

Future Editors

March 4

Doug Panchot

March 11

Doug Pfau

March 18

Louis Pinkerton

Greeters

March 1

Cara Olson
Darrell Olson

March 8

Jim Olson
Dick Olson

March 15

Doug Panchot
Doug Pfau

Upcoming Programs

March 1

Paul Kramer &
Cindy Mueller
Triangle Y Camp

March 8

Wayne Biberdorf
Hess Corporation

March 15

Lea Johnson
Trinity Mental Health
Stress Management

May You Never See a Courtroom Tips for Owners & Management

by RP Olson



It is an unfortunate fact of life that there are things that will make you lie awake at night. Ideally, one of those things should not be a lawsuit against your business. A legal action can have a devastating impact on the business, affecting not only the livelihood of the owner, but of every employee.

There is no secret formula, but the best way not to get sued in your business is to use common sense, be honest, handle complaints as quickly as you can, and implement as nearly as possible the following nine commonsense suggestions.

1. Use the Right Business Structure. If you are starting a business or already are running a business, review its structure. You should establish a form of business the offers the most protection against personal and financial liability risks.

a. *Sole proprietorship.* The sole proprietorship is the most common business structure in North Dakota, but this form of business leaves business owners open to the greatest legal risks. Legally, and for tax purposes, the individual owner is the business.

A business that is jointly owned by husband and wife who file a joint tax return is generally operated as a sole proprietorship. The liabilities and profits of a sole proprietorship are personal to the owner and *all* of the sole proprietor's personal and business assets are at risk.

b. *The general partnership.* The legal form of a general partnership is created when there is an association of two or more persons, or other business entities, who become known as the "general partners."

The association of parties may be informal or their association may be formalized with a partnership agreement. While a partnership agreement is not required, we always suggest it because it encourages specificity.

Each general partner has joint and several liability for obligations of the general partnership. That means that *each* general partner has the potential of being personally indebted for each obligation of the general partnership. One general partner's actions can make another general partner personally liable on a contract.

Similarly, the actions or torts of one general partner arising in the ordinary course of the partnership's business can result in another general partner being *personally* liable on a contract or in a lawsuit. The statutory authority for partnerships is found in N.D.C.C. Chapters 45-11 and 45-13-21.

c. *The limited partnership.* A limited partnership consists of one or more general, and one or more limited partners. The general partners have management powers and *are* responsible for all partnership obligations. The *limited* partners are not personally liable for the partnership's debts and obligations and generally do not participate in the management of the business operations.

The existence of a limited partnership existence commences with the filing of the certificate of limited partnership with the Secretary of State, or within 90 days after filing as designated in the certificate.

Secretary's Corner Om Madhok

2/22/10

PRESENT MEMBERSHIP: 105

ATTENDANCE: 59.2%

VISITORS: Janet Berg, guest of Mike; Gary Kramlich, guest of Dave Lehner, Jan Hinzpeter, guest of Tom; Pam White, guest of Dick; Eloise Ogden and Michelle Schatt, guest of the club.

MAKEUPS: Bruce Christianson and Dave Olson, Rotary International Projects in India; Milt Rolle and Valentine Day Social.

STUDENT ROTARIANS: Landon Bahl, Ryan Brown, Evan Kramer, Eric Kramer, and Drew Saari, students at Bishop Ryan.

We Missed You!

Daniel Albertson	Daryl Hodnefield	Jim Olson
Richard Anderson	Terry Hoff	Doug Panchot
Stacy Askvig	Bob Horne	Doug Pfau
Kit Baker	James Jensen	Louis Pinkerton
Wallace Berning	Sharon Johnson	Tom Rafferty
Rob Buchholz	Ann Krause	Chester Reiten
Don Bausman	Alan Kurth	Alison Repnow
Richard Campbell	Linda Langmaack	Alan Reynolds
Fred Crist	Fred Lien, Jr	Larry Schafer
Donald Davison	David Looyesen	Claude Sem
Blaine DesLauriers	Gerald Lumley	Rita Sommers
Sara Dufner	Jay Lundeen	Buzz Syria
Betty Fedorchak	Brent Mattson	Bryan Thomas
Daniel Feist	Michael McMahan	Steve Tonneson
Mike Gaddie	Milton Miller	Kelly Turneau
Jen Guidinger	OH Mittleberg	Matt Watne
Jaime Haaland	Jim Montgomery	Tom Wentz Jr
Ken Hegle	Darrell Olson	Tom Will

Please send editorials to: kholte@srt.com

NOTE: Those who attended the Valentine Day Social recently will be billed: \$25 for one person or \$50 for a couple. The money will be included in the next quarter's (April-May-June) dues statement.

The Prairie Flower is the official publication of Rotary Club of Minot, Minot, North Dakota. It is published every Thursday. Annual membership dues for the year 2009-2010 in the Rotary Club of Minot, ND are \$588. 6/28/09 Om Madhok, Secretary.

John Kenney of Grangemouth Central, Scotland— President, Rotary Int'l
Ajoy Chatterjee of Thunder Bay, Ontario, Canada—Governor District 5580

The Rotary Club of Minot meets 12:00 to 1:10 p.m. every Monday at the Grand International of Minot.

Board of Directors: Reed Argent, President; Teal Myre, President-Elect; Ron Merritt, Vice-President; Om Madhok, Secretary; Dave Lehner, Treasurer; William McLees, Past President.

Directors: 2009-Jen Guidinger and Dusty Zimmerman; 2010—Robert Dick and Brent Mattson; 2011—Mike Berg and Tom Will

Standing Members: Peter Hankla, Exchange Students, Ken Kitzman, Scholarship Fund; John MacMartin, and Rotary Foundation.

Birthdays

March 2
Tim Vallely



Anniversaries

NONE

Program Chairmen

FEBRUARY

Kim Krohn

MARCH

Alan Estvold

APRIL

Gerald Lumley

MAY

Buzz Syria

JUNE

Bruce Walker

Fines

\$3.00 each

Insurance, those who did not attend Valentine social and MSU alumni meeting on February 15, 2010

TOTAL FINES:

\$126.00

May You Never See a Courtroom cont'd from page 1

Limited partnerships may transact any business in North Dakota except the business of banking and insurance (insurer backing claims); farming is allowable under certain circumstances. The formation of limited partnerships in North Dakota is governed by the Uniform Limited Partnership Act, N.D.C.C. Ch. 45-10.2.

d. *The limited liability partnership (LLP)*. A limited liability partnership is an ordinary general partnership that elects to become a limited liability partnership. The limited liability partnership must file a Limited Liability Partnership Registration with the Secretary of State to acquire limited liability status. This status limits the liability of a general partner. In all respects except liability, the limited liability partnership operates and is treated in the same manner as a general partnership. The limited liability partnership statutes are found in N.D.C.C.Ch. 45-22.

e. *The limited liability limited partnership (LLLLP)*. A limited liability partnership is an ordinary general partnership that elects to become a limited liability partnership. The limited liability partnership must file a Limited Liability Partnership Registration with the Secretary of State to acquire limited liability status. This status limits the liability of a general partner. In all respects except liability, the limited liability partnership operates and is treated in the same manner as a general partnership. The limited liability partnership statutes are found in N.D.C.C.Ch. 45-22.

f. *The professional limited liability partnership (PLLP)*. As the name implies, a professional limited liability partnership is a limited liability partnership made up exclusively of licensed professionals. Licensed professionals are those people who have been legally authorized to provide a professional service to the public

that requires a license prior to rendering the service. A professional limited liability partnership is created, and otherwise operates and is treated, in the same manner as a limited liability partnership. However, at the time of registration with the Secretary of State, the professional limited liability partnership must also provide certification from the respective licensing board evidencing licensure of all partners. The statutory authority for the PLLP is found at 10-31 and 45-22 of the North Dakota Century Code.

g. *The limited liability company (LLC)*. A limited liability company is a legal entity that may be established by one or more individuals. Limited liability company existence begins when articles of organization are filed with the Secretary of State, or within ninety days after filing articles of organization as designated in the articles. The Secretary of State grants a charter upon filing of articles of organization legally recognizing the limited liability company as a separate legal entity having its own rights, privileges, and liabilities distinct from those of its members. A limited liability company combines the characteristics of a partnership and a corporation. Like a corporation, a limited liability company provides its members with limited liability regardless of the members' participation in management.

In sum, partners in the LLC, LLP, PLLP, and the LLLP, are shielded from personal liability for partnership debts and obligations that arise or accrue while the partnership has a valid LLC, LLP, PLLP, or LLLP registration in effect. In North Dakota, this liability shield provides protection against both contract and tort liabilities, basically the same protection as the liability shield for corporations. Which brings us to the corporation.

h. *The corporation*. A corporation is an entity created by one or more persons and granted a charter as legal recognition of a separate

entity—in other words, it's treated as a person. The separate entity has its own rights, privileges, and liabilities distinct from those of its shareholders. A corporation exists only by virtue of law, and has only those powers conferred on it by statutes, its articles of incorporation, bylaws of the corporation, and the resolutions and decisions of its shareholders.

A corporation enjoys certain inherent qualities: limited liability (most important for this discussion), transferability of ownership, possible tax advantages, and "immortality—it does not "die" unless dissolved or it was established for only a specific period. The statutory authority for the corporation is found at Chapter 10-19.1 of the Century Code.

2. Get it in Writing.

This is a simple rule. Get every business transaction in writing. This includes agreements, contracts, and financial transactions. In North Dakota, simple handshake agreements often work. However, when they do not work out and nothing is in writing, you have a big problem.

3. Make Sure Your Customers Can Find and Understand Your Policies.

This rule applies to employees in any management capacity as well as owners. Post and report your company's disclaimers and business practices for refunds and returns in plain English. If you want customers to be happy, you have the responsibility to ensure that they understand in advance your policies.

Best Buy was mentioned in various blogs this past Christmas because it had, in teeny little text on its receipts, the fact that if an item is returned, there is a "restocking fee" of a certain percentage of the refund. This makes customers mad, especially because they thought this information was "hidden."

May You Never See a Courtroom *cont'd from page 3*

If information is hidden, too long, or impossible to read either because of complex wording or using small print, it is not helping your business image and may not even offer you the protection you need.

4. Have Accurate Accounting!

We shouldn't need to mention this, but keep accurate financial records.

5. Get Insurance.

Get business liability insurance. Insurance is expensive and can be difficult for some businesses—especially sole proprietorships—to obtain. However, without it, you expose yourself to risk. A good insurance policy will provide coverage that will offer legal defense if you are sued and have not broken the law.

6. Is Your Business "Legal"?

Another thing that we shouldn't need to mention, but be sure to obtain the right licenses, permits, and registrations. File taxes, permits, registra-

tions, and any other required financial or legal documents that need to be updated or renewed, on time.

7. Keep Customers Happy and Stay Out of Court.

Work to resolve customer, employee, and other business complaints as quickly as possible. Never ignore a complaint or concern. It is very easy for people to make allegations, and in many cases, even to file a small claims or other lawsuit against you. Any time you fail to take immediate action to resolve complaints you run the risk of being sued. A complaint in small claims court is no less a lawsuit than one filed in district court.

8. Know the Law—and Follow It.

Another thing that we really, really shouldn't need to mention. Don't do anything illegal or unethical. Remember the Rotary 4-way test. Also, if you do not take time to know any federal and state laws that govern your business, you could easily break them.

Guest Speaker 2-22-2010

Lieutenant Colonel Rob Schutt is the Deputy Commander, 321st Expeditionary Mission Support Advisory Group, Contingency Operating Base Speicher, Tikrit, Iraq and serves as an advisor to members of the Iraqi Air Force. Prior to this deployment he served as the Deputy Commander, 5th Mission Support Group and Commander 5th Communications Squadron at Minot AFB. He has completed 21 years of service in the Air Force and has spent his career in the information management and communications career fields. He started his career here in Minot with several assignments in the 5th Bomb Wing and 91st Missile Wing. His follow on assignments included Wright Patterson AFB, OH; Offutt AFB, NE; the Pentagon; Rhein-Main Air Base, Germany; Scott AFB, IL and finally back to Minot AFB in 2006.

Right: Michelle, Rob, Ashley and Adam at Minot airport.

Below: Airplanes used to train the Iraq Air Force.



MAKEUPS

Milt Rolle

Nine makeups in Hawaii

1/4: Kahului

1/6: Keiki-Wailea-Maui

1/11: Kahului

1/13 & 20: Keiki-Wailea

1/21 & 28: Maui

2/3: Keiki-Wailea-Maui

2/11: Maui

Valentine Day Social

Sue Burger

Jeff & Dee Balentine

Milt & Tara Miller

Mike & Janet Berg

Ken & Donna Hegle

Roscoe & Kristi Streyle

Mary Keller

Richard & Mary Olson

Dick & Pam White

Stacy & Brent Askvig

Tim & Allison Vallely

Jarid & Lynn Lundeen

Tom & Jan Hinzpeter

Kim Krohn &

John Fishpaw

Ken & Judy Kitzman

Gerald & Linda Lumley



SUNRISE ROTARY

THURSDAY, 7:00 AM

Grand International

The coffee this week
was French Roast

Courtesy of
Jo Khalifa

