

Newsletter

The Supreme Court Protects the New Director of an Effectively “Dormant” Company From Subsidiary Liability

7 October 2026

Dear Ladies and Gentlemen!

Previously, we reported on a case concerning the subsidiary liability of a director who took office only after the debt had arisen and the company had effectively ceased its operations. The Russian Supreme Court considered the complaint, overturned the decisions of the lower courts and dismissed the creditor's claims¹.

The dispute arose from outstanding debt under interest-free loan agreements entered into by the company's former general director and majority shareholder, who was the spouse of the creditor. Shortly before part of the loans fell due for repayment, he withdrew from the company and appointed a new director. In January 2020, the minority shareholder holding a 30% interest was registered in the USRLE as the new general director.

The lower courts held him subsidiarily liable, finding that, following his appointment, he had failed to ensure the accuracy of the company's information in the USRLE or take steps to perform its obligations. The Supreme Court disagreed with these conclusions.

The Court noted that the reallocation of the burden of proof is intended to protect an independent creditor who has no access to information concerning the debtor's activities. In this case, however, the creditor was the spouse of the company's majority shareholder and did not refute the defendant's arguments that the company had insufficient assets and that its corporate documents had not been transferred to her.

Accordingly, the dispute was to be considered under the general rules: the creditor was required to prove that the defendant's actions or omissions had caused the company's inability to repay the debt. As no such evidence had been provided, the Supreme Court overturned the decisions of all three lower courts and dismissed the claim.

Practical Takeaway

The Supreme Court confirmed that assuming the position of director of a company with existing debt and the subsequent exclusion of the company from the USRLE do not, in themselves, give rise to subsidiary liability. A causal link must be established between the director's actions or omissions and the company's inability to repay the debt.

When assessing the subsidiary liability risks of a new director of an effectively “dormant” company, we recommend considering not only the timing of the appointment and the company's outstanding debt, but also the new director's relationship with the former shareholders and director, the circumstances surrounding the transfer of corporate documents and assets, and the director's actual involvement in the company's activities.

Our team is ready to assist with legal due diligence of a business prior to acquisition, the identification of corporate risks, transaction structuring in light of the circumstances identified, the preparation of the necessary corporate documentation and protective mechanisms to safeguard your interests at every stage of the project.

We hope that the information provided herein will be useful for you. If any of your colleagues would also like to receive our newsletters, please send them the link to complete a [Subscription Form](#). If you would like to learn more about our [Corporate and M&A](#) practice, please let us know by replying to this email. We will be glad to provide you with our materials.

¹ Ruling of the Judicial Chamber for Economic Disputes of the Supreme Court of the Russian Federation dated 22 September 2026 No. 307-ЭС26-4951 (1) in case No. [A56-85521/2024](#).

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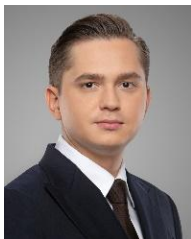
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