

LECTURE NOTES: BUSINESS ORGANIZATIONS

Limited Liability Companies.

I. LIMITED LIABILITY COMPANIES DEFINED

II. GOVERNING LAW

- A. State Laws
- B. Securities laws

III. ADVANTAGES

- A. Limited liability for owners
- B. Unrestrictive ownership
- C. Ability to raise capital
- D. Beneficial tax treatment
- E. Management flexibility

IV. DISADVANTAGES

- A. Limited transferability of ownership
- B. Piercing the veil
- C. Lack of state law uniformity
- D. Formality and reporting requirements

V. POWERS AND RIGHTS

VI. MEMBERS POWERS AND RIGHTS

A. Rights

B. Members as agents

VII. ORGANIZATION AND MANAGEMENT

A. Articles of organization

B. Management and control

1. Member managed

2. Manager managed

C. Matters requiring unanimous consent

D. Operating agreement

E. Annual reports

VIII. FINANCIAL STRUCTURE

A. Member contributions

B. Member reimbursements

C. distributions

IX. LAWSUITS

A. Derivative actions

B. Members actions

X. FOREIGN LIMITED LIABILITY COMPANIES