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LEGAL OPINION

Piercing of corporate veil

The right of an entrepreneur to allocate funds for the incorporation and operation of a legal entity pursuing commercial activity is founded and, when exercised, produces legal effects; the legal entity which is formed, is independent from the founder and its actions count for it.

The above is not applicable when the legal personality of a company is (ab)used to cover the activity of its founder. In such case, the controlling person is considered to be jointly liable for the obligations of the legal entity.

Insufficient funding, the coincidence of corporate and personal property are indications of abuse of the legal entity by the controlling person.

Piraeus One Membered Court of Appeal Judgment no 462/2018, Judge: M. Papadogrigorakou, Attorneys at law: P. Mountzouronis, G. Darra, Maritime Law Review vol. 46, p. 241.

NOTE: In the case under consideration, one of two individuals alleged to abuse the corporate veil to cover their own activity was found as having no relationship with the company. Test for the other individual to abuse was the coincidence of her property with the corporate assets.

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