

SURVIVING THE ECONOMIC CHALLENGE: WHY YOU AND YOUR SMALL BUSINESS MAY NEED LEGAL ASSISTANCE



*In this period of economic downturn, small businesses are facing increasing financial challenges. Trying to address these challenges without legal advice could put the small business and your livelihood at greater risk. Public Counsel's **Community Development Project (CDP)** provides **free** legal assistance with a variety of transactional issues to small businesses and low-income entrepreneurs located in, and employing residents of, underserved communities in Los Angeles County.*

For further information, please call us at (213) 385-2977, extension 200, or visit our website at www.publiccounsel.org/overview/cdp.html

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- **Modification and Reduction of Workforce.** Is your small business exploring reduction of employee benefits, salaries or hours? Do you know the criteria to use when downsizing its staff? Are you attempting to reclassify employees as independent contractors? Are you aware of the legal implications of all of these actions?
- **Contract and Lease Renegotiation.** Does your small business need to terminate or renegotiate contractual or lease obligations? Do you know whether your small business is legally permitted to sublet unused space?
- **Protecting Your Home and Personal Assets.** Are you operating your business as a sole proprietor or general partnership? Have you personally guaranteed a business loan or used your personal credit card for business debts? Are you aware of the situations where you could incur personal liability for the acts of the small business? Do you have appropriate controls and procedures in place to protect your assets?
- **Loans and Investments.** Do you know the agreement terms to which you should pay special attention if applying for or increasing a line of credit? Have you been approached regarding a potential investment, merger, or acquisition?
- **Debt Reorganization and Bankruptcy.** Have any of your key suppliers or customers filed for bankruptcy? Does your small business need to renegotiate debt repayment terms? Are you aware of the tax considerations faced by financially troubled businesses? Are you considering a voluntary workout or bankruptcy?
- **Intellectual Property:** Does your business rely on original technology or information that you or your employees have designed, or a distinguishing name, logo or product? Are you aware of the intellectual property issues your business might face when dealing with layoffs? Do you want to make sure you are protecting your rights to use this intellectual property?