[Law Firm Name]
[Address]
[City, State, Zip Code]

[Date]

[Recipient Name]
[Recipient Title/Role]
[Company Name]
[Address]
[City, State, Zip Code]

RE: Legal Opinion Regarding Inadequate Capitalization and Potential Piercing of the Corporate Veil

Dear [Recipient Name],

We have been requested to provide a legal opinion regarding whether the corporate veil of [Subsidiary/Target Company Name] (the "Company") may be pierced based on the grounds of inadequate capitalization under the laws of the State of [State Name].

FACTUAL BACKGROUND

In rendering this opinion, we have reviewed the following documents and information: [List documents, e.g., Articles of Incorporation, Financial Statements, Initial Capital Contribution Records]. We understand that at the time of formation, the Company was provided with [Dollar Amount] in initial capital to conduct [Nature of Business].

LEGAL STANDARD

The doctrine of "piercing the corporate veil" allows a court to disregard the corporate entity and hold shareholders or parent corporations personally liable for the debts or liabilities of the corporation. In [State Name], courts consider several factors, with inadequate capitalization being a primary indicator of whether the corporation was used as a mere "alter ego" or "instrumentality."

Inadequate capitalization is generally defined as failing to provide the corporation with sufficient assets or insurance to meet its reasonably foreseeable liabilities at the time of incorporation or during its operations.

ANALYSIS

Based on our review, we have identified the following risks regarding the Company's capitalization:

- The initial capital contribution was insufficient relative to the high-risk nature of [Specific Industry/Project].
- The Company lacked sufficient operating cash flow to meet fixed obligations without constant infusions from [Parent Company/Shareholder].
- The Company failed to maintain adequate liability insurance coverage proportional to its business risks.

OPINION

Based upon the foregoing and subject to the limitations stated herein, it is our opinion that there is a [High/Moderate/Low] risk that a court could find the Company was inadequately capitalized. Consequently, there is a significant risk that a creditor could successfully pierce the corporate veil to reach the assets of [Parent Company/Shareholder] in the event of a judgment against the Company.

LIMITATIONS

This opinion is based on the facts provided to us as of this date. This letter is intended solely for the use of [Recipient Name] and may not be relied upon by any other party without our express written consent.

Sincerely,

[Attorney Name/Signature]
[Law Firm Name]