

# Piercing the Corporate Veil: Are You Exposing Your Alabama Business to Liability?

**By: Rutledge & Yaghmai**

**[www.alabamabusinesslitigationattorney.com](http://www.alabamabusinesslitigationattorney.com)**

Limited liability is one of the greatest advantages of establishing a corporation or LLC because it shields Alabama business owners from personal liability for business debts. However, limited liability is not unconditional.

Therefore, Alabama business owners should be aware that there are circumstances under which courts will hold an LLC or corporation's owners, members, and shareholders personally liable for business debts by "piercing the corporate veil."

**To ensure you don't end up in this situation, here are a few guidelines to keep in mind:**

- Comply with formal rules for forming and maintaining an Alabama corporation or LLC.
- Maintain a separate bank account for your Alabama business.
- Don't commingle personal assets with those of your Alabama business.
- Don't divert your Alabama business assets for personal use.
- Make a reasonable initial investment in your Alabama business so that it is adequately capitalized.
- Don't personally guarantee payment of debts of your Alabama business.
- Don't use your Alabama business to engage in illegal, fraudulent, or reckless acts.
- Clearly show that you are operating a corporation or LLC by identifying the company status on business materials, such as letterhead and invoices.
- When signing company documents, clearly state that you are signing on behalf of your Alabama business by indicating the name of the company as well as your title.

This is certainly not an exhaustive list, and courts make a detailed analysis before deciding whether to impose personal liability on the company's principals. If you are concerned about your potential liability for the debts of your business, it is always a good idea to consult with an experienced Alabama business attorney.

*[Rutledge & Yaghmai](#) is a full service litigation firm that offers more than fifty-seven years of diverse legal experience. The attorneys of [Rutledge & Yaghmai](#) leverage that experience to assist large and small businesses throughout Alabama in achieving their business goals while minimizing their risks.*

*In addition to offering transactional business services such as Alabama business formation and planning, Rutledge & Yaghamai prides itself on the diversity of Alabama business litigation cases it has handled successfully.*

*To learn more about the wide range of transactional and business litigation services we offer Alabama businesses, please [contact](#) the attorneys of Rutledge & Yaghamai today.*

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## **About Rutledge & Yaghamai** **<http://rylaw.net/>**

Rutledge & Yaghamai (R & Y) is a full service litigation firm that offers more than fiftyseven years of diverse legal experience. Formed in 2006, Rutledge & Yaghamai concentrates on giving each case individual attention as opposed to carrying a mass a number of cases. That way they are able to develop a lifelong relationship with clients.

### **William Rutledge**

William Eugene Rutledge graduated from the University of Alabama in 1960. He graduated from the University of Alabama Law School 1966. Mr. Rutledge served as a Captain in the Judge Advocate General's Corps, U.S. Army and as Chief of Military Justice at Fort Bliss, Texas. He was trial counsel for the United States where he prosecuted several nationally publicized court marshalls. He was the recipient of the Distinguished Service Medal for his trial work in the Army.

He began the practice of law in Birmingham, AL on August 1, 1966. His early trial practice was a mixture of business litigation and railroad related litigation. He has a strong appellate practice in which he has excelled since the early 1970s and continues that practice till the present time. He has handled over 100 cases in the state appellate system and 80 cases in the federal appellate system.

He specialized through the years of his practice in business formations. He has assisted new entrepreneurs in the formation and strategy of their businesses. Also, he represents companies in business litigation. Cases have ranged from business disputes among members to representing smaller companies against the "larger corporations." Practice memberships include the Bar of the Alabama Supreme Court, the United States District Court for the Northern, Middle and Southern Districts, the United States Court of Appeals for the Eleventh Circuit, and the Supreme Court of the United States. He is married to Sherry Crittenden Rutledge and has four children and six grandchildren.

## **Greg Yaghmai**

Greg graduated with honors from The Citadel where he received his bachelor's degree in Business Administration. In 1997, he received his law degree from Cumberland School of Law.

For the first four and half of years of his legal career, Greg served as a Deputy District Attorney for the Jefferson County, Alabama District Attorney's Office. By age 26 he tried his first death penalty case. He went on to try either solo or as lead counsel seven capital murder and six murder cases. He also had the benefit of being the first lawyer in Alabama to be certified by the Alabama State Troopers as a Traffic Homicide investigator. He obtained this after attending a two-week seminar, which required him to live in a closed military base with forty other police officers. He also had the unique experience of being provided alcohol in a controlled setting so he could be utilized by the Jefferson County Sheriff's training academy in officers learning how to administer field sobriety tests. He is a member of the National College for DUI Defense (NCDD) which is a prestigious organization defending those charged with DUI.

He subsequently left the DA's office to become a partner in a forty lawyer civil litigation firm. This firm concentrated mostly on civil defense work, but Greg continued to expand his plaintiff and criminal defense practice.

In 2006, he co-founded Rutledge & Yaghmai. One of Greg's goals was to reduce the number of cases handled to allow for more individual attention to each case. Rutledge & Yaghmai maintains a general litigation practice. Greg focuses on personal injury, business litigation, and criminal defense cases.

Greg has truly handled cases from all sides: criminal prosecution/defense and civil plaintiff/defense. Overall, Greg has tried more than seventy-five jury trials to conclusion. He has significant experience in using visual presentations and present day media applications in presenting cases to jury. His ultimate jury consultant is his wife, Brandi, who he met when she served on the jury of a rape/kidnapping case he tried.

He has recently been asked to teach Trial Techniques for the International Web based site Solo Practice University. There he will share his expertise in trying jury cases.

Greg is licensed in all state and federal courts in Alabama and the 11th Circuit