



Newsletter

APRIL 2007

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Our office will be closed for the following holidays:

May 28th, 2006 – Memorial Day

Our next newsletter will be mailed out the beginning of July 2007.

Remember if you have an article that you would like to contribute to our newsletter just fax it to us for our review. We must receive the article no later than June 15th for our July newsletter.

INSIDE THIS ISSUE

- 1 Trademark Solicitations – Fee Increase
- 2 Franchise Info – Business Valuation Discounts
- 3 Internet Exposure – Attracting Cash Bearing Partners
- 4 Lender Liability

TRADEMARK SOLICITATIONS

After a trademark application is submitted to the United States Patent and Trademark Office you will receive the following mail:

- Trademark Safeguard – Trademark Monitoring Service. For \$375 per year they will monitor trademark filings with the USPTO and watch for domain name registrations.
- American Trademark Agency. For \$395 per year monitors trademark filings with the USPTO.



These companies are offering service that you may or may not want. You would be paying both companies to watch what goes into and out of the trademark office. I have not personally worked with any of these companies and therefore cannot offer any recommendation.

ALL FEES ARE INCREASED

We, like you, hate price increases. However sooner or later you have no choice. We are proud of the fact that we have been able to operate for a period of 10 years without a price increase. The following are a list of our new fees effective April 1st, 2007.

Corporations and LLC's \$419

Federal Trademark Search \$150

- State Trademark Search \$150**
- Prepare and File Trademark Application \$175**
- Filing of Section 8 Affidavit 15 \$125**
- Trademark Ownership Search \$125**
- Prepare and File Copyright Application \$150**
- Prepare and File Corporate Dissolution \$125**
- Corporate Name Availability \$35**
- Corporate/LLC Name Reservation \$45**
- Amendment to Articles of Incorporation \$125**
- Obtaining a Certificate of Good Standing \$55**
- Prepare and File Qualifications \$125**
- Obtain a Federal Taxpayer Identification Number \$35**
- Agent for Service of Process for 1 year \$110**

New Regulation Changes Makes Expanding Your Business Even Easier

The Federal Trade Commission (FTC) announced its plan that by July 2007 to split the Franchise Rule (16 CFR Part 436) into two separate code sections: one for Franchising (Part 436), and the other for Business Opportunities (Part 437). This decision brings clarity to the marketplace and has opened doors for hundreds of new business concepts to expand their businesses regionally, nationally and internationally using these proven methods.

Franchising, in particular, came into its prime in the United States in the 1950's with such familiar concepts such as McDonalds® and Kentucky Fried Chicken®. More recently concepts, such as Curves® and e-Bay® stores, have taken simple ideas to international stardom in a matter of a couple of years.

A new generation of franchises are now emerging, where professional home-based businesses, like franchise consulting and internet consulting have paved the way for smaller franchisees (with usually no real estate or territorial issues which complicated the original concepts) to expand rapidly.

Firms such as FranchiseInc!, have lowered the barrier-to-entry from \$75 - \$100,000 to as little as

\$15,000 and have your business qualified to franchise in the US and Canada.

An often wrong assumption is to think that every concept that franchises has to go national or global. In fact, imagine if there were just 100 business locations like yours in a region of the US and you were receiving a 5-8% royalty monthly from their total gross sales.

Franchising offers you the ability to expand your business rapidly without having to raise the necessary capital through taking on debt or selling off equity in your business.

Prospective franchisees will pay an average initial franchise fee of \$15-\$25,000 and an average royalty of 5-8% just to get the right to use your business brand or name (a registered trademark) and access your proven business system.

Today, after 10 years of operation, more than 80% of all franchise concepts are still in business as compared to as few as 20% of traditional start-ups. The primary reasons for failure of start-ups are:

- Lack of Branding
- Lack of a Business System
- Mostly lack of Capital!

Franchise Consultants, such as FranchiseInc! help match franchisors and buyers of franchise concepts. The service is FREE to the franchise buyer. Much like real estate where the seller pays the Realtor®, the franchisor pays FranchiseInc! to make the match.

If you are interested in expanding your business through franchising or business opportunity; or if you think that you might be interested in learning about the new franchise concepts that are changing the way business is done in the 21st Century; give Robert A. Needham, JD a call at 800-961-0420. The call is FREE and it could change your life and your business forever.

VALUATION DISCOUNTS

Incorporated businesses often encounter the need to determine the fair market value ("FMV") of the company's stock, for example where there is a sale or gift of the stock. Unlike publicly traded stock, the value of which can be determined easily on the Internet or in a newspaper, stock in a closely held business has a value that is more difficult to nail down. By definition, the shares are held by a much smaller number of people and are not widely traded.

Fair market value means the price at which property would change hands between a willing buyer and a

willing seller when neither party is under any compulsion to buy or sell and both parties have a reasonable knowledge of relevant facts. Calculating the FMV of closely held stock generally starts with an estimate of the total value of the closely held company itself. Application of discounts (or premiums) to account for the specific circumstances of the company then reduces (or increases) the FMV of the stock.

The process is highly focused on the particulars of each business. For example, in a recent decision by the United State Tax Court, the starting point in valuation of a decedent's minority interest in a closely held family corporation was easier to figure, because the corporation was a holding company with a portfolio of widely traded securities that had readily ascertainable values. But that market value was discounted by 10% to take into account a buyer's lack of control over the company and by another 15% for lack of marketability of the shares.

The Internal Revenue Service likes to keep an eye on valuation discounts, since they lead directly to a reduction in tax liability. Federal statutes, regulations, and Revenue Rulings have shed light on the use of valuation discounts. IRS Revenue Rulings have identified the following list of some primary criteria for determining the valuation discounts for closely held stock:

- Nature and history of the business;
- Outlook for the economy and the specific industry;
- Book value of the stock and financial condition of the business;
- Earning and dividend paying capacities of the company.
- Goodwill or other intangible value of the enterprise;
- Sales of the stock and size of the block of stock to be valued; and;
- Market price of publicly traded stocks of corporations in the same or similar line of business.

Although Davis Law Associates are not experts in business valuation, they can provide you with advice and resources concerning valuation decisions. Contact them at 858-793-1220 and give them an opportunity to assist you in building your enterprise.

THE INTERNET IS ALL ABOUT EXPOSURE, EXPOSURE, EXPOSURE

Just as location, location, location is important in real estate, the internet is all about exposure, exposure, exposure. An added benefit that we are adding to our website is a free banner ad link to any client website where we have incorporated or trademarked. This will be located under the Client Database section <http://www.biz-usa.com/html/client-database.htm>.

To have your company banner ad listed please send an email to dottie@biz-usa.com with "Banner Ad Request" in the Subject line. In the body of the email include a link to your website or banner ad if you already have one.

Note that the website links listed under Client Database are not recommended companies. We are merely providing exposure for clients.

HOW TO ATTRACT CASH-BEARING PARTNERS

Do you have a real estate project in financial trouble and heading for foreclosure? While your venture may understandably cause you headaches, it may be just the right medicine for wealthy investors looking for a tax break and long-term capital appreciation.

Many investors fit this bill. These are individuals who want real estate tax shelters but don't have the time or expertise to manage their own investment properties. If you think investors can save your property from foreclosure, you'll need the right approach:

- Advertise for investors. Physicians, attorneys, executives and successful business owners are your best candidates.
- Form a limited partnership. A limited partnership is a partnership where the investing partners have their liability limited to the loss of their investment. Limited partners do participate in profits and in tax write-offs.
- Allow your investors 100 percent of the tax write-offs. This means they would be able to deduct all the taxes, interest, depreciation and negative cash flow. This can be a hefty sum.
- In exchange for these tax benefits your investors would advance all the funds

necessary to cover the negative cash flow and keep the property out of foreclosure.

- Set up your deal so that when it comes time to sell the properties, the profits are split 50/50. This is permissible even if you own one percent of the partnership.
- You would serve as general partner and manage the properties – possibly for a fee.

This is precisely the type deal that attracts so many passive investors to real estate, and even those that are operating precariously with a negative cash flow. Ask your accountant. He or she can show you the benefits you must sell. Caution: Real estate limited partnerships aren't as attractive an investment since the 1986 Tax Reform Act, but properly structured it can still dazzle investors.

LENDER LIABILITY: HOW TO WAVE THE BIG CLUB

Lender liability lawsuits have become a major weapon in the beleaguered borrower's fight against lenders. The courts have increasingly sanctioned lenders for a wide number of violations in their dealing with borrowers. Lenders are now extremely sensitive to a possible lender liability claim. Their concern is justified. Depending upon the nature of the violation, the court can award you considerable damages and even discharge your loan obligation to an over-bearing lender. Here are the seven most common violations to look out for:

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- Fraudulent lender conduct or misrepresentation in either making the loan or in their handling of the loan.
- Changes in loan terms without your consent.
- Unreasonable control exercised by your lender-particularly when your lender asserts management authority over your business.
- Failing to make future advances as promised.
- Making derogatory comments about you as the borrower.
- Calling a loan into default without justifiable cause.
- Negligence in the administration of the loan to your detriment-particularly in the way they dispose of your collateral.

These are only a few infractions that can put a lender on the defensive. The point is that you must carefully review all dealings with your lender. Underscore lender actions that you believe may be questionable. An attorney knowledgeable in lender liability law can review the merits of your claim, but if you have a strong case you can very easily put your lender on the defensive. This can indeed be powerful leverage to favorably resolve your financial problems with your lender.

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Applause abates diligence.

Samuel Johnson

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