

BUSINESS ALERT

CURRENT LEGAL ISSUES FOR THE BUSINESS COMMUNITY

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LEGAL DOCUMENT AUDIT

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How long has it been since your business documents have been reviewed, amended or updated? In connection with the purchase/sale of a business and/or obtaining a real estate secured or construction loan, your attorney may be called upon to provide a legal opinion to the bank or the purchaser/seller. A legal document audit is similar to a financial audit in that the legal affairs of a business are subjected to an independent review by an attorney who evaluates the business's existing documents to uncover potential legal problems and to ultimately solve such matters.

The legal document audit begins with a review of basic corporate or limited liability company documents: the articles of incorporation or organization, bylaws, the operating agreement, minutes of shareholder or member meetings and board of director or manager meetings, and the stock or limited liability book showing all past stock/membership interest transactions. The attorney reviews the operating documents including, but not limited to, contracts with third parties, loan documents, leases, and other agreements regarding employment, trade secrets, and the transfer of stock or membership interests.

The audit may also examine the practices and procedures of the business to avoid potential liability. These practices would include employment issues, insurance coverage and environmental issues. This audit will verify whether there are sufficient minutes, properly documented loans and shareholder/member contributions as well as the status of the entity documents.

Please contact this office at info@alexsonlaw.com or (949) 219-0442 to discuss your legal audit needs. We would be happy to forward a document checklist to you at your request.

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Actual resolution of legal issues depends upon many factors including variations of fact and state laws. This article is not intended to provide legal advice on specific subjects but rather to offer insight into legal developments and issues. Consult with legal counsel before taking action on matters covered in this article. Copyright 2007 Harriet B. Alexson. All rights reserved.