



## Be Careful When Using Internet Services

by Jeffrey J. Fanger

Many business owners and entrepreneurs learn the hard way that the Internet is a mixed bag of unpredictable services: some sources of information are reliable, and some are not. I recently was informed about a couple of new business owners who decided to start a company.

They turned to the Internet for help incorporating their business. They found a company—let's call it ABC Incorporations.com—that promised to set up their corporation for less than an attorney would cost. ABC Inc.com didn't help them decide if they should be incorporated or discuss with them relative benefits of establishing an LLC versus a corporation or other business entity. The new entrepreneurs didn't know to ask these questions. They simply filled in the online form and sent in their application.

A few weeks later they received their certificate of incorporation from the State of Ohio and a host of other materials regarding the company set up by ABC Inc.com. The company had made its representative the owner of the business and a local individual at a mailbox store the statutory agent. The business owners who had paid the Internet company to set up their corporation basically had transferred the ownership of their business to the Internet company.



I do not know whether the Internet company intentionally made itself the owner or simply made an error, but I doubt the new entrepreneurs had intended to transfer their business to an out-of-state party.

What this example points out is the significant risk you take when dealing with nameless, faceless Internet providers. When you use the Internet for business, keep these tips in mind:

1) Know whom you are contacting and whether or not they have a physical address. It can be very difficult to get problems resolved if you cannot even find the people who run the Web site.

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## When The Emperor Has No Clothes

by Beatrice E. Wolper

Remember the fairy tale where the emperor was hoodwinked by some con artists saying his new fabulous suit was spun with gold thread so fine that only the smartest subjects could see it? Remember how the emperor commented on how beautiful the suit was because he wanted to appear intelligent? Remember that everyone around the emperor told him how great it looked because they didn't want to lose his

favor? Remember how he walked completely naked among his subjects until a young child yelled, "But the emperor has no clothes on!"

Unfortunately, family businesses sometimes resemble small kingdoms where the family members may be afraid to tell the founders the truth about a delicate subject for fear of being fired—or worse—cut out of the will!

As the family business's legal advisor and counselor, the lawyer often will be in the position of telling the founder information he or she NEEDS to know, but may well not WANT to know. In fact, the attorney

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2) Make sure the company has the experience and credentials to do the job. Remember, almost anyone can create a professional-looking Web site.

3) Google them. One of the best ways to learn about a Web-based company is to use an Internet search engine to see if there are any articles or information available from third parties about the site.

4) Take a test drive. Give an Internet company a small project and see how your account is serviced before committing to a significant amount of business or service.

5) Send them an e-mail. Many Web sites publish e-mail addresses, but never respond to e-mails. E-mail a

Web site provider seeking more information before working with a site. If a company can't respond to you before you buy, how likely is it that you will get a response after you have given your money and there is a problem?

6) Think about what you send out. Don't send proprietary, financial, or other sensitive information to a Web site you do not know or trust.

It is not enough to be notified that the Web page is secure. If you must send particularly sensitive

information, ask for a mailing address and send it by certified mail so you can limit the accessibility of the information and will have a physical address should something go wrong.

The Internet can be and is used successfully for business and legal work. By using the above tips and strategies you will be better able to avoid Internet problems and the pitfalls associated with Web businesses.

**Don't send proprietary, financial, or other sensitive information to a Web site you do not know or trust.**

*Jeffrey J. Fanger is a Cleveland attorney.*

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may be the only person objective or brave enough to tell the truth—such as, “Your son has a drug problem and may not be the proper choice for your successor,” or, “The amount you believe is right for the valuation of your family business is way too high.”

When advising a client, the law charges a lawyer with informing the

client about what the law says, helping with decisions about future conduct and relationships, and being truthful.

Few attorneys enjoy being the bearer of bad news and few business

owners enjoy discussing disagreeable matters. However, a business should depend on its attorney to be a counselor, a trusted adviser—the

person who will always speak the truth—even if the information is unwanted or unpopular.

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**Web site resource for small businesses:**

To learn about programs offered by the U.S. Dept. of Labor's Office of Small Business, visit: <http://www.dol.gov/osbp>.

## IN THE HOPPER

*State legislation that could affect small business*

The Ohio legislature is currently considering a financial accountability bill (Senate Bill 143) that could have a major impact on the way non-profit organizations do business. If passed, the bill would impose, in certain circumstances, new record-keeping, auditing, and other requirements upon any entity that receives money from state or local government; it also provides for civil remedies for the misuse of those funds.

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