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**DISSOLUTION: THE PROCESS OF WINDING UP A
BUSINESS/LAW FIRM**
A Practical Guide

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Dissolution: The Process of Winding Up a Business/Law Firm

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I. Dissolution of Different For-Profit Entity Types under Utah law

A. Corporation

1. Prior to Issuance of Shares: If a corporation has not yet issued shares, a majority of its directors, or if none, a majority of its incorporators may authorize the dissolution of the corporation. See Utah Code § 16-10a-1401.

2. After Issuance of Shares:

(a) After shares have been issued, dissolution of a corporation may be authorized under Utah Code § 16-10a-1402 as follows:

(i) The board of directors must recommend dissolution to the shareholders (unless the board determines that because of a conflict of interest or other special circumstances it should make no recommendation and communicates its basis for its determination to the shareholders); and

(ii) The shareholders entitled to vote must approve the proposal to dissolve after receiving notice of a meeting called for the purpose of approving the proposed dissolution. The proposal to dissolve must be approved by each voting group entitled to vote separately on the proposal by a majority of all the votes entitled to be cast on the proposal by that voting group, unless a greater vote is required by the articles of incorporation, the bylaws, or the board of directors.

(b) At any time after dissolution is authorized, the corporation may dissolve by delivering to the Division of Corporations & Commercial Code (“Division”) for filing articles of dissolution setting for the information required under Utah Code § 16-10a-1403. A corporation is dissolved upon the effective date of its articles of dissolution.

3. Judicial Dissolution (Utah Code § 16-10a-1430):

(a) *Proceeding by Attorney General or the Division Director*: A corporation may be dissolved in a proceeding by the attorney general or the division director if it is established that:

(i) The corporation obtained its articles of incorporation through fraud; or

(ii) The corporation has continued to exceed or abuse the authority conferred upon it by law.

(b) *Proceeding by Shareholder:* A corporation may be dissolved in a proceeding by a shareholder if it is established that:

(i) The directors are deadlocked in the management of the corporate affairs, the shareholders are unable to break the deadlock, irreparable injury to the corporation is being threatened or being suffered, or the business and affairs of the corporation can no longer be conducted to the advantage of the shareholders generally, because of the deadlock;

(ii) The directors or those in control of the corporation have acted, are acting, or will act in a manner that is illegal, oppressive, or fraudulent;

(iii) The shareholders are deadlocked in voting power and have failed, for a period that includes at least two consecutive annual meeting dates, to elect successors to directors whose terms have expired or would have expired upon the election of their successors; or

(iv) The corporate assets are being misapplied or wasted.

(c) *Proceeding by Creditor:* A corporation may be dissolved in a proceeding by a creditor if it is established that:

(i) The creditor's claim has been reduced to judgment, the execution on the judgment has been returned unsatisfied and the corporation is insolvent; or

(ii) The corporation is insolvent and the corporation has admitted in writing that the creditor's claim is due and owing.

(d) *Proceeding by Corporation:* A corporation may be dissolved in a proceeding by the corporation to have its voluntary dissolution continued under court supervision.

(e) *Note:* A court in a judicial proceeding brought to dissolve a corporation may appoint one or more receivers to wind up and liquidate, or one or more custodians to manage, the business and affairs of the corporation. *See* Utah Code § 16-10a-1432.

4. Administrative Dissolution: The Division may commence a proceeding under Utah Code § 16-10a-1421 for administrative dissolution of a corporation if:

(a) The corporation does not pay when they are due any taxes, fees, or penalties imposed by applicable Utah laws;

(b) The corporation does not deliver a corporation or annual report to the Division when due;

(c) The corporation is without a registered agent in Utah for 30 days or more;

(d) The corporation does not give notice to the Division within 30 days that its registered agent has been changed or that its registered agent has resigned; or

(e) The corporation's period of duration stated in its articles of incorporation expires.

B. Limited Liability Company

1. Events Causing Dissolution (Utah Code § 48-3a-701): A limited liability company ("LLC") is dissolved, and its activities and affairs must be wound up, upon the occurrence of any of the following:

(a) An event or circumstance that the operating agreement states causes dissolution;

(b) The consent of all the members;

(c) The passage of 90 consecutive days during which the limited liability company has no members unless:

(i) consent to admit at least one specified person as a member is given by transferees owning the rights to receive a majority of distributions; and

(ii) at least one person becomes a member in accordance with the consent;

(d) On application by a member, the entry by the district court of an order dissolving the LLC on the grounds that:

(i) the conduct of all or substantially all of the LLC's activities and affairs is unlawful; or

(ii) it is not reasonably practicable to carry on the LLC's activities and affairs in conformity with the certificate of organization and the operating agreement

(e) On application by a member, the entry by the district court of an order dissolving the LLC on the grounds that the managers or those members in control of the LLC:

(i) have acted, are acting, or will act in a manner that is illegal or fraudulent; or

(ii) have acted, are acting, or will act in a manner that is oppressive and was, is or will be directly harmful to the applicant; or

(f) The signing and filing of a statement of administrative dissolution by the Division under Utah Code § 48-3a-708(3) on the grounds that the LLC does not (i) pay any fee, tax, interest, or penalty required to be paid to the Division not later than 60 days after it is due; (ii) deliver an annual report to the Division not later than 60 days after it is due; or (iii) have a registered agent in Utah for 60 consecutive days.

2. Note: An LLC may, but is not required, to file a statement of dissolution with the state.

C. **Limited Partnership**

1. Events Causing Dissolution (Utah Code § 48-2e-801): A limited partnership (“LP”) is dissolved, and its activities and affairs must be wound up, upon the occurrence of any of the following:

(a) An event or circumstance that the partnership agreement states causes dissolution;

(b) The affirmative vote or consent of all general partners and of limited partners owning a majority of the rights to receive distributions as limited partners at the time the vote or consent is to be effective;

(c) After the dissociation of a person as a general partner:

(i) if the LP has at least one remaining general partner, the vote or consent to dissolve the LP not later than 90 days after the dissociation by partners owning a majority of the rights to receive distributions as partners at the time the vote or consent is to be effective; or

(ii) if the LP does not have a remaining general partner, the passage of 90 days after the dissociation, unless before the end of the period:

(A) consent to continue the activities and affairs of the LP and admit at least one general partner is given by limited

partners owning a majority of the rights to receive distributions;
and

(B) at least one person is admitted as a general partner
in accordance with the consent;

(d) The passage of 90 consecutive days after the dissociation of the
LP's last limited partner, unless before the end of the period the LP admits at least
one limited partner;

(e) The passage of 90 consecutive days during which the LP has only
one partner, unless before the end of the period:

(i) the LP admits at least one person as a partner;

(ii) if the previously sole remaining partner is only a general
partner, the LP admits the person as a limited partner; and

(iii) if the previously sole remaining partner is only a limited
partner, the LP admits a person as a general partner;

(f) On application by a partner, the entry by the district court of an
order dissolving the LP on the grounds that:

(i) the conduct of all or substantially all the LP's activities and
affairs is unlawful; or

(ii) it is not reasonably practicable to carry on the LP's
activities and affairs in conformity with the partnership agreement; or

(g) The signing and filing of a statement of administrative dissolution
by the Division under Utah Code § 48-2e-810 on the grounds that the LP does not
(i) pay any fee, tax, interest, or penalty required to be paid to the Division not
later than 60 days after it is due; (ii) deliver an annual report to the Division not
later than 60 days after it is due; or (iii) have a registered agent in Utah for 60
consecutive days.

D. Partnership

1. Events Causing Dissolution (Utah Code § 48-1d-901): A partnership is
dissolved, and its activities and affairs must be wound up, upon the occurrence of any of
the following:

(a) In a partnership at will, the partnership has notice of a person's
express will to withdraw as a partner, other than a partner that has dissociated
under Subsections 48-1d-701(2) through (10) (dealing with expulsion,
bankruptcy, death, etc.), but, if the person specifies a withdrawal date later than
the date the partnership had notice, on the later date;

(b) In a partnership for a definite term or particular undertaking:

(i) within 90 days after a person's dissociation by death or otherwise under Subsections 48-1d-701(6) through (10) or wrongful dissociation under Subsection 48-1d-702(2), the affirmative vote or consent of at least half of the remaining partners to wind up the partnership's activities and affairs, for which purpose a person's rightful dissociation pursuant to Subsection 48-1d-702(2)(b)(i) constitutes the expression of that partner's consent to wind up the partnership's activities and affairs;

(ii) the express consent of all the partners to wind up the partnership's activities and affairs; or

(iii) the expiration of the term or the completion of the undertaking;

(c) An event or circumstance that the partnership agreement states causes dissolution;

(d) On application by a partner, the entry by the district court of an order dissolving the partnership on the ground that:

(i) the conduct of all or substantially all the partnership's activities and affairs is unlawful;

(ii) the economic purpose of the partnership is likely to be unreasonably frustrated;

(iii) another partner has engaged in conduct relating to the partnership's activities and affairs which makes it not reasonably practicable to carry on the business in partnership with that partner; or

(iv) it is not otherwise reasonably practicable to carry on the partnership's activities and affairs in conformity with the partnership agreement;

(e) On application by a transferee, the entry by the district court of an order dissolving the partnership on the ground that it is equitable to wind up the partnership's activities and affairs:

(i) after the expiration of the term or completion of the undertaking, if the partnership was for a definite term or particular undertaking at the time of the transfer or entry of the charging order that gave rise to the transfer; or

(ii) at any time, if the partnership was a partnership at will at the time of the transfer or entry of the charging order that gave rise to the transfer; or

(f) The passage of 90 consecutive days during which the partnership does not have at least two partners.

II. Winding Up

A. Corporation

1. Winding Up Process: A dissolved corporation continues its corporate existence but may not carry on any business except that appropriate to wind up and liquidate its business and affairs, including:

(a) Collecting its assets;

(b) Disposing of its properties that will not be distributed in kind to its shareholders;

(c) Discharging or making provision for discharging liabilities;

(d) Distributing its remaining property among its shareholders according to their interests; and

(e) Doing every other act necessary to wind up and liquidate its business and affairs.

2. Effect of Dissolution: Dissolution of a corporation does not:

(a) Transfer title to the corporation's property;

(b) Prevent transfer of its share or securities, although the authorization to dissolve may provide for closing the corporation's share transfer records;

(c) Subject its directors or officers to standards of conduct different from those prescribed by Utah law;

(d) Change:

(i) quorum or voting requirements for its board of directors or shareholders;

(ii) provisions for selection, resignation, or removal of its directors or officers or both;

(iii) provisions for amending its bylaws or its articles of incorporation;

- (e) Prevent commencement of a proceeding by or against the corporation in its corporate name;
- (f) Abate or suspend a proceeding pending by or against the corporation on the effective date of dissolution; or
- (g) Terminate the authority of the registered agent of the corporation.

B. LLC, LP and Partnership

1. In General: Upon dissolution, an LLC, LP and partnership generally continues after dissolution only for the purpose of winding up. *See* Utah Code §§ 48-1d-902, 48-2e-802 and 48-3a-703.

2. Winding Up Process: In winding up its activities and affairs, the entity:

(a) Shall discharge the entity's debts, obligations, and other liabilities, settle and close the entity's activities and affairs, and marshal and distribute the assets of the entity; and

(b) May:

(i) deliver to the Division a statement of dissolution (or for purposes of an LP, amend its certificate of limited partnership to state the LP is dissolved);

(ii) preserve the entity's activities, affairs, and property as a going concern for a reasonable time;

(iii) prosecute and defend actions and proceedings, whether civil, criminal, or administrative;

(iv) transfer the entity's property;

(v) settle disputes by mediation or arbitration;

(vi) deliver to the Division for filing a statement of termination stating the name of the entity and that it is terminated; and

(vii) perform other acts necessary or appropriate to the winding up.

3. Note: a district court may order judicial supervision of the winding up of a dissolved entity, including the appointment of a person to wind up the entities activities and affairs.

III. Dealing with Creditor Claims

A. Disposing of Known Claims (Corporations, LLCs, LPs and limited liability partnerships)

1. In General: Any of the above entities may dispose of known claims against it by taking the following general procedures. *See* Utah Code §§ 16-10a-1406, 48-1d-907, 48-2e-806, and 48-3a-705.
2. Written Notice: An entity electing to dispose of known claims may give written notice of the entity's dissolution to known claimants at any time after the effective date of the dissolution. The written notice must:
 - (a) Describe the information that must be included in a claim;
 - (b) Provide an address to which written notice of a claim must be given to the dissolving entity;
 - (c) State the deadline for receipt of a claim, which may not be less than 120 days after the date the notice is received by the claimant;
 - (d) State that the claim will be barred if not received by the deadline; and
 - (e) State that, unless sooner barred by another statute limiting actions, the claim will be barred if not received by the deadline.
3. Barring Claim: Unless sooner barred by any other statute limiting actions, a claim against the dissolved entity is barred if:
 - (a) a claim is not received from a claimant receiving notice by the specified deadline; or
 - (b) The dissolved entity delivers to the claimant written notice of rejection of the claim within 90 days after receipt of the claim and the claimant whose claim was rejected does not commence a proceeding to enforce the claim within 90 days after the effective date of the rejection notice.

B. Disposition of Other Claims by Publication (Corporations, LLCs, LPs and limited liability partnerships)

1. In General: Any of the above entities may dispose of unknown/other claims against it by taking the following general procedures. *See* Utah Code §§ 16-10a-1407, 48-1d-908, 48-2e-807, and 48-3a-706.
2. Notice by Publication: A dissolved entity may publish notice of its dissolution and request persons having claims to present them in accordance with the notice. A notice must:

(a) Be published at least once in a newspaper of general circulation (in accordance with Utah Code § 45-1-101) in the county where the dissolved entity's principal office is located (if the principal office is not located in this state, publish in Salt Lake County for corporations and in the county in which the office of the registered agent is or was located for other entity types);

(b) Describe the information that must be included in a claim, state that the claim must be in writing, and provide a mailing address to which the claim is to be sent; and

(c) State that a claim against the entity is barred unless an action to enforce the claim is commenced not later than 3 years (5 years for corporations) after publication of the notice.

3. Barring Claim: When notice is published, the claim of any claimant is generally barred unless the claimant commences an action to enforce the claim not later than 3 years (5 years for corporations) after the publication of the notice.

4. Enforcing Claim:

(a) For purposes of LLCs, LPs and limited liability partnerships, a claim not barred may be enforced against the following:

(i) Against the dissolved entity, to the extent of its undistributed assets;

(ii) Except where adequate security is given, if the assets of the entity have been distributed after dissolution, against a member/partner or transferee to the extent of that person's proportionate share of the claim or of the entity's assets distributed to the person after dissolution, whichever is less, but a person's total liability for all claims may not exceed the total amount of assets distributed to the person after dissolution; and

(iii) General partners (if any).

(b) For purposes of a corporation, a claim not barred may be enforced against the following:

(i) Against the dissolved corporation to the extent of its undistributed assets; or

(ii) Against a shareholder of the dissolved corporation, if the assets have been distributed in liquidation; but a shareholder's total liability for all claims may not exceed the total value of assets distributed to the shareholder, as that value is determined at the time of distribution. Any shareholder required to return any portion of the value of assets received by the shareholder in liquidation shall be entitled to contribution from all other shareholders. The contributions shall be in accordance with

the shareholders' respective rights and interests and may not exceed the value of the assets received in liquidation.

IV. **Revocation of Dissolution and Reinstatement**

A. **Corporation**

1. Revocation of Dissolution (Utah Code § 16-10a-1404): A corporation may revoke its dissolution within 120 days after the effective date of the dissolution (which generally shall be authorized in the same manner as the dissolution was authorized).

2. Reinstatement following Dissolution (Utah Code § 16-10a-1422): A corporation (a) dissolved by the filing of articles of dissolution, or (b) administratively dissolved, may apply for reinstatement within 2 years after the effective date of the dissolution by filing an application for reinstatement, together with a written consent to appointment by the designated registered agent, payment of all fees, taxes, interest and penalties, and a Tax Clearance Certificate.

B. **LLC, LP and Partnership**

1. Rescinding Dissolution (Utah Code §§ 48-1d-903, 48-2e-803, and 48-3a-704): An LLC, LP or partnership may rescind its dissolution, unless (a) a statement of termination applicable to the entity is effective, (b) the district court has entered an order dissolving the entity, or (c) the entity has been administratively dissolved (with regard to LLCs and LPs).

2. Reinstatement following Dissolution (Utah Code §§ 48-2e-811 and 48-3a-709): An LLC or LP that is administratively dissolved may apply for reinstatement not later than 2 years after the effective date of the dissolution by filing an application for reinstatement, together with payment of all fees, taxes, interest and penalties.

V. **Tax Considerations**

A. **Taxation Upon Complete Liquidation**

1. S-Corporation:

(a) *In General*: Shareholders of an S-corporation will generally recognize gain or loss upon receipt of liquidating distributions of corporation property. Section 336(a) of the Internal Revenue Code ("IRC") (as applicable through IRC Section 1371(a)) requires shareholders to recognize gain or loss on a distribution of property resulting from the liquidation as if the property were sold at its fair market value.

(b) *Corporate Level Tax*: Since an S-corporation is a pass-through entity, no taxes will generally be imposed at the corporate level, unless there are certain built-in gains or passive investment income that were carried over when

the S-corporation converted from a C-corporation. These tax items only carryover for the first 5 years of the corporation's "S" status, and this timeframe should be considered in seeking to minimize the tax impact of dissolution/liquidation.

(c) *Exceptions to Recognition of Gain or Loss:*

(i) *Gain on Installment Notes:* Gain recognition is not required on the distribution of installment notes that are acquired pursuant to a plan of liquidation and obtained during the 12-month period beginning on the date the plan is adopted and the plan is completed within such period. IRC Section 453(h).

(ii) *Anti-Abuse Provisions:* Shareholders may not be permitted to recognize losses that arise under certain scenarios (such as non-pro rata distributions to related persons and distributions of "disqualified property" to a related person) described in applicable anti-abuse provisions. *See, e.g.,* IRC Section 267.

2. C-Corporation:

(a) *Corporate Level Tax:* A C-corporation may be required to recognize gain or loss when it sells or distributes assets to the shareholder in complete liquidation. *See* IRC Section 336.

(b) *Shareholder Level Tax:* The double tax nature of a C-corporation also requires the shareholders to recognize gain or loss upon receipt of liquidating distributions. In order to avoid this double taxation, a potential planning tool is for the corporation to make an s-election and wait the applicable 5-year period prior to liquidation.

(c) *Anti-Abuse Provisions:* Shareholders of a C-corporation are subject to the anti-abuse provisions mentioned above that also apply to S-corporations.

3. Partnership/LLC:

(a) *Termination In General:* Importantly, state laws of dissolution do not control the termination of a partnership for federal income tax purposes. A partnership may be terminated if (i) there has been a complete cessation of the partnership's activities; (ii) if the partnership simply ceases to operate in a partnership form (e.g., there is no longer two or more partners); or (3) if 50% or more of the interests in the partnership are sold within a 12-month period. *See* IRC Section 708. Accordingly, the termination rules of IRC Section 708 can apply without regard to whether the partners may have actually agreed to dissolve the business entity

(b) *Taxation Upon Complete Liquidation:* Upon complete liquidation of a partnership (including an LLC taxed as a partnership), a distributee partner/member generally does not recognize gain unless the cash and the fair market value of marketable securities distributed exceeds the outside basis of his or her interest. *See* IRC Section 731(a) and (c)(2). Likewise, no gain or loss is recognized by the partnership/LLC on a liquidating distribution. *See* IRC Section 731(b).

B. Final Tax Returns and other IRS Forms

1. In general: The final tax year of an S-corporation, C-corporation and partnership generally terminates at the time that the entity has ceased operations and has completely liquidated. Each entity must file a final return ending on the date of the complete liquidation. The entity should also attach a statement to the return showing the name of the person keeping payroll records and the address where those records will be kept. The annual tax return for an S-corporation, C-corporation and a partnership includes check boxes near the top front page just below the entity information. For the tax year in which the entity terminates, check the box that indicates the tax return is a final return. If there are Schedule K-1s, repeat the same procedures on the Schedule K-1

2. IRS Checklist: The IRS has provided the following checklist of typical actions to take when closing a business, depending on the type of business structure (<https://www.irs.gov/businesses/small-businesses-self-employed/closing-a-business-checklist>):

(a) Make final federal tax deposits (using Electronic Federal Tax Paying System).

(b) File final quarterly or annual employment tax form.

(i) Form 940, Employer's Annual Federal Unemployment (FUTA) Tax Return

(ii) Form 941, Employer's Quarterly Federal Tax Return

(iii) Form 943, Employer's Annual Tax Return for Agricultural Employees.

(iv) Form 943-A, Agricultural Employer's Record of Federal Tax Liability

(c) Issue final wage and withholding information to employees.

(i) Form W-2, Wage and Tax Statement

(d) Report information from W-2s issued.

(i) Form W-3, Transmittal of Income and Tax Statements

- (e) File final tip income and allocated tips information return.
 - (i) Form 8027, Employer's Annual Information Return of Tip Income and Allocated Tips
- (f) Report capital gains or losses.
 - (i) Form 1040, U.S. Individual Income Tax Return
 - (ii) Form 1065, U.S. Partnership Return of Income
 - (iii) Form 1120 (Schedule D), Capital Gains and Losses
- (g) Report partner's/shareholder's shares.
 - (i) Form 1065 (Schedule K-1), Partners Share of Income Credits, Deductions, etc.
 - (ii) Form 1120S (Schedule K-1), Shareholder's Share of Income, Credits, Deductions, etc.
- (h) File final employee pension/benefit plan.
 - (i) Form 5500, Annual Return/Report of Employee Benefit Plan
- (i) Issue payment information to sub-contractors.
 - (i) Form 1099-MISC, Miscellaneous Income
- (j) Report information from 1099s issued.
 - (i) Form 1096, Annual Summary and Transmittal of U.S. Information Returns
- (k) Report corporate dissolution or liquidation.
 - (i) Form 966, Corporation Dissolution or Liquidation
- (l) Consider allowing S corporation election to terminate.
 - (i) Form 1120S, Instructions
- (m) Report business asset sales.
 - (i) Form 8594, Asset Acquisition Statement
- (n) Report the sale or exchange of property used in your trade or business.

(i) Form 4797, Sales of Business Property

C. Timing for Reporting Income/Gain for Tax purposes

1. C-Corporation v. S-Corporation: As discussed above, it may be possible to avoid double taxation issues if the shareholders make an S-election and wait at least 5 years to liquidate the corporate assets.

2. Bunching of Income: With regard to S-corporations, a bunching of income can occur in the year of liquidation of a fiscal-tax-year S-corporation if the final liquidating distribution occurs on a date other than the last day of the fiscal year. This can result in the shareholders reporting more than 12 months of passthrough income in a single year. This bunching problem can be avoided if the corporation delays making its final distribution to a date after the end of the shareholders' calendar tax year.

3. Spreading Liquidating Distributions: Deferral of recognition on liquidating distributions may be possible if the liquidating distributions occur during more than one taxable year with the caveat that the IRS will require a business purpose for delaying/spreading liquidating distributions over a period of years. Note, however, that allowed losses cannot be recognized until all the liquidating distributions are completed.

VI. Considerations in Dissolving a Law Firm

A. Clients

1. Notice should be given to the clients of the dissolution.
2. The firm continues to have the obligation to complete the work for its clients and/or afford the clients an opportunity to seek other counsel. Ethical obligations must be considered with regard to withdrawing from cases.
3. Upon dissolution, the firm may still be sued by firm clients during the applicable statute of limitations.
4. For continuing clients, it may be necessary to allow the client to choose which attorney(s) will continue to represent the client in the event the client is serviced by multiple attorneys.

B. Division of Assets

1. The practice's hard assets must be accounted for and divided among the owners upon the dissolution of the practice.
2. These hard assets may include cash, cash equivalents, accounts receivable, fixtures, furniture, equipment, leases, real estate, office supplies, etc.
3. It may be necessary to have certain assets appraised.

C. Agreements of the Practice

1. A firm may have entered into various agreements, such as property leases, equipment leases, employment agreements, service and support agreements, software license agreements, etc.

2. Each agreement must be reviewed to understand the financial obligations and the terms related to assignment/termination.

3. It is possible that own or more owners will have guaranteed the performance of some of the agreements.

4. Steps must be taken to assign/terminate the agreements, or to make such other arrangements as may be necessary to deal with each agreement.

D. Financial Considerations

1. Debts must be paid or arrangements for their payment must be made.

2. Issues can arise with how to deal with accounts receivable (including contingency related arrangements). The best practice is for the owners to establish a plan that details how these funds will be allocated upon receipt.

3. Importantly, the fiduciary obligations of the owners continue to apply following dissolution (and when dealing with these financial assets).

E. Litigation and Insurance

1. It is important to analyze the practice's insurance policies (e.g., general liability fire, casualty, malpractice, etc.) and to determine whether each will be retained for a certain period and then cancelled or assigned at dissolution.

2. With regard to malpractice insurance, consider whether "tail insurance" should be obtained.

F. Restrictive Covenants

1. Consider whether there are any restrictive covenants (e.g., covenant not to compete/solicit) that will apply to any of the attorneys.

2. Consider whether the restrictive covenants would be enforceable.

3. Note that pursuant to recent changes to Utah law, a covenant not to compete for an employee may not extend beyond one year after termination of employment.