

PROTECTIONS

- Litigation is gambling.** Whoever has more time and money will win. Don't let your ego block your sanity. Spend time, money, and energy on other matters will be more profitable.

"Litigation: A machine which you go into as a pig and come out of as a sausage." ~ Ambrose Bierce, American writer 1842 ~ 1914

- Pay insurances to prevent and protect everything.** Insurances are your Plan C (for crisis) and these expenses are part of doing business. However, read their policies fine-print carefully. The devil is in the detail. Find out exactly what you are buying and what are not covered.

BUSINESS INSURANCE NEARLY EVERY COMPANY NEEDS

• General Liability Insurance	• Directors & Officer Insurance
• Product Liability Insurance	• Commercial Auto Insurance
• Property Insurance	• Data Breach Coverage
• Workers Compensation	• Business umbrella Policy

- Merger and acquisition from a direct competitor is espionage.** When a poisonous snake rattles its tail, watch its head. Don't expose too much your core competences during due diligent process.

"3 common threats associated with M&A: Identity Theft, Corporate Espionage, and Legal Document Theft" ~ Joe Moriarty, CEO, Content Raven.

- Have your lieutenant spearhead litigations.** A wingman can shield your exposition, let you see more objectively with less emotional stress, hence, more chances to win.

"Experts say litigation stress syndrome is a real phenomenon, and one that has a significant impact on physicians. Various emotions, including anger and depression, can strike, along with an inability to concentrate." ~ American Medical News

- No short cut for business contracts.** Without a written agreement, anything you said or did not say will hurt you. Have a fair written agreement on every transaction. It is a good business practice.



- Your employees will sue you.** Make sure on the first day of their job, you have them sign all the necessary paperwork to protect your company and you, so you can be happier on the day you terminate them.

"U.S.-based small and medium sized businesses face an almost 12 percent chance that they it will be hit with an employment claim, with their chances much higher in certain states." ~ insurancejournal.com

- Common senses and U.S. laws are not necessary applied the same in other countries.** In China, for example, if your company didn't pay your vendor or your vendor' supplier did not get paid, you may be hold as a hostage. They won't let you leave their country. Arm yourself with lawyers before you go into different realms.

Top five Chinese business laws everyone should know

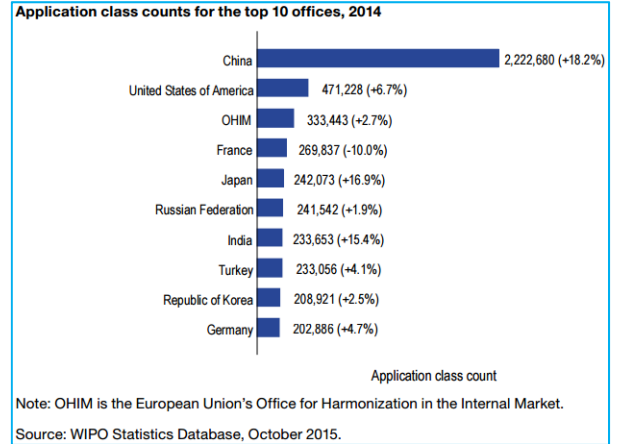
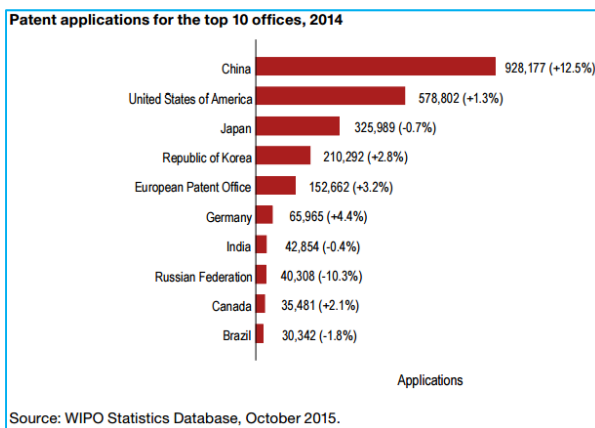
- The legal representative of a company gets to make decisions
- There is no such thing as an independent contractor in China
- The majority shareholder of a firm has to have been at the company for three years before an IPO can be made
- A U.S. court ruling holds no truck in China
- Do not terminate employees as if you are in U.S.

Source: www.redherring.com

8. **IRS will come. Be ready for them.** All money exchanges need to be properly documented. Don't think you can save taxes as the other did. When any of your vendors, customers, and industry peers in troubles with IRS, you might be affected in the chain reactions.

IRS AUDIT RATES		
Individuals	Individuals with Business Income	C Corporations and Pass-Through Entities
Overall audit rate: 1.03%	Overall audit rate: 1.6%	C Corporations Overall audit rate: 1.6%
No AGI: 2.67%	Under \$25K: 1.2%	\$0 to \$1M: 1.0%
Under \$25K: 1.05%	\$25K - \$100K: 2.4%	\$1M - \$5M: 2.1%
\$25K - \$50K: 0.70%	\$100K - \$200K: 3.6%	\$5M - 10M: 2.6%
\$50K - \$75K: 0.64%	Over \$200K: 3.4%	\$10M - \$50M: 10.5%
\$75K - \$100K: 0.64%		\$50M - \$100M: 20.7%
\$100K - \$200K: 0.85%		\$100M - \$250M: 23.2%
\$200K - \$500K: 1.96%		\$250M - \$500M: 22.7%
\$500K - \$1M: 3.57%		Over \$500M: 32.9%
\$1M - \$5M: 8.90%		(Based on Total Assets)
\$5M - \$10M: 17.94%		S Corporations and Partnerships Overall audit rate: 0.5%
Over \$10M: 27.37%		Source: 2012 IRS Data Book
(Based on Adjusted Gross Income)	(Based on Gross Business Receipts)	Source: cbiz.com

9. **Apply Trademark, Copyright, and Patent protections whenever possible.** This may protect your intellectual properties as well as shield you from annoying legal attacks. Sometimes, this may also be useful to repel some of your competitors to create similar products.



10. **Do lots of community services.** Popularity helps. Accumulate as much goodwill as possible. When you are in trouble, it is your peers in the jury box to judge you.



Source: www.nationalservice.gov