

# WILLIAMS MULLEN

Les dix questions les plus fréquemment posées  
("FAQ") par les entreprises étrangères  
cherchant à s'établir aux Etats-Unis.

Editor: Eliot Norman, Esq. - Williams Mullen

WILLIAMS  
MULLEN  
 findingyes®



Introduction.....	3
<b>FAQ #1:</b> Quelles sont les démarches à effectuer avant de faire des affaires ou de s’installer aux Etats-Unis?.....	4
<b>FAQ #2:</b> Quelle forme juridique choisir pour faire des affaires aux Etats-Unis? .....	6
<b>FAQ #3:</b> Est-il nécessaire d’incorporer notre entreprise américaine dans le Delaware? .....	8
<b>FAQ #4:</b> A quel type d’imposition notre filiale américaine sera-t-elle soumise?.....	9
<b>FAQ #5:</b> Quels types de protections existent en matière de propriété intellectuelle? .....	10
<b>FAQ #6:</b> Quels types de visas votre entreprise étrangère devra-t-elle obtenir afin de démarrer ses opérations aux Etats-Unis? .....	12
<b>FAQ #7:</b> Quels types de contrats devront-êtré réexaminés pour s’assurer qu’ils auront bien force exécutoire aux Etats-Unis?.....	15
<b>FAQ #8:</b> Quelles lois d’import-export sont importantes pour votre entreprise étrangère? .....	17
<b>FAQ #9:</b> Quelles sont les autres différences entre la loi américaine et les lois étrangères qu’une entreprise étrangère devra prendre en compte pour faire des affaires aux Etats-Unis? .....	18
<b>FAQ #10:</b> Quelles autres stratégies juridiques pourraient accélérer votre croissance aux Etats-Unis? .....	20
Conclusion .....	22
Agencies of Interest for Foreign Companies Looking to Do Business in the United States ...	23
Williams Mullen International Practice.....	24
About Williams Mullen .....	25
Attorney Bios .....	26

## Introduction

The United States is the largest and most exciting market in the world. It is a free market system which affords unrestricted access for foreign companies looking to conduct business here. It has favorable employment, tax and trade laws. It has a reliable legal system which provides a sound foundation for foreign companies to sell products and services, raise capital, locate strategic partners, conduct mergers and acquisitions and undertake public offerings here. As a major technology center, it presents unrivaled opportunities for companies in the computer, software, telecommunications, media, e-commerce and biotech industries.

This guide provides an introduction to the major business and legal issues to be considered by foreign companies in establishing business operations in the United States. It is intended as a starting point for analysis in this area, but is not intended as a definitive analysis of these issues. If the reader has questions about the topics discussed, we would be pleased to provide additional information and you are invited to contact the author or any of the other attorneys at Williams Mullen.

## FAQ #1: Is there a Commonly Used Checklist for Setting up Business Operations or an Office in the United States?

We welcome you to our country and wish you prosperity and success in your business here.

- A. Form U.S. entity, preferably with limited liability
  - Adopt Articles of Incorporation; Bylaws; Organizational Minutes
  - Appoint board of directors (1 or more persons)
  - Appoint officers (president, secretary, treasurer)
  - Issue shares to owners or parent corporation
- B. Conduct trademark (name) search; verify that company name and important product names are not used by other parties; file trademark application to protect company name, logo and key product names
- C. Reserve and apply for Internet domain names
- D. Apply to Internal Revenue Service to obtain Employer Identification Number; register with state tax authorities.
  - Normally parties apply for the Employer Identification Number on IRS Form SS-4, Application For Employer Identification Number
  - If the signatory executing Form SS-4 does not have a social security number, however, such party must apply for an IRS Individual Taxpayer Identification Number on IRS Form W-7, Application For IRS Individual Taxpayer Identification Number
- E. File local company registrations
  - If a company is incorporated under the laws of one state (e.g., Delaware) and has offices in a second state, it must file registration documents in the second state referred to as "Qualification of Foreign Corporation To Conduct Business"
  - Local city or county registration
- F. Execute lease for office space
- G. Open bank account

**FAQ #1: continued**

- H. Obtain visas for key foreign persons who will be working in the U.S. or helping in setting up the U.S. office; comply with I-9 and E-Verify procedures for verifying the identity and work authorization of each new hire.
- I. Hire initial employees; begin process for federal and state tax withholding, FICA and similar items
- J. Arrange for employee health insurance and other insurance
- K. Have all employees execute Employee Confidentiality Agreement
- L. Consider employee compensation incentives such as incentive stock options or similar benefits (common in U.S. technology companies); adopt qualified or non-qualified stock option plan
- M. Conform key contracts to U.S. law in state where office will be situated.
- N. Consider filing for patent protection under business process patent laws for technology products and e-commerce processes (common in U.S. technology companies); file U.S. registrations for patents obtained in foreign countries.

## FAQ #2: What are the Legal Forms for Conducting Business in the United States?

One of the most important considerations for a foreign entity in establishing a business in the United States is the selection of the form of business entity. A variety of considerations must be addressed in making this determination, including the organizational structure of any existing business, tax concerns and the type of activity that the foreign investor intends to pursue in the U.S.

**Types of Entities.** There are numerous types of entities used by foreign companies to conduct business in the United States, including corporations, limited liability companies, partnerships, limited partnerships and branch office operations.

**Limited Liability Entity.** It is advisable for the foreign company to insulate itself from liabilities which might arise in the United States. To achieve this goal, we generally recommend that foreign companies conduct their operations in the United States through subsidiaries which are limited liability entities such as corporations or limited liability companies. With such entities, liabilities which are incurred in the United States usually are retained at the entity level and do not pass up to the parent company.

**Corporation.** The corporation is the most common form of business entity in the United States. It has limited liability and a separate legal existence from its shareholders. A corporation is managed by a board of directors and officers. It is suitable for public or private ownership. Key organizational documents are the Articles of Incorporation and the Bylaws.

**Limited Liability Company.** The limited liability company has certain attributes of a corporation and certain attributes of a partnership. It is normally structured like a general partnership, but unlike a partnership its members have limited liability (in a general partnership the partners have full liability for all of the liabilities of the partnership). It is normally managed by a managing member (similar to a managing partner in a partnership), but can also be structured to be managed by officers and directors. The fundamental documents of a limited liability company are the Articles of Organization and Operating Agreement.

**Preferred Type of Entity.** Corporations do not have “flow through” tax treatment and hence are required to file tax returns. Limited liability companies, on the other hand, have “flow-through” tax treatment and are not required to file income tax returns; rather their parent companies must file income tax returns in the United States. Since most foreign companies do not want to file tax returns in the United States, the preferred form of entity for U.S. operations of foreign companies most often is the corporation.

## Entity Selection Summary

	Partnership	Limited Partnership	Corporation	LLC Limited Liability Company
<i>Legal Status</i>	Separate legal entity	Separate legal entity	Separate legal entity	Separate legal entity
<i>Liability of Members</i>	Unlimited liability for all partners	General Partners have unlimited liability. Limited partners have limited liability	Limited liability	Limited liability
<i>Disclosure of Identity of Owners</i>	No disclosure	Limited partners must be disclosed in filing with Commission	No disclosure	No disclosure
<i>Incorporation/Organizational Requirements</i>	No filing required. Few other formalities with respect to documents	Limited Partnership must be registered by filing of certificate of limited partnership with the Commission	Incorporated by filing with State Corporation Commission	Organized by filing with State Corporation Commission
<i>Appointment of Registered Agent</i>	No	Yes	Yes	Yes
<i>No. of Members</i>	Minimum of 2 persons; No maximum	Minimum of 2 persons; no maximum	Formed by 1 person; No maximum	Formed by 1 person; No maximum
<i>Tax Treatment</i>	Tax transparent	Tax transparent	Taxable entity	Tax transparent
<i>Required Annual Disclosures</i>	None	None - certain information must be maintained for inspection by partners	Annual return and accounts	Annual return and accounts

## FAQ #3: Should We Form Our Corporation in the State of Delaware?

**Jurisdiction of Incorporation.** Corporations and limited liability companies can be formed under the laws of all 50 states. Most corporations are formed under Delaware law due to low franchise tax and laws which are favorable to management. A party can form a corporation under Delaware law but establish its office and conduct its business in other locations.

**Qualification.** If a corporation is formed in one jurisdiction (e.g., Delaware) and has offices in another location (e.g., New York) the corporation must file a short registration in the jurisdiction where it conducts business (called "Qualification to Conduct Business").

**More Complex Operations In the United States.** Business operations can be expanded in the U.S. through a variety of means including through the use of affiliated corporations (e.g., a second corporation in the U.S. owned by the foreign parent company), a second-tier subsidiary (a second U.S. corporation owned by the first-tier U.S. subsidiary), or similar arrangements.

## FAQ #4: What Taxes will the U.S. Subsidiary Corporation Pay?

Irrespective of the form selected by a foreign company to conduct business in the United States, there are a range of taxes that will impact the operations. The following is a brief overview of some of the more important taxes. Upon the organization of a U.S. entity, that entity must apply to the Internal Revenue Service for an Employer Identification Number (EIN). In addition, any entity conducting business in Virginia must register with the Virginia Department of Taxation with respect to all taxes that may apply to such business.

**Income Tax.** The revenue generated by the U.S. subsidiary or U.S. operations of a foreign business will be subject to taxation in the U.S. This tax is assessed at the federal and state levels.

**Federal Tax.** Federal income tax rates are set depending upon many factors. Federal corporate tax rates range between 15% and 39%; the average corporate tax rate is typically 35%.

**State Tax.** State income tax rates are set forth on a state by state basis. The current rate for corporate income tax in Virginia is 6%. This is lower than many other states, including California (8.84%) and New York (7.5%-9%).

**Sales Tax.** Retail sales and leases of tangible personal property in Virginia are subject to sales tax. The current rate for sales tax in Virginia is 5.3%. This is lower than many other states. Virginia dealers must collect the tax at the time of the sale and remit the tax to the Virginia Department of Taxation. Many exemptions from the tax exist including purchases of property for resale and purchases of manufacturing equipment.

**Other Taxes.** Other taxes may apply to business operations depending upon the nature of the business, state of operation and other factors such as real property taxes, personal property/use taxes, etc.

## FAQ #5: What Protections Exist for Intellectual Property?

The United States has strong intellectual property laws which grant valuable legal rights to the owners of such property to restrict others from using it. These proprietary rights in technology, inventions, software, business processes, creative materials and other intangible assets can be valuable in operating a business, raising capital, and pursuing exit strategies such as an IPO or acquisition. The benefits of such laws are available to foreign parties (such as foreign companies) as well as U.S. parties. These laws are highly technical, however, and special steps must be taken to register or otherwise comply with these laws or the owner will lose his legal rights in the intellectual property.

**Trademarks.** Unlike civil law countries, trademark and service mark rights arise in the U.S. from using the mark in commerce in or with this country. Important additional rights are obtained by federally registering trademarks and service marks with the United States Patent and Trademark Office (the “PTO”). Checking the PTO database of federal trademark registrations ([www.uspto.gov](http://www.uspto.gov)) prior to introducing new trademarks or service marks is always prudent. It is important to remember, however, that many trademarks are never registered, so more comprehensive searching will be required to determine whether the proposed use may infringe a senior user’s rights.

**Copyright Interests.** The United States, along with almost all other industrialized countries, is a party to the Berne convention. Under the Berne Convention, copyright protection exists from the moment of creation. Works first published in the United States, or in another country that is also party to the Berne Convention, are protected under U.S. copyright laws. Important additional rights can be obtained by registering the copyright with the U.S. Copyright Office. For more information visit the U.S. Copyright Office website at [www.loc.gov/copyright/](http://www.loc.gov/copyright/).

**Patents.** Foreign parties must apply for patent protection with the U.S. Patent and Trademark Office in order to obtain protection under U.S. patent laws, regardless of the existence of foreign patents. Failure to apply for patents in the U.S. could result in loss of valuable legal rights in company innovations. U.S. patent law has changed such that the “first to file” rule has replaced the “first to invent” rule. Foreign companies should consult competent patent counsel regarding any U.S. patent matters.

**Business Process and Business Method Patents.** The United States provides for broader patent protection than many foreign countries in the area of business processes, business methods, computer-aided business operations and certain types of software. Foreign companies should consider evaluating if their business processes or software programs can be patented in the United States, even if they cannot be patented in their home countries. Again, it is important to remember the filing deadlines outlined in the paragraph above.

## FAQ #5: continued

**Trade Secrets.** Even if a technology or process cannot be protected under patent for copyright laws, it may be protectible under trade secret laws. If proper steps are taken, the owner of the intellectual property can preclude others from using the relevant technology, designs, methods of operation or other “know how” and maintaining a proprietary interest therein. The best example of this is the recipe for Coca-Cola, which remains a trade secret after more than 100 years. Obviously, know-how will only be treated as a trade secret by the law, if the owner treats it that way. Steps must be taken to keep the information secret. Such steps usually include utilizing confidentiality agreements, confidentiality provisions in employment agreements, limiting access to such materials through the use of passwords, physically secure areas, and distribution only on a “need to know” basis, and marking materials as proprietary and confidential.

If companies coordinate their U.S. and European patent and trademark filings and comply with international treaty requirements (including certain 12 month and 6 month time limits), then they may obtain improved priority claims for their patent and trademark rights in the U.S. A thorough review of existing European rights is therefore recommended prior to arriving in the United States.

## FAQ #6: What Visas Will Your Foreign Company Require To Start Up Operations In the United States?

A critical step which should be taken at the outset of any proposed project in the United States is to formulate an effective immigration strategy for non-U.S. nationals. The immigration strategy will vary depending on the nature of the project, the purpose of the entry of the non-U.S. nationals into the United States, and other factors. The fundamental underlying immigration principles which should be observed are that (1) no person can enter the United States without appropriate documentation or status, and (2) no person may engage in employment in the United States without appropriate authorization. An effective immigration strategy will address both of these principles.

Set forth below are descriptions of various types of nonimmigrant visa categories which may be obtained to enable non-U.S. nationals to enter, and, in some circumstances, be employed in the United States and some basic information regarding permanent residency. The list is not exhaustive, and focuses primarily on “business visa” categories. Bear in mind that an effective immigration strategy may require the use of more than one type of visa category at different or successive times to ultimately accomplish the objectives of a given non-U.S. national.

**B-1 Visas (Visas for Business Visitors).** The B-1 visa is the most commonly issued visa for business visits of short duration to the United States. B-1 visas are typically issued by U.S. Consulates abroad and permit recipients to visit the United States temporarily for business purposes which do not involve gainful employment. Permissible activities include: investigating possible business opportunities, negotiating contracts, attending conferences, consulting with colleagues, and establishing initial contacts. The B-1 visa category is often used by persons seeking to visit the United States for purposes of assessing or investigating a prospective project opportunity or of coordinating the initial steps to establish an operation. Nationals of most major trading partners with the United States are permitted to enter the United States in B-1 Business Visitor status without first having to obtain a B-1 visa pursuant to a program called the “Visa Waiver Program.” Under the Visa Waiver Program, non-U.S. nationals can enter the United States in B-1 status without a visa for a maximum of 90 days. Persons entering the U.S. using the Visa Waiver Program cannot change or extend their status and must depart at the end of their authorized stay.

**L-1A and L-1B Visas (Visas for Intercompany Transferees).** The L-1 category of visas is used to facilitate the transfer of non-U.S. nationals from qualifying affiliates abroad to establish qualifying operations in the United States for periods ranging from five to a maximum of seven years. The L-1 visa category can also be used in limited circumstances to transfer staff from abroad to qualifying “new” offices in the United States. L-1 visas enable specialized knowledge employees, managers and executives of a non-U.S. company or operation abroad to transfer to the U.S. to be employed by the U.S. parent, subsidiary, branch, affiliate of the non-U.S. company or operation. To qualify for L-1 status, the

## FAQ #6: continued

employee being transferred must have been continuously employed by the foreign company abroad for at least one year within the previous three years. L-1 visas are typically issued at a U.S. Consulate abroad after a petition approval is first obtained from the United States Citizenship and Immigration Services (USCIS) in the United States. Blanket L-1 procedures can expedite the process and lower costs by permitting direct filings with the U.S. Consulates. Spouses of L-1 visa holders receive L-2 visas and can work while in such status.

**E-1 and E-2 Visas (Treaty Trader and Investor Visas).** The E visa category is often used by persons seeking to enter the United States to establish a new operation because the application process is initiated and completed, in many cases on an expedited basis, at a U.S. Consulate abroad and no pre-approval from the USCIS is required. An E visa permits the recipient to enter the U.S. for renewable incremental periods of between one and two years per entry under the provisions of a treaty between the United States and the foreign state of which he is a national (1) to trade principally between the United States and the foreign state (E-1); or (2) to develop and direct the operations of an enterprise in which he or his foreign employer has invested or is actively in the process of investing, a substantial amount of capital (E-2). Foreign nationals may be classified as treaty traders or investors if they have the same nationality as the entity abroad, and are engaged in an executive or supervisory capacity, or have special qualifications essential to the enterprise. The spouse of an E-1 or E-2 visa holder can obtain work authorization.

**H-1B Visas (Visas for Professional Workers and Workers in Specialty Occupations).** The H-1B visa category is frequently used to enable persons to enter the United States to be employed in professional or specialty occupations for periods of up to six years. Unlike the L-1 visa, no qualifying relationship need be established between the entity or operation abroad at which the non-U.S. national may be employed and the U.S. employer. To qualify for an H-1 B visa, the beneficiary must have a U.S. bachelor's degree, a foreign equivalent or equivalent qualifying experience in a specific area of study, and be coming to the U.S. to perform a position which requires a bachelor's degree in that area. The spouse of an H-1B receives an H-4 visa and cannot work while in such status.

**TN Status (Status for Canadian and Mexican Trade NAFTA Professionals).** Citizens of Canada and Mexico are permitted to enter the U.S. to work in certain professional positions enumerated in the North American Free Trade Agreement. TN status is valid for up to three years and can be renewed. Canadians can apply directly at the border or pre-flight inspection post. Mexican must apply at the U.S. Consulate for a TN visa.

**Permanent Resident Status (Also known as the "Green Card").** The visa categories discussed above are exclusively for "temporary" entries into the United States, even though "temporary" may mean a period of several years. U.S. immigration law also permits non-U.S. nationals to seek permanent resident status, if they qualify and if they navigate through the often time-consuming process to obtain such status. Such status enables the beneficiary to reside and work permanently in the United States. Permanent resident

**FAQ #6: continued**

status is typically obtained through employer or family sponsorship. Employer-based cases are often initiated with the process of testing of the local labor market, known as a labor certification or PERM. An alternative EB-1 process allows multinational managers or executives to avoid the recruitment or PERM process by filing petitions and applications directly with the USCIS, thereby shortening the waiting time for Green Cards. Permanent resident status (EB-5 visa) may also be obtained by investing \$1 million in a qualifying commercial enterprise in the United States (or \$500,000 in certain geographic or high unemployment areas), provided with certain exceptions that the investment creates at least ten (10) full-time jobs. In addition, an annual "green card lottery" is available to nationals of countries that have low immigration levels to the U.S.

## FAQ #7: What Contracts Should Be Reviewed to Assure that They Are Enforceable Under U.S. Laws?

Prior to commencing business in the U.S., a foreign company should conduct a review of its existing contracts. Key contracts should be reviewed and amended in order to be in compliance with, and enforceable under, applicable U.S. laws. If such adjustments are not made, the foreign company could lose legal rights in the U.S. In the United States the laws applicable to many business transactions are state laws rather than federal laws and many differ from state to state. Consequently foreign companies must comply with the state laws in each state in which they conduct business. Williams Mullen has attorneys who are licensed to practice in multiple states throughout the country to address this issue.

*Key contracts to be reviewed include the following:*

**Software and other License Agreements** - If the company is a recipient of a software license in Ireland, it will need to review such contract to ensure that the license permits the company or its new U.S. subsidiary to continue using the software in the U.S. If the company has granted software licenses, it should ensure that the activities planned by its U.S. operations are not in violation of rights it has previously granted to third parties.

**Sales Agreements** - The form of sales agreement used by a company in Ireland may have to be amended to comply with U.S. law. Most states in the U.S. have adopted the Uniform Commercial Code which provides for the rights and obligations of parties to sales transactions. In order to ensure that the company is selling its goods on terms favorable to it, the company's standard form of sales contract should be revised to comply with the UCC.

**Non-Circumvention, Non-Compete Agreements** - These agreements should be reviewed to ensure that they permit the company to carry out its planned activities in the U.S. and restrict potential competitors from competing. In particular, provisions that restrict competitors from certain actions within Europe may not be effective to limit competition in the U.S.

**Stock Purchase and Other Investment Agreements** - These should be reviewed to ensure, among other things, that no third party has rights to acquire shares in the newly created U.S. subsidiary. Additionally, the company may need to address whether the commencement of its U.S. business may impact any covenants or negative covenants in prior acquisition agreements.

## FAQ #7: continued

**Financing Agreements** - Financing agreements entered into in the company's home jurisdiction should be reviewed to ensure that there is no restriction on the creation of a U.S. subsidiary or the use of corporate funds to finance such a subsidiary. In addition, if a prior financing agreement provides for the creation of security over the shares or assets of a company's subsidiaries, the company will need to create a security interest in assets of any new U.S. entity that complies with U.S. law. It is often desirable to establish new financing in the U.S. for a new U.S. subsidiary, but this must be achieved without violating the terms of existing financing arrangements.

**Distribution and Agency Agreements** - The company should review any existing distribution and agency agreements to ensure that any newly created distribution network or agency relationship is not in violation of the terms of any existing contracts.

**Employment Agreements** - The company may wish to review any existing employment contracts to ensure that there are no terms of those contracts that may be breached or that may be illegal following the transfer of an employee to the U.S. If employees are to be transferred from a foreign country and their contracts of employment are to continue, the company may wish to amend the terms to ensure that any disputes that arise will be handled in a favorable court. In addition, the company will want to assess the tax impact that the relocation may have on employees who will be deemed resident in the U.S.

**Pension and other Benefit Plans** - The company may need to determine whether contributions can continue to be made to existing plans in foreign country by employees resident in the U.S. and whether the company wants to start a new U.S.-based program for its employees.

## FAQ #8: What Import-Export Laws Will Be Important For Your Foreign Corporation?

The United States is generally considered the most open market economy of the world, and U.S. trade policy supports free trade and a strong world trading system. The U.S. maintains a number of trade programs that enhance exports and encourages minimal import restrictions. The few import restrictions that do exist are consist mainly of tariffs and other special import programs discussed below.

**Tariffs.** The U.S. assesses tariffs on items imported into the United States. Under the recent World Trade Organization agreements, however, many U.S. tariffs have been reduced or eliminated entirely. The collection of tariffs is administered by the U.S. Customs Service, part of the U.S. Department of the Treasury. The applicability of a tariff on an item to be imported can be determined by reviewing the Harmonized Tariff Schedule of the United States, or by consulting a customs broker. Tariffs are generally not applicable to the import of software or other intangible products or to the performance of services.

**NAFTA.** Items that are of North American origin can be shipped between the U.S., Canada and Mexico duty free under the North American Free Trade Agreement (NAFTA). Special rules apply if items are shipped into the U.S. from outside a NAFTA country (such as from the European Union) and then re-exported to other NAFTA countries. Under certain circumstances, such shipments may be entitled to preferential treatment under NAFTA.

**Free Trade Zones.** U.S. customs laws permit the establishment of a free trade zone under which items may be imported into the United States without the payment of duties. Assembly and manufacture of finished goods may occur within the free trade zone and the goods exported to another country with payment of duties only on the value added in the United States.

**Preferential Trade Programs.** The U.S. maintains several unilateral preferential trade programs under which certain items from eligible countries may enter the United States duty free. The programs are designed to benefit developing countries and are the source of considerable economic benefit to companies doing business in the United States.

**Antidumping Duties.** Items imported into the U.S. may be subject to additional duties under U.S. antidumping and countervailing duty laws or other similar import relief statutes. Parties that intend to export to the United States should first determine whether antidumping or other similar duties may apply.

**Export Laws.** The U.S. permits most products to be exported without restriction. In a limited number of instances export controls are applied to products that have military application under the Export Administration Regulations and the International Traffic In Arms Regulations. In addition, certain transactions with parties from countries that are subject to U.S. embargo or special sanctions such as Cuba, Iran, Iraq, Libya, North Korea, and Sudan are prohibited.

## FAQ #9: What Are The Other Relevant Areas Of Law?

Our experience in assisting foreign companies in establishing U.S. operations has highlighted the following additional areas of possible interest for such companies:

**Consumer Protection Laws.** Companies selling to consumers (as compared to commercial customers) will be subject to consumer protection laws administered by the Federal Trade Commission and various state consumer protection agencies. Such laws provide, among other things, for certain mandatory documents to be provided to consumers, and provide for rescission rights under certain consumer contracts. In addition, it should be noted that federal rules provide consumers with a range of remedies that may be exercised where a dispute arises with respect to goods sold. Among other rights, consumers have a greater ability to withhold payment in such circumstances where payment was initially made with a credit or debit card.

**Privacy Laws.** While the U.S. does not have privacy laws which are as wide-ranging as the European Union, there are a number of privacy laws in effect including a requirement that parties comply with their own posted privacy policies and special privacy requirements in the banking and health care industries. It is also important for European companies to be mindful of restrictions imposed by the EU upon the transfer from Europe to the U.S. of data relating to EU citizens. In order to be able to transfer such information, among other requirements:

- > the purpose for which such data may be transferred must be permitted under the law of the transferring entity and should not be incompatible with the purpose for which the data was first gathered;
- > there should be adequate restrictions upon onward transfer to other data processors;
- > the transferee country must provide adequate protection for personal data; and
- > the subject of the data must have rights to access, rectify, delete and object to the content of the data.

In light of the foregoing, prior to the transfer of data to the U.S. subsidiary, the transferring entity will have to undertake a detailed review of the circumstances under which the transfers will be made and the procedures that will be applicable to such transfer.

The U.S. Department of Commerce, in consultation with the European Commission, developed a "safe harbor" to assist companies doing business in the U.S. to comply with the EU Privacy Directive.

**Securities Laws.** Companies that intend to raise capital through the issuance of securities (including stock, warrants, options and certain debt instruments) are subject to securities laws requirements such as registering the securities (unless a specific exemption applies). In

## FAQ #9: continued

particular, foreign investors should be aware that the U.S. federal and state securities laws are extensive and apply to even relatively small offerings to a very limited number of people. This is particularly important for many tech and biotech companies that issue small amounts of stock to a wide variety of people during the start-up phase. The failure to comply with security laws during early rounds of financing may prejudice later larger public offerings.

**Antitrust/Competition.** The Hart-Scott-Rodino Antitrust Improvements Act (the “HSR Act”) is a U.S. statute aimed at competition issues and applies where a company (foreign or domestic) acquires a business or assets. The HSR Act requires acquiring and acquired parties to file a report with the Federal Trade Commission and the Department of Justice prior to closing certain transactions.

The HSR Act provides for a minimum “size of the transaction level” threshold which changes each year. For 2014 the minimum threshold is \$75.9 million.

The HSR Act provides a 30-day period for most transactions. Beyond that, either Federal antitrust agency (the FTC or Antitrust Division of the Department of Justice) may extend the waiting period by requesting additional information from the parties, if the agency determines the proposed transaction raises competitive concerns.

**Environmental Laws.** Environmental laws protecting land, water and air quality have been enacted by both federal and Virginia law makers. Regulatory agencies such as the Environmental Protection Agency and the Virginia Department of Environmental Quality have powers to impose remediation obligations and penalties that are considerably more extensive than those available to similar national and supranational agencies in Europe. While the tech and biotech companies generally do not have to comply with the large number of environmental requirements that apply to brick and mortar businesses, tech and biotech companies should be aware of the environmental obligations that apply to their particular type of research or manufacturing.

Companies entering the US market should also appreciate that liability for a prior owner or operator’s contamination may be imposed on the current owner or operator of the business premises. As a result, an environmental assessment of property prior to acquisition or lease is recommended. Such assessments can be performed under the attorney-client and other applicable privileges. In addition, with proper planning, business, research and manufacturing operations can be structured to minimize the number of environmental regulations applicable to a particular facility.

**Employment Laws.** The U.S. employment laws are generally more flexible than in the European Union. In many instances employers can terminate employees without cause and without termination compensation (assuming no employment contract exists); however, employers are prohibited from discriminating against employees on the basis of race, sex, age, religious belief and health conditions. Termination and other dealings with employees should be conducted on a consistent basis under the provisions of the company’s personnel policies.

## FAQ #10: What Business Strategies Can Accelerate Your Growth in the U.S. Market?

The following are a number of strategies which can be employed by a foreign company establishing operations in the United States.

**Sales and Distribution.** Under this business strategy, parties manufacture their product in their home country and sell their products or services to U.S. customers, through direct sales or through sales agents, distributors, wholesalers, dealers or other intermediaries in the United States. The United States represents an enormous market for foreign companies to sell products, license software and perform services. There are numerous distributors, dealers and other sales intermediaries available in the U.S. to assist foreign companies in setting up marketing and distribution channels here.

**Joint Ventures and Teaming Agreements.** Under this business strategy, two or more parties conduct a collaborative effort to pursue a specific business purpose. In an “entity joint venture” the parties form a separate corporation or other entity to conduct the business of the venture. In a “non-entity joint venture” the parties contribute capital, personnel or other resources to conduct the business of the venture without the formation of a separate entity. Joint ventures and teaming agreements are a common form of business in the information technology industry for product development and major project management. These are extremely useful strategies for positioning foreign companies to become involved in major projects in the U.S. where they would otherwise not have access. In addition, U.S. companies frequently look to team with foreign companies in joint ventures to obtain access to business opportunities in Europe.

**Franchise and License Agreements.** Under a franchise arrangement, the franchisor grants the right to a franchisee to engage in a proprietary form of business. A franchise or license arrangement is a desirable way for a foreign company to establish and expand its business throughout the United States in a limited period of time or with a limited capital investment.

**Sub-contracting.** Under this type of business arrangement, a party performing a contract hires a second party to perform a portion of the contract. Like teaming agreements and joint ventures, this is a proven method for foreign companies to obtain access to major business opportunities to which they would otherwise not have access.

**Manufacturing.** Under this strategy, the foreign company establishes manufacturing operations directly in the United States. This could range from final assembly of components sourced in the company’s home country or other countries, to full-scale manufacturing operations in the U.S. Finished products can be sold throughout the United States and, under NAFTA can be distributed on a reduced-tariff or tariff-free basis throughout Mexico and Canada.

## FAQ #10: continued

**Government Contracts.** Under this type of business arrangement, a party sells a product or performs a service for a federal, state or local government entity. Under the Trade Agreements Act, foreign companies are now permitted to bid directly on most U.S. government contracts and to perform subcontracts thereunder. Government contracts are among the largest sources of opportunity for vendors in the Information Technology industry. The performance of government contracts are normally governed by specialized commercial laws which are significantly different from normal U.S. commercial laws.

Under The Trade Agreements Act, foreign companies from many countries are now permitted to bid directly on most U.S government contracts and perform subcontracts. Buy America Act restrictions contain “loopholes,” waivers and exceptions which, with proper planning, allow foreign companies to provide products to the U.S. Department of Defense and other government agencies.

The performance of government contracts is governed by specialized commercial laws which are significantly different from normal U.S. commercial laws. Thus, foreign companies interested in this market must seek expert advice to ensure full compliance with government regulations.

**Mergers and Acquisitions.** Acquisitions are a proven method of establishing a major business presence in a foreign country in a short time period. A party can acquire a company through the purchase of its stock, the purchase of its assets and liabilities or the statutory merger of the two entities. Foreign companies should consider the acquisition of a U.S. company as a strategy for entering the U.S. marketplace. While this usually involves a significant capital investment, such investment is often smaller than the ongoing capital investments required to grow a business from the start.

**Initial Public Offering.** The initial public offering, or “IPO,” is the initial sale of stock to the public in a “public offering.” An IPO requires the registration of a company’s stock with the U.S. Securities and Exchange Commission. Public offerings are usually conducted through an “underwriting” by a registered broker-dealer. Foreign companies can list their securities on U.S. exchanges through ADRs. In addition, U.S. subsidiaries of foreign companies can issue securities directly in an IPO to be traded on all U.S. exchanges. An IPO provides an excellent liquidity event and “exit strategy” for founders and early investors to profit from their investment in the company. U.S. stock exchanges, particularly the NASDAQ, have provided some of the highest valuations in the world for emerging technology companies.

## Conclusion

We hope that these FAQ will be helpful to you in planning for your business investment in the United States. We would welcome you to the United States and would wish you prosperity and success in your business here. We have attached to these 10 FAQ a list of government agencies that can assist with your trade and investment plans for the U.S. market as well as information about the editors of these FAQ and Williams Mullen.

### **Eliot Norman**

Partner – Immigration & Inbound Investment

T: 001.804.420.6482

[enorman@williamsmullen.com](mailto:enorman@williamsmullen.com)

[linkedin.com/in/businessimmigrationlawyer](https://www.linkedin.com/in/businessimmigrationlawyer)

### **Hon. Patrick O. Gottschalk**

Partner – Economic Development & Inbound Investment

T: 001.804.420.6425

[pgottschalk@williamsmullen.com](mailto:pgottschalk@williamsmullen.com)

## Agencies

Select USA (formerly Invest in America): [selectusa.commerce.gov](http://selectusa.commerce.gov)

Select USA seeks to highlight the many advantages the United States offers as a location for business and investment. Select USA offers initial information from the federal government for foreign companies investing in the United States. It is the best place to start within the U.S. Government if you are considering an investment in the United States. Select USA explains why America is the place for business, from a vast domestic market, to a transparent legal system, to the most innovative companies in the world. On the website of Select USA foreign companies can also find direct links to browse for Business Incentives Offered by each of the 50 States. Select USA is part of the U.S. Department of Commerce. licensed to practice in multiple states throughout the country to address this issue.

*Other Government Agencies of Interest:*

- United States Citizenship and Immigration Services
- United States Customs and Border Protection
- Department of Commerce - US Commercial Service
- Bureau of Industry and Security (BIS)
- State Department – Directorate of Defense Trade Controls
- Office of Foreign Assets Control
- Committee on Foreign Investment in the United States
- United States International Trade Commission
- Office of the US Trade Representative
- United States Consulates in Germany within the U.S. Department of State



# Une pratique internationale du droit

*Des services légaux sélectifs pour des compagnies étrangères souhaitant investir aux Etats-Unis.*

Depuis ses bureaux de Washington, D.C., de Virginie et de Caroline du Nord, Williams Mullen offre un large éventail de services légaux à ses clients européens, asiatiques et autres clients étrangers.

Pour les sociétés solidement installées, nous offrons nos conseils sur des contrats gouvernementaux ainsi que "Buy America", planification fiscale transfrontalière, financement des entreprises, fusions et acquisitions, "joint ventures", droits douaniers et droit commercial international ainsi que tout autre problème légal ayant un impact sur les transactions et opérations de commerce international.

Pour les compagnies récemment implantées aux Etats-Unis, notre "Concierge Legal Services Program" offre, moyennant un tarif fixe, douze services légaux "de départ" afin de faciliter leur implantation, tels que : l'aide à la création de sociétés, visas, marques de commerce, examen des baux immobiliers, aide préliminaire pour les contrats et subventions du gouvernement, réglementations douanières, lois américaines favorables au commerce.

Consulter notre "Guide for Foreign Companies Establishing U.S. Operations" [williamsmullen.com/news/10FAQs](http://williamsmullen.com/news/10FAQs).

Pour les exportateurs américains, nous offrons une large gamme de services légaux, notamment assistance et conseils dans le domaine de la conformité des contrôles à l'exportation. Pour les compagnies qui réalisent leurs opérations à l'étranger, nous proposons notre aide pour les problèmes commerciaux, fiscaux et contractuels et les aidons à structurer leurs "Joint Ventures" et Fusion & Acquisitions. Notre équipe spécialisée dans l'obtention des visas peut vous aider à muter votre personnel vers vos sites installés à l'étranger en obtenant des visas de séjour ou visas de travail pour les transferts au sein de votre compagnie, en préparant des contrats d'expatriation et en réglant vos problèmes de conformité n'importe où dans le monde.

Nous gérons régulièrement un certain nombre de pratiques légales essentielles pour nos clients étrangers qui ont installé des filiales aux Etats-Unis. Vous pouvez bénéficier de notre aide dans divers domaines :

- > Droit douanier et commerce international : pour la classification et évaluation en douane afin de bénéficier au mieux des accords commerciaux préférentiels, des protections de l'OMC et des lois américaines "antidumping".
- > Transactions internationales: utilisation des fusions & acquisition comme moyen de croissance
- > Création d'entreprise: conseils pour choisir entre une société à responsabilité limitée (LLC) et une société par actions, utilisation de "holdings", implantation de la société dans le Delaware ou tout autre Etat.

- > Immigration: transferts de managers et de spécialistes par le biais de visas accélérés E-2, conformité avec les règles d'application du nouveau I-9 et de E-Verify.
- > Fiscalité internationale: utilisation des traités des pays de l'UE pour minimiser les impôts sur la le revenu mondial et rapatrier efficacement les profits depuis les Etats-Unis vers votre pays d'origine.
- > Droit du travail: conseils concernant les différences en matière de droit du travail/ droit des relations collectives, prise en compte des avantages de la législation du travail en Virginie.
- > Contrats publics: utilisation d'ententes de collaboration et conseil pour les entreprises européennes afin d'obtenir des contrats publics, notamment pour des projets contenant des informations sécurisées ou confidentielles.
- > Contrôle des exportations: conseiller les entreprises sur leur conformité avec les normes EAR et ITAR.
- > Propriété intellectuelle: brevets (notamment des brevets "business methods" non disponibles dans l'UE), marques de commerce, secrets industriels, contrôle préalable en matière de PI, octroi de licences, droits d'auteur, demande de brevets, et contentieux de la PI dans le "rocket docket" de Virginie.

## CONTACTS:

**Eliot Norman**  
Immigration & Inbound  
Investment  
804.420.6482  
Skype: eliot.norman48  
[enorman@williamsmullen.com](mailto:enorman@williamsmullen.com)

**Anthony H. Anikeeff**  
Government Contracts  
703.760.5206  
[aanikeeff@williamsmullen.com](mailto:aanikeeff@williamsmullen.com)

**Robert C. Dewar**  
Mergers & Acquisitions  
804.420.6935  
[rdewar@williamsmullen.com](mailto:rdewar@williamsmullen.com)

**J. Conrad Garcia**  
Taxation  
804.420.6910  
[cgarcia@williamsmullen.com](mailto:cgarcia@williamsmullen.com)

**Hon. Patrick O. Gottschalk**  
Economic Development  
& Inbound Investment  
804.420.6425  
[pgottschalk@williamsmullen.com](mailto:pgottschalk@williamsmullen.com)

**Thomas B. McVey**  
Export Controls  
202.293.8118  
[tmcvey@williamsmullen.com](mailto:tmcvey@williamsmullen.com)

**Evelyn M. Suarez**  
Customs  
202.293.8116  
[esuarez@williamsmullen.com](mailto:esuarez@williamsmullen.com)

## About Us

La dénomination "A propos de Williams Mullen" n'est pas adéquate car à Williams Mullen la seule priorité, c'est vous.

A Williams Mullen, notre but est d'aider votre compagnie à réussir dans cette économie. Nous vous proposons des solutions adaptées qui garantiront votre succès.

Représentant plus de 75 "practices and industries", Williams Mullen se fait un devoir de trouver des réponses et solutions à vos problèmes légaux et commerciaux. Que vous soyez le directeur juridique d'une société cotée en bourse comme " Fortune 500", le propriétaire d'une entreprise privée, le PDG d'une organisation à but non lucratif ou à la tête d'une agence gouvernementale, nous avons les avocats ou équipes d'avocats les plus performants pour vous aider à atteindre votre objectif. Si vous recherchez un partenaire juridique pour vous aider à développer votre entreprise, vous avez trouvé le cabinet idéal.

Travaillons ensemble pour garantir votre succès.

### Industries Include:

- > Banking
- > Construction
- > Financial Services
- > Government Contracts
- > Health Care
- > Hospitality
- > Insurance
- > Long Term Care
- > Manufacturing
- > Software
- > Retail
- > Transportation

### Practice Areas Include:

- |   |  |                                     |
|---|--|-------------------------------------|
| Antitrust                                     | Franchising                                | Mergers & Acquisitions              |
| Attorneys General and State Agencies Practice | eDiscovery & Information Governance        | Patents                             |
| Aviation                                      | Employee Benefits & Executive Compensation | Petroleum                           |
| Banking                                       | Energy & Infrastructure                    | Private Client & Fiduciary Services |
| Bankruptcy & Creditors' Rights                | Environmental                              | Private Equity                      |
| Business & Corporate                          | Fiduciary Litigation                       | Public Finance                      |
| Business Relocation/Expansion                 | Financial Services                         | Public-Private Partnership          |
| Business Succession Planning                  | Government Contracts                       | Real Estate                         |
| Complex Business Litigation                   | Government Relations                       | Securities                          |
| Consumer Finance                              | Health Care                                | State & Local Tax                   |
| Corporate Finance                             | Immigration                                | Tax Controversy                     |
| Corporate Law & Governance                    | Intellectual Property                      | Tax Law                             |
| Economic Development                          | International                              | Trademarks                          |
|   | Labor & Employment                         | Whistleblower Defense               |
|   | Land Use                                   | White Collar and Investigations     |
|   | Litigation                                 | Worksite Enforcement                |
|   | Maritime                                   |                                     |

## RECOGNIZED LEADER

Named Go-To Law Firm™ by *Corporate Counsel* magazine for 2014 in five litigation practice areas: Contracts, Torts, Labor & Employment, Patent Prosecution, and Intellectual Property

Included in *American Lawyer* magazine's Am Law 200

Voted one of America's Best Corporate Law Firms by *Corporate Board Member* magazine

One hundred attorneys in 51 categories named 2014 *Best Lawyers in America*; 13 attorneys named among the 2014 "Lawyers of the Year."

Received a National First-Tier Ranking for the firm's Construction Litigation and Public Finance Law practices in the 2014 U.S. News – *Best Lawyers'* "Best Law Firms" list; Received 64 Metropolitan First-Tier Rankings.

22 attorneys and ten practice areas ranked by *Chambers USA*

Ten lawyers named as "Legal Elite" in 2013 by *Business North Carolina* magazine.

63 attorneys named "Super Lawyers" and 33 named "Rising Stars" in 2013 by *Virginia Super Lawyers Magazine*.

45 lawyers named as "Legal Elite" in 2013 by *Virginia Business* magazine.

**Eliot Norman**

Partner – International

T: 001.804.420.6482

enorman@williamsmullen.com

linkedin.com/in/businessimmigrationlawyer

Eliot Norman has worked for many years helping Foreign Multinationals enter the USA from Asia and Europe and to expand their businesses in key high technology and advanced manufacturing markets. He specializes in immigration law and serves as outside general counsel to foreign companies to advise them on the legal strategies that can maximize their return on investment (ROI) and accelerate market growth. Mr. Norman is an International Practice Partner with Williams Mullen, a 250 lawyer national commercial law firm, with offices in Washington, D.C., Virginia and North Carolina. Mr. Norman is a graduate of Yale College and Boston College Law School and served with the U.S. Department of Justice before entering private practice. He is listed in Best Lawyers in America for Immigration. He speaks French fluently and obtained a Certificate from the Institut d'Etudes Politiques, Paris, France. Mr. Norman regularly travels to Europe to meet with clients concerning investment projects and operations in the United States and to speak to industry trade group and chambers of commerce.

---

**Anthony H. Anikeeff**

Partner

T: 703.760.5206

F: 703.748.0244

aanikeeff@williamsmullen.com

Anthony Anikeeff is co-chair of the firm's government contracts practice. He represents domestic and foreign companies with respect to conducting business with the federal and state governments. Mr. Anikeeff regularly advises overseas entities in establishing a U.S. presence to do business with the U.S. Government. Mr. Anikeeff has represented clients in diverse sectors such as aerospace, cybersecurity, energy, engineering, financial services, information technology, medical products and services, ground support equipment, manufacturing, military products, heavy industry, construction, security, human capital, and various services industries. Mr. Anikeeff is a frequent speaker on government contracts and has testified as an expert witness on such matters.

## Attorney Bio - continued



### **Robert C. Dewar**

Partner

T: 804.420.6935

F: 804.420.6507

[rdewar@williamsmullen.com](mailto:rdewar@williamsmullen.com)

Robert Dewar focuses his practice on mergers and acquisitions, corporate finance, venture capital, private equity, secured lending and general corporate and commercial transactions, with a concentration in international transactions and the senior housing industry. During his 25-year career, he has regularly been involved in transactions throughout Europe and the United States on behalf of U.S. and European clients involving mergers and acquisitions, joint ventures, corporate finance, venture capital and private equity. Before joining the firm's office in Richmond, Virginia, Mr. Dewar practiced in Edinburgh, Scotland; London, England; and Warsaw, Poland.

---



### **J. Conrad Garcia**

Partner

T: 804.420.6910

F: 804.420.6507

[cgarciawilliamsmullen.com](mailto:cgarciawilliamsmullen.com)

As Chair of the Tax Law Practice at Williams Mullen, Conrad Garcia concentrates his practice on domestic and international tax planning for businesses and individuals. Mr. Garcia counsels clients on choice of entity issues; formation, acquisition, disposition and liquidation of business entities; corporate reorganizations; like-kind exchanges; foreign tax issues; and federal and state tax disputes. He regularly guides investors and developers through the tax issues associated with historic, low income and new market credit transactions. In addition, Mr. Garcia advises clients on excise tax issues associated with the acquisition/operation and disposition of aircrafts.

## Attorney Bio - continued



### Hon. Patrick O. Gottschalk

Partner

T: 804.420.6425

F: 804.420.6507

pgottschalk@williamsmullen.com

Pat Gottschalk serves as the Chair of the Williams Mullen Economic Development Team and is a member of the firm's corporate and government relations practice groups, where he focuses primarily on economic development projects, foreign inward investment transactions, joint ventures, multi-party agreements and business law issues, including mergers and acquisitions, general corporate law and financing transactions. As the former Secretary of Commerce and Trade for Virginia, Pat possesses insights on how to assist with economic development incentives, corporate law issues and project management. He has substantial experience assisting clients in accessing federal, state and local business location incentives and organizing complex joint ventures and research consortia. Pat's extensive knowledge of the complexities related to bringing economic development projects to fruition can benefit any company considering a location or expansion decision.



### Thomas B. McVey

Partner

T: 202.293.8118

F: 202.293.5939

tmcvey@williamsmullen.com

Thomas McVey regularly advises clients on the federal regulations of international business including under the Arms Export Control Act and ITAR, EAR and the OFAC sanctions programs. He advises on many issues that are relevant for academic institutions, including export jurisdiction and classification of products, technical data, software and services under the U.S. Munitions List and Commerce Control List, submitting commodity jurisdiction requests, licensing issues, disclosure of controlled technical data to foreign nationals and adoption of export compliance programs. Mr. McVey is a regular speaker at conferences for business executives and corporate counsel on topics of export controls and sanctions programs.

## Attorney Bio - continued



### **Evelyn M. Suarez**

Partner

T: 202.293.8116

F: 202.293.5939

[esuarez@williamsmullen.com](mailto:esuarez@williamsmullen.com)

Evelyn Suarez is an experienced international trade lawyer with a special focus on import and export compliance and regulation, as well as on anti-corruption and trade policy issues. Her practice includes administrative, regulatory, legislative and litigation matters for global companies that are involved in importing, exporting, transportation, logistics and customs brokerage. Ms. Suarez also has extensive experience handling high profile investigations, including the U.N. Volcker Committee and various Congressional investigations into the U.N. Oil-for-Food Programme.