

Monthly Solutions for Small Businesses

Monthly Solutions for Small Businesses is published by Elizabeth Lewis. In each issue, she discusses subjects relevant to the small business community. Please note, in some states, including Colorado, this newsletter may be seen as an attorney advertisement. Use of the information in this newsletter does not create an attorney-client relationship. As the information discussed in each newsletter is based on Colorado law and is general in nature, the information is not legal advice and may not be useful in any state other than Colorado or in your specific situation. As with any legal problem, you should consult an attorney if you need legal advice. You may unsubscribe to this newsletter at any time by sending an email to newsletter@eclewis.com stating you no longer wish to receive it. To find out more about Elizabeth Lewis, check out her website about Denver Business Law and her role as a Denver Business Attorney at www.eclewis.com.

In this edition find out:

What are Blue Sky Laws?
What is ERISA?
Professional Corporations
Until next month.

What are Blue Sky Laws?

While most business people know that the Securities and Exchange Commission (commonly called the SEC) can regulate securities, such as selling stock, on a federal level, many business people fail to consider that state laws can also regulate securities. The state laws regulating securities are called Blue Sky Laws. Although federal law has pre-empted some of the state laws, state laws many times touch securities that federal laws do not touch. Therefore, when selling securities within a state, it is always a good idea to make sure the sale is exempt from the Blue Sky Laws of the state of both you (the seller) and the buyer.

Blue Sky Laws typically regulate securities sold within a state, brokers working in the state, brokerage firms with offices in the state, and sales of securities covered by the SEC. When federal law regulates an issue also regulated by state law, federal law typically prevails. Blue Sky Laws can also regulate other issues depending on state law such as franchises, business opportunities, and small companies.

The definition of a security is broad - a common enterprise, with the expectation of profits, upon which an investor relies solely on others for profit. Due to this, securities include many of the sales of stock, companies, and other business ventures. Therefore, before you sell any of these items, you need to make sure you are exempt from both SEC regulations and Blue Sky Laws. Some common exemptions include sales of small companies with only a few owners, non-public offerings to sophisticated investors, and sales with a combined total of less than one million dollars. However, as laws change, consult an attorney before selling anything that may be a security to ensure that you are not in violation of state or federal law that can result in the undoing of the sale, the buyer receiving damages, i.e. money, from the sale, and other issues for you.

If you have any questions about whether your business falls under Blue Sky Laws regulation, please contact Elizabeth Lewis, Denver Business Attorney, at www.eclewis.com.

What is ERISA?

ERISA is the Employment Retirement Income Security Act of 1974. It is considered a welfare benefit plan by some, a pension plan by others, and both by the majority of people. It applies to most for-profit businesses that offer employee benefit plans. However, it does not apply to most government organizations, churches, state mandated organizations, or foreign companies. In addition, it usually excludes sole proprietors, their spouses, partners in a business, and their spouses.

ERISA typically regulates medical, sickness, accident, disability, and death insurance. ERISA also regulates vacation pay, unemployment pay and insurance, and daycare benefits among many other areas. However, it does not regulate benefits such as tuition reimbursement.

ERISA governs tax-favored employee benefit plans. Tax-favored employee benefits plans include benefits such as 401k plans and some cafeteria plans. It may also include fringe benefits such as moving expenses and employee discounts and incentive stock option plans. ERISA does not typically apply to benefits for which there is no fiduciary duty of the employer to oversee the benefit or offer the benefit. For instance, tuition reimbursement plans, voluntary group insurance plans with no employer involvement, and short-term disability paid directly by the employer do not typically fall under ERISA.

If you have any questions about whether your business falls under ERISA, please contact Elizabeth Lewis, Denver Business Attorney, at www.eclewis.com.

Professional Corporations

Over the next few weeks, I will be discussing professional corporations on my blog. Please tune in every week for a new discussion on what professional corporations are, which professions can form professional corporations in Colorado, and what you need to know about professional corporations.

Until Next Month

Check my [Blog](#) for updates.

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