

# Analyze 4 real cases of directors liability and lessons learned

Law



Task: Analyze four real cases of director's liability and lessons learned

Introduction A director is any nominated or appointed individual to manage all the activities happening in a company or organization. In any organization, director have different duties to perform, which are based on common law, statues, company's memorandum, agreement of the company and company's rules among others. The main duties performed by directors in different companies include review the company's sensitive records, entitlement for reimbursement, discharge duties without any interference, participate in different management areas in the organization, get early alerts on the company meetings and search relevant ideas that benefit the company.

Four cases of director's liability and lessons learned

The initial case is a lawsuit concerning the president for a computer game company. In this case, the director breached his duty of being honesty because the Korean Website company reported the computer game company, 9Korea, together with the company's director. This complains represented many people who had problems with the company, because it was using their personal residential registration number illegally. The residential claimed that the company's president was not honest because he was illegally using their identities to open up new accounts for the online game developer. Regarding this case, the court alleged that the company together with its president should be the first party involved in campaigning against illegal use of other people's names in online game registration. The courts also accused the company for being negligent by using other people real name together with their personal information, which affected more

than 800 individuals without their permission. Therefore, the court posited that the corporation should reimburse every plaintiff a damage price of KRW 1, 000, 000 (Loos 503).

Second case is about Atlantic Richfield Company (ARCO). A minor shareholder in the company called McMullin. Mr. Beran alleged this case, claiming that the chemical company director favors major shareholders when it comes to discussing the prices for chemical products. Mr. Beran claimed that the director failed to follow the required rules in implementing the prices, thus discriminating the needs of minor shareholders in the company. Regarding this matter, the court dismissed the case citing the fact that the plaintiff had planned to rebut the rule governing judgments, which is in place to cover all directors against liabilities. Mr. Beran filed this case because he believed that the company's director breached fiduciary duties that required him/her to perform his/her duties with care, loyalty and in good faith. He asserted that the chemical company's director failed to agree on the ways of protecting minor shareholders (Anderson 87). The director acted within the constraints of the decrees and company policies; thus, acknowledging the need for competitive advantage.

Third case entails Mr. Gynam claiming that Onslow Ditching Ltd (ODL) whose aim was to acquire and develop land failed to perform their tasks accordingly. Mr. Gynam claimed that ODL business was depreciating so they decided to impose a vague proposition, which directed the construction costs and cash flow. Nevertheless, on the acquirement of this construction site, this revealed that ODL had not negotiated with the FCL Company.

Upon ruling, the judge claimed that all the approaches that ODL used

regarding the bank were hoax. This became apparent from the evidence.

Later on, the judge dismissed the company's ideologies and presentations as inconsequential. In this case, the director was in breach of fiduciary claims whereby he failed to perform his tasks honestly. This also showed his failure to practice the required roles of applying reasonable skills and care in his duties (Len & Worthington 46).

Finally, our fourth director's liability case is between the U. S class action and the 51job. com director. In this case, the company's director breached his obligation of offering security to all his clients. 51job. com is a China company located in U. S dealing with human resource business. In this case, the U. S class action complained about 51job. com Company and its directors going against the " Security Exchange Act 1934" in fulfilling his duties to ensure client's security. The class action filed this case in the U. S district court located in the Southern region of the New York City. The court blamed 51job. com for failing to reveal and offer explanation concerning facts in that case, which included how they made the claimed unpleasant profit outlook. Finally, the court dismissed the case appealing that it resulted from prejudice, which the director ought to have identified prior to the complaints (Smerdo 111).

### Conclusion

As a means of attaining the best performance of companies, accountability is imperative. Therefore, each company should contemplate implementing different mechanisms in order to evaluate the overall performance of directors. The company's directors should be willing to act faithfully to benefit the company, they should avoid conferring irrelevant powers in their

chores, avoid fettering their discretion and they should perform their tasks as defined by the law. By practicing the above, the company will run smoothly and avoid any form of conflict.

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