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Sarbanes-Oxley Act

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Blackout notice content

The blackout notice must be written in a manner than can be understood by the average plan participant, and must contain:

- The reasons for the blackout;
- A description of the rights otherwise available under the plan, including identification of the investments subject to the blackout period;
- The length of the blackout period, referencing either the expected beginning and ending dates or the calendar week, provided that during those weeks, information is ready available;
- A statement that the participant or beneficiary should evaluate the appropriateness of his current investment decisions in light of his inability to make changes during the blackout;
- The name, address and phone number of the plan administrator or other person responsible for answering questions about the blackout period;
- And, in situations where the notice is provided less than 30 days in advance, it must also contain a statement that Federal Law requires the notice at least 30 days in advance and an explanation as to why the plan could not meet that requirement.

Length of the blackout period

If the length of the blackout period changes after the notice is sent out, the plan administrator must send another notice explaining the reasons for the change and identifying the material changes in information contained in the previous notice.

Timing requirements

The Sarbanes-Oxley Act requires plan sponsors to issue notices of blackout periods to participants and beneficiaries in a defined contribution plan at least 30 days but not more than 60 days in advance of the last date on which they can exercise their rights immediately before the blackout date. For example, if Plan ABC allows participants to trade during the first 15 days of each month, and a blackout will occur May 1 through May 15, the last day that participants can trade before the blackout would be April 15. The plan sponsor would need to provide notice no later than March 16 and no earlier than February 14.

Delivery requirements

The notice must be either mailed first class, certified mail or Express mail, hand delivered, sent through interoffice mail, or sent electronically.

Civil penalties

The Department of Labor may assess a civil penalty on the plan administrator

of up to \$100 per day for each participant or beneficiary who did not receive a notice during the required timeframe. There is no maximum penalty.

Effective date

These rules were effective for blackout periods beginning January 26, 2003.

Insider Trading Restrictions

Definition of a blackout period

The Sarbanes-Oxley Act prohibits any director or executive officer from directly or indirectly trading employer stock during a blackout period. For these purposes, a blackout period is defined as a period of more than three consecutive business days in which at least 50% of the plan participants and beneficiaries are prevented from trading company stock in their defined contribution plans.

Notice to Directors and Officers

Issuers of company stock must provide timely notice to directors and executive officers, as well as the Securities and Exchange Commission, of a blackout period that triggers the insider trading restriction. Notice must be provided no later than five business days after receiving the required DOL notice from the plan administrator.

Effective date

This requirement applies to blackout periods beginning January 26, 2003.



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- Civil Litigation
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- Real Estate
- Corporate/Small Business
- Business Disputes
- Immigration
- Social Security

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Medical Malpractice Reform

Do we really understand the cause and the consequences?

In a recent national survey*, 58% of American adults said they favor medical malpractice reform which would limit the cost of medical liability and reduce the cost of medical malpractice insurance. Nearly half favor a \$250,000 limit on awards for punitive damages and pain and suffering. Almost two-thirds said they think medical malpractice claims are "very often" or "somewhat often" brought against doctors and hospitals where there has been no malpractice.

Sounds like many Americans are ready to give up their day in court or settle for a pre-designated amount if something should happen. But, do they understand the real reasons behind the legislation and what it will mean if it passes?

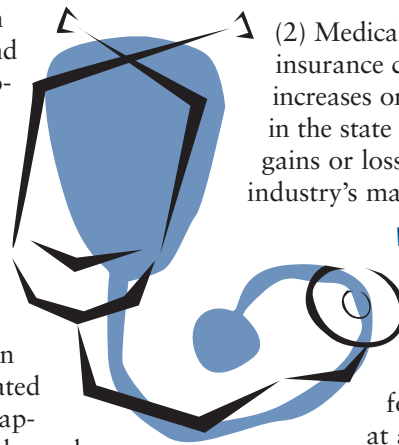
Who's to blame for the high cost of medical insurance?

Proponents of medical malpractice reform often blame the increasingly high cost of medical insurance on an "explosion" of malpractice claims, rising jury verdicts and increasing high tort system costs. However, in a recent study of the medical malpractice insurance industry, Americans for Insurance Reform (AIR) found two very important facts:

(1) There has been no "explosion" in medical malpractice payouts in recent years. In fact, after examining medical malpractice insurers'

records, AIR discovered that payouts (including all jury awards and settlements) directly track the rates of medical inflation, and have remained extremely stable and virtually flat since the mid-1980s.

(2) Medical insurance premiums charged by insurance companies don't correspond with increases or decreases in payouts, but rather in the state of the economy, reflecting the gains or losses experienced by the insurance industry's market investments.



What if the legislation passes?

If legislators are successful in passing limits on medical liability, Americans will see first-hand how costly this reform can be. Let's take a look at a real-life example of someone who already has.

In 1975, Indiana lobbyist Frank Cornelius helped secure passage of a \$500,000 cap on medical malpractice awards and elimination of all damages for pain and suffering in Indiana. In 1989, he experienced a series of medical disasters which left him confined in a wheelchair, breathing through a respirator and in constant physical pain.

When Cornelius tried to hold his negligent health care providers accountable, he was unable to collect more than \$500,000 — even though his medical expenses and lost wages amounted to more than \$5 million.

*The Wall Street Journal Online/Harris Interactive Health-Care Poll, 2003

Final Rulings on Sarbanes-Oxley Act

The Department of Labor (DOL) and the Securities and Exchange Commission (SEC) recently issued final rulings regarding blackout periods and insider trading restrictions in the Sarbanes-Oxley Act. We've briefly described the final rulings below. If you have questions about the rulings or whether your company's defined contribution plan qualifies, contact D'Angelo & Hashem.

Blackout Periods

Definition of a blackout period

A "blackout period" is defined as a period of more than three consecutive business days during which participants are temporarily suspended or restricted from directing investments or obtaining loans or distributions from the plan.

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Estate Planning Q & A

What do you need to help protect your family and your assets in the event something happens to you? Below are some estate planning questions and answers that may help you determine what is right for you. However, keep in mind that everyone's situation is different – it may be wise to contact an attorney to be sure you are covering all the bases.

Do I need a will?

If you are married with children, a will is a good way to leave property to your spouse or your children, and to name a personal guardian to raise your children if something should happen to you and your spouse.

Do I need to name beneficiaries for bank accounts, securities and IRAs?

Yes, if you want to control who gets the assets. If you've named a beneficiary, the funds won't go through probate when you die – and you're always free to name a different beneficiary while you're alive.

Should I buy life insurance?

If people depend on you for support, then you may want to purchase life insurance. The kind of life insurance you buy will depend on your circumstances and what you'd like to accomplish later on.

Do I need a living trust?

If you own a lot of property, a living trust may be worth your while, especially if you are older or in poor health. If you

don't own much property, a simple will will probably work fine.

Should I name someone to make medical decisions for me, in case I am not able to?

An advance directive, or living will, can let you spell out your wishes for end-of-life medical treatments. This makes things easier on your loved ones and ensures that you have a say in what happens to you, even if you can't communicate it at the time. Or, you can give someone else the power to make your medical decisions for you using a durable power of attorney for healthcare.

Do I need to name someone to handle my finances if I can't?

Yes, especially if you are older or in poor health. In a durable power of attorney for finances you can give a trusted person power over your financial affairs, so they can pay bills and taxes and collect Social Security while you are still alive but unable to do so yourself.

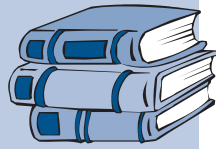
Should I worry about estate tax?

Federal estate tax currently affects those who leave taxable property worth more than \$1 million (\$1.3 million if your major asset is a family business) or make large gifts over \$11,000 during one year. More and more states are also getting in on the act. See the chart on the next page for the thresholds for federal filing and for the state of Massachusetts.

Federal and Massachusetts Filing Thresholds by Year

Year of Death	Federal Filing Threshold and Exempt Amount	Massachusetts Filing Threshold and Exempt Amount
2003	\$1,000,000	\$700,000
2004	\$1,500,000	\$850,000
2005	\$1,500,000	\$950,000
2006	\$2,000,000	\$1,000,000
2007	\$2,000,000	\$1,000,000
2008	\$2,000,000	\$1,000,000
2009	\$3,500,000	\$1,000,000
2010	No tax	\$1,000,000
2011	\$1,000,000	\$1,000,000

Helpful Hints



Garage Sale Liability

If you are planning to hold a garage sale this spring, be sure that your property is safe, or you may have to part with more than unwanted household goods. If someone slips and falls on your property during your garage sale, and you are found to have been negligent (i.e.: you didn't mow the lawn so large rocks or sudden changes in walkway height could be easily seen), you may be held personally liable for the accident.

Auto Accident Surcharges

If you are in an auto accident and your insurance company pays out more than \$500 on the claim, determines that you are more than 50% at fault, and puts your accident into one of their predetermined categories (i.e.: collision with a parked car, driving in the wrong direction), you will receive a surcharge on your auto insurance, which can increase your premiums significantly. However, you may be able to appeal this surcharge, depending on the type of accident. If you believe that you are not more than 50% at fault for the accident, you can appeal the motor vehicle surcharge to the Division of Insurance Board of Appeals.

Make Life Easier For Your Loved One

If you should die unexpectedly, you can make things much easier on your loved ones by leaving behind some important information.

- A list of bank and securities accounts, IRAs and pensions you own, and the contact person for each account.
- Copies of beneficiary designation forms for retirement or financial accounts.
- A list of your life insurance policies.
- Your Social Security number.
- A brief summary of your employment history, which can help your loved ones track down benefits owed by your former employers.

Who's to Blame?

Determining Fault in Personal Injury Claims

One of the most important factors in arriving at a settlement in a personal injury case is determining who is at fault. Different rules of fault apply in different types of personal injury actions. Here are a few examples:

If you are injured in a store, you may be able to recover damages from the store, but only if the store was not properly maintained (aisles kept clear, merchandise stored in safe locations). A jury or judge will look at whether the store owner was aware of the condition that caused your injury and how long it existed.

If you are injured by a consumer product, you may have an easier time collecting for your injuries. Product liability rules allow you to recover compensation from the maker or seller of the defective or unexpectedly dangerous product without showing that the manufacturer or seller was actually negligent.

If you slip or trip and fall, you'll need to show that the property owner was aware of the problem and that you were not just being careless.

If you are in an auto accident, you'll need to show that the other party was

negligent, that his or her negligence caused the accident and that your injuries were a result of that accident, unless you live in a state with "no-fault" laws.

In all cases, it is wise to ask an attorney for advice as soon as possible. D'Angelo & Hashem can help you determine who is at fault in your personal injury case, and offer advice about how best to proceed.

Slip-and-fall verdict

A 35-year-old woman who tripped over an easel displaying menu items in a restaurant recently won a verdict of over \$800,000 in damages. Her lawyer says that the case shows how an "open and obvious" danger to one person may not be "open and obvious" to another. Although the easel was in plain view as patrons entered the restaurant, it was hidden when the woman sat down. When a child in her care ran for the door, she went after him, tripping over a leg of the easel, which stuck out a few inches into the walkway. She suffered severe injuries to her foot and is unable to work.

Home Sale Gains Now Easier to Exclude

The IRS has released regulations that relax the rules regarding personal residence sales and make it easier for you to exclude the gains on your tax return. These regulations are retroactive, so you can file amended returns to take advantage of the changes.

If you sell your home, you can generally exclude up to \$250,000 of the gain from your gross income (\$500,000 for married taxpayers filing jointly). You must have owned the home and used it as your "principal residence" for at least two years during the five-year period ending on the date of the sale. You cannot have excluded gains on another home during the two years before the current sale.

According to the new regulations, if you don't qualify for a full exclusion under the rules above, you may be able to qualify for a reduced exclusion if you sold your home because of a change in employment location, health or other unforeseen circumstances.

- **Change in employment location** – If your new workplace is at least 50 miles farther from your old home than your old workplace was from that home.
- **Health-related reasons** – If the primary reason you sold your home was to obtain, provide or facilitate the diagnosis, cure, mitigation or treatment of disease, illness or injury of you or your family.
- **Unforeseen circumstances** – If the primary reason you sold the house was an event that you didn't anticipate before purchasing or occupying the residence. Qualifying events include death, becoming eligible for unemployment compensation, a change in employment that leaves you unable to pay the mortgage or reasonable living expenses, divorce or legal separation, multiple births resulting from the same pregnancy or condemnation, seizure or other involuntary conversion of the property.

When Do You Need a Lawyer?

If you are a business owner or are thinking about becoming one, there are a number of times when the advice and guidance of an attorney are not only beneficial, but essential:

When you start the business.

An attorney should review your business structure (maybe even help you pick the right one). He can also give you legal advice on your business operations, personnel issues and tax ramifications.

When you have a business dispute.

An attorney can often help you settle disputes out-of-court. However, if all else fails and you end up in court fighting to protect your proprietary information or trade secrets, you'll want a good lawyer there by your side.

When you deal with contracts.

An attorney should review all of your contracts, or draw them up if they are not already in place. There's no better way to protect your business interests than a solid written contract.

When you need to collect debts.

If you are having trouble collecting funds owed to you, an attorney can advise you on suitable collection tactics, or if necessary, can represent you in a legal action.

When you want to keep your business going after you retire.

An attorney can help you develop a strategy for passing the business along to the next generation or another suitable owner, and give you tips for keeping the business alive and well after you've stepped out of the picture.

When you want to use your wealth.

An attorney can help you set up a suitable retirement plan, funded by the proceeds of your business. Don't wait until you're ready to retire – the best solution is to start funding a retirement plan as soon as you can.

When you want out.

Don't wait until you're ready to leave the business or until your business is in trouble. Contact an attorney to help devise an exit plan while both you and your business are still going strong.