

## THE CIVIL LIABILITY OF THE ADMINISTRATORS

The administrators are the subjects entrusted with the conduct and direction of the firm activity.

They must directors must comply with the obligations established by law or by the company's articles of association to ensure the diligent functioning and management of the company.

According to the nature of the subject who suffers the negative consequences of an imprudent behavior of the administrators, it is possible to distinguish three cases of civil liability:

- towards the firm ;
- towards the creditors of the firm;
- towards the associate members or third parties.

With respect to the **liability towards the company**, the directors are liable with their own assets for the damages suffered by the company in case they do not fulfill the duties imposed on them by law or by the articles of association of the firm.

In the case of several administrators, they are jointly liable. Each of them can be forced by the company to refund the entire damage caused.

The duties of the directors of a company include the preservation of the integrity of the company's assets, i.e. all the movable and immovable property owned by the company. Therefore directors are also **accountable to all the creditors of the firm**, i.e. those who possess a claim against the company.

The action can be initiated by creditors only in the event the corporate assets are insufficient to satisfy their claims. In other words a damage to creditors does not exist as long as the corporate assets are sufficiently large.

The common element **of responsibility towards the company and towards creditors** is that, in both cases, the damage occurred was caused to the company.

On the other hand, if the management activity of the administrator unlawfully damages an individual shareholder or entities unrelated to the company without the company suffering any damage or even receiving an advantage, the individual shareholder or third parties can sue the directors for the compensation of damages.

In all the three cases of civil liability mentioned above, the Judicial Authority will abide to the content of the Italian Civil Code.