

HANDBOOK

ON

**THE LAW OF SMALL BUSINESS:
A PRACTICE GUIDE FOR ATTORNEYS**

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Introduction

The Handbook on the Law of Small Business is designed to serve as a ready reference for advising small businesses and as a guide in the organization of small business enterprises. To this end, this handbook contains, in addition to the text, checklists for organizing partnerships, limited liability companies and corporations and sample documents typically needed to organize and operate these entities. This handbook also contains, in Appendix I, summaries of the business organization laws of each state. Included here are summaries of and citations to the partnership, limited liability company, and corporation laws of each state.

Chapter one of this handbook covers the legal, practical, and tax aspects of selecting a business entity for a small business enterprise. Discussed here are the advantages and disadvantages of limited liability companies, limited liability, general, and limited partnerships, corporations and sole proprietorships. Chapter two addresses the organization and use of sole proprietorships. Chapter three covers the organization and use of general, limited, and limited liability partnerships. Included in this chapter are extensive checklists for use in organizing partnerships. Sample partnership agreements are set forth in the exhibits at the end of the chapter. This chapter also contains a section on the organization and use of joint ventures.

Chapter four covers the organization and use of limited liability companies. Included here is a section on the tax status of limited liability companies and a section on converting existing partnerships and corporations to limited liability companies. Section “4.07. Limited Liability Company Checklist and Guide” on page 89 contains a Limited Liability Company Checklist and Guide for use in organizing an LLC. Included in the exhibits at the end of chapter four are sample articles of organization for a limited liability company and sample operating agreements for both member-managed and manager-managed LLCs.

Chapter five covers the organization and use of small business corporations. Included in this chapter are sections on the tax aspects of incorporating a small business, the use of preincorporation agreements, the use and drafting of shareholder agreements, preparing and filing articles of incorporation, special problems of incorporating an existing business, the capital structure of a small business corporation, controlling the transfer of stock, and the Subchapter S election. Professional corporations are also covered in Chapter five. Section “5.22. Incorporation Checklist and Guide” on page 224 contains a list of the documents needed to organize a small business corporation and an extensive checklist setting forth the matters that should be addressed when organizing a small business corporation.

Chapter six covers the legal aspects of operating and managing small business corporations. Included in this chapter are sections on employee compensation, handling corporate meetings, handling internal disputes, the personal liability of corporate officers and directors, and the purchase of a business by a corporation. Chapter 7 deals with the termination of small business corporations. Included in this chapter are sections dealing with the alternatives available to a failing business and the sale of a small business corporation.

The reader is encouraged to refer to the summaries of state business organization laws set forth in Appendix I in the back of this book. A separate summary is set forth for each state. Each summary contains much of the pertinent information needed to organize a small business enterprise in that state, together with citations to the appropriate sections of the state corporation, partnership, and limited liability company laws. The corporate, limited liability company, and partnership documents that appear in the exhibits of this handbook are available for download at www.argylepub.com/business-bonus-content.