



North Carolina Law Life

An Open Letter to Elizabeth Warren: Why Corporations Matter

By: Donna Ray Berkelhammer. *Friday, September 7th, 2012*

"After all, Mitt Romney's the guy who said corporations are people.

"No, Governor Romney, corporations are not people. People have hearts, they have kids, they get jobs, they get sick, they cry, they dance. They live, they love, and they die. And that matters. That matters because we don't run this country for corporations, we run it for people. And that's why we need Barack Obama.

"Elizabeth Warren, Democratic National Convention, Sept. 5, 2012, Charlotte, NC.

Dear Ms. Warren:

Your speech was well-written, hard-hitting and impeccably delivered. But you are wrong about corporations. Corporations may not have hearts or kids, get jobs or get sick, cry, dance, live, love or die — but neither are they inherently greedy, evil or corrupt.

Corporations do matter.

Small business is the bedrock of this country. Small business is the American Dream. Small business builds the middle class. Small business empowers people to move up.

My great-grandfather came here from Europe to provide a better, more stable life for his family. The business he started in 1910 has supported my family for three generations.

Small business brews our morning **coffee**, **prints** our business cards, tunes our **bikes**, **nourishes** us, makes us **safer** and **lifts** us up.



I spend my days working with small and medium businesses, helping the owners identify and prevent risks, operate efficiently and maximize their return on investment. I love what I do — I help people create their future.

Incorporating is an essential step for many entrepreneurs, most likely including your brother who started his own business. Provided it is properly formed, maintained and capitalized, the corporation separates the

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owner's personal assets from the liabilities of the company. But becoming a corporation (or other entity) is more than that.

For years after I helped a graphic designer form an LLC, every time he saw me, he gave me a "hug around the neck" as we say in these parts — and grinned from ear to ear, joyously proclaiming how I made him a Company (with a Capital C). He was transformed into a legitimate business in his own eyes, and that was more meaningful to him than limited liability or tax savings.

Make no mistake: Corporations are critical to America's economic well-being.

Corporations allow **people** to hire workers, and not lose everything if their employee accidentally leaves the mayo out too long, downloads a virus onto the corporate server, or doesn't properly secure the car on the lift.

Corporations allow **people** to efficiently transfer the family business to their children and grandchildren.

Corporations allow **people** to sell their lifetime's achievement to fund their retirement instead of just quietly hanging the "Closed" sign one last time and praying the little bit they could put away over the years and Social Security will be enough.

While corporations are considered separate legal entities from their owners, they act only through the actions of **people**— their owners, officers or directors. This country is full of hard-working, honest, community-oriented and charitable business owners. We have recently created B-corporation and low profit limited liability company (L3C) structures to support social entrepreneurs who want to give back.

What we should rail against are not generic "corporations," but the unscrupulous or selfish individuals who take advantage of others; who shirk their fair share; who are out for themselves and the quick profit; and who don't connect to their communities.

No, corporations are not people; but they matter just the same.

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