

“Buying a Business in America”

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America is certainly the land of opportunity. The United States has more employment through small businesses than through large corporations. Many Americans are either self-employed or have setup their own small companies and produced billions of dollars in gross domestic product.

In the international world of globalization, many companies from the European Union have acquired very large interests in some very large American companies. However, you do not need to be a multi-national conglomerate to setup and do business in the United States.

Over the past twenty years, we have helped setup, establish, or acquire over 1,000 businesses or business opportunities or business startups in the U.S.

Compared to the rest of the world, setting up a business in the United States is relatively easy. Although each state regulates the setting up of corporations and businesses, a corporation can be formed and established in as little as twenty-four hours or online in many states. Business and occupational licenses can issued the same day of application. Once a corporation or a business is setup, a Federal Tax ID number can be assigned within twenty-four to forty-eight hours.

So what does it really take to setup a business in the U.S.? There are various ways to setup a business in the U.S. The first and most prevalent way is to setup your own company. The second is to purchase an ongoing business. The purchase of the ongoing business can be either the purchase of the shares of the ongoing corporation or the purchase of the assets of the business known in the trade as an Asset Purchase Agreement.

Generally speaking, most businesses which are setup in the U.S. through the purchase of another business are done through the purchase of the assets rather than the shares of the corporation. The advantage is that the acquiring company or entity does not assume the liability or debts of the business purchased. The disadvantage is that you cannot use the prior company's tax ID numbers or established bank accounts.

On the other hand, you may purchase an ongoing business through the purchase of its assets, its good will, its trade name, its tangibles and intangibles.

U.S. tax laws are very favorable to purchasers of businesses or persons going into business. U.S. Tax laws allow a substantial amount of business deductions, expenses, and depreciations to be claimed by the acquiring company or entity.

Persons or companies coming into the U.S.A. can usually setup a branch business, establish a subsidiary, or merge or acquire an existing company in the U.S.A. Before making your decision on this, you should discuss this with your U.S.A. legal advisor as well as your U.S.A. certified public accountant.

If you are looking to buy a business opportunity in the U.S., you may either purchase the ongoing business or a franchise operation in existence or a new one, or acquire a license agreement.

United States Federal Law protects investors and purchasers of franchises by requiring franchise opportunities to give a full circular of the details of the business including its risks, its anticipated income and expenses, what the franchisor will do, and the responsibilities, duties, and liabilities of the franchisees. Purchase of a franchise operation will be the topic of another article and therefore we will not go further than to state that many people prefer purchasing a franchise since it does give the purchaser an established product or method of production or method of providing services which provides the training and the marketing and the support for the new business entrepreneur or owner.

On the other hand, there is certainly a clear advantage in buying an existing business. An existing business will already have a methodology of doing business, an existing base of customers or clients, a current business income, and a past record of profits.

When considering the purchasing of an existing business, it is highly recommended that you use the professional services of a fully qualified business or real estate broker in the state in which you are targeting to setup your business.

Before purchasing your business, you should make substantial efforts at due diligence by investigating the business climate, the industry to be targeted, and the competition in the field. There are a number of good resources to assist you in performing your due diligence. You should always have a U.S.A. certified public accountant assisting you in performing your financial due diligence.

Needless to say, your American attorney can assist you to write the Asset or Business Purchase Agreement setting forth the various contingencies and safeguards that you will need before you do the final closing.

In determining which business to purchase or the legal entity to setup in the U.S.A., whether a corporation, a partnership, or a limited liability company, you should closely consult with your U.S.A. legal consultant, your U.S.A. business broker, and your U.S.A. certified public accountant.

Setting up and doing business in the U.S.A. can present a world of opportunities and a world of questions that need to be answered before you make your final decision on setting up business in America.

Please be sure you have done your research in the industry you are targeting, have selected your professionals who need to assist you, and know all the costs for the acquisition and the legal requirements for your due diligence as well as your legal immigration requirements to trade and do business in the U.S.A. Knowing all of these in advance will help to provide a smoother transition to doing business in America.

Finally, although you may think globally, you must act locally and know the local environment of where you will do business.

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