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AVOIDING LEGAL PROBLEMS:

STRUCTURING YOUR BUSINESS

by
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Prepared for SCORE Business Workshop

- A. How to Find a Lawyer
 - 1. In a firm for multiple expertise
 - 2. Have an initial meeting
 - 3. Discuss important information - charges, experience
- B. Considerations for Choosing a Business Form
 - 1. Typical reasons I have heard about
 - 1.1 Didn't think about it
 - 1.2 Convenience at the time
 - 1.3 Fear of the unknown
 - 1.4 Ignorance of tax consequences
 - 2. Some better considerations
 - 2.1 Owners liability
 - 2.2 Control or management
 - 2.3 Tax consequences
 - 2.4 Transferability of ownership interests
 - 2.5 Maintaining books and filing public records

3. Practical considerations
 - 3.1 Capital needs
 - 3.2 Nature of business (service, sale, manufacture risk)
 - 3.3 Assets (business vs. personal)
 - 3.4 Experience level (market; operating)

- C. Customary Forms for Doing Business
 1. Sole proprietorship
 2. Partnerships
 3. Limited Liability Company
 4. Corporation
 - 4.1 General business corporation (ORS Chapter 60)
 - 4.2 S corporation (IRC Section 1361)
 5. Assumed business name filings

- D. Planning - the Key to Successful Business
 1. Importance of anticipation and planning
 2. Times for legal advice
 - 2.1 Prior to business formation
 - 2.2 At the time of the addition of a new principal
 - 2.3 Retention of key personnel
 - 2.4 Changing business form
 - 2.5 Qualifying to begin doing business in other states
 - 2.6 Lawsuit

- E. Some Common Questions
 1. What is "employment at will"?
 2. What legal documents do I need when I buy someone's business?
 3. How do I use small claims court to collect an account?

F. Use of Key Written Agreements to Anticipate and Avoid Problems

1. Partnership agreement
2. Operating agreement
3. Buy and sell agreement
4. Employment contract with noncompetition provision
5. Pension and/or profit sharing plan
6. Licensing agreements
7. Employee handbook