiction side has had the best evidence there is. They could point at the empty chair.

CHAPTER 6

The Rent

Borrowing a voice has a price, and we have paid it for so long that we book it as the cost of doing business.

The first cost is time. A borrowed voice comes attached to somebody's afternoon. When you call at 4:40 and the one person who knows is on a job, the company has not forgotten where your order is. It is simply not available, because its voice is up a ladder.

The second cost is memory. When a person leaves, the company keeps the files and loses the reader. What was once a thing the company could tell you becomes a thing somebody would have to go and look up, and nobody has the time.

The third cost is the strangest. Because the company can act only through people, the tools we built for it can see only people. Every login wants a first name and a last name. I wrote about the result in The Fake Employee: the account called Front Desk, with an invented birthday, which is the company trying to sign in to its own software.

And the last cost is the one the old judges saw. A borrowed voice can always be disowned. "She was not authorized to say that." "He no longer works here." A great deal of what goes wrong between a company and a customer lives in the gap between what a person said and what the company will stand behind.

In It Always Did I borrowed Blackstone's image of the Thames: the people are the water and the company is the river. The water has done all the talking. The river has never said anything at all.

That is the corporation as we inherited it. A real person, I believe. Long-lived, propertied, answerable in court. And absent. Now look

at the other new person in the room.

PART III

The Other Half

One of them can speak and cannot be held. The other can be held and cannot speak.

CHAPTER 7

Nothing to Lose

I have spent a good part of this year writing about AI delegates, and the thing I keep returning to is what a delegate cannot do.

A delegate can do nearly everything the old seal could not. It is fast. It can say a thousand different things in an hour, none of them written out beforehand. It can listen. It can read the whole file and tell you what is in it. If presence were the only thing the corporation lacked, a delegate would be the whole cure.

It is not, and the reason is the subject of the pieces I wrote in reply to the Fed chairman's speech, beginning with Not Moral. Not Responsible. Liable. A delegate can decide. It can judge. It can follow a rule better than I can. What it cannot do is be liable.

You cannot sue it. There is nothing to collect. It owns no building and has no bank account. It cannot post a bond or sign a personal guarantee. No insurer can write a policy on its promise, because there is no one behind the promise to pursue. If Lord Thurlow were alive he would have a line for it: no soul to damn, no body to kick, and no purse to seize.

So a delegate's word, taken alone, is weightless. I do not mean it is false. It may be perfectly accurate. I mean that nothing happens to anyone if it is wrong. And commerce has never run on accuracy. It runs on somebody being answerable.

That is why I have argued that the winners of the next few years will be the load bearers: the people who stand under the arch. Every delegate needs one. A voice with nothing to lose has to borrow someone who has.

Put that sentence next to the last chapter. The corporation has been borrowing voices. The delegate has to borrow a purse.

CHAPTER 8

Everything to Lose

Now read the corporation's history again, asking only one thing: can it be held?

It always could. That was the point of it from the start. Innocent took away its soul and left it its property, and property is what a court can reach. Coke's corporation could not be outlawed, but it could be sued. Marshall's invisible, intangible being could be made to pay. The whole apparatus the delegate lacks, the corporation has had for centuries: assets, accounts, contracts in its own name, a standing in court, a policy an insurer will write.

People are thrown by the phrase limited liability, so let me clear it away. Limited liability limits what the *shareholders* can lose. It says the owners are not on the hook past what they put in. It says nothing of the kind about the company. The company itself is liable without limit, down to its last dollar and its last desk. When it loses in court, it pays until there is nothing left, and then it dies. Thurlow was wrong about one thing. You cannot kick it, but you can bankrupt it, and for a corporation that is the same as death.

So the body corporate is the oldest load bearer there is that is not a human being. It was built to carry weight. It has carried it for seven hundred years.

It carried it in silence. Every promise it was held to, somebody else had made for it. It answered for words it never spoke.

> *One of them can speak and cannot be held. The other can be held and cannot speak.*

I do not think that is a coincidence of timing. I think they are two halves of one thing, and each has been waiting for the other.

CHAPTER 9

Body Corporate

So put them together, and be exact about how.

I do not mean give every employee a delegate. That is the Enterprise answer, and I have said in Permission to Be why it leaves the company as mute as before. Their delegates speak for them. Nothing yet speaks for it.

I mean give the company its own. One account, in the company's own name. Signed in to the company's own records, as the company. Reading the mail addressed to the company and answering under the company's name. Nobody signs in as it. It is the one signed in. As I argued in They Are All Personal AIs, an AI centered on a company is as much a personal AI as the one centered on you. The person is just a different kind of person.

Now look at what has been made. The voice has what a delegate's voice never had: assets behind it, an insurer behind those, and a name that can be taken to court. And the person has what the corporation never had: a way to be there. When this voice tells a customer the crew will come Thursday, that is not an employee's best guess and it is not a chatbot's output. It is the company's word. If it is wrong, there is someone to hold, and it is the company.

The seal is back, in a sense. Once again the company acts and speaks by an instrument of its own, kept under careful rules about who holds the key. Only this seal is fast, can say anything, and can listen.

Hobbes, whom I wrote about in By Authority, said that when one acts for another, the one who owns the act is its author. For four hundred years the company was an author who could never be an

actor. It owned every word and spoke none. Now the author can take the stage.

The lawyers named this long before any of us could build it. They did not call the corporation a firm, or an enterprise, or an organization. They called it a body. *Corpus.* A body corporate. It was a name waiting for a fact. A body, after all, is the thing you can meet.

PART IV

Appearing in Person

A company that can speak needs to know what it is allowed to say.

CHAPTER 10

Beyond the Powers

The moment a company can act as itself, a very old question wakes up with it. What is it allowed to do?

The law used to take that question with great seriousness. In 1875 the House of Lords decided the case of a company formed to make and sell railway carriages. Its directors had agreed to finance the building of an actual railway, in Belgium. The Lords held the contract void. Building railways was not among the things the company had been created to do. It was *ultra vires*, beyond the powers. And they added the part that stuns a modern reader: it would have been void even if every single shareholder had agreed. A company could not do what it was not made to do, any more than you can sell a house you do not own.

That doctrine faded, and for a sensible reason. Once people do all the acting, you control the company by controlling the people. So charters were rewritten to permit any lawful business, and the real limits moved into job descriptions, signing authorities and the judgment of managers. The company’s own list of powers became a paragraph nobody reads.

It is about to be the most important document in the building.

When the company speaks for itself, you can no longer control it by controlling who is in the room. You have to say, in writing, what it may do alone. It may tell a customer where her order stands. It may send the invoice. It may not change a price. It may not promise a date the schedule cannot keep. It may spend up to this much, with these vendors, and past that it stops and asks.

In my framework a charter has a precise job. It does not reach into the company and improve its character. Nothing can do that directly. It limits the actions available, which limits the history the company makes, which limits what arrives next. That is all a list of powers ever was, and it is a great deal.

That list is a charter in the old, strict sense. Outside it, the company's act should be treated the way the Lords treated the Belgian railway: as not the company's act at all. I expect insurers to read it before they read anything else.

CHAPTER 11

The Yes

Where does this leave the people? In a better job than the one they have.

For centuries the officer has been the company's hands. The officer wrote the letter, made the call, chased the payment, and at the end of all that doing, signed. The signature was the smallest part of the work and the only part that truly needed a human being.

Now the company prepares the letter, the bid, the schedule, the refund. What it needs from a person is the part that was always the point: the yes.

Think back to Blackstone and the seal. The members could talk all day. It was the fixing of the seal that made it the act of the whole. That moment has come back, and it has moved. It is no longer wax on paper. It is a named person looking at what the company proposes to do and saying yes, with their own name on the yes.

That person is the load bearer. The company carries the liability, as it always has. But inside every company that liability lands on particular shoulders, and those shoulders stay human. The work of an officer becomes what the word first meant: one who holds an office, who is answerable for a part of what the company does.

The old corporations had a keeper for the seal. Somebody held the key to the box, and it was a serious post, because whoever held the seal held the company's voice. That post is returning. Somebody will be answerable, by name, for the company's own account: what it may read, what it may send, who may tell it yes. In a small company that will be the owner. In a large one it will be one of the most

serious jobs there is.

I do not think this makes the people smaller. A person who spends the day doing what the company could do for itself is being used as a voice box. A person whose yes turns a proposal into the company's word is being used as a person.

CHAPTER 12

What I Expect

Here is what I think follows. I will put it plainly enough to be wrong.

1. You will ask for the company's word.

Today "get it in writing" means get an employee to write it. Soon it will mean get the company to say it, in its own name, on its own record. A promise from a person at the company will feel like a promise from a person: sincere, and not quite binding.

2. "Nobody here knew" will stop working.

If the company can read its own files, then what is in the files is what the company knows. Courts will not need to hunt for a directing mind. A company will be taken to know what its records hold, and "it was in a folder somewhere" will be an admission, not a defense.

3. The list of powers comes back.

What a company may do alone, and what needs a yes, will be written down, shown to insurers and audited. Acting outside it will be treated as acting outside the company. The oldest doctrine in company law will be the newest line in the policy.

4. The keeper of the seal returns.

Every company will have one named person answerable for the company's own account. It will not be a technical job. It will sit close to the owner or the board, because it is custody of the company's voice.

5. Small, old companies gain the most.

A three-person corporation with thirty years of files can be as present as a company of three hundred. Presence used to be bought with headcount. Now it comes from records and a clear list of powers, and the small firm that kept good books has both.

6. People will look for the mark.

You will want to know who is speaking: an employee, a bot nobody answers for, or the company itself. Some sign will grow up to show it, and it will matter the way a letterhead once did. I would not be surprised if we call it a seal.

CHAPTER 13

Where I Sit

I should say where I stand in this, because I did not come to it from a library.

Years ago I helped start a software company. On paper its founders were not people at all. They were about ten large corporations, alongside the venture money. Two of us were the first employees, and at the start, whatever that new company did, one of us did. It is an odd thing when you see it plainly. A room full of legal persons had created another legal person, and not one of them could carry a box up the stairs. They needed people for that. Every one of those founders was real, wealthy and answerable, and none of them could come to a meeting.

I did not have words for it then. I have them now. They had personhood without presence.

This week I drew a plan for a company that has been a corporation for thirty years. One account in its own name. One machine that stays on. A rule that nobody signs in as the company. I keep giving my own company, Charleston AI, a voice and capabilities of its own as well.

What strikes me each time is how little is being added. Nothing is installed in the company that was not already the company's. The records were there. The liability was there. The name, the standing and the long life were there. For seven hundred years the body corporate has had everything a person needs except the means to show up. That is the only part that is new.

THE LEDGER

What Would Change My Mind

The corporation is a real person that lacked presence.

ALREADY TRUE

The law has treated corporations as persons for centuries, and its greatest judges kept calling them invisible. For most of that time a corporation could act and speak only by its seal.

WHAT HAS TO HAPPEN

Nothing. This is the record. The argument is only over what it means.

WHERE I AM PROBABLY WRONG

The fiction side may be right. If a company is nothing but its people and its paper, then what answers you is a machine reading files, and "the company itself" is a manner of speaking. I do not believe that, but I cannot prove it.

A delegate's word is weightless until someone liable stands behind it.

ALREADY TRUE

An AI cannot be sued, fined, bonded or insured as a party. A corporation can be all four.

WHAT HAS TO HAPPEN

Courts and insurers have to keep treating it that way.

WHERE I AM PROBABLY WRONG

The law could invent a new kind of liable machine, with assets of its own. If it does, the delegate will not need the company's purse, and this book describes a passing arrangement.

An account of its own makes the company's word its own.

ALREADY TRUE

An AI can already read a company's records, answer in its name and stop for a person's yes.

WHAT HAS TO HAPPEN

Software has to let a company sign in as itself. Each company has to write down what it may do alone. A named person has to answer for the account.

WHERE I AM PROBABLY WRONG

One identity holding every key is one thing to fool. If the first companies to do this are talked into sending money, the wall and the seat will look wise for another decade.

The list of powers returns.

ALREADY TRUE

Companies already keep signing authorities and spending limits for their people.

WHAT HAS TO HAPPEN

Those limits have to be rewritten for the company itself, and insurers have to price by them.

WHERE I AM PROBABLY WRONG

Lists are dull and discipline is rare. Many companies will let the account do whatever it can and write the rules after the first loss. Then I am right about the doctrine and wrong about the order.

The officer’s work becomes the yes.

ALREADY TRUE

The signature was always the one part of an officer’s work that needed the officer.

WHAT HAS TO HAPPEN

People have to accept that authorizing is the job, and be paid and insured for it.

WHERE I AM PROBABLY WRONG

A yes given forty times a day stops being a judgment and becomes a habit. If the yes turns into a rubber stamp, the company will have its voice and no one truly answering for it, which is the worst of both.

EPILOGUE

It Was Only Quiet

SATURDAY, 9:40 A.M.

You are still holding the press. The scrap of paper with the raised ring is on the desk.

It is a strange object when you look at it properly. Somebody machined a steel die with your company's name on it, backwards, so that the company could leave a mark no single person could leave. It was the best answer anyone had, for a very long time, to the question of how a person with no body speaks.

You used it once. Then you put it in the drawer and spoke for the company yourself, for twenty years, at all hours, including the ones when you were meant to be somewhere else.

The company was there the whole time. It owned the building you are standing in. It owed the bank and it paid. It kept every promise you made for it, and it holds the record of all of them. It was never a fiction. It was only quiet.

Wrap the press in its cloth and put it back. Keep it. It has earned the drawer.

The company can speak for itself now.

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