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## Recession is a Time of Opportunity



Still depressed about the recession? Don't be. Now that the mourning period for the old economy is over, the new trend is to take advantage of the current economy. Opportunities abound for those with a good service or idea. A recession is a good time to start or grow a business for many reasons.

*Needs Seem More Urgent.* In a recession, everything seems more urgent. Saving time, saving money, saving the environment, feeling productive – people need to feel they are doing their best at whatever it is they are doing. This is a great time to find a way to help people with those needs. In particular, our clients with businesses that help people save money on necessities are experiencing growth right now. We have also seen a lot of start-up activity in solar businesses.

*Good Employees are Cheap and Available.* Good people need work and are willing to work cheaper and maybe even harder than before. Start-up entrepreneurs and employees tend to be willing to work within the risks and bare-bones benefits of a new company. Access to good employees and con-

tractors goes a long way to the success of any business. Businesses that are hiring now have excellent choices in candidates. But act quickly... good people who can't find the right job, are creating their own jobs. We are getting many inquiries from laid off workers who know their value and plan to market their services to end-users rather than go back to working for someone else.

*Start Up and Growth Costs are Minimized.* With the digital office, many of our clients have set up successful businesses from their home office or garage and customers, clients or end-users never even know. If you need an actual office away from home, there are tremendous deals available – from cheap real estate, for purchase or lease, to new and used furniture and equipment. Several of our clients are currently looking at upgrading their offices by buying a building or an office condo. Franchise opportunities are also available at a discount if you have some start-up capital.

If you have a good idea that you can turn into a solid business plan, don't wait. Take advantage of these frugal times to start a company that pays attention to costs, resources and strengths to turn the threat of the recession into an opportunity

## Success Story



SLG's attorneys represented a company that was in the process of shutting down. The company was advised by counsel to formally complete the shut down process sooner rather than later. More than 4 years later, a creditor of the company filed a lawsuit. Upon learning that the company was dissolved, the creditor sought to hold the company's former officers personally liable. However since the Company was timely and properly shut down, the statute of limitations had run and the officers were insulated from personal liability. For more information on shutting a company down, see page 2.

## Shutting the Company Down



When a business is losing money and no longer viable, it makes sense to stop. Oftentimes, business owners simply walk away without formally dissolving the corporation or liquidating it in bankruptcy. That is a mistake. There are numerous potential problems that arise when a corporation is abandoned.

Until formally dissolved, the corporation is active and is therefore subject to applicable corporate taxes. In California, for example, the corporation must still pay the minimum \$800 tax each year until it is formally dissolved. If you do not pay the \$800, penalties and interest begin to accrue.

Moreover, the owners may become personally liable for corporate obligations. Creditors are afforded certain protections under the law. If the owners walk away without satisfying outstanding creditors, the creditors may then assert their claims against the owners. A proper analysis prior to dissolution will identify and assess the claims of creditors. If the corporation's known liabilities exceed its assets, bankruptcy

for the corporation should be considered.

Even if the known liabilities are covered, formal dissolution is still favorable to abandoning the corporation with respect to unknown liabilities, e.g. warranty work. There is a statute of limitations on claims against the shareholders of a defunct corporation. It begins to run upon the formal dissolution of the corporation. If the corporation is not formally dissolved then the statute does not start to run and a future claim may be made against the owner even if it would have been time-barred following formal dissolution.

***If the Corporation is not formally dissolved.....a future claim may be made against the owner....***

As always, the right course of action will depend on the particulars of the situation. Do not hesitate to contact Structure Law Group if we can be of assistance.



## Employment Update: COBRA

### Employers required to pay COBRA premiums for employees

President Obama signed a stimulus package on February 17, 2009 that contains new COBRA requirements. If you terminate any employees between September 1, 2008 and December 31, 2009, these changes may apply to you.

In the past employers were not required to foot the bill for COBRA costs. Under the new package, employers are required to pay 65% of the COBRA costs for up to 9 months for employees terminated between September 1, 2008 and December 31, 2009. Terminated employees pay only 35% of the cost. Employers can seek reimbursement from the government by deducting the amount paid for COBRA from their federal payroll taxes. However, it is up to the employers to keep track of the amounts they are paying for COBRA.

The new requirement went into effect on March 1, 2009.

However, if you terminated employees prior to March 1, 2009 and after August 31, 2008, and they declined COBRA you are required to inform them of the requirements. They can then elect COBRA coverage as of March 1, 2009. In some cases, this may be done by your health insurance carrier or broker.

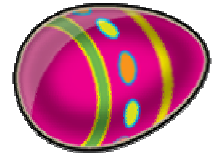
In addition, if a terminated employee paid their full COBRA premium for March and April of 2009, the employer is required to reimburse the terminated employee for the 65% within 60 days.

Terminated employees with an adjusted gross income of \$125,000 or higher, or a joint income of \$250,000 or higher are not eligible for the COBRA subsidy.

COBRA usually only applies to companies with 20 or more employees. However, smaller companies do have to offer the subsidy if they are in states that require them to provide coverage comparable to federal law. Further clarification still must be provided by the Labor Department.

Please note that you must post the new requirements with your other employment posters for all employees to see.

## Fresh Ideas for Easter Egg Decoration



It's the time of year when many of us cover our kitchen counters with newspaper and get ready for dying Easter eggs. Many of us use the standard egg decorating kits that can be purchased at many local stores. But how about trying something different this year? Here's some fresh ideas for decorating those eggs.

**Use crayons** – Boil the eggs in a mixture of water and vinegar. Once the eggs have been boiled, remove one egg and let it cool for 10 minutes while leaving the others in the warm water. Hold the egg with a paper towel and draw on the shell with crayons. Be sure to turn the egg over carefully to avoid smudging. Then let the egg dry for about 30 minutes.

**Create tie-dyed eggs** – Once the eggs have been boiled, place a few eggs in a colander in a sink and splash the eggs with vinegar. Drip one color on the eggs and then gently shake the colander for a few seconds to help the color spread. Let the eggs sit for 30 seconds. Then repeat the process with up to two more shades. Once you have finished with the food color, rinse the eggs lightly

with water, let them drain, and then air dry the eggs on paper towels.

**Use aluminum foil** - For a splotchy effect, crumple and un-crumple a piece of aluminum foil. Then coat the foil with acrylic paint. Place the hard boiled egg inside of the foil and gently wrap the foil around the egg. Gently press the foil against the egg. Repeat with a second color if desired. Then let the egg air dry. Be sure not to eat Easter eggs colored with acrylic paint.

There are many more ways to decorate eggs, you just need a little imagination. Many items around the house can be used to decorate eggs such as stickers, string, lace and tissue paper.

### Helpful Tips

- Use pasta tongs for dipping eggs
- Wear rubber gloves
- Create an egg drying stand by cutting a paper towel tube into sections

## Tax Corner: California

- *State Tax Refunds will be Delayed* by at least 30 days. However, if refunds are not paid by May 30<sup>th</sup>, California may have to pay interest on the delayed funds.
- *The Board of Equalization* is sending thousands of letters to businesses asking for use taxes. Remember: use tax is imposed on a purchaser who buys tangible merchandise from an out-of-state vendor who does not collect California sales tax, and that merchandise will be used, consumed, given away, or stored in California. There are some exemptions for types of items and for reselling. If you think you have unpaid use tax, you should consider participating in the BOE's In-State Voluntary Disclosure Program which was reinstated on January 1<sup>st</sup>, before being contacted by them.
- *The Employment Development Department* is focusing on under-the-table wages and unlawfully lowered unemployment insurance rates to prevent payroll tax fraud and unfair competition in California business.



## Reminders

### • LLC Fee - Late Penalties

Don't forget that beginning this year LLCs that file on a calendar year basis must pay the 2009 annual tax of \$800, plus any 2008 annual fee, by April 15<sup>th</sup>, and the 2009 estimated annual fee by June 15<sup>th</sup>. Do not pay the \$800 with your tax return. You must use Form FTB 3522, the LLC Tax Voucher for that tax payment. There is also a new Form FTB 3536 to remit the 2009 estimated fee for LLCs. This form is also used to pay any amount of LLC fee that was not included in the estimate and is due by the due date of the annual tax return.

### • Annual Meeting Reminder

Many annual meetings of shareholders and board of directors are held in May and June of each year. We have a large conference room available if you would like to use it for your meeting. In addition, one of our attorneys or paralegals can attend your annual meeting to take notes and formally prepare meeting minutes. Please contact us if you would like our assistance preparing your minutes.



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## Dates To Remember

April 01- April Fool's Day  
April 12- Easter  
April 15- Income Taxes Due  
April 22- Administrative Professionals Day  
May 05- Cinco de Mayo  
May 10- Mother's Day  
May 16- Armed Forces Day  
May 25- Memorial Day  
June 21- Father's Day

## Did You Know?

- The word "lethologica" describes the state of not being able to remember the word you want.
- Muhammad is the most popular first name in the world.
- It is impossible to lick your elbow.
- Father's Day has more collect calls made than any other day of the year.
- "101 Dalmatians" and "Peter Pan" are the only Disney movies where both parents are present and don't die during the movie.
- First novel ever written on a typewriter was Tom Sawyer.
- You can lead a cow upstairs but not downstairs.
- In the US a person will see an average of 500 advertisements a day.

*We appreciate your referrals!*



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