lavery
Lawyers

When Should a Director Resign?

March 1, 2007

The title of this Newsletter was deliberately chosen to attract attention, because while very relevant, the question nevertheless receives little attention. Moreover, proper comprehension of the issue is often clouded by ignorance of the applicable rules, by conflicts of interest or by a certain complacency.

This Newsletter does not address the issue solely from a legal perspective. It also considers it from an ethical and logical point of view. However, the author does not regard any of the courses of action, criteria and factors as absolutes. The comments set forth in this Newsletter are not intended to instigate resignations. On the contrary, they seek to encourage coherence, integrity and prudence. Directors should view this Newsletter as food for thought.

Several situations could induce a director to resign or, at least, to seriously and reasonably consider the advisability and soundness of doing so. In all cases, he should resign only for serious reasons, personal or external, and then, in so doing, he should be careful to cause as little damage as possible to the corporation.

Copyright (c) Lavery, de Billy, S.E.N.C.R.L. - L.L.P.