

► This content is for informational purposes only. Consult an attorney regarding specific legal questions.



# Annual Checkup

What you and your business lawyer should review now.

BY MICHAEL E. YOUNG

To make sure your company is heading in the right direction with minimal legal headaches, it's time for an annual checkup with your business lawyer. If you hate lawsuits and government investigations, here are five things you should cover during your consultation.

## 1. Changes in Business Ownership

It's important to verify who owns equity in your company and decide if changes in ownership need to be made for tax or other purposes. Frequently, a key player joins or leaves a business, but the legal paperwork to reflect changes in ownership gets overlooked. In addition, the marriage or divorce of an equity owner may result in necessary changes in ownership. As time passes, it may also make sense to plan to transfer some or all of your equity to your children as they assume responsibilities at your company. These are just a few scenarios.

What's important is recognizing that ownership frequently changes hands in a company and you want to do it correctly to ensure that the business is protected and taxes are minimized.

## 2. Entity Status

If you're operating your business as a sole proprietorship or a general partnership, it's probably time to discuss with your business lawyer the advantages of converting your company into either a corporation or a limited liability company. Your legal counsel can explain the pros and cons of each type of entity so that you can make an informed decision as to the best path for protecting yourself as the company grows during the coming year and beyond.

## 3. Existing Contracts

Have your business lawyer review your existing contracts to ensure you're

protected and to spot potential legal dangers that can be prevented by taking action now rather than procrastinating. Sometimes this may mean amending an existing agreement, replacing it with a new agreement that better reflects the deal between the parties, or simply taking certain steps (e.g., giving required advance written notice) to extend or terminate a contract.

## 4. New Agreements

During your consultation with your attorney, be sure to discuss new relationships with employees, independent contractors, suppliers, and joint venture partners. You will want to review or draw up legal agreements to ensure that you are adequately protected in the event something goes wrong, to reduce the risk of misunderstandings with the other parties, and to avoid lawsuits in general.

## 5. Website Compliance

Since the laws and regulations governing e-commerce are constantly changing, make sure your attorney reviews your website for any potential compliance issues. Based on my experience as a business lawyer, I've found it may just involve a simple update to your site's privacy policy and other legal documents. Occasionally, you may also need to tweak some of the language on your site to avoid getting in trouble with the Federal Trade Commission or other government regulatory agencies.

This list is not all-inclusive; however, it does cover the most common legal problems that you'll want to get fixed during an annual checkup with your business lawyer. **TBJ**

*This article was originally published on [mikeyounglaw.com](http://mikeyounglaw.com) and has been edited and reprinted with permission.*



**MICHAEL E. YOUNG**

is an internet business lawyer based in the Dallas suburb of Plano. To learn more, go to [mikeyounglaw.com](http://mikeyounglaw.com).