

# Thinking of Starting a Business? Start it Right

Save the Heartache—And Your Money—  
advises Corporate Attorney Wilka Toppins

**W**ilka Toppins has seen the nightmares: Entrepreneurs who call themselves partners without any legal documents verifying the nature of the partnership. Businesses that designate employees as independent contractors only to find out in an IRS audit that they are truly employees. The cost of repairing these legal nightmares is often 10 times the cost of an initial consultation with a good lawyer. For Toppins, the answer is clear: start your business right by investing in a good consultation with a corporate lawyer.

Toppins, a successful entrepreneur herself, runs the only Latina owned law firm in Houston, Texas and has a staff of all Latina lawyers specializing in corporate law. Their practice also handles business law in Puerto Rico, her birthplace, and throughout Latin America. She sees three key steps to take from the very beginning of setting up a business:

First, create the right legal entity that will separate your business assets from your personal life. The options available to you are often determined by the state you live in. A good lawyer will evaluate the best organization for you based on three factors: [1] the kind of liability protection (lawsuits, bankruptcy) your business will need; [2] the tax requirements you will be required to address; and [3] the projected size of the company within three years and the number and type of people involved (partners, investors, employees). Each of these three considerations means a lot if you plan to work from home and consult versus if you will establish an office, hire a few employees and eventually sell the business.

Once you've decided on what kind of business you would like to establish, Toppins advises, "Do it the right way.



This is not a do-it-yourself-option because each state has different requirements and it can be tough to consider all the options on your own. A good corporate attorney that specializes in working with start-ups and entrepreneurs will help save you money in the long run." The number one mistake among Latina entrepreneurs observes Toppins, is that "We tend to define business relationships or transactions very loosely, we let things remain ambiguous to our detriment. Using independent contractors or in Latin America—*contratistas*—is often a preferred way of working with others but in the U.S. these are legal definitions with specific consequences. A good legal review for your business sets the right tone for your

business and will help you create the right infrastructure for setting up contracts, managing your trademarks and creating a protection for your personal assets."

In order to get started with finding the right legal advice, Toppins suggests visiting the Web site of your Secretary of State, which usually handles business licensing. Next, she suggests using [www.findlaw.com](http://www.findlaw.com) to help identify attorneys who specialize in corporate law and who are available to you in your city. Two other key Web sites to review: The Small Business Administration ([www.sba.gov](http://www.sba.gov)) and the Internal Revenue Service ([www.irs.gov](http://www.irs.gov)) both offer many resources to understand your legal responsibilities for setting up your business. **LS**