

## Personal Liability of Corporate Directors (August 2014)

[Phone ringing]

Receptionist: Cohen Highley.

Announcer: And now the Cohen Highley Legal Moment on AM 980. I'm here with Ben Blay from Cohen Highley Lawyers. So Ben, can directors of corporations be personally held liable for corporate liabilities?

Ben Blay: Well, generally the purpose of incorporation is to insulate directors, officers and shareholders from personal liability. However, in some limited circumstances courts may impose personal liability.

Announcer: Okay, give me some examples.

Ben Blay: Well, if the corporation is being used as an alter ego for directors or shareholders that would be one example. Another would be if the corporation is being used as a shield for illegal, fraudulent or improper purposes. And yet another is if the corporation is involved in criminal activity that's directed by the officers, directors or shareholders.

Announcer: 'Kay – anything else?

Ben Blay: Well there are a number of statutes – for example the *Income Tax Act* – that deem directors and shareholders liable for certain liabilities of the corporation.

Announcer: So corporations are not bulletproof?

Ben Blay: That's right.

Announcer: Thanks Ben. This has been the Cohen Highley Legal Moment.

[Music]

Singers: Cohen Highley, we're listening.

Announcer:

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