

KITAGAWA & EBERT, P.C.

LEGAL ALERT

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This Legal Alert Newsletter is prepared as a service to provide our clients and professionals with information about new legal developments, important legal concepts and practical information. Our business legal services include experienced and aggressive professional representation, as well as proactive business planning for risk management. This newsletter provides information about our Litigation, Corporate, Employment, Real Property, Contracts and Estate Planning/Probate services. The information provided in this newsletter is for information purposes only, and does not constitute legal advice. Please contact us if you would like our assistance. We welcome the opportunity to be of service.

LITIGATION

We have substantial experience in business litigation in both state and federal courts. We are licensed to practice law in the states of California and Georgia, and can be associated in other states with local counsel. James R. Ebert is a California CPA as well as lawyer, and has used his accounting and financial knowledge as a CPA to assist our clients with complex financial litigation. We provide aggressive and experienced advocacy and have obtained excellent results.

CORPORATE

Corporate/Mergers/Tax Free Reorganizations

Mergers, acquisitions, and tax-free reorganizations have increased substantially. We have assisted our clients with saving substantial taxes in the U.S. and in Japan through tax free reorganizations. Contact us regarding your current and future U.S. corporate structure and activities.

REAL PROPERTY

We represent clients who are active in real estate transactions, including commercial office leases, build-to-suit for manufacturing clients, large retail stores, warehouses, purchase & sales of office buildings, construction and environmental issues.

COLLECTIONS

(See Attached Article)

We have successfully collected millions of dollars for our clients in collection cases throughout the U.S. Please see us for guidance on credit agreements, security agreements, UCC-1s, guarantees, and other methods to improve your collections.

EMPLOYMENT

(See Attached Article)

Employee Handbooks

Remember to update your Employee Handbooks every year. Check your Binding Arbitration Agreements to see if they are still enforceable or have become void with the changes in the laws.

CONTRACTS

We have assisted many of our clients with distribution, sales representation, licensing, asset purchase, independent contractor, confidentiality, security agreements, credit agreements, service agreements, etc.

RECENT DEVELOPMENTS

Minimum Wage Going Up in California

California's minimum wage will increase to \$8 per hour from the current \$6.75 per hour, which will be the highest minimum wage in the U.S.A. when the full hike takes effect.

The increase will take effect in two stages: on 1/1/07, minimum wage earners' wages will increase by 75 cents per hour to \$7.50; on 1/1/08, the wages will increase by another 50 cents per hour. The increase will impact California employers and employees in number of ways: **Nonexempt minimum wage earners**, when the \$8 rate takes effect in 2008, will receive a \$2,600 increase in annual earnings if they work full time. **Exempt employees** (qualified for the executive, administrative or professional exemptions), under California, must receive a salary that is at least two times the California minimum wage based on a full-time workweek. The current minimum salary for exempt employees is \$2,340 a month. Effective of 1/1/08, the minimum monthly salary will jump to \$2,773.33.

To prepare for the first rate increase on 1/1/07, California employers should review wage rates for both nonexempt and exempt employees to be certain of compliance with the new minimum wage. Also, employers will need to replace the California Minimum Wage Notice and Industrial Welfare Commission Wage Orders which must be posted in the workplace.

Privacy: Workplace Computers

All companies should have a workplace policy stating that the company has the right to monitor company computer use and that improper use of the company's electronic and computer resources is grounds for discipline, up to and including termination. A policy is critical because a company's ownership of the computers alone may not defeat an employee's expectation of privacy.

If you suspect an employee is using company computers for inappropriate purposes, promptly and thoroughly investigate. If the investigation reveals inappropriate online activities, such as pornography, take swift action that is designed to end the misconduct, including notifying the appropriate law enforcement authorities if criminal activity is involved.

2007 Mileage Reimbursement Rates

From 1/1/07, the IRS has increased the standard mileage rate to reimburse employees for business use of a car to 48.5 cents per mile, up from 44.5 cents in 2006.

Hands-Free Cell Phone Law

From 7/1/08, it will be an infraction to drive a motor vehicle while using a wireless phone unless a hands-free device is used. The new law, known as the "California Wireless Telephone Automobile Safety Act" prohibits driving a motor vehicle while using a wireless telephone unless the cell phone is "hands-free" for both listening and talking while driving.

ESTATE PLANNING/PROBATE

We are experienced in all aspects of Estate Planning and Probate. James R. Ebert is a California Certified Public Accountant (CPA) as well as a lawyer, and is knowledgeable in U.S. and Japan tax issues. He has many years of experience in assisting clients with complex estates with property in both the U.S. and Japan.

There is a **New Estate Planning Opportunity** if you have an Individual Retirement Account ("IRA"). For the first time, the Internal Revenue Service ("IRS") regulations permit your children to inherit your IRA without adverse income tax consequences. In order for your children to inherit an IRA, it is necessary for you to designate your children as beneficiaries of the IRA. Please contact us if you would like our assistance with completing the beneficiary designation form to allow your children to inherit your IRAs.