

Key Considerations in a Shareholder, Director or Partnership Dispute

Providing the key documents and information at an early stage can help your solicitor understand the parties' rights, the effect on the business and the most appropriate route towards resolution.



The Business Structure

Confirm whether the business operates as a company, partnership or LLP. The legal rights and remedies available will depend partly on the structure involved.



Ownership and Management

Prepare details of the shareholders, directors, partners or LLP members and their respective interests. This will help establish who controls decisions and whether the business has become deadlocked.



Governing Documents

Gather the articles of association, shareholders' agreement, partnership agreement or LLP agreement. These documents may contain important provisions on decision-making, exits, transfers and dispute resolution.



The Cause of the Dispute

Prepare a clear timeline explaining how the disagreement developed. Identifying the main decisions, conduct or financial issues in dispute will help focus the initial advice.



Company and Financial Records

Preserve board minutes, shareholder resolutions, accounts, bank records and relevant correspondence. These documents may be important where financial conduct or decision-making is challenged.

-  **Director and Partner Conduct**
Identify any suspected conflict of interest, misuse of assets or failure to follow agreed procedures. Directors have legal duties relating to matters including acting within their powers, exercising independent judgement and avoiding conflicts of interest.
-  **The Effect on the Business**
Consider how the dispute is affecting staff, customers, suppliers and business operations. This may determine whether immediate protective action or a temporary management arrangement is required.
-  **Your Preferred Outcome**
Be clear about whether you want to remain involved, change the management arrangements, purchase another party's interest or leave the business. The strategy should be built around a realistic commercial objective.
-  **Valuation and Funding**
Consider whether a share or partnership interest may need to be valued and how a proposed buyout would be funded. Independent valuation advice may be required as part of negotiations.
-  **Urgency**
Identify any immediate risk to company assets, records, confidential information or important commercial relationships. An injunction or other urgent court application may be appropriate where delay could cause serious harm.



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