

# Choice of Entity Cheat Sheet

a member's creditor can satisfy its claim from the member's interest in the LLC

	C-corp	S-corp	LLC	Partnership
<b>Liability</b>	Limited	Limited	Limited + charging order	<b>Not limited</b>
<b>Complicated Allocations?</b>	Yes (preferred stock allowed)	No (common stock only) and entities can't own stock	Yes (OA allocates profits & losses)	Yes (agmt allocates profits and losses)
<b>Easy conversion?</b>	Sticky	Sticky (but to C-corp okay)	Yes	Yes
<b>Tax</b>	Double tax	Single tax	Single tax	Single tax
<b>VC &amp; IPO?</b>	Yes	No (b/c SH limitations)	No (IPO & VC rare) tax complications	No
<b>Formalities:</b>	Important	Important	Less important?	Not important
<b>Separate ownership/control?</b>	Yes	Yes	Somewhat	No
<b>Transferability</b>	Easy	Somewhat (SH limitations)	Somewhat (economic only)	Somewhat (economic only)

some investors prefer them because they protect minority shareholders

why an LLC board of managers is less desirable:

(1) each manager is an apparent agent with authority to bind the entity

(2) LLC statute lacks default board procedures