SUMMER 2016

StrongPOINTS

THE UBER CONTROVERSY :

AN EXAMPLE OF THE CLASH OF TWO WORLDS

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Today we live in a world that is built around handheld devices that satisfy the freedom of instant access and gratification. This new reality means we may have to sacrifice some privacy and sometimes potential safety, for convenience, a controversial trade-off perfectly embodied by the successful car service Uber. Simply open an app on your phone and a private ride will be at your exact location in minutes to take you a few miles or across the city. Government regulation is trying to match Uber's fast expansion with a perceived need to protect the collective safety of citizens from strangers showing up to give you a ride. More and more these two conflicting worlds are colliding.

On May 9, 2016, Uber stopped service in Austin when voters failed to relax regulations put in place last December that mandated fingerprint-based background checks for Uber drivers. The car service stands by its private background check process and says the Austin regulation makes operation in the city impossible. But Austin, along with many other cities, believes it needs to more closely license and regulate this activity for the general safety of the public. Uber says these regulations are "duplicative," "expensive" and "take too long" for part-time drivers who are looking to make a few bucks.

Uber and the City of Houston are in a similar battle, with Uber threatening to leave the fourth-largest city in the country over the same issues. State representatives and senators have publicly stated they will get involved to block these measures. Texas House of Representatives member Matt Rinaldi tweeted, "Local control turns to local tyranny again in Austin," and State Senator Charles Schwertner of Georgetown said he will introduce legislation to take away such regulatory powers from Texas cities.

As more of our lives move online and onto our phone, opportunities abound for capitalists like Uber, just as they did during the Industrial Revolution. The consumer for the most part benefits with lower costs, more information and more alternatives. Unfortunately, the same environment provides potential opportunity for predators and con artists. Stay tuned as this and many other issues of personal freedoms in the Information Age collide with the government's growing need to try to protect society. What an exciting time to be a part of the legal world!

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Properly Terminating Your Entity

Eric R. Thiergood, Sr., *Income Shareholder, joined The Strong Firm P.C. in 2005. Eric graduated from South Texas College of Law and is licensed to practice in Texas and in the United States Federal District and Bankruptcy Court for the Southern District of Texas. He lived a large portion of his life in Asturias, Oropesa Del Mar and Madrid, Spain and is fluent in Spanish.* **ethiergood@thestrongfirm.com**

Failing to properly terminate or "wind down" an inactive corporation or LLC is a potentially costly mistake many Texas business owners make. While the steps involved in terminating an entity are relatively straight forward, the potential legal ramifications for failing to do so properly can be significant.

While most small business owners are aware that the Texas Business Code requires corporations and LLCs to file a Certificate of Formation to form the legal entity, many are not aware that the code also provides the steps required to terminate said entity and establish the "start date" for any applicable statutes of limitation that commence on the termination of the entity. Contrary to what many business owners think, simply closing the business, selling all of the assets and paying any existing creditors does not serve to formally terminate the entity in the eyes of the state of Texas.

Continued Obligations Regarding Reporting Requirements
Entities not officially dissolved remain obligated to comply with most state reporting requirements. While the entity may no longer be conducting business and may be forfeited by the Texas Secretary of State, if the entity has not been properly terminated it is still responsible for filing annual reports.

Tax Requirements
Federal, state and local tax returns are still technically due even for an entity that is no longer officially doing business but has not been properly dissolved. The consequences of not properly terminating the entity include the accumulation of tax fees and penalties for failing to file. Penalties may be assessed even if the entity is defunct and had no income or expenses to report.

Potential Continued Liability
The most significant consequence of not properly terminating an entity is continued liability for acts, debts and obligations of the entity until such time as the entity is properly terminated. Filing a Certificate of Termination triggers the start dates for deadlines for parties bringing claims against the entity. If the entity is not properly dissolved, it remains open to any lawsuit or claim in perpetuity.

Properly terminating a business that is no longer active is as critical as properly forming the entity in the first place. Failing to terminate the entity exposes it to additional liabilities until such time as the entity is properly dissolved. At the Strong Firm, we have helped hundreds of clients properly dissolve their inactive entities to limit the ongoing exposure to potential lawsuits and claims, and we would be glad to do the same for you should the need arise.

Can I Tell You A Secret?

Brian Albert, *Associate Attorney, joined The Strong Firm P.C. in 2012. His areas of practice include oil and gas, commercial real estate, business law and contracts, and trademark law. He received his Juris Doctorate from the University of Houston Law Center and a B.S.in Business Administration with a specialty in Finance from American University in Washington, D.C. He has previously worked for Baker Hughes, Inc.'s and Hewlett-Packard's in-house legal departments.* **balbert@thestrongfirm.com**

In the world of business, information is king. The more you have, the more likely your success. It is a valuable commodity that drives business decisions, and therefore, it must be protected.

In any business, there usually comes a time when an opportunity presents itself to pursue a new transaction, such as a major purchase or sale, a merger, or even a partnership that allows both parties to work and grow together. In each of these scenarios it is critical to have as much information as possible before moving forward. Naturally, the other party is also seeking information from you, making it imperative for each side to simultaneously share information while protecting it from disclosure to outside parties. Enter the confidentiality agreement, also commonly referred to as a non-disclosure agreement (NDA).

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Estate Planning:

One Size Doesn't Fit All – Part 2

Royce Lanning, *Associate Attorney, joined The Strong Firm, P.C. in 2013. He received his Juris Doctorate from the University of Hawaii, William S. Richardson School of Law and obtained immediate trial experience as a Deputy Prosecuting Attorney with the Department of the Prosecuting Attorney, Maui. He is licensed to practice law in the State of Texas, the State of Hawaii and all Federal District Courts in Texas.*
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In Part 1 of this series we discussed the potential for older wills to involve too much estate planning (i.e. over planning) when considered in light of current tax legislation. In this installment we will look at the dangers of a "one size fits all" plan that does not provide enough planning (i.e. under planning). One common example of under planning is found in do-it-yourself form wills generated by online services, software packages or prepackaged paper forms. As the saying goes, a little knowledge is a dangerous thing.

DIY wills often fail to include advantageous provisions allowable under individual state laws or provide proper instructions for execution of the document, meaning it may not be properly executed at the time of death, resulting in inflated probate costs, or worse, an invalid will. Among the most troubling trends I have seen is improper gifting. In the past several years I have had a number of clients come into my office with internet wills only to find that their will does not dispose of their property in the manner they intended. This is generally a minor problem if it is discovered and corrected during life. However, if it is not discovered until after someone passes it can have far-reaching and expensive consequences.

Similarly, package wills almost never explain why a certain provision is included or excluded from a will. Your average consumer does not understand the impact that certain circumstances or choices can have on your existing documents. The seemingly normal act of obtaining a larger insurance policy may have dramatic tax consequences at the time of your passing. It is important to seek the advice of professionals when preparing your estate plan and remain vigilant in having it reviewed on a regular basis or as major life events occur.

Residential Short-Term Rentals

Wendy Lambie, *Associate Attorney, joined The Strong Firm, P.C. in 2013. Wendy received her Juris Doctorate from South Texas College of Law and is licensed to practice law in the State of Texas and in the United States Federal District Court for the Southern District of Texas. During her career, she has gained valuable experience with Houston area firms, focusing her practice on estate planning and probate. In addition, she has in-depth experience in oil and gas matters, with special emphasis on title issues.* **wlambie@thestrongfirm.com**

The term "short-term rentals" is used to define a residential leasing that is generally less than ninety days. The term has become synonymous with online companies like Airbnb or VRBO that market and book residential properties for short-term stays. Lately, there has been increased media exposure around short-term rental regulation as traditional properties attempt to convert and join this new market.

Proponents argue that these rentals promote tourism, generate revenue for a community (in sales and hotel occupancy taxes), defray the expenses of a family's vacation home and often offer a budget-friendly option to travelers. Opponents cite increased noise, traffic and parking issues, strangers in neighborhoods, reduction of residential housing availability and unfair competition with more traditional rental options. Communities that regulate short-term rentals are doing so for many reasons, but typically they are attempting to: (1) balance the economic opportunity created by short-term rentals with the need to supply long-term housing; (2) ensure safety; and (3) protect the rights of neighboring properties and residents.

Communities all over the world have been struggling to find balance on this issue. In Europe, Paris and Barcelona have regulated such activities and cracked down on violators with fines nearing $25,000. In the United States, San Francisco and New York City have similar legislation with time limits, property registration and requirements that the landlord still be in residence. Santa Monica has some of the toughest regulations, which require a business license, payment of a 14 percent occupancy tax and demanding the landlord remain in residence.

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Can I Tell You A Secret?

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Besides a term sheet or letter of intent, the execution of a confidentiality agreement should be one of the first steps in investigating a potential business transaction with another party. Confidentially agreements are binding contracts that dictate the terms by which the parties agree to share certain information and set restrictions on how that information may be used. While specific terms may vary depending on the transaction, most confidentiality agreements will address at least four core issues: (1) the parties disclosing and receiving the information; (2) the definition of what is and isn't "confidential information;" (3) the rights and obligations of the party receiving the information; and (4) the term of the confidentiality obligations.

Whether you are the disclosing party, the receiving party or both, confidentiality agreements are vital to your ability to further investigate the prospects of a potential transaction, and you must understand what your rights and obligations. Negotiate and execute confidentiality agreements early on in the process, and protect your valuable information.

Residential Short-Term Rentals

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In Texas, Austin has been at the forefront of juggling the two sides of this issue. After passing ordinances allowing short-term rentals (with certain limitations) in February, Austin officials later made significant changes to the ordinances to further regulate these activities. The revised ordinance imposes new requirements for inspections, sets occupancy limits and creates a process for denying, suspending or revoking a license. The ordinance details a new appeals process, sets limits on the geographic distance between some types of rentals, establishes noise requirements and prohibits certain types of gatherings. In master-planned communities with deed restrictions and strict use covenants enforced by community boards, an additional layer of approvals and restrictions make short-term rentals even more complicated and controversial and less likely to be approved without significant limitations.

In communities all over the globe, renters and homeowners need to be aware of the local regulations, the changing landscape of short-term rentals and assess how such rules may impact the rights of owners, renters and neighbors.

H5 RIDES THE ROCKIES

June 12 through June 17, Bret Strong will join 9 other cyclists to ride over 400 miles through Colorado's Rocky Mountains to support the fight against cancer. See the team and my reason for riding and SUPPORT OUR CAUSE at:
www.thestrongfirm.com/ridetherockies.
The Strong Firm P.C. will match donations from friends and family of the firm up to a total of $2500.00.

H5 Cycling Community Partners in Action:

Strong in Action

SPRING 2016

The Strong Firm assists in legal negotiation of developer's agreement between developer client and the City of Shenandoah for commercial development along I-45.

The Strong Firm provides counsel to developer in negotiation of Payment In Lieu of Taxes Agreement between developer and the City of Shenandoah for mixed use improvements within the retail commercial district.

The Strong Firm represents client in settlement regarding a dispute arising from alleged damage to a premises by sub tenants.

The Strong Firm represents borrower in the equity conversion of $1 million+ credit facility.

The Strong Firm provides legal counsel to borrower in the $27 million commercial acquisition loan.

The Strong Firm represents client in a multi-million dollar real estate Joint Venture.

The Strong Firm provides counsel to a multinational corporation in the formation and organization of its US subsidiary.

The Strong Firm assists borrower in $1.4 million guidance line loan.

The Strong Firm represents buyer in $1.3 million oil & gas assets acquisition.

The Strong Firm provides legal guidance to seller in $4.6 million oil & gas assets sale.

The Strong Firm represents seller in $540,000 assets sale.

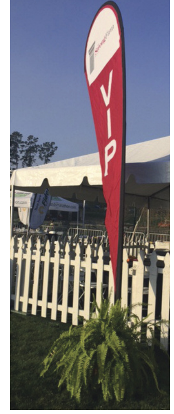
We provide legal services in all of the following areas:

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

Bret L. Strong, Attorney, Founder, and Managing Shareholder;
Royce Lanning, Associate Attorney;
Brian Albert, Associate Attorney;
Wendy Lambie, Associate Attorney;
Eric R. Thiergood, Sr., Income Shareholder

Strong in the Community

Finishing Strong



Above right. The Strong Firm sponsored and participated in The Woodlands annual **Muddy Trails Bash** held at Rob Fleming Park on April 2. Shown from left are Bret Strong, Alexi Caldwell, Bethany Kovacs and Laura Davis.

Above left. The Strong Firm sponsored the VIP tent at **The Woodlands Marathon, Half Marathon and 5k** run March 5. Congratulations to Bret Strong and Bethany Kovacs, members of the firm, for participating in the half marathon and finishing strong!

Giving Goes Glam

Above left. Members of The Strong Firm attended the Giving Goes Glam VIP reception, presented by Interfaith of **The Woodlands and Junior League of The Woodlands** at the new Westin Hotel. Shown from left to right are Bret and Angela Strong mingling with Jen and Christopher Lawrence.

Above right. The Strong Firm sponsored and attended the **2016 Giving Goes Glam** fashion show and luncheon presented by **Junior League of The Woodlands and Interfaith of The Woodlands** at The Woodlands Waterway Marriott on April 1. Pictured from left are Lisa Prado, Laura Davis and Bethany Kovacs of The Strong Firm PC.

"The Book"

Left. Bret Strong with Missy Herndon, president and CEO of **Interfaith of The Woodlands**, at the preview reception for Interfaith's new publication "The Book – The Woodlands" for which The Strong Firm was a premier advertiser.

EfTA

Right. Brian Albert of The Strong Firm acts as a Judge at the **Education for Tomorrow Alliance SCI Tech** event in March of 2016.