



LEGAL WEAPONS

FOR THE WORKING WOMAN

February 2012

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Attorneys at Law

Legal Weapons provides useful legal information and resources for successful businesswomen.

PREPARE NOW, REST ASSURED LATER

While most of us don't like to talk about it, preparing for our ultimate demise is something that can help us avoid future problems for those we leave behind. As a business owner, the stakes are even higher, as you must also prepare for the transition of your business after your death in addition to what will become of your personal assets.

By planning early and having the necessary legal documents in place, you can ensure that your wishes will be honored rather than leaving decision-making up to someone else. A proper estate plan also may help you leave more to those you love by avoiding costly tax issues.

Some of the key issues to consider:

- **Create or Update Your Will:** Make sure your will addresses all your assets and that your intentions are clearly spelled out. Also make sure that the will is in a safe place (ideally with your attorney). If no one can find it after you're gone, it will be assumed that you don't have one.
- **Conduct a "Fire Drill":** If an owner or principal in your firm dies or becomes disabled, what will happen? Just as we practice a fire drill to ensure the safety of our homes and businesses, be sure to address issues of company assets and debts, current threats and opportunities to your business, potential buyers, and succession planning on a regular basis.
- **Identify an Executor:** Choosing a trusted colleague, friend, or family member to carry out your wishes when you die will ensure that your plans are executed as you intended.
- **Set up a Power of Attorney:** Designate a trusted agent (friend, family member, or colleague) to manage certain of your financial affairs now (perhaps when you are out of the area) as well as when you are unable to do so for yourself.
- **Obtain Counsel:** Working with an attorney can help you to address specific issues such as the future ownership of your business, how assets are titled, estate tax consequences and how to avoid them, the use of trusts, and circumstances that are unique to your personal or business situation.

DEMISTIFYING CONTRACTS

If you aren't sure that your contracts are properly protecting your business or if you're confounded by "legalese," join us for our next seminar!

Learn more about important contract clauses that typically get tucked away on the reverse sides of purchase orders or deep on page 47 of a typical vendor contract.

You already know the critical terms, price, volume, delivery date, so this seminar goes beyond that to educate you about those "dirty little secret" terms that no one's ever bothered to explain to you – but that could mean the difference between a successful relationship and a disaster.

You won't want to miss this seminar.

Tuesday, May 15

4:00 PM – Registration

4:15-5:30 PM – Presentation

5:30-7:00 PM – Networking Cocktail Reception

AcQua Restaurant
2192 Niagara Street
Buffalo, NY 14207

Registration is \$15 and payable to *Girls on the Run*.

RSVP to Erin Harvey by May 10 at 854-3400 ext. 230 or legalweapons@ruppbaase.com.

Seminar proceeds support Girls on the Run, an after school program that prepares girls in grades 3-8 for a lifetime of self-respect and healthy living.



WHICH BUSINESS ENTITY MAKES SENSE FOR YOUR BUSINESS?

It's easy to get lost in the alphabet soup of business entities when setting up your business – S Corp? LLC? C Corp? Understanding the differences among those entities will help you to determine which platform makes the most sense for your business. Different entities can provide different liability protection or tax advantages, so it's important to understand your options.

These are some of the more popular types of business entities:

The Limited Liability Company

A limited liability company (LLC) is a newer form of business. The owners of an LLC are called members. An LLC can be member managed or manager managed, an election that is made in the company's Articles of Organization. There is no maximum number of members that an LLC can have and, in fact, an LLC may have only a single member. Profits and losses do not need to coincide with the ownership interests of the members. An LLC is formed when the Articles of Organization are filed with the State where you will be conducting business.

An LLC combines the partnership benefits of pass-through taxation and operational flexibility with the corporate benefit of limited liability protection. The rights and responsibilities of the members of an LLC are described in an Operating Agreement. Importantly, an LLC's members can manage the company without risking their personal assets.

The Corporation

A corporation is characterized by limited liability, meaning that unless the corporate veil is pierced, individual shareholders are shielded from liability. Before beginning to perform services or operate as a corporation, the business must file a Certificate of Incorporation with the State, which lays out the purpose of the corporation and the amount of stock that the corporation may issue. Once incorporated, shareholders may meet to write by-laws to manage the internal functions of the corporation.

There are various types of corporations, but the most popular are the C-Corporation and S-Corporation. A **C-Corporation** is used for businesses of all sizes and can have any number of shareholders. The shareholder's personal assets are protected from creditors of the corporation. A major disadvantage of the C-Corporation is that it is subject to "double-taxation," which means that profits are taxed as income to the corporation and again as income to the shareholder when distributed as dividends.

If a corporation has fewer than 100 shareholders, the corporation may qualify as an **S-Corporation**. A separate tax filing is required for a corporation to become an S-Corp. An S-Corporation is similar to a C-Corporation except that it does not have double-taxation. Shareholders of an S-Corp. must be US citizens and cannot be partnerships, corporations, or LLCs.

As there are a number of factors to consider in determining what is the best business entity for your business, it makes sense to discuss your options, including the pros and cons of each, with your accountant and your attorney.

The Sole Proprietorship

A sole proprietorship is owned and managed by one person and is the simplest form of business organization. A sole proprietorship is not incorporated as a legal entity and is run on the proprietor's behalf. This type of business is managed informally and is fairly simple to control. The proprietorship lasts for the life of the proprietor; once she dies, the business no longer exists.

The downside to being a sole proprietor is that the owner is inseparable from the business. This means that because the sole proprietorship is not a recognized legal entity, the sole proprietor is personally responsible for all debts and legal actions against the business. In order to become a sole proprietorship, you are required to file a business certificate with the Clerk's Office in each county in which the proprietorship is doing business.

The Partnership

Like sole proprietorships, partnerships are relatively easy to establish and are a relatively popular business form. There are three types of partnerships: the general partnership, limited partnership, and limited liability partnership (LLP). Business decisions and payments are shared between or among the partners.

A **general partnership** is organized by two or more people. In general partnerships, partners are jointly and individually liable for the actions of other partners, and the partners are jointly responsible for any debts and liabilities of the partnership. The taxes pass through to the partners and only the income of the partners is subject to taxes. In a **limited partnership**, the assets and liabilities are divided between general and limited partners. The limited partners are liable for debts and liabilities only to the amount of their stake in the partnership's capital. The general partner has unlimited liability for the partnership's debts and liabilities. Finally, in a **limited liability partnership**, the assets of the partners are more secure, as the partners are not responsible for any debts or liabilities that have been caused by improper or invalid acts of other partners, agents, or officers unless the partner is supervising or directing the other partners' actions. Having a realistic understanding of how well the partners work together and how involved in the business operations they are should be considered when determining the appropriate partnership arrangement.

RUPP BAASE INVESTS IN FUTURE LEADERS

By the name alone, *Girls on the Run* appears to be a running program, but according to Katie Joyce, the organization's local council director, it is so much more.

The non-profit group encourages preteen girls to develop self-respect and healthy lifestyles through running. Its program encourages discussion and interactive play to help girls appreciate the differences in others as well as to celebrate themselves. It helps girls get involved in physical activity, teaches goal setting, and helps girls realize their potential. The program culminates with the completion of a 5K race for participating girls and a designated "buddy" runner, typically a parent or other adult who runs the race with them.



According to Joyce, "If girls feel better about themselves, they tend to be nicer to each other, which helps reduce gossiping and bullying that can peak around fourth grade. And setting a goal of running the 5K helps build confidence and a healthy lifestyle at a young age. The best part is that the girls are having a blast!"

Rupp, Baase has been a supporter of *Girls on The Run* through the donation of fees collected for the ongoing *Legal Weapons* seminars. The donations help to fund scholarships to the program for underprivileged girls. Well before her daughter Claire participated in *Girls on the Run*, attorney Lisa Coppola realized the partnership would be a great fit with the firm's *Legal Weapons* program.

"Girls on the Run is a tremendous program to help develop young girls into the leaders of the future. There's such a natural fit between what we're doing in supporting today's female business leaders and the mission of Girls on the Run," said Coppola.

"We are thrilled that Rupp Baase is so enthusiastic about the program. It is great to work with a firm that shares our vision of supporting and encouraging girls," added Joyce.

FEAR OF PUBLIC SPEAKING CONQUERED!

Public speaking can seem intimidating enough just to get through a presentation. For a litigator like Lisa Coppola, "getting through it" is not enough – her presentations must be persuasive enough to sway a judge and jury.

Join Lisa to learn more about presentation skills and conquering your fear of public speaking at *Social Media Uninhibited* on Thursday evening, March 8th. The event promises uninhibited exploration of social media communications, sales relationships and communications, face-to-face presentations, blogging, and other communications skills.

Designed around the theme of Finding Your Voice, SMU promises something for every Western New York businessperson. Conveniently located at the Holiday Inn at 1881 Niagara Falls Blvd. in Amherst, reservations and information for SMU can be found at <http://socialmediauninhibited.com/> or contact Robin Wilson of The Wilson Edge at 716-830-7043 or robin@buffalographix.com.

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