



# Newsletter

JULY 2009

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Our office will be closed for the following holidays:

September 7, 2009 – Labor Day

Our next newsletter will be mailed out the beginning of October 2009.

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 September 15<sup>th</sup> for our October newsletter.

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## WE HAVE MOVED OUR OFFICES

Delaware is currently the favored state to incorporate in. A few months ago a client asked me, "If Delaware is so great why aren't you there?" This question provoked me to ask myself the same question, "*Why aren't I there.*"

If you live in California you are aware that it is becoming, at an alarming rate, very expensive to live and do business there. Wanting to keep our prices competitive made the move to the east coast more attractive.

Business will continue in the same fashion it has for the last 16 years.

At this time I am asking that you change our address in your databases especially your direct pay bank accounts for agent fees. Our mail will only be forwarded for a few months so it is very important that our addressed be changed.

As always, we can be reached at 800-621-7007 or fax at 888-232-9022.



## **.Is your Corporation/LLC doing what it is supposed to be doing for you?**

If you do business in California or another state and are not incorporated in that state (or qualified to do business) you DO NOT have corporate protection. Your corporation is a total waste.

If you conduct business over the internet and do not have a physical location (office and/or warehouse) your corporation can be set up in another state.

For years accountants, attorneys and others have been pushing individuals to set up Nevada corporations, especially if you live in California. California has the highest franchise tax of any state. In an effort to avoid this tax many have set up Nevada corporations, thinking that their personal assets were protected.

Because they are conducting business in the state of California, if an incident occurs with that business in California, a lawsuit can only be filed in the "jurisdiction" of the incident... meaning California. The client goes to court and the Judge asks "Is this Nevada corporation qualified to do business in California?" Chances are the answer will be "No". And bingo the corporation wasn't qualified to do business so you the one who it was set up to protect now gets sued personally.

If you have to qualify your Nevada corporation to do business in California your money and efforts are a waste of time. You will be paying the same fees to qualify a foreign corporation as you would had you just set it up there in the first place.

We get lots of calls asking us, "What is the state with no state income tax? That is the one I want to incorporate in." There are quite a few states that don't have state income tax (Nevada, Washington, Texas,

Wyoming, Delaware, are just a few). Avoiding state income tax is NOT a reason to incorporate in a state in which you do not do business in.

In the past everyone talked about Nevada and their so-called privacy laws. And everyone ran to Nevada to incorporate. Approximately eight years ago a study was done that determined that 90% of corporate crime came from Nevada corporations with all their privacy laws. The State of Nevada was forced to clean up its act and now gives our more information over the internet than any other company. You can go to their website and type in any individuals name and every single corporation/llc that they are associated with will come up. All of the information is there for everyone in the world to see, i.e. date of incorporation, date next list of officers are due, number of authorized shares, names and addresses of officers and directors, any amendments filed. And the worst part is that this information will never ever be taken down off of Nevada's website. You can merge the corporation to another state and only the status button will be changed to "merged". You can dissolve it and only the status button will be changed to "dissolved". The information will remain up there until the end of time.

We set up corporations and llcs in all states. Just call us and we will give you all of the information you need to know.

## **MEDIATION - A GOOD ALTERNATIVE**

Ever think you could settle disputes better than someone else, but you can't get the other party to communicate with you? Well then, mediation may be the right procedure for you.

Mediation is the process whereby the parties retain control to the outcome of the dispute. Unlike arbitration and litigation where a neutral third party (an arbitrator, judge or jury) decides the case, mediation is the procedure that allows the parties to communicate their concerns and present their position to the other side, with the help of a mediator, in furtherance of coming to a mutually acceptable settlement.

With arbitration, the arbitrator may or may not use formal rules of evidence or procedure. Nor does the arbitrator have to follow the law. Since many arbitrators are lay persons who specialize in a certain business area (i.e. a contractor may decide construction cases, a real estate broker may decide buyer/seller disputes), an equitable solution may be awarded instead of one based on an applicable law. With litigation, total control is relinquished to either a judge or a jury, either of which may not know much about the subject matter and who must apply strict rules and the law to decide the matter.

Most times, people have a better idea of how to settle their own disputes. Everybody knows what they want. They just have trouble communicating it, especially to another side when it involves a business issue, of which money is usually at stake. Hence, enter the mediator. Most courts and communities have mediation programs. Some are even free for the first two to three hours. So, check your local jurisdiction for your nearest mediation service.

When preparing for any settlement, *be prepared*. Outline your issues and concerns. Then, write out what you want to have happen. Be open, however, to the various ideas presented by the other side, and by the mediator. The mediator may ask you about your position. While mediators should not be making any decisions, the questions they ask are to help the mediator understand your position as well as to come up with alternative resolutions which the mediator, having understood the other side's position, thinks might be acceptable to both parties.

A good mediator won't judge the parties.

They are there to facilitate the communication between the two sides, while trying to get the parties to a "zone of mutuality." In other words, they won't "split the baby in half." There is a middle ground the parties must reach. And, even if both sides move closer to the center, the settlement may require one side to move further than half way, so long as the other side has moved into that zone where the parties can feel "safe" they are making a good settlement when making their concessions.

Sometimes, full settlement can't be reached, but a partial one can. Then, there is what I call the "Mediation Phenomena" where the parties, just by the fact that they were able to meet and start discussing their dispute, continued their discussion long after the mediation hearing, which often times will result in full settlement. Most mediators make themselves available for such instances should the parties get stuck on an issue after the hearing.

The parties should always check the qualifications and the fees of the mediator. Find out their field of expertise and where the mediation will be conducted. Make sure the mediator, not only has knowledge of your subject matter, but also has had some formal training in the mediation process. While there are many wonderful retired judges who now mediate, be aware of the ones who are known for "cramming down" settlements by judging the parties positions and evidence. Mediation is the process where the parties retain control to the outcome of the dispute and a settlement agreement should only be entered into voluntarily by the parties and not by intimidation of what a court of law might hold (although this strategy can be somewhat useful when dealing with an unreasonable participant).

The parties can go to the mediation alone, or be represented by their attorneys. All participants should have booked out enough time for the mediation. It takes time to settle disputes, hence, it is important the process not be cut short due to a time constraint of one the participants.

In conclusion, mediation is usually less expensive, quicker, and more conducive to the parties who want to try to work out their own settlement. Just have a plan of what you would like *before* you go into the mediation, and know how far you can “bend” (how far you can move into the “zone of mutuality”) in order to make a good settlement that you will honor.

*For more information about Edna L. Deeb, Attorney at Law, Certified Mediator and Arbitrator, E.L. D. Mediation Services or about how you can have Ms. Deeb lecture to your company, school, office staff, professional, community or religious organizations, please email Edna at [ELDMEDIATE@AOL.COM](mailto:ELDMEDIATE@AOL.COM) or visit her website at [www.ednadeeblaw.com](http://www.ednadeeblaw.com). This article is for informational use only and does not create an attorney/client relationship between the author and its readers.*

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**It's a shame that the only thing a man can do for eight hours a day is work. He can't eat for eight hours; he can't drink for eight hours; he can't make love for eight hours. The only thing a man can do for eight hours is work.**

**William Faulkner**

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**Do you know the difference between education and experience? Education is when you read the fine print; experience is what you get when you don't.**

**Pete Seeger**

**By three methods we may learn wisdom: First, by reflection, which is noblest; Second, by imitation, which is easiest; and third by experience, which is the bitterest.**

**Confucius**

**You must not lose faith in humanity. Humanity is an ocean; if a few drops of the ocean are dirty, the ocean does not become dirty.**

**Mohandas Gandhi**

**Time is the coin of your life. It is the only coin you have, and only you can determine how it will be spent. Be careful lest you let other people spend it for you.**

**Carl Sandburg**

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