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## Winter Newsletter 2017

### Message From The Chair



Happy Holidays!

Thank you for your vote of confidence in choosing to be a Business Law Section member. As your Chair, I want to make sure we exceed your expectations.

As a member, you have access to our new and constantly improving website where we provide online content, including annotated forms, that will be helpful in your practice. We have just uploaded new LLC forms, see the next item below and visit our website. Our Journal, which is available only online, provides you with business-relevant and interesting articles. Additionally, the Section provides three Continuing Legal Education seminars (the Essentials of Business Practice, the Advanced Business Law Seminar, and the CLE at the State Bar's Annual Meeting) where you can learn from exciting and knowledgeable speakers on relevant topics. We also sponsor, among other seminars, the Advanced In-House Counsel Seminar, where we offer a discount on your registration. More information about these CLE courses can be found on this website: [www.texasbusinesslaw.org](http://www.texasbusinesslaw.org)

We have a rich history that we are proud of, but we are not ready to rest or revel in the past. We plan to provide even more content on our website, expand our social media presence to provide more value, offer pro bono opportunities for business lawyers, and provide mentorship opportunities for new business lawyers.

I hope you find this newsletter helpful and a value add to being a member of the Section. Please let us know what you think.

Let me close by telling you that I am thrilled to be the Chair of your Section and I look forward to serving, collaborating and hearing from you.

Very truly yours,  
E. Steve Bolden II  
Chair of the Business Law Section 2017-2018

### Model Limited Liability Company Agreements Available to Members



By Professor Elizabeth S. Miller, Copyrights Reserved 2017

The limited liability company has become the overwhelming entity of choice for Texas business organizations in recent years, and many business lawyers are from time to time asked to review, draft, or revise governing documents of limited liability companies. Although some limited liability companies have highly complex structures with multiple classes of ownership interests and highly customized provisions regarding management and governance of the entity, many limited liability companies are single-owner entities or have only two or a few owners. Often the owners of these closely held limited liability companies prefer relatively simple company agreements rather than lengthy, complex agreements. While no form should ever be relied upon without careful analysis of the needs and circumstances surrounding a particular company, attorneys frequently find it helpful to see and consider examples of governing documents, especially if the documents are accompanied by explanation of issues addressed by provisions in the documents. As a benefit to the members of the Business Law Section, the Business Entities Forms Committee has posted on its committee page on the Business Law Section website a paper entitled "Model Company Agreements" by

Cliff Ernst and Elizabeth S. Miller. This paper discusses drafting considerations and statutory and judicial treatment of issues addressed by three sample limited liability company agreements that are included as appendices to the paper:

1. Model Company Agreement for Manager-Managed, Multi-Member Limited Liability Company
2. Model Company Agreement for Member-Managed, Multi-Member Limited Liability Company
3. Model Company Agreement for Single-Member Limited Liability Company

As a member of the Business Law Section, the paper and these model agreements are available to you on the Business Law Section's website at: <http://texasbusinesslaw.org/committees/business-entities-forms-committee/annotated-forms/model-company-agreements-for-simple-llcs>

## Wide Open Spaces: How Blockchains Have Moved Beyond Currency



By Ronald L. Chichester, Copyrights Reserved 2017

Bitcoin is an open-source<sup>1</sup> network for an alternative currency and used as a payment system for digital assets. In 2009, someone under the alias "Satoshi Nakamoto" developed a cryptographic mailing list software application and released the source code for that application under an open-source license. Bitcoin is a "purely peer-to-peer version of electronic cash," according to Nakamoto, that "would allow online payments to be sent directly from one party to another without going through a financial institution."<sup>2</sup>

Digital cash is not new. In the past, however, there was always the need to engage a trusted third party that had to maintain a ledger of the transaction. But with bitcoin, each transaction is verified by multiple nodes on a network that records the transaction on a publicly distributed ledger called a blockchain.<sup>3</sup> The blockchain technology employed by bitcoin eliminates the need for a third party to be involved in (or record) the transaction. In essence, the third-party verification process has been automated using the blockchain.

The remarkable rise in popularity of bitcoin has been described adequately in many papers,<sup>4</sup> books,<sup>5</sup> and even movies.<sup>6</sup> In contrast, this article will identify different uses of the blockchain technology for areas other than currency that have legal ramifications, such as the automated recording of contract compliance<sup>7</sup> in business law, real estate, software licensing, family law,<sup>8</sup> voting,<sup>9</sup> and parole conditions in criminal law.

### Blockchains Explained

Blockchains require multiple parties and a shared infrastructure. The first requirement is a network. The internet is a suitable network, although depending upon the application, something as small as a local area network is acceptable. Next, three or more parties each need to have a device that is connected to the network and those devices must be running software derived from the aforementioned open source software application.<sup>10</sup> Once the applications are running and can communicate over the network, then transactions can take place and be recorded. It is the peer-to-peer character of the blockchain that distinguishes it from centralized ledgers used by financial organizations. The following two diagrams illustrate the distinction.

Figure 1 illustrates a traditional arrangement between two parties that, for business purposes, require some type of certification authority. In the scenario of Figure 1, a producer generates a product for a consumer. The consumer will want to verify the authenticity or quality of the product, however, and this is accomplished through the use of a third party, namely the certifying agent.

Figure 2 illustrates the centrality of the blockchain between multiple organizations in lieu of a certification authority. In essence, a blockchain can be used to automate or decentralize the certification authority.

The process for adding something to a blockchain is illustrated in Figure 3. The process of adding to the blockchain starts when a person or organization wishes to add a (signed) contract to a blockchain (step 1). The person puts a copy of the contract into the blockchain software, which in turn generates a "block" (step 2). The block is then placed onto the network (step 3), and its presence is broadcast to all of the devices that are connected to that network (step 4). The devices that are connected to the network then "approve" of the placement as "valid" (step 5). Once validated, the block is then added to the blockchain so that an indelible and transparent record of the block is available on the blockchain (step 6). Interested parties can then retrieve the block and verify its authenticity (step 7). Note, removal of one block breaks the chain, which accounts for the indelible nature of the blockchain.

As illustrated, the blockchain technology is well suited for digital currency. However, this same technology can be employed wherever two individuals (or organizations) wish to have a verified transaction of something of value.

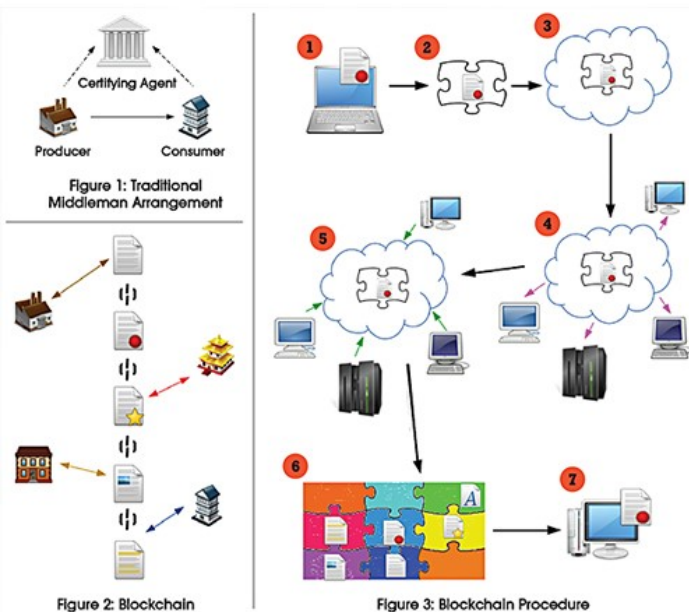
### Blockchains in Business and Law

Blockchains are an obvious choice for organizations that need to record transactions and do so in an automated and inexpensive way. Take the scenario involving a software license when its owner is a developer who is a solo or small operation whose longevity is in question by a much larger customer (who depends upon that software for critical operations). In such a case, the customer often requires that the software developer deposit the current version of the code base to an escrow agent as updates are made available so that the large organization can be assured of continued critical operations if the developer dies or otherwise discontinues development or maintenance of the software.

With blockchains, the software developer can avoid the expense and encumbrance of the software escrow agent by providing an encrypted file of the source code of the application to the customer through the blockchain (in exactly the same manner that bitcoins are transferred). Similarly, if an escrow event is triggered, the cryptographic key for the software can be sent to the customer using the same blockchain method.

In another example, a marriage was performed at Walt Disney World in Orlando, Florida, in 2014, wherein the nuptials were submitted to a blockchain. (The couple was legally married in a civil ceremony.) The marriage was “performed and registered without the involvement of any government or religious organization.”<sup>11</sup> [Continue Reading Online](#)

RONALD L. CHICHESTER is a registered patent attorney, certified computer forensic examiner, expert witness, and certified information systems auditor. He is a past chair of the Computer & Technology and Business Law sections of the State Bar of Texas. He holds bachelor’s and master’s degrees in aerospace engineering from the University of Michigan and earned his J.D. at the University of Houston Law Center.



### Mike Godfrey Awarded Lola Wright Award for Highest Ethical Standards

By Irene Kosturakis, Copyrights Reserved 2017  
BMC Software, Inc.

Cullen M. (Mike) Godfrey was awarded the coveted Lola Wright Foundation Award by the Texas Bar Foundation on June 23, 2017. The Lola Wright Foundation Award recognizes an attorney who exemplifies the highest standards of legal ethics. The Texas Bar Foundation recognized Mike Godfrey as precisely that attorney.

Over the years, Mike Godfrey has been a prolific writer, speaker, and presenter on the ethics of lawyers, relevant case law on the subject, the challenges of meeting legal ethics, and statutory developments related to legal ethics. Having been in-house counsel for many years, including Senior Vice President, Secretary and General Counsel of Fina, Inc., his writings and presentations reflect this experience. Because of the business-focused relationship with their corporate clients, in-house counsel face unique ethical challenges, and Mike’s prolific writings have discussed how in-house counsel should rise to the challenge and meet their ethical obligations. A search of Mike’s many writings on the topic prove that ethics has been Mike’s focus. He has mentored many attorneys and dedicated his professional life to teaching others, particularly in-house counsel, about the highest standards of legal ethics. His career exemplifies an ethical attorney of the highest standards.

Mike is a past Chair of the State Bar’s Business Law Section. The Lola Wright Foundation Award is just the most recent of his recognitions. Over his career, he has been recognized in many ways, including as a recipient of the State Bar of Texas Certificate of Merit for outstanding service to the legal profession. We congratulate Mike Godfrey on this award, his exemplary career, and his contributions to the Bar, the Business Law Section, and in-house counsel.



## Texas Business Law Mentoring Program



By Schuyler "Rocky" Reidel, Copyrights Reserved 2017  
Reidel Law Firm

The Texas Business Law Section is launching its inaugural Mentoring Program this coming year. The Program will match newer attorneys with seasoned business law practitioners.

The Program goals are to:

- Introduce new lawyers to the leaders and benefits of the Business Law Section and Texas business bar and its activities;
- Foster development of mentee's practical skills and increase his or her knowledge of legal customs;
- Promote collegiality among Texas business attorneys; and
- Encourage the use of best practices and highest ideals in the practice of law.

The Business Law Section is looking for dedicated mentees and mentors. Factors considered in matching mentors and mentees will include geographic region, practice area, educational background, and other common interests. Mentors and mentees will be asked to commit to a one (1) year mentoring relationship with at least four (4) meetings in addition to other interactions and communications as decided between the mentor and mentee.

### Who Should Apply?

Mentees - New attorneys (those admitted to practice less than 8 years, regardless of age) who practice business law and have an interest in becoming active in the Texas business bar. [Apply Here](#)

Mentors - Seasoned Texas business attorneys who would like to give back to the legal community by sharing experiences and knowledge with newer Texas business attorneys. [Apply Here](#)

The Business Law Section will begin matching mentees and mentors in late January 2018. Learn how you can be a part of this exciting new endeavor today! For information about how to get involved in the Program, please contact:

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## Newsletter Submissions

If you would like to submit an article for inclusion in the Business Law Section's Newsletter, please email it to our Newsletter Committee Chair, Diana Bandoh [diana.bandoh@gs.com](mailto:diana.bandoh@gs.com)

The Newsletter Committee reserves the right to edit contributions for clarity and content.



## Keeping Your Email Address Updated

With the electronic distribution of the newsletter, it will be important for every Section member to keep an updated email address with the State Bar of Texas since that agency will distribute the email on behalf of the Section. You may update your email address at the [MyBarPage](#) of the State Bar's website. Please note that the Section will not sell or distribute your email address to anyone, including the State Bar's CLE Division.

## Law School Visits 2017 and 2018

The Business Law Section of the State Bar of Texas sponsors a panel discussion regarding the life of a transactional lawyer. Led by the Business Law Section Membership Chair, Christina Marshall, a handful of practicing lawyers describe the rewards, challenges and opportunities of a career as a business lawyer - these are lawyers who do not typically go to court but work for law firms and companies in many exciting fields such as mergers and acquisitions, real estate, intellectual property, oil and gas, technology, etc. This moderated discussion is an open forum and the participants are encouraged to ask as many questions as they would like of the panelists. In the spring of 2017, the Business Law Section panelists visited five (5) law schools throughout the state of Texas including: Southern Methodist University, University of Texas, University of Houston, Texas Tech University and Baylor University. We are excited to announce that we will have five (5) more visits in the spring of 2018. Business Law Section law school panelists will visit South Texas College of Law, St. Mary's University, Texas A&M University – Dallas, Texas Southern University, and University of North Texas – Dallas. If you have an interest in being on the panel at one of these schools, please contact the section administrator, Elena Baer at [Elena@amc-texas.com](mailto:Elena@amc-texas.com) to discuss how you can be involved.



Christina Marshall

## 2018 Sponsorship Package and Application for the Business Law Section

The Business Law Section is excited to announce the 2018 Sponsorship Package. If your firm or company wants to gain visibility and produce high quality CLE to the Business Law Section membership, we have a tiered package that will meet your firm's sponsorship preferences. [Click here](#) to view the full package and [click here](#) to access the application.

Please direct all inquiries or questions to the Business Law Section Administrator, Elena Baer at [elena@amc-texas.com](mailto:elena@amc-texas.com) or call 713-375-2735 for assistance.

### UPCOMING CLE PROGRAM

#### Essentials of Business Law 2018: Protecting Your Business

(live)

Houston - Mar 8-9, 2018

MCLE Credit: 13 hrs (includes 2.25 hrs ethics)

MCLE No: 928015503

[More Info](#)

#### Fees:

Early Bird Registration: \$495.00

Regular Course Fee: \$545.00

**Note: Early Bird Registration ends Thursday, February 22, 2018**

#### Location:

Hilton Houston Westchase

9999 Westheimer

Houston, TX 77042

(713) 974-1000

(713) 974-2108 (fax)

Register Here:

<https://www.texasbarcle.com/CLE/AALogin.asp?sStatus=NL>



## Harvey—Dallas Volunteer Opportunities

### VOLUNTEER:

**CITY OF DALLAS:** Volunteers may be needed to help evacuees at designated recreation centers. Volunteers can register [online](#).

### PROVIDE SUPPLIES:

Supplies are needed for Dallas locations that are housing evacuees, including recreation centers.

The center is operated by the local nonprofit group [Trusted World](#), which is working with the city and several disaster relief agencies.

Items needed: moving boxes, diapers, baby wipes, toiletries, feminine hygiene products and nonperishable food including baby formula. The only clothing items that are needed at this time are packs of underwear and socks.

Check the [Trusted World Facebook page](#) and the city's 211 phone line for the latest information.

### LOCAL DONATIONS FOR HURRICANE HARVEY RELIEF:

**DUNCANVILLE POLICE:** The Duncanville Police Department, 203 E. Wheatland Road, Duncanville, is taking donations

for storm victims. Preferred items include toiletries, food and cash.

## **DONATE MONEY:**

**DALLAS FOUNDATION:** The Dallas Foundation has started a Hurricane Harvey disaster relief fund. [Donate online here](#), designating funds for Harvey efforts. Checks can be mailed to the Dallas Foundation, 3963 Maple Ave., Suite 390, Dallas, Texas 75219, noting Hurricane Harvey Disaster Relief Fund.

**RED CROSS:** The American Red Cross has information about Hurricane Harvey on its [website](#) and a special appeal for help in funding the disaster response. The site includes hurricane safety tips and resources. Go to [redcross.org](http://redcross.org), call 1-800-RED CROSS (733-2767) or text the word REDCROSS to 90999 to make a \$10 donation.

**SALVATION ARMY:** The Salvation Army is accepting financial donations [online](#) or donors can call 1-800-SAL-ARMY (725-2769).

**SAVE THE CHILDREN:** Save the Children is on the ground in Texas, and has set up a [relief fund](#) for kids and families affected by Harvey.

**TEXAS DIAPER BANK:** Texas Diaper Bank is requesting donations of cash and diapers to provide emergency diaper kits. [Visit its website](#) and designate your donation for Disaster Relief.

**SOUPMOBILE:** The SoupMobile, a Dallas-based nonprofit, is sending a rescue team to the Houston area and needs financial donations. For more information, check out the organization [here](#).

**ADVOCARE:** AdvoCare, a Plano-based fitness and wellness company, has partnered with the Red Cross to match donations up to \$50,000 to send relief to Southeast Texas. Here is [more information](#) on how to contribute.

**ISLAMIC RELIEF:** The Islamic Relief USA Disaster Response Team will have representatives assisting with evacuees at the convention center shelter. To donate to the organization's Humanitarian Aid Fund, go [here](#).

**FOOD BANKS:** Area food banks affected by Hurricane Harvey are in need of donations. Visit your local food bank's website for more information or donate to the [North Texas Food Bank](#), which is supplying meals to centers with evacuees.

## **AT THE CASH REGISTER:**

Many local businesses are offering discounts or free items in exchange for supply donations and money for Harvey relief. [Find a list here](#) or go to [guidelive.com/the-feels](http://guidelive.com/the-feels).

## **DONATE BLOOD:**

**CARTER BLOODCARE:** Carter BloodCare will send blood donations to its partners affected by Hurricane Harvey. The center will also deal with an increase in demand for blood and platelets as intensive care patients arrive in North Texas, spokeswoman Linda Goelzer said.

Donations of all blood types are needed, especially O types, she said.

North Texas donors can text DONATE4LIFE to 444-999 and a Carter Blood Care employee can tell you times and places to donate or call 1-877-571-1000.

## **HELP FURRY FRIENDS:**

**SPCA:** Hundreds of animals are being displaced because of Hurricane Harvey and are heading to North Texas. [SPCA of Texas](#) is asking for donations of cat litter, litter boxes, towels, blankets, treats, toys and newspaper. Donations can be taken to these locations: 2400 Lone Star Drive in Dallas and 8411 Stacy Road in McKinney. Financial donations are also accepted at [spca.org/give](http://spca.org/give).

## Hurricane Harvey Legal Volunteer Resources

### VOLUNTEER SIGN UP LINKS:

**State Bar of Texas Disaster Relief** – [link](#) to volunteer form. Attorneys can indicate areas of interest, including bankruptcy, consumer, debt collection defense, foreclosure, FEMA appeals and benefits, real estate, landlord-tenant, tax.

**Houston Volunteer Lawyers** - [link](#) to volunteer information.

**Lone Star Legal Aid** – [link](#) to volunteer form.

**North Texas Legal Aid** – [link](#) to volunteer form.

**Texas Rio Grande Legal Aid** – [link](#) to volunteer form.

**Pro Bono Texas** - [search engine](#) to match with a pro bono provider.

### RESOURCES:

[Disaster Legal Aid](#) lists resources and volunteer information.

[Resource Materials for Responding to Legal Questions from Those Affected by Disasters.](#)

[Volunteer Attorney Guide](#) to FEMA.

### FREE CLEs:

[Counseling the Landlord and Tenant in the Wake of a Hurricane](#)

[Handling Hurricane and Catastrophe Claims](#)

[Providing Legal Assistance to Disaster Survivors](#)

[Representing Individuals Seeking Assistance from FEMA](#)

[Federal Disaster Relief and the National Flood Insurance Program](#)

[Utilizing Government Contracts for Disaster Relief and Hazard Mitigation](#)