



The Strong Firm P.C. Attorneys



Bret Strong Managing Shareholder

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Kristen Bates Associate

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Laura Dumas Managing Counsel of Litigation

Eric R. Thiergood, Sr. Shareholder

Brian Albert Shareholder



BUSINESS LAW



REAL ESTATE LAW



OIL, GAS & ENERGY LAW



ESTATE PLANNING & PROBATE



COMMERCIAL LITIGATION



BUSINESS MEDIATION



EMPLOYMENT LAW

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SUMMER 2019 STRONG POINTS NEWSLETTER

Founded in 2004 by Attorney Bret L. Strong, The Strong Firm P.C. is dedicated to serving the legal needs of The Woodlands, Greater Houston and beyond.

We understand that in a tough, competitive, global marketplace, timely and cost effective legal advice about business transactions and those taking place throughout the state and the world is important.

The articles and other information contained in this newsletter are not legal advice, and this letter is not a solicitation for legal employment if you are currently represented by an attorney in a given matter.

To retain our services please contact us and we will send you a written engagement letter for your consideration and execution in order to hire our firm and create the attorney-client relationship.

Not certified by the Texas Board of Legal Specialization



LEADERSHIP MONTGOMERY COUNTY - CLASS OF '19

The Strong Firm P.C. was proud to attend the Graduation Luncheon held on May 17, 2019 to support the graduating class of 2019. Our firm is passionate about raising up strong leadership in our community and we will continue to support and partner with LMC, whose mission is to prepare emerging and existing leaders to understand local issues, grow their leadership skills and connect with others to better serve Montgomery County.



HYLA & HYL F LAW DAY LUNCHEON 2019

Kristen Bates of The Strong Firm P.C. was honored to serve as Co-Chair for the Houston Young Lawyers Association (HYLA) and Houston Young Lawyers Foundation (HYLF) Law Day Luncheon 2019. Over 250 attorneys from the greater Houston area and approximately 30 members of the judiciary participated in the Law Day Luncheon. Kristen has been a Trustee on the Board of the HYL F since 2017 and she previously chaired the Adopt An Angel program.



MAC FACILITY MEDIATION TRAINING COURSES

The Strong Firm P.C. was pleased to be able to partner with the Dispute Resolution Center of Montgomery County, Inc. to host the recent Mediation Training Courses in our Mediation, Arbitration & Collaboration ("MAC") Facility. The Strong Firm's Mediation Arbitration & Collaboration Facility was founded in 2018 as a venue to pursue efficient resolution to disputes, as well as offer a wide variety of groups a convenient and practical place to collaborate.



GREATER HOUSTON WOMEN'S CHAMBER LUNCHEON

Laura Dumas, Lisa Prado, Christina Harugty and Bethany Kovacs of The Strong Firm P.C. were honored to attend the Greater Houston Women's Chamber of Commerce Woodlands/ North Houston Luncheon Featuring Women in Public Service: Nelda Blair, Melanie Bush, Tammy McRae, Montgomery County Tax Assessor-Collector and Carol Stromatt. We are honored that half of The Strong Firm's amazing attorneys are women leading the way in our community



EFTA CAREER CONNECTIONS EVENT

Kristen Bates of The Strong Firm P.C. was pleased to participate as a panelist at the Education for Tomorrow Alliance (EFTA) Career Connections event held at Conroe High School, Conroe ISD. Kristen was able to discuss with the students the importance of participating in internships, exploring the world and networking as a preparation for becoming successful in the business world.



TWCA SILVER BALL AUCTION & GALA

Bret & Angela Strong were pleased to attend The Woodlands Christian Academy Silver Ball Auction & Gala as guests of Dr. Scott Young, DDS. This year's Auction & Gala, was presented by Woodforest Nation Bank and co-chaired by Alison & Vernon Veldekens and held at The Woodlands Waterway Marriott Hotel & Convention Center.

STRONG POINTS: SPRING 2019

SUMMERTIME & WHAT THAT MEANS IN THE LEGAL WORLD

While students view the long summer months as a welcome reprieve from daily activities and schedules, the lack of childcare and structure can have significant consequences in the legal world. Parents must balance professional and personal responsibilities, children have excessive free time and Texas' fierce heat and threat of hurricanes all present specific challenges for our clients.

Seasonal Business Shifts

Many families opt to escape The Woodlands' hot weather by spending time in a cooler climate. This means completing large corporate clients' transactions takes a little more time and creativity to accommodate employees working remotely and on vacation. As a result, we see significant changes in the pace of deals in the summer months. For seasonal businesses, summer can mean either a boom (resorts, summer sports leagues, summer apparel, etc.) or a "forced" time to take a breather and plan for an upcoming busy fall/winter. We work with our clients to better plan and prepare for changes in sales, expense and business risks caused by seasonal shifts.

Crime and Vandalism

When young people (high school and college age) have less structured, supervised schedules and more time on their hands, local law enforcement reports an uptick in juvenile crimes. Police see increased loitering and vandalism in public places (parks, parking lots, shopping centers and construction sites), more minors caught possessing and consuming alcohol or drugs, and involvement in petty crimes. For businesspeople, this means more security (both personnel and cameras) and additional attention to managing this risk. For parents, making sure your teenagers have productive activities is critical. This is a great time for quality programs that help a parent bond with their children.

Property Damage

Houstonians are all too familiar with the Gulf Coast's hurricane season, which spans June 1 through Nov. 1. These catastrophic storms can significantly impact local businesses, especially oil and gas plants and facilities. A direct hit affects almost every line of business as resources are shut down or directed toward the safety of citizens and recovery. Hurricane Harvey taught many of us to ensure we have contingency plans and insurance to withstand periods of business disruption.

We wish everyone a wonderful summer season. We are here to assist on all your legal needs through another hot (and maybe stormy) summer in The Woodlands!

Bret Strong is the founder and Managing Shareholder of The Strong Firm P.C. His areas of practice include oil, gas and energy; commercial real estate; mergers, acquisitions, and sales; and business law and contracts. He earned his Juris Doctorate, cum laude, from South Texas College of Law, and a B.S. in Business Finance from the University of Colorado at Boulder. He is admitted to practice law in Texas, Colorado and before the United States Supreme Court. Bret is a founding board member of The Woodlands Bar Association, former Chairman of The Woodlands Area Chamber of Commerce and four time Ironman Triathlete.



Bret Strong
Managing Shareholder

STRONG POINTS: SUMMER 2019

TURNING A PRIMARY RESIDENCE INTO A RENTAL PROPERTY

John and Ann Smith purchased their first primary residence more than 15 years ago. Over the next several years, John received a series of major promotions and the Smiths paid off their mortgage early. The couple later decided to build their dream home and keep their original home as a rental property. The Smiths moved into their new home and were fortunate to quickly find a renter for the old home. Unfortunately, the Smiths did not seek legal counsel, so they were not aware they needed to notify their insurance company the old home would be used as a rental.

Had the Smiths received competent legal counsel, they would have been advised that the property insurance on the old house expressly prohibited them from leasing the home and required it be the Smith's primary residence while insured. Unbeknownst to the Smiths, their leasing of the home voided the property insurance and left them without coverage. Shortly after being rented out, the old house received substantial and expensive damage due to an "act of nature." The insurance company denied coverage since the policy expressly prohibited the home from being leased out and was no longer their primary residence.

When the Smiths leased their old residence, they should have notified the insurance company it was no longer their primary residence and had become a rental. The policy would have then been reissued as a "Landlord Policy" or "Lease Policy" and the price of the home insurance would increase accordingly. While this would have cost the Smiths more in insurance premiums, the home would have been insured, covering the extensive repairs required.

The Smiths were ultimately forced to pay for the repairs out of pocket, making for an expensive lesson that could have been avoided had the Smiths sought experienced legal counsel prior to leasing the home. In addition to property insurance, owners considering using their former primary residence as a rental must also consider any existing mortgage restrictions on leasing the home, as well as potentially placing the property into the name of an entity to shield the owner's other personal assets against liabilities from the rental property. At the Strong Firm, we advise many clients who are considering using their former residence as a long-term rental property to help them minimize the many potential pitfalls they can face in doing so.

Eric R. Thiergood, Sr., Shareholder, joined The Strong Firm P.C. in 2005 as a law clerk and was promoted to associate attorney upon being licensed by the Texas State bar in 2007. In 2015, Eric was promoted to income shareholder. Eric has served as lead counsel for borrowers in successfully negotiating and closing complex commercial loans ranging from \$10 million to \$2.1 billion. Eric is fluent in Spanish and uses his skill in his work with some of the firm's international Spanish-speaking clients.



Eric R. Thiergood, Sr.
Shareholder

STRONG POINTS: SUMMER 2019

MERGERS & ACQUISITIONS IN A NUTSHELL

Mergers, sales, and acquisitions (M&A) are staples of the business world, from successful startups to seasoned companies. Regardless of the M&A structure, the transaction process can be overwhelming to the novice business owner, so it's critical to understand what this process looks like. Below is a high-level look at five common steps in the M&A process:

Non-Disclosure Agreement: Because a proposed M&A deal often involves two companies who work in the same or similar industries, the parties will usually sign a non-disclosure agreement ("NDA") to allow each party to disclose certain non-public aspects of their business before knowing if a deal is imminent so the information is protected if the deal falls through. An NDA will generally address what information is covered by the agreement, how the parties may share and use that information, and how that information might be shared with third parties.

Term Sheet: The parties will often use a term sheet in conjunction with the NDA to create some structure around the M&A transaction. Term sheets (sometimes designed as a letter of intent) set out the basic terms of the proposed deal in a non-binding manner. In a condensed and generalized nature, the term sheet lays out what is being acquired, what consideration (payment) will be provided, and what other critical terms and/or conditions are part of the deal.

Due Diligence: During the due diligence phase of an M&A deal, the acquirer is given access to the target company to examine its business, procedures, and records. The purpose here is to confirm the target company carries the value assumed in the offer and to assess any risks, such as potential litigation or liabilities, to determine whether it makes sense to proceed with the M&A transaction.

Definitive Documents: Based on the due diligence findings, the parties will then negotiate what will become the binding terms of the definitive transaction agreement and any other necessary ancillary agreements, such as employment and financing agreements related to the transaction.

Closing: Once the definitive agreements are negotiated and executed, the closing is where the parties meet to sign and/or exchange the finalized deal documents. At closing, the company ownership will change hands and all payments will be finalized. M&A transactions can take different shapes and forms, so understanding these general steps of the process will help ensure you're ready when the next opportunity presents itself.

Brian Albert, Shareholder, originally joined The Strong Firm P.C. in 2012 having prior experience with multiple Fortune 500 companies. After a brief departure from the Firm to spend time working for a large, publicly-traded waste management company as in-house counsel handling a variety of commercial and municipal transactions and litigation matters, Brian rejoined the Firm as a Shareholder in 2018. Brian's practice focuses on the Firm's corporate and business transactions practice groups where he utilizes his skills and experience in representing clients in a variety of business transactions and counseling on general corporate, real estate, and other business matters.



Brian Albert
Shareholder



BUSINESS LAW

The Strong Firm provides guidance to private investor group in convertible securities purchase for medical technology company



REAL ESTATE LAW

The Strong Firm acts as legal counsel for seller in **\$995,000** warehouse office building sale



REAL ESTATE LAW

The Strong Firm represents seller in **\$1.85 million** office building sale



BUSINESS LAW

The Strong Firm represents borrower in **\$7.5 million** credit line facility loan technology company



REAL ESTATE LAW

The Strong Firm provides guidance to buyer in **\$1 million** undeveloped land purchase



BUSINESS LAW

The Strong Firm represents borrower in **\$4.1 million** construction loan for Harris County retail developer client



BUSINESS LAW

The Strong Firm represents developer in the formation and development of new Harris County office condominium project



BUSINESS LAW

The Strong Firm provides risk analysis of U.S. service agreement on behalf of a publicly traded Canadian Company



COMMERCIAL LITIGATION

The Strong Firm obtains **seven-figure damages award** --plus attorney's fees-- in binding arbitration of business dispute

STRONG POINTS: SUMMER 2019

THE UNEXPECTED COST OF LITIGATION



Kristen Bates
Associate

When a new client comes in to talk to me about filing a lawsuit, I usually hear one of these three lines once I begin explaining the actual cost of litigation. This is normally when I put down my pen to look them in the eyes and ask if they are sure they understand what they are signing up for.

As an attorney, I can talk to my clients all day about the legal process, the steps in a lawsuit, what you may or may not expect from the other side, and legal strategy. But when I talk about the cost – financial, emotional and the time involved – many people do not appreciate the true cost. I compare it to running: you cannot prepare for a marathon by training only on short distances.

Financial cost: Many people are unaware of how much money you can end up spending on a lawsuit. An experienced attorney can give you an approximate budget from initial filing through discovery to judgement or trial. There are always contingencies and, most of the time, unexpected costs. This should not surprise you, but always budget for at least 10 percent more than what you are told just in case.

Emotional cost: This is the biggest surprise for most people the first time they are involved in a lawsuit. Clients think about the loss of money, time, or personal or business resources that precipitated the lawsuit, but they do not always consider the reality of legal action. The rollercoaster of wins and losses at the hand of the court can cause clients to wonder daily when the lawsuit will just be done. The emotional factor is by far the costliest aspect of a lawsuit. An attorney worth your time understands this cost and will be there to guide you through to the end.

Time cost: A lawsuit or a dispute can take a lot of time. When you tell someone else they are wrong or owe you money, they do not normally look at you and say, "OK, you are right." When a lawsuit is filed, it can be settled in as little as 90 days or take several years to resolve. You are not going to find a quick payday in a courtroom. People who are not regularly involved in litigation are generally surprised at how long it takes to reach a resolution. Again, always account for more time that you originally anticipated – at least twice as long.

Litigation is a powerful tool for individuals and businesses alike, but the personal cost for all parties should always be considered at the outset. While the end result can be rewarding, it is best to be prepared for the financial, emotional and time cost before jumping in.

Kristen Bates, Associate Attorney, joined The Strong Firm P.C. as an experienced associate in August 2017. Prior to joining The Strong Firm P.C., she was an associate attorney at Hughes Watters & Askanase, L.L.P. in Houston where she represented business clients in civil litigation, real estate and bankruptcy matters. She received her Juris Doctorate from the University of Houston Law Center. Kristen is licensed to practice law in the State of Texas and in the U.S. District and Bankruptcy Courts for the Northern, Western, Southern, and Eastern Districts of Texas

STRONG POINTS: SPRING 2019

ESTATE PLANNING - DON'T WAIT TO HAVE A PLAN IN PLACE



Brittany Sloan
Associate

My first exposure to estate planning was as a child watching my grandparents scramble after my grandfather was diagnosed with dementia. I can vividly remember the fear and worry his diagnosis caused our entire family. My grandparents knew his condition was declining rapidly, and the days were numbered for how long he might have the capacity to sign any legal documents. Within the first month, they had multiple family meetings with my father and his siblings, piles of draft legal documents from the attorneys (wills, trusts, powers of attorney, etc.), and appointments on the calendar with the U.S. Department of Veterans Affairs to establish pension/aid and attendance benefits.

Families experience similar situations on nearly a daily basis in my practice. Estate planning is often put on the back burner as we always think there's more time or that our estates aren't necessarily "complicated enough" to require planning. As an estate-planning attorney, my primary goals are to address the immediate needs for clients experiencing emergency life situations and do everything in my power to communicate the importance of planning before an emergency arises.

I recently joined The Strong Firm, P.C. as an associate attorney, and my practice will consist of estate planning, probate, elder, tax, real estate and business matters. In the coming months, we will take a deeper look at the planning tools that will protect you and your loved ones no matter what the future may hold.

Brittany joined The Strong Firm P.C. as an experienced associate in May 2019. Prior to joining The Strong Firm P.C., she was a senior associate attorney at Dossey & Jones, PLLC in The Woodlands, TX, where she represented clients in estate planning, probate, elder, tax, real estate and business matters. Brittany has a Juris Doctorate from Texas Tech University School of Law, a Master's in Business Administration from the Rawls College of Business at Texas Tech University, and a Bachelor of Fine Arts in Studio Art from the University of Mary Hardin-Baylor. Brittany is an Accredited Claims Attorney by the U.S. Department of Veteran Affairs and an Appointed Attorney Representative by the U.S. Social Security Administration. She is a member of the National Academy of Elder Law Attorneys, Montgomery County Bar Association, and the Woodlands Bar Association. Brittany serves on the executive committee, finance committee and as Compliance Chair on the Board of Directors for Meals on Wheels Montgomery County. Brittany is also a graduate of Leadership Montgomery County – Class of 2018.

STRONG POINTS: SUMMER 2019

INADVERTENTLY UNDERMINING BUSINESS PROTECTIONS

Most business owners today are savvy enough to create a separate legal entity for their business that provides some protection against personal liability, but too often the effort stops there. While a majority owner usually considers the business "theirs," under the law the business is a separate legal "person." Responsible business owners respect that distinction and do not blur the lines between what is the owner's as an individual and what rightfully belongs to the business entity. For example, they do not treat the accounts of the business as their personal accounts even if they are the sole owner of the business.

Owners often run into trouble when other members or partners in the business, who may not be majority interest holders but who nevertheless have a stake in the company, question the majority owner's actions on behalf of the entity. These minority members may have the right to sue the "real" owner of the business on behalf of the entity in a derivative claim, which effectively pits the owner of the business against the business itself. In these situations, owners who failed to respect corporate formalities and treated their businesses as an extension of themselves may be held personally liable for their actions.

Business creditors may also be able to use the owner's failure to respect corporate formalities—or failure to document compliance with corporate formalities—to "pierce the corporate veil," which is a legal term of art allowing courts to ignore the separate legal status of the business entity and hold its principals personally liable for the company's debts. Owners may have certain defenses to these actions, but those who can demonstrate compliance with both corporate agreements and the law governing their business entity, whether a corporation or a limited liability company, are likely to fare best.

You were smart enough to recognize your business should have an existence separate from yourself. Do not unwittingly undo the protections that separate existence may afford you. The Strong Firm is a full-service, business law firm that can help you identify and create the best legal entity for your business needs, and if necessary, assist you in litigation associated with your business activities.

Laura F. Dumas, Managing Counsel of Litigation, joined The Strong Firm P.C. in 2016 after practicing in San Francisco/Silicon Valley since 2006. She graduated from the University of the Pacific, McGeorge School of Law, and has a wide variety of experience in real estate and commercial litigation. Laura also handles corporate governance and business disputes. She is licenced in Texas and California, and in Federal Court for the Northern District of California.



Laura Dumas

Managing Counsel of Litigation