



**OWM NEWSLETTER
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ATTORNEY SPOTLIGHT

JOSEPH K. KOURY



Joseph K. Koury, Co-Chair of OWM Law's Business Law Practice Group, is a business and estate planning lawyer whose clients benefit from his advanced law degree in taxation and his experience, which includes a two-year clerkship with a respected trial judge. Mr. Koury regularly drafts and reviews business and estate planning agreements and documents for the personal and corporate clients whom he serves, clients which vary from the mom and pop store down the street to the more sophisticated business enterprise. Mr. Koury regularly assists and advises clients with business formation, business planning and succession planning. His clients gain

Consider Limiting Liability in Conducting Your Business

Many of OWM Law's business clients choose to conduct their business in an unincorporated, sole proprietorship form. While this approach may offer the conveniences of little expense or formality typically associated with conducting business through a limited liability entity, there are drawbacks to this approach, of which our clients should be aware. The Business Law Practice Group at OWM Law looks forward to discussing the particulars of your business needs in determining an appropriate manner for you to pursue your business interests.

The sole proprietorship is a type of business owned by a single person for which there is no legal distinction between the business owner and the business itself. Assets of the business are owned by the individual, and the individual is personally responsible for the debts of the business. There is no protection afforded the individual, as when a limited liability entity such as a corporation or limited liability company is formed by the individual for the conducting of business.

A sole proprietor may use a trade name following proper registration with the Pennsylvania Department of State. Professional licensure and similar requirements apply. The business is not subject to separate taxation; instead, the owner lists the business' income on his or her individual tax return.

There is no continuity of life to a sole proprietorship. When the business owner dies, the business ceases to exist, and the business assets typically are sold as part of administration of the estate of the owner.

In contrast to a sole proprietorship, a limited liability entity such as a corporation or limited liability company, limits its owner's liability to a fixed sum, typically the value of investment by the owner or owners. Owners are not personally liable for debts of the entity, absent unusual circumstances or the granting of personal guarantees. Depending on the type of entity, differing formalities must be adhered to in order to preserve the limitation of personal liability.

value from his insights on taxation in their business and estate planning endeavors, enabling them to make better-informed decisions. Mr. Koury is active in the communities which OWM Law serves, and he holds leadership positions on the Boards of various local nonprofit organizations.

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The material in this publication was created as of the date set forth above and is based on laws, court decisions, administrative rulings and congressional materials that existed at that time, and should not be construed as legal advice or legal opinions on specific facts. The information in this publication is not intended to create, and the transmission and receipt of it does not constitute, a lawyer-client relationship.

A corporation, which is a form of entity predating the limited liability company, typically has three separate constituencies: shareholders, directors, and officers. Management of the corporation is typically vested in the directors, although shareholders are the owners of the corporation and, as such, vote on important issues including the election of the directors; officers such as the President, Secretary, and Treasurer are appointed by the directors and are in charge of the day-to-day operations of the entity. Annual meetings of both the shareholders and directors are required.

In contrast, a limited liability company is a flexible hybrid between a corporation and partnership or sole proprietorship, depending on the number of owners, which are known as members in this context. A limited liability company may be managed by a "manager," who need not be a member of the organization, but instead may be an unrelated third party. Income tax elections are part of the flexibility inherent to limited liability companies, including the ability to be taxed as an S Corporation. A major difference between limited liability companies and corporations is that there is no requirement of an annual meeting relative to a limited liability company, although documenting important transactions contemporaneously is still recommended.

Both corporations and limited liability companies offer continuity of life, insofar as the death of an individual owner does not necessarily mean the entity ceases to exist. Additionally, because of the existence of the entity separate and apart from its individual owners, separate tax filings are required of the entity in most instances.

Given all of the above nuances, the business lawyers at OWM Law typically serve as part of the client's team, consisting of lawyer, accountant, and insurance agent, in advising whether to form an entity and also which type of entity to form. We do not recommend the "do it yourself" approach that has become prevalent in today's economic environment, but, rather, we welcome the opportunity to be of service to you in your business endeavors.

If you would care to discuss the above in detail, please call me at 610-323-2800 or email me at jkkoury@owmlaw.com. Also, please watch OWM's April 2016 Legal Talk program regarding Risk of Not Planning with a Business Entity on our website [here](#).

Upcoming Events

[David A. Megay, Esq.](#), speaking at Chester County Night School Seminars at Owen J. Roberts Middle School, Pottstown, PA, on 3/28/17 from 6:30p.m.-8:30 p.m. entitled "Starting and Operating Your Own Business" and on 4/25/17 from 6:30 p.m.-8:30 p.m. entitled "Buying and Selling Real Estate in PA" (contact Chester County Night School at 610-692-1964 or online at www.chestercountynightschool.org).

[Kathleen M. Martin, Esq.](#), speaking at Chester County Night School Seminars at B. Reed Henderson High School, West Chester, PA, on 3/29/17 from 7:00 p.m.-8:30 p.m., and at Owen J. Roberts Middle School, Pottstown, PA, on 4/11/17 from 7:00 p.m.-8:30 p.m., entitled "Unique Needs of Aging Adults from an Elder Law Perspective"; and at B. Reed Henderson High School, West Chester, PA, on 4/3/17 from 7:00 p.m.-8:30 p.m., and at Owen J. Roberts Middle School, Pottstown, PA, on 4/25/17 from 7:00 p.m.-8:30 p.m., entitled "Beyond the Simple Will" (contact Chester County Night School at 610-692-1964 or online at www.chestercountynightschool.org).

Watch Legal Talk, brought to you by OWM, on PCTV, Tuesdays at 8:30 on

Channel 28, and Thursdays at 9:30 p.m. on Channel 98, or on our website [here](#).

Read Legal Ease every first and third Sunday in the [Pottstown Mercury](#).

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