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Start a Business in California

A PLAIN ENGLISH GUIDE TO START
YOUR BUSINESS EFFORTLESSLY:

- Prepare Your Formation Documents **WITH EASE**
- **CONFIDENTLY** Start Your Business
- Quickly Complete All the **REQUIRED FORMS**
- **\$AVE HUNDREDS** of Dollars in Expenses

READY-TO-GO FORMS
WITH STEP-BY-STEP INSTRUCTIONS

John J. Talamo and Mark Warda
Attorneys at Law



3rd edition

**Start
a Business
in
California
(+CD-ROM)**

Third Edition

John J. Talamo
Mark Warda
Attorneys at Law



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How to Use the CD-ROM

Thank you for purchasing *Start a Business in California (+CD-ROM)*. In this book, we have worked hard to compile exactly what you need to start a business in California. To make this material even more useful, we have included every document in the book on the CD-ROM in the back of the book.

You can use these forms just as you would the forms in the book. Print them out, fill them in, and use them however you need. You can also fill in the forms directly on your computer. Just identify the form you need, open it, click on the space where the information should go, and input your information. Customize each form for your particular needs. Use them over and over again.

The CD-ROM is compatible with both PC and Mac operating systems. (While it should work with either operating system, we cannot guarantee that it will work with your particular system and we cannot provide technical assistance.) To use the forms on your computer, you will need to use Adobe Reader. The CD-ROM does not contain this program. You can download this program from Adobe's website at **www.adobe.com**. Click on the "Get Adobe Reader" icon to begin the download process and follow the instructions.

Once you have Adobe Reader installed, insert the CD-ROM into your computer. Double click on the icon representing the disc on your desktop or go through your hard drive to identify the drive that contains the disc and click on it.

Once opened, you will see the files contained on the CD-ROM listed as “Form #: [Form Title].” Open the file you need through Adobe Reader. You may print the form to fill it out manually at this point, or you can use the “Hand Tool” and click on the appropriate line to fill it in using your computer.

Any time you see bracketed information [] on the form, you can click on it and delete the bracketed information from your final form. This information is only a reference guide to assist you in filling in the forms and should be removed from your final version. Once all your information is filled in, you can print your filled-in form.

NOTE: *Adobe Reader does not allow you to save the PDF with the boxes filled in.*

* * * * *

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Using Self-Help Law Books

Before using a self-help law book, you should realize the advantages and disadvantages of doing your own legal work and understand the challenges and diligence that this requires.

The Growing Trend

Rest assured that you will not be the first or only person handling your own legal matter. For example, in some states, more than 75% of the people in divorces and other cases represent themselves. Because of the high cost of legal services, this is a major trend, and many courts are struggling to make it easier for people to represent themselves. However, some courts are not happy with people who do not use attorneys and refuse to help them in any way. For some, the attitude is, "Go to the law library and figure it out for yourself."

We write and publish self-help law books to give people an alternative to the often complicated and confusing legal books found in most law libraries. We have made the explanations of the law as simple and easy to understand as possible. Of course, unlike an attorney advising an individual client, we cannot cover every conceivable possibility.

**Cost/Value
Analysis**

Whenever you shop for a product or service, you are faced with various levels of quality and price. In deciding what product or service to buy, you make a cost/value analysis on the basis of your willingness to pay and the quality you desire.

When buying a car, you decide whether you want transportation, comfort, status, or sex appeal. Accordingly, you decide among choices such as a Neon, a Lincoln, a Rolls Royce, or a Porsche. Before making a decision, you usually weigh the merits of each option against the cost.

When you get a headache, you can take a pain reliever (such as aspirin) or visit a medical specialist for a neurological examination. Given this choice, most people, of course, take a pain reliever, since it costs only pennies; whereas a medical examination costs hundreds of dollars and takes a lot of time. This is usually a logical choice because it is rare to need anything more than a pain reliever for a headache. But in some cases, a headache may indicate a brain tumor, and failing to see a specialist right away can result in complications. Should everyone with a headache go to a specialist? Of course not, but people treating their own illnesses must realize that they are betting, on the basis of their cost/value analysis of the situation, that they are taking the most logical option.

The same cost/value analysis must be made when deciding to do one's own legal work. Many legal situations are very straightforward, requiring a simple form and no complicated analysis. Anyone with a little intelligence and a book of instructions can handle the matter without outside help.

But there is always the chance that complications are involved that only an attorney would notice. To simplify the law into a book like this, several legal cases often must be condensed into a single sentence or paragraph. Otherwise, the book would be several hundred pages long and too complicated for most people. However, this simplification necessarily leaves out many details and nuances that would apply to special or unusual situations. Also, there are many ways to interpret most legal questions. Your case may come before a judge who disagrees with the analysis of our authors.

Therefore, in deciding to use a self-help law book and to do your own legal work, you must realize that you are making a cost/value analysis. You have decided that the money you will save in doing it yourself outweighs the chance that your case will not turn out to your satisfaction. Most people handling their own simple legal matters never have a problem, but occasionally people find that it ended up costing them more to have an attorney straighten out the situation than it would have if they had hired an attorney in the beginning. Keep this in mind while handling your case, and be sure to consult an attorney if you feel you might need further guidance.

Local Rules

The next thing to remember is that a book which covers the law for the entire nation, or even for an entire state, cannot possibly include every procedural difference of every jurisdiction. Whenever possible, we provide the exact form needed; however, in some areas, each county, or even each judge, may require unique forms and procedures. In our state books, our forms usually cover the majority of counties in the state or provide examples of the type of form that will be required. In our national books, our forms are sometimes even more general in nature but are designed to give a good idea of the type of form that will be needed in most locations. Nonetheless, keep in mind that your state, county, or judge may have a requirement, or use a form, that is not included in this book.

You should not necessarily expect to be able to get all of the information and resources you need solely from within the pages of this book. This book will serve as your guide, giving you specific information whenever possible and helping you to find out what else you will need to know. This is just like if you decided to build your own backyard deck. You might purchase a book on how to build decks. However, such a book would not include the building codes and permit requirements of every city, town, county, and township in the nation; nor would it include the lumber, nails, saws, hammers, and other materials and tools you would need to actually build the deck. You would use the book as your guide, and then do some work and research involving such matters as whether you need a permit of some kind, what type and grade of wood is available in your area, whether to use hand tools or power tools, and how to use those tools.

Before using the forms in a book like this, you should check with your court clerk to see if there are any local rules of which you should be aware or local forms you will need to use. Often, such forms will require the same information as the forms in the book but are merely laid out differently or use slightly different language. They will sometimes require additional information.

Changes in the Law

Besides being subject to local rules and practices, the law is subject to change at any time. The courts and the legislatures of all fifty states are constantly revising the laws. It is possible that while you are reading this book, some aspect of the law is being changed.

In most cases, the change will be of minimal significance. A form will be redesigned, additional information will be required, or a waiting period will be extended. As a result, you might need to revise a form, file an extra form, or wait out a longer time period. These types of changes will not usually affect the outcome of your case. On the other hand, sometimes a major part of the law is changed, the entire law in a particular area is rewritten, or a case that was the basis of a central legal point is overruled. In such instances, your entire ability to pursue your case may be impaired.

Introduction

In 2001, when this book was first published, the first paragraph contained the words “California is booming.” When it was revised in 2003, the first paragraph contained the words “California is struggling with a deficit of over 35 billion dollars...and unemployment is high.” Today, the outlook is uncertain.

Is this a good time to start a business? Of course. There is no bad *time* to start a business—there are only bad *ways* to start one. A good product or service is always in demand. How you go about setting up, producing, marketing, and selling your product or service are the important considerations.

This book is intended to give you the framework for legally opening a business in California. It also includes information on where to find special rules for each type of business. If you have problems that are not covered by this book, you should seek out an attorney who can be available for your ongoing needs.

In order to cover all of the aspects of any business you are thinking of starting, you should read through this entire book, rather than skipping to the parts that look most interesting. There are many laws that may not sound like they apply to you, but that do have provisions that will affect your business.

In recent years, the government bureaucracies have been amending and lengthening their forms regularly. The forms included in this book are the most recent available at the time of publication. It is possible that some may be revised at the time you read this book, but in most cases, previous versions of the forms will still be accepted.

Deciding to Start a Business

If you are reading this book, then you have probably made a serious decision to take the plunge and start your own business. Hundreds of thousands of people make the same decision each year, and many of them become very successful. Unfortunately, a lot of them also fail. Knowledge can only help your chances of success. You need to know why some businesses succeed while others fail. Some of what follows may seem obvious, but to someone wrapped up in a new business idea, some of this information is occasionally overlooked.

KNOW YOUR STRENGTHS

The last thing a budding entrepreneur wants to hear is that he or she is not cut out for running a business. You might avoid those “do you have what it takes” quizzes because you are not sure you want to hear the answer. However, you can be successful if you know where to get the skills you lack.

You should consider all of the skills and knowledge that running a successful business requires, and decide whether you have what it takes. If you do not, it does not necessarily mean you are doomed to be an employee all your life. Perhaps you just need a partner who has