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DISPUTES INVOLVING COMPANY DIRECTORS

The Office of the Director of Corporate Enforcement (ODCE) regularly receives requests for assistance in relation to disputes among company directors. The ODCE has no role in relation to dispute resolution between company directors. We strongly suggest that the directors enter into mediation to find an appropriate solution to the issue. It is also advisable to consult legal professionals.

Unresolved directors disputes will have serious consequences for both the company and the directors:

- * Failure of the directors to resolve their differences may lead to the company encountering trading difficulties and potentially to its collapse;
- * The company not being properly managed may in turn result in: -
 - the company being involuntarily struck off the Companies Register;
 - the directors being prosecuted for failure to hold an AGM;
 - the directors being restricted/disqualified if the company is involuntarily struck off the Companies Register while owing creditors (including for example Revenue);
 - the prosecution of the directors for failing to comply with their statutory obligation of filing an annual return for the company;
- * The failure of the company will inevitably result in financial loss to the shareholders and directors;
- * The ultimate legal option available to the directors in order to resolve such disputes is an application to the High Court. This can be time consuming and very costly.

In summary, directors should take active steps to resolve disputes before they and their companies get into legal difficulties.

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