

Multi-Member Food Truck

Two friends, A and B, have decided to form a taqueria out of a food trailer that A purchased while the two were college roommates. A started the business as a sole proprietorship with B as a part-time employee, but would like to expand the business after realizing it will be a profitable venture. A wants to add B to the venture, where the two will share management control over most aspects of the business—including its hours of operation, employee hiring, and other logistics. Exclusively within A's discretion, though, are: a) the final say on whether any additional members are added to the business; and b) the decision of whether to reinvest profits into the business's growth or pay distributions to the business's managers. The trailer is A's personal property, and it is transported by a truck that B recently acquired for business use. A and B have two full-time employees—neither with an ownership interest in the business—and are considering hiring three other part-time employees. The trailer moves weekly, but most weeks it operates outside a small community center. A and B have an informal agreement with the community to operate there, but would like to memorialize this arrangement. If business continues to do well, A and B would be interested in moving their operations to a brick-and-mortar location.

Details:

- Two Person
- Sale of Goods
- Personal Property
- Hiring Employees

Issues:

- Addition of Members
- Reinvestment & Distributions
- Business Growth
- Manager Responsibilities & Control

Complexity Tags:

- Memo Needed
- Operating Agreement Review