

ORANGE COUNTY REGISTER

KNOW WHERE YOU'RE GOING

Some say the Economy is improving. Others disagree. Regardless, many folks are starting businesses or in some cases, investing in start-ups. Most – if not all – start-ups have limited budgets. Unsurprisingly, some ignore their legal needs altogether while others seek cheaper alternatives to hiring a lawyer, including do-it-yourself options like those found online. These do-it-yourself options, however, do not – and cannot – provide legal advice about how to utilize the documents they provide. They cannot draft or suggest revisions to such legal documents and they cannot provide legal advice regarding revisions or additions to such documents tailored to the specific needs of the start-up.

In many instances these perceived cheaper alternatives prove to be more costly than hiring a lawyer at the front-end, when a start-up needs one most. Indeed, the courts are riddled with cases

*"If you don't know where you are going,
you'll end up someplace else"*

-Yogi Berra

involving disputes among the partners of start-ups. Given the nature of

start-ups, many of these disputes are emotionally taxing and, unfortunately, involve family members or close friends who decided to go into business together. After all, most start-ups culminate from the close relationships one has developed over time.

Many disputes involving start-ups can be avoided – sometimes entirely – by hiring the right lawyer at the front end. And here's a secret: the *right* lawyer enjoys working with start-ups and is willing to work within an appropriate budget in an effort to gain a long-term, loyal and *successful* client. Also, the *right* lawyer can quickly assess what issues should be addressed in the short-term and what issues can wait to be addressed once the venture starts producing an income.

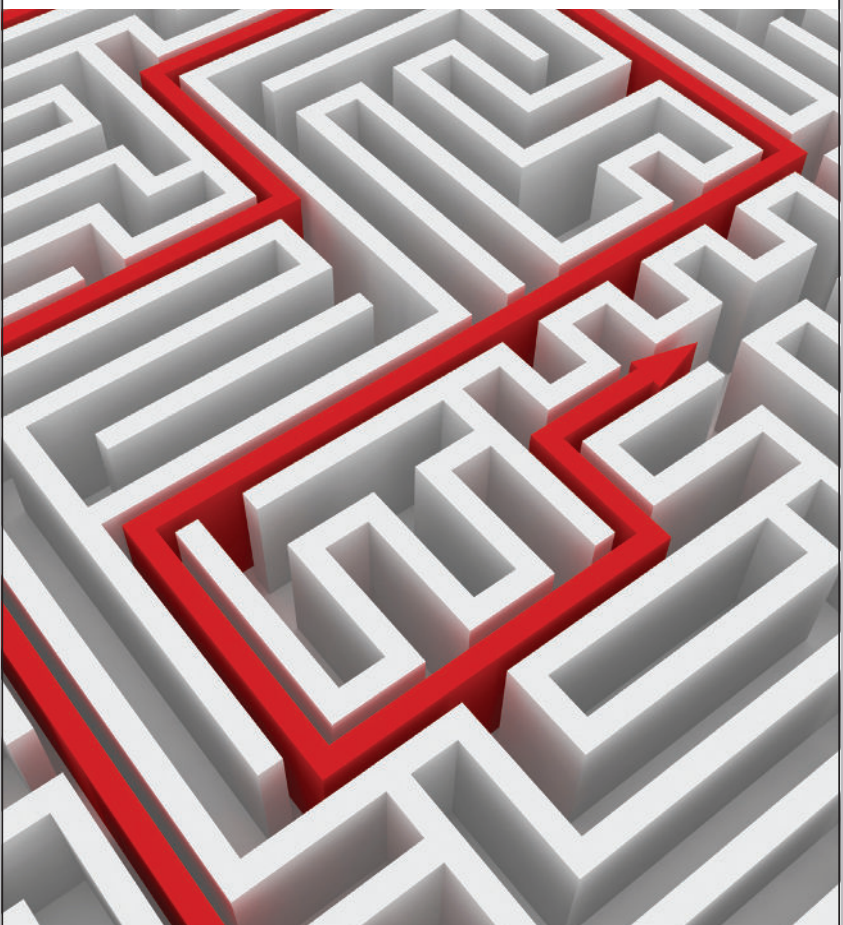
Many of the questions with which the right lawyer can assist include the following: Whether the investment should be debt or equity? If debt, whether the debt should be secured and if so, how and by whom? What advantages or pitfalls exist owning 33% versus 33 $\frac{1}{3}$ % or 49% versus 50% of the venture? What type of agreements should be put in place to efficiently – and quickly – resolve deadlocks and disputes? What fiduciary duties exists and how do they affect other ventures in which one might be involved? What, if anything, should be done to secure intellectual property rights? What other legal issues specific to the start-up's industry exist and how should they be addressed?

By hiring the *right* lawyer, you'll know where you're going and won't end up someplace else, like a courtroom.



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