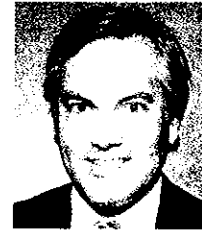


# Closing Letter to Client After Formation of a Closely Held Corporation

by WHITNEY M. SKALA



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## INTRODUCTION

Forming a corporation for a client usually involves a flurry of activity, including one or more meetings with the client and his or her advisors and senior employees to discuss various formation issues; signing articles of incorporation, by-laws, directors' resolutions, and other corporate documents; necessary filings; completion of many "housekeeping matters" to reflect the formation of the corporation; and attention to the event or transaction that precipitated the need for formation of the corporation in the first place. All of this may try the patience of a small business client who rarely uses an attorney. As a result, the corporation may have been formed and transactional issues dealt with, but certain corporate matters may remain unaddressed. The client's budget for legal fees may not permit another lengthy meeting, yet the client needs further advice regarding the operation of its business as a newly formed corporation.

A closing letter to the client is appropriate in this context. The letter gives the attorney an opportunity

to address some of the issues faced by a new corporation in a writing that the client can consult and absorb at leisure. The letter should cover certain essential topics, but must be readable. The author therefore should avoid an overly complicated analysis of corporate, tax, payroll, employment, and licensing issues. A closing letter should present the issues clearly, offer some indication of their relative simplicity or complexity, and indicate that if the client has further questions, he or she should contact the attorney and the attorney will address the client's concerns in a prompt and efficient manner.

This article sets forth a sample closing letter. The letter below assumes that the newly formed corporation is a closely held California corporation, but has not elected the statutory "close corporation" status. It also assumes that the articles of incorporation have already been filed with the California Secretary of State. The practitioner should customize this letter as necessary to cover operational or financial issues that may be unique to an individual client's business.

## Appendix

### FORM.

#### *Closing Letter*

Dear \_\_[Name of client]\_\_:

The purpose of this letter is to outline certain matters concerning the formation and operation of a corporation in the State of California. The following discussion does not represent a comprehensive summary or analysis of all legal issues that may affect your corporation. Rather, it is intended