



The
Strong Firm
Attorneys P.C.

STRONG • POINTS • NEWSLETTER

Spring 2012

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The Strong Firm in the News

January 2012 - The Strong Firm represents local energy-related company in multi-million dollar membership buy-in.

February 2012 - The Strong Firm represents developer in new office condominium project in The Woodlands.

February 2012 - The Strong Firm represents developer in new office condominium project in Park Ten area of Houston, Texas.

February 2012 - The Strong Firm represents area bank in \$10,000,000 commercial property refinancing and cash-out.

February 2012 - The Strong Firm represents borrower in structuring, funding, and commercial property acquisition in \$22,000,000 transaction.

February 2012 - The Strong Firm represents borrower in \$5,000,000 commercial construction loan.

February 2012 - The Strong Firm named official law firm of The Woodlands Townships' Three Signature Races - The Strong Firm has signed on as an official sponsor of Muddy Trails Bash, CB&I TRI-The Woodlands Triathlon, and the Memorial Hermann 10 for Texas. "We look forward to working with The Strong Firm for another race season and are glad to have them as the official law firm of The Woodlands Townships' three signature races," says Chris Nunes, Director of The Woodlands Township Parks and Recreation Department.

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Supporting Local Events Helps Build a Healthy and Vibrant Community

By: Bret L. Strong

As attorneys and staff at The Strong Firm P.C., we consider ourselves extremely fortunate. We are afforded the opportunity to live and practice law in a "hometown" that provides wonderful opportunities to interact with clients, business associates and friends where nature and a healthy lifestyle are embraced. We choose to sponsor and participate in a number of local events benefiting local health-based charities and our local parks and recreation department because we feel a healthy community is an attractive and vibrant community. The hundreds of miles of hike and bike trails and over 120 different parks give local residents instant access to the beautiful East Texas piney woods. Local charities supporting healthy lifestyle choices and treatment of illness make a difference in all of our lives. For those of you looking for a challenge this spring, or just an excuse to get you and the family outdoors, here are a few local "outdoor" events The Strong Firm supports and that the whole family can enjoy.



BRET L. STRONG

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The founder and managing shareholder of The Strong Firm P.C.

Muddy Trails Bash — 10k and 5k, 5k9 and Kids Fun Runs

On April 7, 2012 at Rob Fleming Park in the Village of Creekside Park, The Woodlands Township will host its 5th annual Muddy Trails Bash from 3 p.m. to 8 p.m. The event includes competitive and "fun" runs for people (and dogs) of all ages and abilities. The premiere events are the 10k (6.2 mile) and 5k (3.1 mile) chip-timed races for participants 10 and older on courses that wind through the beautiful George Mitchell Nature Preserve, located on 1,800 acres. There is also a "Little Muddy Kids' Fun Run" which is recommended for children ages 5 and up, along with a 5k9 run for people who want to include their four legged canine friend in the activities (leashes required). Following the races, there is family fun for everyone with a post-race party to include crawfish plates and live Zydeco music (concessions available for the public).

For more information visit www.thewoodlandstownship-tx.gov/index.aspx?NID=454

CB&I Triathlon

On May 5, 2012, a field of 1,000 participants will embark from Northshore Park at 7 a.m. on a swim, bike and run adventure through The Woodlands in the annual CB&I Triathlon. The event, which boasts both beginners and seasoned veterans of the triathlon world, includes a 500-meter swim in Lake Woodlands, a 15-mile bike throughout The Woodlands, and finishes with a 3.1-mile run along Woodlands Parkway, Grogan's Mill Road and through East Shore. With a reputation as one of the premier sprint distance multi-sport events in the region, the CB&I Triathlon produced by The Woodlands Township Parks and Recreation Department is a great event for participants and spectators alike. This event reaches capacity early, so if you plan to participate sign up soon!

For more information: www.thewoodlandstownship-tx.gov/index.aspx?NID=306

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"Can I Speak with your Manager?"— Understanding the Role of the LLC Manager

By: **D. Joe Griffin**



D. JOE GRIFFIN

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Joe became an Associate Attorney in 2010 after graduating from the University of Houston Law Center. His areas of practice include: business law and contracts; corporations, LLCs and partnerships; business and investor immigration; real estate; trademarks; and estate planning and probate.

Having lived in Argentina, as well as in Mexico City D.F., Joe is fluent in Spanish and conversational in Portuguese.

We all too frequently hear the words "Can I speak with your Manager?" or, unfortunately, we are the individuals who in frustration feel the need to ask that question. The question itself is essentially an appeal to someone with what we all understand and believe to be authority. In our daily social interactions we may be looking for someone with authority to resolve an incorrect food order, an error on a bill or invoice, or improperly provided services, just to name a few. In the context of an Limited Liability Company the term "Manager" can, and often does, refer to someone with much broader corporate power and authority than the manager of a customer service department, restaurant, or retail store. To better understand the role of the LLC Manager it is helpful to review the common authority structure of most corporations.

In short, corporations are made up of owner shareholders, who elect a board of directors, who select corporate officers. With most corporations the responsibility for the day-to-day business of the corporation rests on the shoulders of the officers, including the president, secretary, treasurer, as well as such other officers including a CEO, CFO, COO or CSO, etc. The board of directors is responsible for major decisions effecting the direction of the corporation and has certain corporate governance duties and obligations. However, in the context of an LLC, the structure of corporate authority is much more flexible and can exist in a form similar to that of a corporation, or very distinct from it.

An LLC usually does not have shareholders, and corporate authority does not stem from elected directors or officers. In Texas an LLC can choose between two major authority and governance structures – member-manager

or manager-managed. A member-managed LLC, just as the name implies, is a structure under which the member owners themselves have authority to bind the company and usually take active roles in running the company. In the case of a manager-managed LLC the member owners elect "Managers" who have full corporate authority with respect to the day-to-day business operations, and in many cases, authority which extends to include more major decisions regarding the direction of the company. Thus the role of an LLC "Manager" can and often does include very broad authority and is a position with the authority of an entire board of directors, president, CEO, CFO, secretary, and treasurer all rolled into one. In this regard, the title of "Manager" of an LLC implies broad actual authority to third parties and those with business dealings with the company, regardless of whether or not said authority is expressed in the company's founding documents or Company Agreement.

To this end, great care must be taken by members of an LLC prior to electing a Manager and in drafting and defining the authority of "Manager(s)" in the Company Agreement. At The Strong Firm P.C., we have extensive experience in drafting these documents to fit the individual needs of your business and in advising businesses with respect to a proper governance and authority structure. Whether you are an existing business looking to better organize your corporate structure or a resident or foreign national starting a new business venture, we can help counsel and guide your business so as to avoid the awkward plea of "Can I speak with your manager?" and replace it with an authority structure which breeds clear direction, confidence and respect.

The Importance of Legal Assistance Throughout a Commercial Real Estate Transaction

By: **Mariana Grijalva**



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Mariana became an Associate Attorney in 2011 after graduating from South Texas College of Law.

Her areas of practice include: international business investment and transactions; business law and contracts; corporations, LLCs and partnerships; and real estate.

She holds a BBA in International Studies and Business Administration from The University of St. Thomas. She is fluent in Spanish and conversational in French.

Typically, commercial real estate purchases are sizable transactions where investments and risks may be significant. Therefore, individuals who have been involved in commercial real estate transactions would agree that having the assistance of an attorney through this process ensuring that these investments are protected is a sound practice. There are various aspects of a commercial real estate where attorneys can provide invaluable guidance to help safeguard a client's interest and investment.

To begin with, it is always advisable to have an attorney review the purchase agreement prior to its execution by the parties. The purchase agreement will not only specify the purchase price and property and rights to be conveyed; but it will also define the rights and obligations of the parties throughout the transaction;

the matters to be settled and closing; and, sometimes may even address matters to be settled even after the closing. Because the purchase agreement affects so many different important and sensitive details, it is crucial to have the advice of an attorney prior to entering into such an agreement to ensure that your interests and rights are protected from the beginning.

Additionally, as we described in our previous issue, the title review process is also an important part of any commercial real estate transaction where the assistance of an attorney can prove instrumental. As we explained in our previous issue, the title review period is the time where the purchaser in a transaction must review the title documents related to the property to ensure that there are no liens or encumbrances burdening the

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Choosing the Right Entity to Shield You from Liability: For-Profit Corporations

By: Eric R. Thiergood, Sr.

Second Installment of a Series "Choosing the Right Entity to Shield You from Liability"

This article is the second in a three-part series discussing methods to protect your business from liability through the formation of a legal entity. As discussed in the first installment of this series, which appeared in the Winter 2011 edition of the Strong Points Newsletter, the simplest and most effective way to limit one's liability in a business venture is accomplished by forming a legal entity that will serve as the responsible party in any contract or binding agreement as well as serve as the operator of the business endeavor. In Texas this is most often accomplished by forming a limited liability company ("LLCs"), a for-profit corporation and/or a limited partnership. This article will discuss one of the most familiar of Texas entity types, the for-profit corporation. Texas also permits the formation of not for-profit corporations that serve a variety of important charitable purposes. In this article, however, we will focus solely on the for-profit corporation, as a not for-profit corporation is typically not an appropriate option for a vast majority of our business clients.

Similarities to and Differences from a LLC

As discussed in the previous installment, the corporation shares some similarities to the LLC. The largest and most important similarity between the corporation and the LLC is that both of these entities are "stand alone" entities recognized by the state of Texas as being legally separate and distinct from its members, managers, officers, directors and shareholders. LLCs and corporations are able to transact business much like an individual would include being able to: buy and sell businesses, assets and property; enter into contracts and legally binding agreements, and sue and be sued. Since a corporation is a "stand alone" entity, the corporation, and not its shareholders, is liable for its own actions, contracts, debts and torts. As with an LLC, the shareholders of a corporation are traditionally shielded from most liabilities of the corporation. There are very

limited circumstances where this shield can be circumvented by a process known as "piercing the corporate veil."

The "Corporate Veil"

The "corporate veil" is a legal term of art used to describe the limited liability characteristics of a corporation. This security can be lost, however, by "piercing the corporate veil" in circumstances where an individual has misused or abuse the protection of the corporate veil. In such cases, the court may decide to remove the corporate privilege and protection, and hold such shareholders, officers, and directors personally and individually liable. In Texas cases, the courts have removed the corporate veil in situations where it determined that the corporation was simply a "sham" used by an individual or group to improperly avoid liability; in circumstances where the court determined that the corporation was actually just an "alter ego" of an individual or another entity; and in cases where the actions of the individual were negligent, fraudulent, or otherwise harmful and the actions were that of the individual and not the corporation.

Conclusion

When properly formed and operated a corporation can serve as a great means of limiting your exposure to liability in a business venture. Particular care should be taken, however, to ensure that the corporate veil of protection obtain through the formation of a corporation is not removed due to the improper formation or operation of the corporation or the acts or omissions of its shareholders, officers and directors. As such, when considering entering a new business venture, it is critical that you utilize the skill and expertise of an experienced Texas law firm to ensure that you stay protected to the fullest extent permitted under the law. The Strong Firm has helped thousands of clients in choosing and forming the right entity for their new business venture. We would be happy to assist you in such endeavors.



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Eric joined the Strong Firm P.C. in 2005 after graduating from South Texas College of Law. He is licensed to practice law in the State of Texas and in the United States Federal District and Bankruptcy Court for the Southern District of Texas. Having lived in Asturias, Oropesa Del Mar and Madrid, Spain, Eric is completely fluent in Spanish and uses these skills in his work with some of the firm's international Spanish-speaking clients.

The Importance of Legal Assistance Throughout a Commercial Real Estate Transaction

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property that may hinder the purchaser's intended use of the property, or the future marketability of the property. An experienced attorney will be able to efficiently review and analyze these documents and identify any potential issues. The attorney can then work with the client to ensure that any issues are addressed and settled between the parties prior to closing to ensure that the purchaser receives clear title to the property at closing.

Finally, in preparation for closing, closing documents, such as the deed, and any necessary easement or release instruments, need to be drafted and reviewed, and executed by the parties prior to or at closing. Enlisting the help of an attorney to draft and/or review these

documents prior to closing to ensure that your interests are protected will prove to be a valuable investment as it typically provides for a smoother closing process.

At The Strong Firm, P.C., our attorneys have a vast experience in commercial real estate transactions and have assisted both buyers and sellers alike in hundreds of transactions associated with commercial real estate. Investing the time and expense of having a professional advise you throughout the process of purchasing or selling a commercial real estate property is a worthwhile investment as it will provide you with the peace of mind that your rights and interests are being protected throughout the transaction.



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To retain our services, please contact us and we will send you a written engagement letter for your consideration and execution in order to hire our firm and create the attorney-client relationship. Please do not send confidential information to us until such an attorney-client relationship has been established.

We are proud to announce that for the THIRD year in a row (2012, 2011, & 2010), The Strong Firm has been voted in the First Place as the “Best Attorney, Lawyer & Legal Services in The Woodlands” under Professional Services category by registered users of Woodlands Online at www.WoodlandsOnline.com.

We appreciate your support and we are proud to serve you!



The Strong Firm



From left: **Laura Junek**, paralegal; **Melanie Edleston**, office manager; **Mariana Grijalva**, attorney; **Matthew Larkin**, law clerk; **Bret L. Strong**, attorney, founder, and managing shareholder; **Eric R. Thiergood, Sr.**, associate attorney; **D. Joe Griffin**, associate attorney.

We provide legal services in the all of the following areas:

- Business Law and Contracts
- Financing, Trademarks, and General Corporate
- Corporations, Partnerships, and LLCs
- Real Estate
- Business Disputes
- Wills, Probate, Trusts, and Estates
- Mergers, Sales and Acquisitions of Businesses
- Oil, Gas and Energy
- International Business Investment



Supporting Local Events Helps Build a Healthy and Vibrant Community

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The 3rd Annual iGoPink Stelletto Sprint – The Breast Cancer Charities of America

On September 15, 2012, both women and men will strap on high heels and sprint through Market Street - The Woodlands to benefit research, advocacy, education and support for those women and their families dealing with breast cancer. This is a one-of-a-kind must-see event that is loads of fun and benefits a great organization.

For more information:

www.thebreastcancercharities.org/yearly-and-ongoing-igopink-events/

Ten For Texas and One 4 Texas Kids' Fun Run

One of the premiere running events in Texas, the fun starts at Market Street on October 13, 2012 at 7 a.m. for One 4 Texas Kids' Fun Run and at 7:30 a.m. for the Memorial Hermann 10 For Texas 10-mile race. The race follows Woodlands Parkway, Cochran's Crossing and Lake Woodlands Drive (see map on the web site), so come out and cheer the participants on as they run past many local parks and neighborhoods. Participants will enjoy a Texas-sized party with fun for the whole family, but sign up early, as the race is capped at 2,500 and does fill up every year.

For more information: www.thewoodlandstownship-tx.gov/index.aspx?NID=298

So let's hit the great outdoors and spring weather and enjoy all The Woodlands has to offer while supporting a great community!