

# LECTURE NOTES: BUSINESS ORGANIZATION

## Incorporation Procedures

### I. PREINCORPORATION MATTERS

#### A Intended structure

1. taxes
2. capital needs
3. statutes\
4. management structure
5. liability
6. transferability
7. dissolution
8. continuity

#### B Domicile

1. costs
2. name availability
3. meeting locations
4. director liability
5. annual reporting

#### C Promoters

1. personal liability for preincorporation matters
2. effect of ratification

#### D Preincorporation agreements

#### E Stock subscription agreements

### II. INCORPORATORS

### III. CORPORATE NAME

- A Required words
- B Name availability/ nondeceptive name
- C reservation

#### IV. ARTICLES OF INCORPORATION

- A Mandatory provisions
  - 1. name
  - 2. authorized stock
    - a. common
    - b. preferred
    - c. par value
    - d. initial capitalization
  - 3. registered agent
  - 4. incorporators
  - 5. optional provisions
    - a. first directors
    - b. corporate purpose
    - c. statutory provisions
    - d. indemnification
  - 6. amendment of articles - unanimous

#### V. ORGANIZATIONAL MEETINGS

- A corporate minute book
- B Requirements
  - 1. Unanimous written consent
  - 2. notice of meeting
- C bylaws, adoption
- D ratification of shareholder actions

- E acceptance of stock subscriptions
- F election of officers
- G accounting methods: cash, accrual, fiscal year
- H share registrations, form of certificate
- I banking resolution
- J Subchapter S election

VI. BYLAWS

- A Home office
- B Shareholder meetings, annual and special
- C Number and term of directors
- D Notice of director meetings, regular and special
- E Quorum requirements
- F Meeting alternatives
- G Director compensation and liability
- H Officers, election, terms, compensations

VII. SPECIAL CONSIDERATIONS

- A Statutory close corporations
- B Professional corporations
- C Nonprofit corporations