

DEEP WATER HORIZON SETTLEMENT NEWS

On March 10, 2014, the U.S. Fifth Circuit Court ruled against BP on the issue of causation. BP was attempting to change the way some businesses had to prove a direct relationship of their losses to the April 2010 oil spill.

The court issued an order to lift the payment injunction that has been in place since October 3, 2013. Unfortunately we are still waiting for the court to rule on BP's request for an "En Banc" hearing (i.e. a hearing by the full 14 panel 5th Circuit Court). Most experts feel this will happen soon and that BP will be denied this motion as well. Once this request is turned down, payments should resume. Over the last few weeks, we have received many phone calls from the claim center asking for information on claims, which has not happened in a very long time, so we are encouraged things will begin moving.

One of the questions that several clients have asked is "what happens on the off-chance that there is an En Banc hearing and for some reason the class action is decertified or thrown out?" The simple answer is according to section 21.3 "If this agreement for any reason terminates and becomes null and void, the claims administrator will continue to process claims that have been submitted ..."

Due to BP's appeals, the claims deadline has been extended to 6 months past the date when the last appeal has been ruled on. Therefore, the final date has not been set.



Deep Water Horizon Platform.

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Short Monthly Advice:

- * Worry about reducing waste before trying to increase sales...you'll make more money. If you operate at a 20% profit margin, every dollar you increase sales will put 20 cents on your bottom line. Conversely, every dollar of waste you reduce, will put a dollar on your bottom line. Think about it.
- * Now which one makes more sense?

CLIENT SPOTLIGHT

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Make your profits grow

	Sole Proprietorship	C Corporation	S Corporation	Limited Liability Company (LLC)
Formation Requirements	None	Must file with state	Must file with state	Must file with state
Personal Liability	Unlimited liability -No protection	Shareholders not typically liable	Shareholders not typically liable	Members not typically liable
Administrative Requirements	Relatively few requirements	Election of board, annual meetings, annual report filings	Election of board, annual meetings, annual report filings	Relatively few requirements
Management	Full Control	Shareholders elect directors	Shareholders elect directors	Members set up structure as they choose
Term	Terminated at death	Perpetual	Perpetual	Perpetual
Taxation	Entity not taxable, passes to owner	Taxed at corp. rate. Dividends also taxed	Corp. tax on retained earnings. Income passes to shareholders	Entity not taxable, passes to members
Double Taxation	No	Yes	Yes	No
Capital Raising	Individual provides capital	Shares of stock sold	Shares of stock sold	May sell interests
Ease of Operation	Easiest	Must have annual meetings, Board of Director meetings, corp. minutes, etc.	Must have annual meetings, Board of Director meetings, corp. minutes, etc.	Easy

ARE YOU THE RIGHT CORPORATE STRUCTURE?

Unfortunately, most corporations in the U.S. are the wrong corporate structure. This is usually due to 1 of 3 reasons:

1. Corporation was set up years ago and has not changed with the changing tax laws.
2. Owner set up the business incorrectly.
3. An old-school CPA, or worse yet, an attorney set up the corporation.

The first and worst type of company you can be is a sole proprietorship. Although taxation is typically less than C or S Corps, there is no protection from legal liability. This means, if your company gets sued, all of your personal assets are at risk.

Both C and S Corps provide Liability protections, but also both face higher taxes in the form of possible double taxation. They also carry much stricter reporting rules and

have less flexibility for shareholders.

The final type of company is an Limited Liability Company. Contrary to popular belief, the LLC provides the same protections as C or S Corps. The liability is limited to the owner's investment amount in the company. A second myth is that LLC's are a new construct. Did you know early forms of the current LLC date back to 1892 although they didn't really start increasing in popularity in the U.S. until the 1990's? Another myth, my company is too big. In 2013, Price Waterhouse Coopers LLC (an accounting & taxation firm, coincidentally) had 184,235 employees, 776 locations & 32.08 billion dollars in revenue. In fact, the 3 biggest accounting firms in the world have all converted to LLC in the last 20 years.

Maybe it's time for you to take a look!