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PARTNER CONTENT

Forming Partnerships, Joint Ventures and Business Entities: Six Key Considerations

Expert tips from D Best-winning lawyer Rogge Dunn.

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Failure to put all material terms and conditions of a business venture in writing is fool hardy. Memories fade, circumstances change and businesses encounter unforeseen circumstances. Worse yet, some unscrupulous partners have convenient memories designed to maximize their return at your expense. Six quick tips can ensure your fair treatment, instead of an expensive legal battle.

Put it in Writing

Most legal disputes can be avoided if agreements, obligations and responsibilities are confirmed in a writing signed by all parties involved. If it is promised, obtain written confirmation of all the details. It also helps you remember what you agreed to do. Even a short and sweet writing can protect you. Recall the case in Dallas where a partner obtained a \$1 million

Handshake deals and oral agreements result in “I said/they said” frustrating swearing matches like what we saw in the Kavanaugh Supreme Court confirmation hearings.

Use Plain English and Give Examples

Do not use legal terms or fancy language. Such language may have unintended meanings or connotations to judges, jurors and arbitrators. Use short sentences and simple grade school language.

Give examples of what is supposed to occur. “Show the math” of how profits, commissions, equity awards, bonuses, or deferred compensation will be treated.

Address all Possible Scenarios of Any Deal or Legal Matter

Will you receive a pro rata payment of bonuses or commissions if you quit, become disabled or are fired? If you are fired without cause, will vesting of stock options or equity accelerate?

What happens if a change in control occurs? Are you indemnified if you are sued for actions you took in the course and scope of your employment; is D&O or other insurance in place to protect you and your equity investment?

Safeguard All Documents You Send or Receive Regarding Any Legal Issues

Executives or partners are often fired or voted out without warning or when they are out of town. Safeguard a copy of all contracts, correspondence and key documents regarding any legal matters in your house with extra copies in a safe deposit box.

Don't Use Old Legal Forms

Using a contract, partnership agreement or other legal document as a form that you or a business acquaintance used in another matter because it worked in that situation, is like taking a friend's *expired*, prescription medicine because you think you have the same type of medical ailment.

Consult an Attorney Before Signing Any Agreements

Signing contracts without consulting a lawyer is like venturing into an African jungle without a guide or self-treating a serious medical condition without seeing a doctor. Before you enter into legal obligations, you need to understand the ramifications of doing so and whether you are getting a good deal, or are exposed to potential liability or other risks.

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