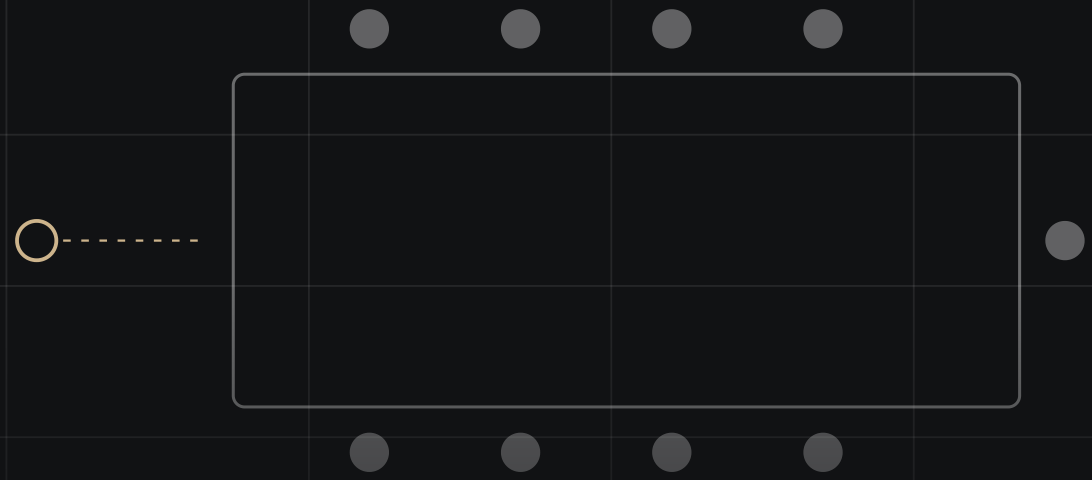
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INSIGHT / SHAREHOLDER DISPUTES

Frozen Out: *Seven Early Warning Signs of a Shareholder Dispute*

Most shareholder disputes do not begin with dramatic boardroom confrontations. They begin quietly. Recognising the signs early creates more options to protect the business and the value behind it.

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> *"Most shareholder disputes do not begin with dramatic boardroom confrontations. They begin quietly."*

One shareholder becomes less involved.

Management information becomes harder to obtain.

Important decisions are made without consultation.

Months later, trust has disappeared and the business itself is beginning to suffer.

Recognising the warning signs early often creates more opportunities to protect both the business and the relationships behind it.

PART ONE

The Seven Early Warning Signs

01

1. Decisions are made without you

If significant commercial decisions are regularly taken before you are consulted, it may indicate that governance is beginning to break down.

02

2. Financial information becomes difficult to obtain

Late management accounts, incomplete financial information or vague explanations about expenditure should never simply be dismissed.

Transparency builds confidence. A lack of transparency damages it.

> *Transparency builds confidence. A lack of transparency damages it.*
>
> AQUITAS LAW

03

3. Remuneration changes unexpectedly

Many disputes begin not with dividends, but with salaries, bonuses or benefits that have not been openly discussed.

Where one director begins extracting increasing value from the business without agreement, relationships can quickly deteriorate.

04

4. Access starts disappearing

Restrictions on banking information, accounting systems, company records or professional advisers often indicate wider problems developing behind the scenes.

05

5. Key relationships bypass you

Customers, suppliers and advisers begin dealing exclusively with one shareholder.

This is frequently more significant than it first appears.

06

6. Board meetings quietly stop happening

Proper governance is often the first casualty when business relationships begin to deteriorate.

Informal conversations replace documented decision-making. That rarely benefits anyone.

07

7. Trust has gone

Perhaps the most important warning sign is the simplest.

If you no longer trust the people you own the business with, it is sensible to understand your options before the position deteriorates further.

PART TWO

Early Advice Creates More Options

Many business owners assume that seeking legal advice automatically means starting litigation.

It does not.

Early advice often helps identify practical commercial solutions, whether through improved governance, negotiated exits, mediation or restructuring ownership.

Litigation remains an important remedy where necessary, but it should rarely be the starting point.

PART THREE

Questions Business Owners Ask

Q Can my business partner exclude me from running the company?

It depends upon the company's constitutional documents and the particular circumstances. Exclusion from management can have significant legal and commercial consequences, particularly in owner-managed businesses where shareholders expected to participate in running the company.

Q I own 50% of the company. Can decisions be made without me?

Sometimes they can, depending upon the company's governance arrangements. However, repeated exclusion from significant decisions is often an indication that the wider relationship has broken down and should not simply be ignored.

Q What should I do if I stop receiving financial information?

You should not assume it is merely an administrative oversight. Early enquiries and appropriate professional advice can help establish the position before matters deteriorate further.

Q Does every shareholder dispute end up in court?

No. Many disputes are resolved through negotiation, mediation or carefully structured commercial settlements. Early advice generally creates more options rather than fewer.

Q When should I seek legal advice?

Usually much earlier than most business owners do. Early advice is often about understanding your position, preserving commercial value and exploring practical solutions before litigation becomes necessary.

PART FOUR

Aquitas Insight

The earlier a business problem is recognised, the more options there are to resolve it.

> *"The objective should never simply be to win a shareholder dispute. It should be to protect the business, preserve value and help owners make informed commercial decisions."*
>
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PART FIVE

How Aquitas Can Help

Aquitas advises owner-managed businesses, directors, shareholders and investors on shareholder disputes, governance issues and complex commercial disagreements.

Our focus is not simply on resolving legal disputes. It is on protecting business value, preserving commercial relationships where possible and helping clients make informed strategic decisions at every stage of a dispute.

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Better Decisions *Build Better Businesses.*

HELPING OWNER-MANAGED BUSINESSES BUILD, GROW & PROTECT VALUE

BUSINESS FIRST · STRATEGY ALWAYS · BETTER DECISIONS

This article is intended for general information only and does not constitute legal advice. Whether and how the points discussed apply will depend on the particular circumstances, including the company's constitutional documents and any shareholders' agreement. Specific advice should be taken before acting or refraining from acting. © Aquitas Law 2026.

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