

Cantwell & Goldman, P.A.

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Compliance - A Review of Changing Laws

Businesses comply with the requirements of their operating agreement or by-laws by hosting formal meetings, maintaining appropriate records, issuing proper notices, and meeting other requisite company formalities. In addition to maintaining internal compliance, businesses must consider external factors and their impact on tax planning, ownership structure, and organizational classification.

One of these external factors is legislation. Businesses should periodically review changes to federal, state, local laws, and regulations with corporate counsel. A business should evaluate whether corporate ownership, management, and organizational documents conform to current and newly enacted laws. If you belong to a professional or trade organization common to your industry, you will be made aware of potential changes and how they may impact your business. For example, changes in laws can alter a business entity's exposure to internal and external liability.



One such change involves substantial revisions to the Florida Limited Liability Company Act. Chapter 608, Florida Statutes, will be repealed effective the end of this year, and Chapter 605 will be going into effect.



This new legislation includes many important changes to the laws governing LLCs, by changing definitions, default rules, the operating agreement, agency rules, authorities, and liabilities. The specifics of these changes are beyond the scope of this newsletter. However, if your LLC has not recently evaluated its compliance with knowledgeable counsel, this should rise to the top of your list of priorities.

The attorneys at Cantwell & Goldman, P.A. have decades of experience in business compliance, governance, and structure. More information regarding business entities is available on our website, at www.hmtlaw.com. If you have any questions concerning new legislation or agency regulations, please schedule a consultation with one of our knowledgeable attorneys.

Legal News: Final Sentencing in Insider Trading Scheme

Years after the latest recession exposed many misdeeds in the financial sector, a Merritt Island native, Mathew Martoma was sentenced to nine years in prison in one of the largest insider-trading schemes prosecuted to date. This marks the winding down of the investigation into the hedge fund S.A.C. Capital Advisors. Steven A. Cohen, the firm's namesake, avoided prosecution, while the firm admitted to insider trading and paid \$1.2 billion in penalties.

Mr. Martoma was convicted of using illegal, inside information about drug trials to place trades in bio-med companies, Elan Corporation and Wyeth. These illegal trades netted SAC Capital \$275 million dollars and a \$9.4 million bonus for Mr. Martoma.



The judge in the case noted a connection between Mr. Martoma's illegal trading to earlier behavior, such as his expulsion from Harvard Law School for faking transcripts and his successive failure to disclose this expulsion to Stanford.

This sentencing followed the high-profile 2011 sentencing of Galleon Group hedge fund co-founder, Raj Rajaratnam, who received an 11 year sentence for insider trading.

Consumer Watch: The Latest Fraud

Most people would not think twice about downloading a flashlight app for their smartphone. However, many seemingly innocuous apps may expose your most private financial information. This past December, a popular Android app called Brightest Flashlight, settled FTC charges for collecting users' location information, and using this information in unauthorized ways.

Many basic apps may be more complex than they appear. To protect your confidential information, download applications from trusted developers. Compare the file sizes of apps that perform the same function. A flashlight app that only enables the use of your phone's light will have a much smaller file size than an app which has software both enables the phone's light and contains "secret" software that accesses personal information.



For more information about the topics contained in this newsletter, and other important legal matters, please visit our website: WWW.HMTLAW.COM

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