

Attorney Shares Take on Incorporation Giveaway

LAW: Jeff Unger discovers many startups don't need formal legal status.

By **HOWARD FINE** Staff Reporter

At first, it seemed like a clever way for Westside attorney **Jeff Unger** to boost the profile of his law firm, which provides incorporation services for the entertainment industry.

He decided to give away those services for free to 500 first-time entrepreneurs.

But the yearlong marketing stunt at Unger's **eMinutes** law firm—which has so far cost Unger roughly \$100,000 in foregone billings—has led to an unexpected result: Unger has spent much of his time counseling more than 100 entrepreneurs to drop the incorporation process for now,



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JEFF UNGER,
eMinutes

figuring it wasn't worth the ongoing expense.

"They didn't realize the ongoing costs of incorporating," he said, noting the \$800 annual franchise tax and \$1,000 or more each year to have a certified public accountant prepare

and file corporate tax returns.

He said many entrepreneurs just starting out don't have the steadily growing revenue to justify these costs and that incorporating was a premature move for them. In other

words, it isn't necessary until a company starts making money.

But 401 people have taken him up on his offer nevertheless. And meeting many of them has allowed him to experience the joys and trials of first-time entrepreneurs.

"In more than 20 years of practicing law, I have never had so much fun," Unger said. "The best part is that I get to speak with passionate entrepreneurs about their businesses every single day."

The 43-year-old Unger came up with the idea to give away his services about 18 months ago as an admittedly crazy idea to market his firm to a broader clientele outside the entertainment industry.

Normally, fees for filing incorporation papers with the state run around \$250, and the accompanying legal services can cost anywhere from \$1,000 to \$10,000 for the most complex paperwork. Some major law firms have traditionally waived these fees for technology-oriented clients in the hopes of getting their legal business later, or sometimes even in trade for a stake in the company.

But it's rare for a small law firm to embark on such an ambitious free service program. Word of the offer spread through blogs and among entrepreneurs.

Once the applications started coming in, Unger's staff of one other full-time lawyer and several part-time lawyers started looking for the ones with business plans or other indicators that they were serious.

"We didn't want folks who were starting their business on a casual lark," Unger said.

As of last week, eMinutes had provided free incorporation services to 401 entrepreneurs—so only 99 more to go.

"The business ideas are amazing," Unger said. "From macaroons to wet suits to social media applications to mobile barbershops—the creativity and excitement is awesome."

Need to incorporate?

Macaroon chef **Christina Eisenstein** was one of the recipients of the free incorporation service. After six months of baking macaroons in her home kitchen, the orders were flowing in and she was looking to turn the venture into a formal business. She heard about eMinutes through some friends.

"What was so unusual was that when I first spoke with Jeff, he actually tried to deter me from getting incorporated," Eisenstein said. "But once we talked it through, we decided to go ahead. I'm so grateful because if it weren't for this program, I probably would have had to borrow a couple thousand dollars on my credit card to get incorporated."

Eisenstein incorporated her business, **Macaroon.com**, in West Hollywood late last year. She intends to open a storefront sometime later this year.

Another first-time entrepreneur receiving eMinutes' free service was **Bridget Hilton**, who incorporated her recycled wood-grain headphones business, **Lstnheadphones**, last July, also in West Hollywood.

Hilton had spent years in the music business and wanted to launch an eco-friendly headphones business with contract manufacturing done in China. She had met Unger at a networking event.

"Incorporating for free was a huge help," Hilton said. "I would have had to borrow the money for filing and legal fees. What's more, there are so many other fees involved in starting a company, so this would have been just one more headache."

Unger initially had no plans to continue the effort after helping the 500th entrepreneur to incorporate.

But now, he's not so sure. "Completing the 500 will be bittersweet," he said. "I will miss the daily excitement, and the feeling I get from helping first-time entrepreneurs. I am not sure what form it will take, but I intend to remain committed to helping first-time entrepreneurs in a very big way."



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