



PRESS RELEASE

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BEGINS

Directors' inactivity may be a breach of duty

A local solicitor is warning company directors that they may be in breach of their duties if they are inactive or inattentive to the actions of other directors.

Tony Hatton, a consultant with Wycombe solicitors Reynolds Parry Jones, cited a recent Court of Appeal ruling where the court ruled that where a director commits fraud, his or her fellow directors are in breach of their own duties to the company in allowing the fraud to happen, and cannot defend themselves on the grounds that the fraudster would have deceived them if they had tried to prevent the fraud. The case reiterates an earlier judgement where it was held that it is in itself a breach of duty by directors to allow themselves to be dominated by one of their number.

“As far as local businesses are concerned” Mr Hatton continued “the current economic climate may increase the chance of individuals under financial pressure to committing financial misdemeanours. If a director of a company commits such acts it will be no defence for that person’s fellow directors to plead ignorance.”

ENDS

Further Information:

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