

# Co-investors can't force a partner to quit



**LEGAL VIEW**  
Ashish Mehta

*I have an investor visa. My mother and I got a trade licence. We have been owning a company in the UAE since 2016. I previously expressed my desire to leave the company, although I never resigned formally. My co-investor has now forced me to leave the workplace and refused to pay my salary claiming that the company has no funds. This is not true as I have managed the company and know that there is money in two different countries. I have been upset for the last six months. Due to irreconcilable differences and false accusations of theft in October 2017, I decided to take part of my gratuity early. The said gratuity was withdrawn as a precaution-*

*ary measure, so the funds did not go missing in the account. I have not signed any contract and have been never asked to leave officially. I have not received my salary and entitlements in full.*

**Am I entitled to take action and consult the labour department?**

Pursuant to your queries, we understand you are an investor/shareholder in company and not an employee. As an investor/shareholder, you can be manager in the company and you may be entitled to a management fee for managing it; not salary as mentioned by you. What you have stated above is contradictory — you could either be a shareholder or an employee; not both. You should review the memorandum of association of the com-

## Know the law

An investor/shareholder can be manager in the company and entitled to a management fee for managing the company. He/she is eligible for the profits of the company in accordance with the provisions of the firm's memorandum of association.

pany assuming it is a limited liability company. If you are mere investor/shareholder in the organisation, you are eligible for the profits of the company in accordance with the provisions of the memorandum of association. Your co-investors or partners cannot demand you to leave or resign from the company. Instead, if you are willing to sell your shares in this company, you and other partners need to agree to a consideration to be paid to you. It should be checked

that you are fully authorised to withdraw funds from the company failing which your other partners may accuse you of unauthorised withdrawal of funds outside the course of regular business.

## Loan given to employee can be recovered

**I recruited a Nepalese as a cleaner on a contract of unlimited duration. I spent Dh4,500 in November 2017 to get him a two-wheeler driving licence. The employee now wants to resign from employment and join another company. Can I recover the driving licence money?**

It is assumed that you gave a loan to your employee and it is documented between you and your employee. If such is the case, you may recover this money back from your employee. This is in accordance with Article 135 of the Federal Law

## Know the law

An employer may recover a documented loan back from the employee. Amount owed to the employee can be deducted from his severance pay.

No. 8 of 1980 regulating Employment Relations in the UAE. It states, "An employer may deduct any amounts owed to him by an employee from the latter's severance pay."

Ashish Mehta is the founder and Managing Partner of Ashish Mehta & Associates. He is qualified to practise law in Dubai, the United Kingdom, Singapore and India. Full details of his firm on: [www.amalawyers.com](http://www.amalawyers.com). Readers may e-mail their questions to: [news@khaleejtimes.com](mailto:news@khaleejtimes.com) or send them to Legal View, Khaleej Times, PO Box 11243, Dubai.