# Business Law

## April 29, 2013

* Corporation
  + Closed Corporation -> Privately owned corporation
  + Advantages
    - Limited Liability + Financing Alternatives
  + How to form a corporation
    - Promotional Activity -> Raise capital & form a contract
    - Incorporation Phase -> Select State of incorporation, secure a corporate name, articles of incorporation, directs are elected or ratified, corporation bylaws are elected, and shares are then issues.
  + Liability
    - Limited to the amount the investors invest.
    - Exceptions
      * If the shareholder signs to be a guarantor for a loan
      * A shareholder can be also liable if any of the four exist
        + Corporation is found to be under capitalized
        + Corporate assets are used for personal use
        + Corporate records are not maintained
        + Personal assets are comingled
  + Management
    - Must have an annual shareholders meeting to elect new board of directors.
    - **Look up preemptive rights**
  + Profit
    - Shareholders has no right to profit because they only have equitable interest
  + Tax
    - Taxable income is taxed at the corporate level. Dividends can be distributed and taxed again at the shareholder level.
    - S Election -> Taxed at a partnership because it is like a flowthru corporation
  + Duration
    - Indefinite
* Limited Liability Corporation
  + Must simply file a form with the secretary of state
  + Advantage
    - Like corporations, members have limited liability.
  + Management & Control
    - Member Managed -> Each member is entitled to vote on business decisions based on capital contribution
    - Manager Managed -> Elect a committee to make fiduciary decisions.
  + Taxes
    - Taxed as a flowthru entity. If they chose they can be taxed at the corporate tax rate.
  + Duration
    - Not perpetual, have dissolution process.