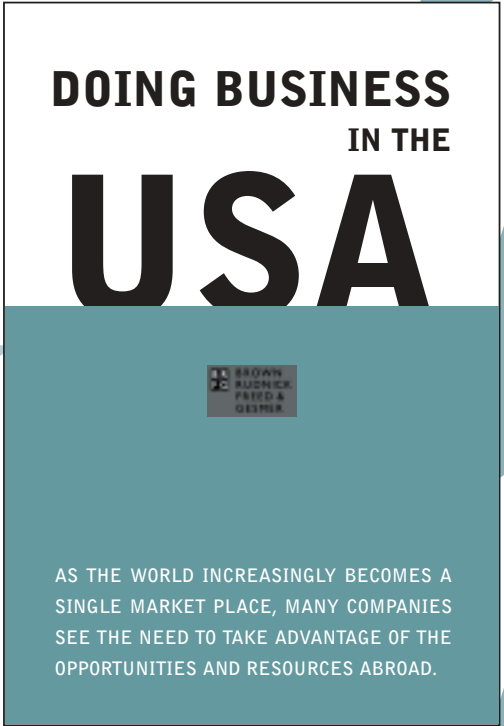


BROWN RUDNICK FREED & GESMER	
Contact:	Gerald Parascandolo
Sector:	International Law Firm
[E-MAIL]	gparascandolo@brfg.co.uk
[URL]	www.brownrudnick.com
[TEL]	+44 (0)20 7851 6019

**DOING BUSINESS
IN THE
USA**



AS THE WORLD INCREASINGLY BECOMES A SINGLE MARKET PLACE, MANY COMPANIES SEE THE NEED TO TAKE ADVANTAGE OF THE OPPORTUNITIES AND RESOURCES ABROAD.

The United States is obviously a major player in the global economy and entering the United States in some fashion will be necessary for any company looking to make a true global impact and to position itself for expansion, growth and prosperity. Nevertheless, many very successful European companies have avoided the United States market and capital sources, for fear of what is viewed as a complex, strict regulatory and legal environment, and an excessively litigious culture. While some companies are paralysed by such concerns, their competitors are benefiting from all that the United States has to offer.

The United States does have complex areas of law and business practices that are quite different from those found in Europe. Strategies and techniques that brought success in the company's home territory, may not work as well in the foreign environment; and worse yet, common business practices and actions in the home country may be the basis for law suits against the company in the United States.

CHOOSING THE FORM

Most companies will be formed as a corporation, a limited partnership, general partnership or a limited liability company. Selection of the right form of entity is essential to limitation of liability, attracting investors, minimizing taxes and positioning the company for strategic alliances.

Partnerships do not afford all participants limited liability so they are not usually a good choice for operating companies. Additionally, foreign companies operating through a general partnership may be subject to complex and higher taxes than those operating through other entities.

Most companies will form as either a corporation or a limited liability company. Both afford all shareholders protection against liability of the business.

Operating a foreign branch of your European company may sound like an easy solution, but it could open the foreign entity up to liabilities from United States operations and to taxation from United States taxing authorities.

CHOOSING THE STATE OF FORMATION

Each state of the US has its own laws for the formation and operations of companies. You can form your entity under the laws of one state even if your company actually does business in another state. Generally, you should form in a state where there is settled law on company matters, and where filing fees and requirements are most advantageous to foreign owned entities.

Also, most states and many municipalities have an office of economic development. If orchestrated correctly, you can actually have states composing competing inducement packages! Low rate financing, tax abatements and grant packages are usually available. Additionally, most cities have established economic development or enterprise zones. Companies with operations in those zones can qualify for further benefits.

EMPLOYEES

State and federal laws regarding employment require careful attention. You should probably have detailed employment contracts with at least all key United States employees. Non-competition, non-disclosure and non-solicitation provisions can be very helpful in protecting your company if a key employee leaves your employment.

Foreign companies also need to be aware of the discrimination protection afforded employees under U.S. federal and state laws. Age, race, gender, religion and in most states, sexual orientation are protected categories. Former employees sometimes raise such claims once their contracts are terminated. The solution is to be aware of the issues and generate periodic detailed employee review records. In short, build a record of reviews that can support the termination, retention or promotion of employees based on merit.

CONCLUSION

The unknown is always scary; but once you know the rules, the United States can be a land of opportunity.

Brown Rudnick Freed & Gesmer is a Boston based law firm, with offices throughout New England and in London. The firm is able to assist European companies begin operations and raise capital in the United States. To help companies understand some of the major issues involved in such matters, we have prepared a short book, Doing Business in the United States, to request your copy please contact editor@iconcorpin.co.uk.