

Business Problems FAQ

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About Us

O'Toole Lawyers helps South Australian business owners, directors, and entrepreneurs manage legal risks, compliance, and disputes. We provide practical advice on business obligations, director responsibilities, and resolving commercial problems efficiently.

Frequently Asked Questions

1. What is a director's liability?

Directors of companies can be personally liable for breaches of the Corporations Act 2001 (Cth), including insolvent trading, unpaid employee entitlements, and failing to meet statutory duties.

2. What are my duties as a company director?

Directors must:

- Act in the company's best interests
- Avoid conflicts of interest
- Prevent insolvent trading
- Comply with corporate laws and reporting obligations

3. What happens if my company becomes insolvent?

Directors can be held personally liable if the company trades while insolvent. Legal advice is crucial if your business is under financial stress.

4. Can directors be fined or prosecuted?

Yes. Breaches of director duties can result in civil penalties, criminal prosecution, and disqualification from managing corporations.

5. How can I reduce director liability risk?

- Maintain accurate financial records
- Monitor cash flow and solvency
- Seek legal and accounting advice early
- Ensure compliance with workplace, tax, and safety laws

6. What common business problems do directors face?

- Disputes with partners, shareholders, or employees
- Contract breaches and commercial litigation
- Debt recovery or creditor claims
- Regulatory investigations

7. Can I be personally sued for business debts?

Generally, directors are not personally liable for company debts unless they:

- Provide personal guarantees
- Commit fraud or illegal conduct

- Engage in insolvent trading
- Owe the ATO money

8. What is a shareholders' dispute?

A shareholders' dispute arises when owners disagree on company management, profit distribution, or governance. Legal intervention can help resolve issues through negotiation, mediation, or court orders.

9. How can I protect my business legally?

- Draft clear contracts with clients, suppliers, and employees
- Document board decisions and approvals
- Regularly review compliance with corporate and employment laws

10. Do I need a lawyer for business legal issues?

Yes. Early legal advice can prevent disputes, mitigate risks, and protect directors from personal liability.

Contact O'Toole Lawyers

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