

Donald J. Weiss, Esq. PC

ATTORNEY AT LAW

DONALD J. WEISS
PRESIDENT

6 Hilloch Lane
Chadds Ford, PA 19317

CHADDS FORD OFFICE
FAX: 610-459-8653
PHONE: 610-459-8074

Certified Public Accountant
LL.M. (Taxation) NYU

Website: www.DonaldJWeiss.com
E-Mail: DonaldJWeissEsq@aol.com

THINGS TO DO TO TAKE ADVANTAGE OF CORPORATE SHELL

1. Always be sure to sign your name as President (or your officer) of the Corporation. After you have signed your name, you should write "President of XYZ Company."
2. Be sure that any documents or agreements that are signed clearly indicate you as "President (Secretary, etc.), of XYZ Company". Even though you may sign with the designation as indicated above, if the document itself indicates your name "individually" and/or "as an individual", the fact that you have signed as President of the Corporation would not be sufficient to avoid unnecessary problems.
3. Be sure the corporate designation such as "Inc.", "Corp." or "Corporation" is contained at the top of all stationery, including bills, name cards, memos and the like. It is quite helpful to have your name as President (or other officer) listed in the top left hand corner of all stationery, but imperative that whenever signing a letter at the bottom with your signature you indicate your name and title so that it is clearly understood that you are signing as an officer of the company.
4. If the Corporation is trading under a fictitious name and without the corporate designation, then it is imperative that the actual corporate name with the corporate designation (Inc., Corp. or Corporation) is contained someplace on the letterhead or stationery or that your signature at least indicates that you are an officer of the Corporation.
5. Never use a personal check to pay a corporate debt or expense unless absolutely necessary.
6. Anytime you contract for services, be sure the individual with whom you are contracting knows you are contracting for and on behalf of the Corporation, and make sure that the bill comes in the name of the Corporation. If the bill comes in your individual name alone and you cannot pay it immediately through the Corporation, send it back and ask for a new billing in the name of the Corporation. Even if you can pay it immediately, be sure you send it back with a corporate check and indicate that all future bills should be in the corporate name. If a company bills you in your individual name and you pay with a corporate check and they continue to bill you in your individual name without your attempt to correct them, the fact that you have paid them with a corporate check would be insufficient to protect your personal liability.
7. Do not have your spouse as an officer or a signator on any check account, especially the payroll and/or payroll tax account. Any officer and/or signator (and sometimes a director) can be held personally responsible for any employer's payroll tax liability for withholding taxes. If both spouses are officers and/or signators on such accounts and the Corporation ultimately dissolves or goes bankrupt, then such action will subject both spouses to liability and allow the Internal

Revenue Service or Pennsylvania Department of Revenue to attach jointly-held property such as the personal residence.

8. Always attempt to make all payments from the Corporation to an officer or stockholder in the form of a salary payment which requires withholding of taxes such as Social Security and Federal Income Taxes. It is not critical if infrequent advance or loans of a various nature are made to and from the Corporation, but it is imperative that it be on a very infrequent basis and be accounted for completely. The same holds true for what would be considered an expense of a strictly personal nature; namely, they should be accounted for as loans or advances to an officer for which he/she ultimately would have to repay the Corporation. The more such items are paid for, and the more cash is simply deducted from the Corporate account, the greater the potential liability for personal exposure.
9. Be sure all checks are printed up with the corporate name, including particularly the corporate designation.
10. Be sure any automobiles purchased in the future are in the corporate name and all insurance, such as liability, workmen's compensation, etc., appropriately reflect the Corporation or whoever may be the insured.
11. In the event any personal items are used, such as personal automobiles or personal real estate, a lease at a property rental indicating the Corporation as the Lessee should be prepared, executed and kept on file.
12. Any loans to or from the Corporation should be evidenced either by a promissory note or a judgment note.
13. Any transfers between the Corporation and an individual or any other unusual occurrences should be evidenced by an explanation to justify their occurrence or existence.
14. All meetings of the shareholders and directors should properly reflect notice to all concerned. At least annually, a shareholder's meeting and a director's meeting should be held, whereby the directors and officers are elected and any officers' bonuses or other employee bonuses, salaries and other corporate action are discussed, voted on and duly approved. Minutes of all such meetings should be kept and filed in the Corporate Minute Book.
15. The Corporate Minute Book should be kept up to date and maintained properly. You should verify that the original Articles of Incorporation, By-Laws, First Meetings of the Shareholders and Directors, Notices of all such meetings, advertisements of the Corporation's creation and original stock certificates are properly completed and contained in the Corporate Minute Book.
16. Whenever referring to the company in any writing, the entire name should be used or the word "Corporation" should be used to refer to the enterprise. Use of the phrase "company" or "enterprise" can sometimes be misinterpreted and not be clearly and completely denotive.

None of the above items is, by itself, sufficient to effectively pierce the corporate shell; however, the more these items are abused, the more potential problems are created. Some of these items are more important than others, and I have attempted to list them in what I consider to

be the order of importance. You should attempt to achieve all of these recommendations and, in that way, completely insulate yourself from personal liability and take full advantage of the corporate shell.

If there are any questions or if any unusual circumstances arise which have not been discussed above, please do not hesitate to contact me immediately.

Very truly yours,

Donald J Weiss

Donald J. Weiss, Esquire