

Things Your Lawyer Never
Told You About -
BUSINESS LAW

Foothill Community College
Wednesday, October 14, 2009



DENNIS WONG, ESQ.



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Introduction

DENNIS WONG, *ESQ.*
(“*DWE*”)



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- **Intention** – to advise people and businesses on the legal and financial possibilities and consequences of their choices and actions.
- **Expertise** – customizing business and legal structures that best meet our clients’ needs in their business and personal projects.



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DWE Experience:

- 30 years of experience in business, finance and the law
- Domestic and International
- Worked with large and small businesses.
- 20+ years as an attorney
- MBA and JD degrees



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Areas of Practical Legal Experience:

- Business and Corporate Law
- Contracts, Partnerships, Joint Ventures, Real Estate
- Banking and Finance
- Patents & Trademark litigation
- Business litigation
- Personal Injury litigation
- Divorces, Immigration
- Nonprofits



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- Expert in the general practice of the law.
- Ability to navigate through complex transactions and relationships
- Thinking outside the box for practical solutions to real problems.



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Why you need to know the law?

- Law is like gravity, it applies to everyone.
- Laws provide the framework for domestic and international commerce.
- America is a society of laws governing almost every aspect of our lives.
- Growing need for public to understand how the law applies to them personally.
- Knowing the law keeps you and your business out of legal and financial trouble.



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Review:

- What is your **job, work, career**?
- What is a **business**?
- What is “*The 1 + 1 = 3 Principal*”?
- What is a **contract**?



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Today's Topic:
*“Introduction to
Partnerships and Other
Legal Business Entities”*



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What is a Partnership?

A *partnership* is an agreement between two or more parties to pool their resources in a specific enterprise for mutual benefit.



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A Partnership is a Contract

Elements of a Partnership:

- Voluntary agreement;
- Between two or more parties
- To pool their money, labor, skills, etc.;
- Into a lawful commerce, business or enterprise;
- Sharing profits and losses;
- Enforced by law and society.



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Types of Partnerships:

- General Partnership
- Implied Partnership
- Limited Partnership



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Types of Partnerships

- **General** – all partners have equal right to manage the business including entering into contracts, and are all legally liable for all liabilities of the partnership.
- **Implied** – where the actions of the parties imply they are in a business relationship (i.e. partnership).
- **Limited** – where the limited partner is only a passive investor in the business and in then only liable to the extent of his/her investment.



Examples of Partnerships

- Business
- Marriage
- Real Estate Investment Trusts (REITs)
- Law firms
- CPA and consulting firms.



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Types of Business Entities

- Sole proprietorships
- General Partnerships
- Limited Partnerships
- “C” Corporations
- “S” Corporations
- Limited Liability Companies (LLC)



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Sole Proprietorship

- One person **owns all the assets** of the business.
- Person **is the business**.
- **Sole management and control** of all aspects of the business.
- Gets to keep **all the profits**.
- **Personal liability** for all losses, debts and liabilities.



General Partnership

- Voluntary **business relationship**.
- **Two or more persons** own all the assets of the business.
- **Equal management and control**.
- Both can **legally commit** the Partnership.
- Share in the **profits**.
- Jointly liable for **all losses, debts and liabilities**.
- Parties can agree to division of profits and losses.



Limited Partnership

- Consist of a general partner (“GP”) and one or more limited partners (“LP”).
- GP - manages the business, for a fee.
- GP - unlimited liability.
- LP - passive investor.
- LP - no management or control.
- LP - limited liability = investment.



Implied Partnership

- Where the actions or non-actions of the parties leads the public to believe there is a business relationship.



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Corporation

- An artificial entity recognized by society to have its own legal rights and obligations.
- Shareholders = Owners
- Board of Directors = represent the shareholders' interests
- Officers = manage the day-to-day operations of the business



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Types of Corporation

- Defined by the Internal Revenue Code (Tax Code).
- “C” Corporation (taxed twice)
- “S” Corporation (taxed once)
- Professional Corporations
(professional licenses – CPA, Law, MD, etc.)



Limited Liability Companies (“LLC”)

- Combine tax benefits of partnerships -
- one level of tax -- with the limited liability of corporations.
- Free of many legal requirements that govern corporations, including annual reports, director meetings and shareholder requirements.



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DennisWong.com

Resources

- Portal to FREE legal websites.
- Portal to business and govt. websites.
- Articles: Business, Law & Relationships.
- Dennis Wong, Esq.'s **Blog**.
- Twitter.com: Twitter ID: **DW_ESQ**
- Facebook, Plaxo, LinkedIn – Dennis Wong, Esq.



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Recommended Reading

- *On Running Your Business Like A Family.*
- *Protecting the Life Blood of Your Business.*
- *Not Asking for the Money.*
- *Are You Taking Responsibility for Your Health?*
- *Dennis Wong, Esq. Blog – Balancing Act*



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Dennis Wong, *Esq.* Services

- Strategic Consulting
- Legal Practice
- Business Consulting
- Financial Consulting
- International



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Summary and Conclusions Q&A

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