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DAILY BRIEFS

Lt. governor visits 36th District Court Community Court

Lt. Governor Garlin Gilchrist, II paid a visit to the 36th District Court to meet with Chief Judge Nancy M. Blount and the team of court and community leaders who oversee and operate Community Court, including Judge Shannon A. Holmes, who presides over the specialty docket and LaNiece Jones, chief executive officer of Southwest Detroit Community Justice Center.

The 36th District Community Court is a neighborhood-focused problem-solving court with a docket dedicated to offenses committed in Southwest Detroit. Through the court's collaboration and partnership with Southwest Detroit Community Justice Center, eligible individuals meeting the set criteria are offered an opportunity to pay minimal cost in exchange for performing neighborhood-based, visible community service projects. Those individuals are also provided with valuable resources to assist them in obtaining basic essential services such as education, employment, housing and mental health counseling when needed.

Lt. Governor Gilchrist also took the time to observe Community Court proceedings and witness first-hand the benefit of specialty courts, such as this, to the community. The approach is a proactive restorative justice structure focused on reducing crime and recidivism, increasing public trust and confidence in the judicial system and meeting the needs of the community.

"We are very proud of our specialty courts and grateful for our dedicated judges, court professionals, neighborhood affiliates and justice system partners who work tirelessly and in unison for the betterment of our community and those we serve," said Chief Judge Blount. "We were so pleased and honored to share the good work of Judge Holmes and our Community Court with Lt. Governor Gilchrist."

Whitmer seeks to make more workers eligible for overtime



Gretchen Whitmer

LANSING, Mich. (AP) — Gov. Gretchen Whitmer is moving to make more Michigan workers eligible for overtime pay.

The Democrat announced Thursday that her administration will establish rules to change the salary threshold under which employers must pay overtime to their workers. Whitmer did not say what the threshold would be.

The Trump administration is making overtime pay available to 1.3 million additional workers, though the proposal replaces a more generous one advanced by former President Barack Obama. Whitmer says Trump's plan "leaves 200,000 Michigan workers behind."

She says boosting paychecks in good for families, businesses and the economy.

It could take up to year to finalize a Michigan overtime rule.

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36th District Court participates in Southeastern Michigan Veterans Stand Down Program

The Stand Down Program was held in Detroit on October 16. The event is a collaborative effort coordinated with the John D. Dingell VA Medical Center, the 36th District Court, other government agencies and community-based homeless service providers. The court participates annually in order to assist veterans in resolving outstanding matters as well to promote access to the court and its resources.

This year's event was a great success, according to the court. Homeless veterans were provided with information and referrals for housing solutions, employment and substance abuse treatment, as well as other critical services such as food, clothing and health care screenings. Participants were also offered VA and Social Security counseling.

Participation in the Stand Down is strictly voluntary. Veterans Affairs representatives accepted applications submitted by veterans one month prior to the event. The court's Probation Department assisted in reviewing and screening applicants for eligibility.

This year's Stand Down was held at the Detroit Light Guard Armory to present a less intimidating and more relaxed venue for the veterans, versus a formal court setting. Hosting the event at this location also provided a sheltered environment for the veterans to socialize, share lunch, play games, enjoy entertainment or to just simply rest.

Judge Shannon A. Holmes sat with the participants at eye level to ease any tension and make the veterans feel comfortable. This initial

judicial contact created a collaborative environment and established trust between the defendant and the judge versus a one-sided interaction.

Holmes presided over 51 outstanding matters servicing 11 veterans. An additional 34 veterans with a total of 139 outstanding matters were not registered for Stand Down. Court staff, however, addressed those not registered and assisted by scheduling future court dates with assigned house counsel attorneys to represent them in resolving those outstanding matters.

"It was such a privilege to serve the men and women who have given of themselves by serving in the armed forces," said Holmes. "By putting on the uniform, they have not only served this country, but they have served every person in the community. I appreciate each of the members of our veterans population and look forward to serving you again next year."

Stand Downs are national collaborative events coordinated between local veteran affairs agencies, the courts, and other government and community agencies who serve the homeless. The first Stand Down was organized in 1988 by a group of Vietnam veterans in San Diego, California. Since then Stand Downs have been used as an effective tool in reaching more than 700,000 veterans and their family members between 1994 and 2017.

Warner partner receives award for international work in Africa

Warner Norcross + Judd LLP partner Troy M. Cumings has received an award from Bethany Christian Services for his international work to support family preservation and in-country adoption services.



Troy M. Cumings

Cumings was recognized at a special 75th anniversary dinner for the global nonprofit on Oct. 24 where he received the inaugural Guardian Award. The award is given to those who serve as a protector, a defender and a fierce advocate

for vulnerable children in the U.S. and around the world. Recipients of the award are seen as upholding and embodying the mission of Bethany Christian Services to serve vulnerable children and families.

"Troy Cumings has been pivotal in the expansion of Bethany's international work and family preservation services across the United States," said Bethany Christian Services President & CEO Chris Palusky, who nominated Cumings. "Furthermore, he has been a gift to Bethany Christian Services through his role as a member of Bethany's national board of directors and as chairman of the Bethany Global board."

"Troy has also demonstrated that he has a heart for vulnerable children around the world by lending his support on the ground in Ethiopia, Colombia and South Africa, and by welcoming children into his family through adoption."

When Cumings and his wife, Becky, decided to adopt in 2011, they chose Bethany Christian Services to support their journey of bringing home a new son and daughter. Cumings was invited to join the organization's global board the following year, eventually stepping into the role as chair where he combined his professional skills in lobbying to support the organization's mission internationally.

With support from Cumings, Bethany has worked to replicate the U.S. model of family preservation, adoption and foster care programs in other countries by assisting those countries with changing laws and cultures and ultimately providing services on the ground. This has allowed these countries to work toward providing the full spectrum of child and family preservation and protection services, which results in a more self-sustaining system to address the most needy families and children within that country and ultimately helping more children find "forever families."

"I am truly passionate about this issue
See **AWARD**, Page 20

Third Circuit Court's Business Court expands to 5 judges

Michigan Supreme Court has appointed two additional judges to the Third Judicial Circuit Court's Business Court. Judges Muriel D. Hughes and David J. Allen join Judges Edward Ewell, Jr., Lita M. Popke, and Brian R. Sullivan, each of whom was recently reappointed to the Business Court for a six-year term. The two judges were added at the request of Chief Judge Timothy M. Kenny.

Since assuming the duties of

chief judge in January, Kenny has worked closely with Judge Patricia Perez Fresard, who is chief judge pro tem and presiding judge of the Civil Division, to assess the needs of the Business Court docket. The commitment to providing the highest level of service to business litigants in a court with almost three times the overall civil docket of the next highest volume court supported a proposal to add two judges to the Business Court.



Edward Ewell, Jr.



Muriel D. Hughes



David J. Allen



Brian R. Sullivan



Lita M. Popke

Application process for new Michigan Independent Citizens Redistricting Commission launches online

Leaders of a nonpartisan statewide alliance joined with Michigan Secretary of State Jocelyn Benson in Detroit Thursday to announce that people can now apply online to serve on the new Michigan Independent Citizens Redistricting Commission, kicking off Michigan's effort as one of the first states in the nation to initiate a citizen-led redistricting process.

"Last fall, millions of Michiganders voted to give citizens the power to draw our legislative districts, and now it is time to apply to be one of those citizens," Benson said during a news conference at Cadillac Place in New Center. "This is a first-of-its-kind opportunity for Michigan voters to draw fair and impartial electoral maps for our state. I hope every Michigander considers applying to participate."

Last November, Michigan voters decisively supported the "Voters Not Politicians" constitutional amendment that makes a commission of 13 randomly selected citizens — not elected politicians, consultants or lobbyists — responsible for drawing district lines for the Michigan Senate, Michigan House of Representatives and U.S. Congress. All eligible Michigan voters are encouraged to apply to serve on the commission, which does not require any special skills or expertise. The application, available at RedistrictingMichigan.org, takes about 15 minutes to complete. Commissioners will be compensated about \$40,000 for their service.

"As a longtime advocate for independent citizen redistricting, I am committed to ensuring this process is implemented with transparency so voters can have faith that the entire process is truly independent and citizen-led," Benson said.

Among the state and local leaders who said

their organizations will help inform and promote wide public participation in the commission from communities across Michigan were Detroit Mayor Mike Duggan, Michigan Municipal League Deputy Executive Director and Chief Operating Officer Anthony J. Minghine; Michigan Townships Association Communications Director Jennifer Fielder; Henry Ford College President Russell A. Kavalhuna; Wayne County Community College District Associate Vice Chancellor for Board and Public Relations Martha Grier; Voters Not Politicians Executive Director Nancy Wang; and Pastor Marcus Ways of Christian Gospel Center Church of God in Christ in Detroit.

Election officials representing municipalities, counties and townships across metro Detroit also participated in today's media event, including Michigan Association of Municipal Clerks 2019 City Clerk of the Year Jacqueline Beaudry of Ann Arbor; Oakland County Clerk Lisa Brown; and Macomb County Clerk Fred Miller.

In addition to offering the online application at RedistrictingMichigan.org, the state will hold application workshops, coordinate a statewide grassroots education push to promote awareness of the application, and mail tens of thousands of applications to randomly selected Michigan registered voters by Jan. 1, 2020, inviting them to apply to serve on the commission. The randomly selected 13-member redistricting commission will consist of four members who affiliate with the Republican Party, four members who affiliate with the Democratic Party and five members who are not affiliated with either major party.

The workshops, which will provide citizens
See **REDISTRICTING**, Page 20

Official Newspaper: City of Detroit • Wayne Circuit Court • U.S. District Court • U.S. Bankruptcy Court

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Company helps businesses prepare and respond to workplace violence threat

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Local Voice

ASHISH JOSHI
Joshi: Attorneys + Counselors

Biographer's book on writing is delightful read

Working: Researching, Interviewing, Writing
By Robert Caro
Published by Knopf
231 pages

Robert Caro disheartens his fans. In "Working: Researching, Interviewing, Writing," we learn that he's still working on the last volume of the projected 5-volume Johnson biography and is — at the age of 83 — "several years" from finishing it. Aside from this one bit of disappointing information, "Writing" is a delightful read. While not a full-scale memoir, the book offers "some scattered, almost random glimpses" into Caro's encounters with both documents and witnesses in researching, interviewing people, and writing his books.

Fans of Caro's doorstopper biographies that take years in making will be surprised to discover that he's actually a very fast writer. But early on in his career Caro was fortunate to get a piece of advice that he took to heart, which was to stop thinking with his fingers. Because writing with your fingers is easy — "No real thought, just writing" — and Caro resolved to not write until he had thought things through. He still does his first few drafts in longhand and sticks to his Smith-Corona Electra 210 typewriter instead of a computer. A disciplined writer, Caro sets a goal of a minimum 1,000 words a day and on most days meets it.

The book reveals the two-time Pulitzer Prize-winner, masterful biographer's craft in researching and writing superb biographies — not just of towering personalities but also of the times gone by. The characters, scenes, dialogues, inner monologues — the detail — which is the hallmark of a Caro biography is a result of another sage advice that the writer received during his days as a young Newsday reporter: "Turn every page. Never assume anything. Turn every goddamned page."

"Writing" reveals Caro's determined pursuit of power and its inner workings. Power has always fascinated Caro. He set out to learn and write about political power, "the raw naked realities of power, about how power works in cities, how it really works." And he found it in unlikely places. In writing "Power Broker," his magisterial biography of Robert Moses, Caro's research — "turn every page" — focused his attention on New York's public authorities, entities with dreary, arcane names such as the Henry Hudson Parkway Authority. These authorities, which were outside politics, were ignored by journalists and historians. No journalist or historian apparently saw these authorities as sources of political power in and of themselves. Caro did. And he made us, the readers, see it as well. Caro's indefatigable research revealed how a public work, say a bridge, is not just a "transportation device," but rather a source of power. "Every aspect of it was a source of power." "Power Broker" showed us how this source of power was masterfully leveraged by Moses and how it changed the face of New York City forever. But Caro doesn't write just about the men who wielded power, he also writes about the people, politics, and the times that were shaped by that power.

And writing about people requires talking to them. Talking to and interviewing people is a skill that Caro appears to have elevated to an art form. Between the records that needed to be reviewed and people that needed to be interviewed, Caro always gave priority to people. Because "papers don't die; people do." The lawyer, litigator in me revealed in learning about Caro's "tricks of the trade" — his art of conducting interviews. What not to say or ask is as important, if not more, than what questions to ask

See **JOSHI**, Page 2

Money Matters

VICTORIA A. HEMIUP, BRIDGETOWER MEDIA NEWSWIRES

Gifting – wrap it or write it

I remember the days when a trip to the Dollar Store and a budget of \$50 was all it took to make our small children shout out in delight when they woke up Christmas morning. As they got older, the presents became smaller and the price tags were larger. Eventually, they had lives and children of their own. There were periods of time when they needed a little “help” from Mom and Dad, and that is when we introduced the idea of gifting. No last minute crowds, no wrapping — just the stroke of a pen.

Economist Joel Waldfogel, author of the 2009 book *Scroogeconomics*, is quoted in an article by Denver Nicks entitled “Why You Should Give People Cash for Christmas” as saying “As an economist, I see gift giving as a method of resource allocation that is entirely free of all of the good disciplines that we usually attribute to economic decision-making.” (Nicks, Denver, “Why You Should Give People Cash For Christmas,” *Money Magazine*, December 2015). His suggestion was to give people money and let them make the buying decisions for themselves.

The IRS defines a gift as “any transfer to an individual, either directly or indirectly, where full consideration (measured in money or money’s worth) is not received in return.” In other words, if you give \$15,000 to your child, they may not provide you with services or goods of equal value in exchange for the money.

For 2019, the annual exclusion rate is \$15,000. This means that you may gift \$15,000 without making it a taxable event for you or your child. If you are married, your spouse may also give the same child \$15,000 for a total of \$30,000. If you have

four children you may give each of them \$15,000/\$30,000. These gifts are not deductible on your income tax return.

When it comes to gifts between spouses another set of rules applies. There is an unlimited marital deduction that allows a spouse to give their husband/wife any amount of property or money while living or posthumously without incurring state or federal gift tax, with the condition that the receiving spouse is a U.S. citizen.

In addition to the \$15,000 annual exclusion, there is a \$11.4 million lifetime exclusion for 2019. Any amounts that you gift over the annual \$15,000 will be deducted from your lifetime exclusion. The IRS keeps track of this by having you file a gift tax return for amounts gifted over the annual exclusion. If you never gift, your entire lifetime exclusion may be used against your estate when you die.

Gifting is a personal decision. My husband and I decided that we wanted our children to have the benefit of having funds via gifting instead of waiting until we die to receive their inheritance. Your situation may be totally different. Check with your team of advisors to see what path is best for your financial situation.

Please refer to IRS website for further detail <https://www.irs.gov>

Victoria A. Hemiup is an Assistant Vice President, at Karplus Investment Management, a local independent, registered investment advisor managing assets for individuals, corporations, non-profits and trustees. Offices are located at 183 Sully’s Trail, Pittsford, NY 14534 (585-586-4680).

JOSHI:

Make readers see the scene

From Page 1

and how to. As Caro explains, “silence is the weapon, silence and people’s need to fill it—as long as the person isn’t you, the interviewer.” While he is waiting for an interviewee to “break a silence” by giving him a piece of information that he wants, Caro writes “SU (for Shut Up!)” in his notebooks. I commiserate with the plight for future Caro biographers: “If anyone were ever to look through my notebooks, he would find a lot of ‘SUs’ there.”

Writing also exposes the hard truth that the flawless I-could-have-been-in-the-room-witnessing-this-scene story-telling in Caro’s books is by no means an accident or even an innate gift. Rather it’s the skill that Caro has cultivated through difficult, deliberate, and dogged attempts in interviewing people. What makes an interview a good story? According to Caro, it’s the reader’s ability to “see the scene.” “Are you making the reader see the scene?” Caro doesn’t just

write words; he makes a reader see. When writing about the difficulties and humiliations that black Americans experienced when they tried to vote for instance, Caro makes a reader feel and see the injustice and humiliation faced by a dignified, soft-spoken black woman — “you could see in their eyes they were laughing at us.” “I wanted the reader to feel the indignation I felt at the way this ... woman had been treated.” Caro teaches us that if you talk to people long enough and enough times, “you find out things from them that maybe they didn’t even realize they knew.” But it’s not enough to ask a person being interviewed, “What did you see?” As Caro shows, often enough, you have to make them see.

No doubt, it takes time to write all this. And no wonder Caro’s books take time. “Truth takes time.”

Ashish Joshi is with Joshi: Attorneys + Counselors, Ann Arbor, Michigan.

Notice to attorneys

In case of an emergency relating to Third Judicial Circuit matters occurring on a weekend, holiday or during non-business hours, please call (313) 967-2002.

Please have all pertinent information available, i.e., case caption, case number, attorney names, telephone numbers and client names. The information will be forwarded to the designated Emergency Judge.

Zenell B. Brown,
Executive Court Administrator
Third Judicial Circuit of Michigan

Weekend/Holiday Arraignment On Warrants for Wayne County Including Detroit

Cases originating in Wayne County (including the City of Detroit) will be held at:

34th District Court
11131 S. Wayne Road
Romulus, MI 48174

Court begins at 11:00 a.m.

Zenell B. Brown,
Executive Court Administrator
Third Judicial Circuit of Michigan

Business & Economy

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AUTOMOTIVE

Nissan ex-chairman Ghosn’s lawyers want charges dismissed Attorneys allege collusion between prosecutors, government officials and execs

BY YURI KAGEYAMA
AP Business Writer

TOKYO (AP) — The lawyers of former Nissan Chairman Carlos Ghosn, who is awaiting trial in Japan, said Thursday they have requested that financial misconduct charges against him be dismissed.

They said in a statement that they filed papers in Tokyo District Court alleging prosecutorial misconduct that would prevent Ghosn from having a fair trial.

The papers allege collusion between prosecutors, government officials and executives at Nissan Motor Co. to drum up criminal allegations in order to remove him as chairman.

The aim was to prevent Ghosn from further integrating Nissan with its French alliance partner Renault SA, they say.

“To execute this scheme, the prosecutors illegally ceded their investigative powers to certain Nissan employees and consultants, and together with Nissan, unlawfully trampled Mr. Ghosn’s legal rights in Japan and around the world,” the statement says.

Defense claims the aim was to prevent Ghosn from further integrating Nissan with its French alliance partner Renault SA.

Ghosn says he is innocent. He was arrested in November 2018 and is out on bail. The prosecutors say they are confident they have a case.

The statement cited as misconduct the alleged abuse of the plea-bargaining system to get false and misleading testimony from Nissan employees and reliance on Nissan’s own investigation, which the lawyers call biased.

It also cited the seizure of papers related to his trial and media leaks intended to harm his reputation.

“We are asserting his innocence, but this filing asserts that, even before and beyond guilt or innocence, the case itself is unlawful,” Junichiro Hironaka, one of the lawyers, told reporters.

“They wanted a criminal case and so they went digging around, back in time, to concoct a case.”

Hironaka is known for winning acquittals in a nation with a 99% conviction rate. He is part of an international team of about a dozen lawyers hired by Ghosn.

Hironaka also accused the prosecutors of dragging their feet on presenting evidence, delaying the start of the trial, and hiding some evidence from the defense, including thousands of emails.

He said the latest filings, submitted last week, reflect the defense team’s effort to tell its side of the story.

Under Japan’s criminal justice system there is a lengthy stage of pre-trial sessions where the defense and prosecutors present evidence. The latest filing was part of such pre-trial procedures.

The court might not make any decision on the latest filing. In the meantime, the trial could start.

It is unclear when the trial

would start or how long it will last, but it’s expected to begin next year.

When asked whether it was extreme to allege there was a conspiracy against Ghosn, Hironaka said: “You may think this is extreme, but Mr. Ghosn’s arrest is extreme.”

He declined to give specifics, but said Ghosn’s defense team included evidence to support its claims in the latest filings.

“They wanted to prevent Nissan to be handed over to France,” Hironaka said.

Nissan declined comment, saying the company is not commenting on legal proceedings.

Ghosn was sent to Japan by Renault in the late 1990s and is credited with turning around a then near-bankrupt Nissan and helping transform it into one of the world’s top auto alliances.

The charges against Ghosn allege under-reporting his promised compensation in documents and breaching trust in making dubious payments.

Ghosn’s defense argues the promised compensation that allegedly wasn’t properly reported was never agreed upon.

The defense also says allegations about dubious currency swaps caused no financial loss to Nissan and that payments to a Middle Eastern business were for legitimate services that benefited Nissan.

Hironaka said Ghosn is involved in preparing for his trial and attends pre-trial sessions, including Thursday’s.

“He is doing fine,” Hironaka said.

Ghosn’s bail conditions forbid him to contact his wife, Carole, a requirement the defense has repeatedly asked be removed. Another such request was filed Thursday, Hironaka said.

Prosecutors say the restriction is to prevent Ghosn and his wife from colluding in ways that could jeopardize the case.

Separately, the legal team said Ghosn reached a civil settlement last month with the U.S. Securities and Exchange Commission in the SEC’s investigation of alleged violations of U.S. securities laws.

The SEC case was settled “with no findings or admission of wrongdoing,” the defense team said.

SMALLBIZ SMALL TALK

In owners’ divorces, businesses can become part of the fight

BY JOYCE M. ROSENBERG
AP Business Writer

NEW YORK (AP) — When one of Zach Hendrix’s three business partners said he was getting divorced, sympathy turned into shock as everyone realized that a soon-to-be ex-wife could become a co-owner.

“Because we failed to forecast this life event happening we were now scrambling for our best solution,” says Hendrix, co-owner of GreenPal, a business that uses an app and website to help homeowners find lawn care companies.

When a small business owner divorces, the company can become part of a property fight; the battle can end with owners losing all or part of their businesses. Or, they or the company may be forced to take on debt to prevent an ex from sharing ownership. Even when ownership isn’t at stake, the rancor and uncertainty around a divorce can take a toll on a company — owners may be distracted and unable to focus on what the business needs.

Hendrix and two of his co-owners had to borrow a combined \$250,000 to buy out their partner in 2017 after he announced his divorce plans. Because Nashville, Tennessee-based GreenPal was a startup and not in a position to get that much credit, the three had to personally guarantee the loans.

They were able to repay the debt in a year and a half out of their profits.

The divorce was a learning experience for the partners. When they started GreenPal, they hadn’t written what’s known as a buy-sell agreement that creates a process and sets a price for buying out a partner.

“Luckily, we were able to dodge the bullet and get it out of the way,” Hendrix says.

Owners who create a buy-sell agreement may set up a process for buying out the stake of a divorcing partner, including how to value the company. Some agreements may also limit the ownership rights of spouses. But ultimately, a court will decide if the agreement is fair to both spouses and can be upheld, says Chris Hildebrand, a divorce attorney in Scottsdale, Arizona.

“If a company makes a million dollars a year and their partnership agreement says it’s worth only \$50,000, I wouldn’t rest on that agreement,” he says.

Hildebrand knows from experience the impact a divorce can have. He had a solo practice when he divorced 10 years ago, but then had to bring on other attorneys so he could earn enough to pay alimony and child support as well as his own expenses.

Some owners who are sole proprietors or whose spouses are

their business partners lose their companies as part of the divorce settlement.

Susan Anthony owned a financial advisory business for 16 years, and her then-husband joined her for the last six. In 2003, they decided to divorce. Because of the way the business was set up, it appeared that Anthony received all the income; seeing that, the judge in her case awarded her husband child support. And Anthony couldn’t afford that and her own expenses.

“I knew the business would generate a good six-figure income for him. It was a better alternative than paying child support,” says Anthony, who signed the company over in return for keeping her home and getting primary custody of her children.

Knowing she was walking away from her business, Anthony prepared her employees and clients for the transition. She knows now she had delayed a divorce for years not only for the sake of her children, but also because “I knew there were a lot of people’s lives that would be affected,” she says.

“In the end, I have no regrets,” she says. “But there were moments when I wondered what in heck I was doing.”

Anthony, who lives in Woodstock, Georgia, has worked for a financial advisory company since her marriage ended. She remar-

Lawyers advise business owners to create buy-sell agreements

NEW YORK (AP) — When business partners start a company together, they may not want to think about what could happen to their enterprise if one of them dies or gets divorced. Attorneys and accountants advise their clients to be prudent and create a buy-sell agreement that will help to ensure that a stake in the business doesn’t fall into unwelcome hands.

Buy-sell agreements typically stipulate how a company will be valued and how an owner’s stake will be handled in the event of death, divorce and also bankruptcy or disability.

If there’s no buy-sell agreement and one of the owners dies, their stake can pass to their heirs — and the remaining original owner or owners may get one or more new partners they didn’t bargain for.

In the event of a divorce, without a buy-sell agreement an estranged spouse could claim a portion of an owner’s stake. But a well-drafted agreement can prevent this by requiring a spouse to sell any stake received in a divorce settlement. In many cases, either the divorcing owner will have to buy out their spouse, or the business partners will have to do so.

When an owner divorces, a buy-sell agreement may need to be approved by the judge handling the case. Judges can disregard agreements if it appears they grossly undervalued a company or were otherwise unfair to an estranged spouse.

In such cases, rather than have a company sold or shut down, a judge may order a divorcing spouse to compensate their soon-to-be ex with cash or other property.

ried two years after the divorce, and now co-owns two spa/salons with her husband.

The emotional fallout from a divorce can affect co-owners and employees. In his settlement with

his wife, Jeffrey Deckman agreed to pay her \$100,000 over four years; that amount was half what his telecommunications business was valued at. He felt that was a

See **SMALLBIZ**, Page 20

AUTOMOTIVE

Edmunds: The worst financial mistake a car buyer can make

BY MATT JONES
Edmunds

The prospect of paying too much for a new vehicle often fills shoppers with dread, which explains why so many invest hours researching prices, trade-in values and interest rates. But while getting a good deal is important, it does not guarantee immunity from making the costliest financial mistake: purchasing the wrong vehicle and selling it soon afterward to buy another new vehicle.

Edmunds transaction data suggests that people make a hasty change with surprising regularity. In 2018, for example, just over 23% of vehicle trade-ins were 2 years old or newer. Because two years is generally not enough time to hit the break-even point of a car loan, most people who swap cars this early will owe more money on the loan than what the vehicle is worth.

A COSTLY CHANGE OF MIND

To illustrate how heavy the financial penalty for making such a quick switch can be, consider this fictitious situation in which you bought a new Honda Accord LX in 2017. You spent hours getting price quotes, comparing interest rates and calculating payments. The research paid off: You were able to snag a deal for \$20,643, shaving roughly \$3,400 from the MSRP of \$24,030. Once all taxes and fees were factored in, your “out-the-door” cost came to about \$22,700. By most accounts, this amount would be considered a good deal.

But soon after the purchase, you realized you didn’t like the Accord and decided that an SUV would be a bet-

ter fit for your lifestyle. You sell your Accord to the dealership just two years later for a trade-in value of \$13,522. That’s a full 40% less than the original all-in cost of \$22,700 you paid only 24 months earlier. In actual dollars, the Accord value dropped by \$9,185.

Although this scenario is fictitious, the dollar amounts are real. The selling price, trade-in amount and effective depreciation percentage in this scenario were based on actual transactions in which 2017 Honda Accord LX models were swapped for newer vehicles in 2019. While a 40% loss is substantial, it is worth noting the Accord holds its value rather well compared to other vehicles in the market.

On the other hand, the effective depreciation amount for a 2017 Ford Fusion SE — a vehicle that tends to lose value more quickly than the Accord — would be 47%. In real dollars, that equals a loss of \$11,314 on a vehicle that sold, on average, for \$21,713 before taxes and fees.

These significant drops in value on the trade-in will easily outweigh the money saved by diligent price shopping. And what often happens next is that the buyer will roll the unpaid balance of the older car into the new vehicle’s loan, making it more expensive and extending the time it will take to gain equity.

HOW TO MAKE THE RIGHT CAR-BUYING DECISION

Our suggestion to avoid making this costly mistake is to be especially thoughtful about the needs your new set of wheels should satisfy. Here are some tips to help you get started:

1. Consider variables that might alter your transportation needs. Is a change in family size on the horizon? Could a move — either home or work — be possible? Ensure your vehicle is equipped to handle not just your current tasks but your potential future needs too.

2. Read expert and consumer reviews. Maybe you’ve always been loyal to a brand and have never bothered looking at the competition. Reviews from actual owners and experts may point out issues to be aware of or other vehicles that may be a better fit.

3. Make your test drive more effective. Drive the vehicle on a route that allows you to mimic your normal commute. Don’t be afraid to ask for an extended test drive. Climb in and out of every seat in the vehicle and test all seat adjustments. Will the back seat have enough room for rear passengers to sit comfortably? How is the visibility? Is it easy to get in and out of the vehicle?

4. Determine the true cost of ownership before making your deal. Investigate anticipated repair rates, maintenance, insurance and fuel costs.

5. Give yourself an easier out. If you’re concerned you may need to switch vehicles in the near term, consider purchasing an inexpensive used car or entering into a shorter-term lease instead.

EDMUNDS SAYS

When it comes to car shopping, most of the focus goes toward determining the right price. But ultimately, the best money-saving tactic is to choose the right car and hold onto it. This way will shield you from the brunt of depreciation and negative equity.