



The Soto Law Group Publishes Business Succession Guidance on Aligning Trust and Entity Documents in Newport Beach, California

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The Soto Law Group, an estate planning attorney in Newport Beach, California, has published an article and companion podcast episode examining how business succession planning intersects with a business owner's estate plan. The material, titled "Business Succession Planning in California: Don't Leave It to Chance," is part of the firm's Legacy Protected series and addresses a question that arises when governing documents are drafted at different times by different advisors.

The central subject of the discussion is document alignment. A business owner may hold an interest in a limited liability company, an S corporation, or a C corporation while also maintaining a revocable trust, a durable power of attorney, and a health care directive. Each document was written to do a particular job. The article examines what can happen when those documents were prepared years apart and no longer describe the same succession arrangement, and it notes that a trust, an operating agreement, corporate bylaws, and a buy-sell agreement each address ownership and control from a different direction.

The article describes circumstances in which conflicting provisions have led to disputes over ownership

percentages and decision-making authority. Whether a particular arrangement produces that result depends on the entity structure, how the interest is titled, the terms of the governing documents, and the facts of the individual matter. The article does not present any structure as producing a uniform outcome and notes that questions involving tax treatment should be reviewed with a certified public accountant as part of the planning process.

A second theme is the distinction between planning for death and planning for incapacity. The material notes that succession discussions often focus on what happens when an owner dies, while incapacity raises a separate set of questions about who holds authority to sign, to manage payroll, and to administer existing contracts during a period when the owner is unable to act. The article discusses the role that an incapacity provision in a trust, a durable financial power of attorney, and a health care directive may play in addressing that interval, and it observes that the absence of those documents has, in some matters, required a court proceeding.

"A revocable trust, an operating agreement, and corporate bylaws are three separate documents that have to say the same thing about ownership and control," said Romelia DeDe Soto, Esq., attorney and owner of The Soto Law Group. "I have seen matters go to litigation because a trust drafted ten years earlier was never updated after the bylaws were revised, and the two documents disagreed on ownership percentages and on who was in control. Reviewing those documents together, on a regular schedule, is what prevents that result."

Soto has been a member of the State Bar of California since 1999, holding bar number 202617, and has more than 20 years of legal experience. She founded The Soto Law Group in 2008 after practicing family law, business litigation, and real estate law, and her practice includes estate planning, probate, trust administration, conservatorships, and business succession planning. She holds a Juris Doctor from Western State University College of Law and a Bachelor of Arts in psychology from California State University, Fullerton.

The article also addresses successor selection, noting that the question of who is prepared and willing to take over a business is distinct from the question of who inherits its value. It discusses arrangements in which a key employee, a staged transition over a period of years, an outside sale, or a shift by the owner to an advisory role may be considered, and it notes that licensed professions can introduce an additional requirement that a successor hold the applicable license. The material describes the planning process as one involving attorneys, accountants, and financial advisors rather than any single professional.

The Soto Law Group is located at 4041 MacArthur Boulevard, Suite 200, Newport Beach, CA 92660, and represents families, individuals, and business owners in Orange County and elsewhere in Southern California. The material is general information about California estate planning and business succession

concepts and is not legal advice regarding any particular set of circumstances.

Additional information about estate planning, probate, trust administration, and business succession planning at The Soto Law Group in Newport Beach is available at thesotolawgroup.com and on the firm's Google Business Profile. The firm publishes the Legacy Protected article and podcast series on an ongoing basis.

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For more information about The Soto Law Group, contact the company here: The Soto Law Group Kelly Ray (949) 945-0059 info@thesotolawgroup.com 4041 MacArthur Blvd #200, Newport Beach, CA 92660

The Soto Law Group

The Soto Law Group serve the needs of our clients in Estate Planning, Special Needs, Conservatorships, Trust Administration, Probate or Trust and Wills disputes in Newport Beach and surrounding California communities.

Website: <https://www.thesotolawgroup.com/>

Email: info@thesotolawgroup.com

Phone: (949) 945-0059

