

Nuts and Bolts of LLCs, LPs, and Partnerships

July 12, 2017

Four Seasons Hotel

Austin, Texas

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Business Scenario

Tom Tinker is an inveterate basement inventor. Some years ago he developed a mechanism that he believes will revolutionize the operation and safety of self-driving automobiles. Tom has developed prototypes and believes he is ready to patent his invention. Tom realizes that he does not have adequate capital to manufacture and market the mechanism, and has reached an agreement with Veronica Angel to provide funding for the venture. Tom and Veronica are meeting with their attorneys to discuss what entity they should use, how the entity should be structured, and what provisions should be included in the governing documents to protect their different interests and financial commitments.

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Business Scenario

What recommendations do you have for them?

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Business Scenario
Management Structure

- Manager or Member Managed?
- If Manager-Managed, Tom Tinker as sole manager with Veronica Angel as passive investor?

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Business Scenario
Management Structure

Management of the Company. The business and affairs of the Company shall be managed, operated, and controlled by or under the direction of the Sole Manager. Subject to the provisions of Section [__], the Sole Manager shall have, and is hereby granted, full and complete power, authority, and discretion for, on behalf of, and in the name of the Company, to take such actions as it may deem necessary or advisable to carry out any and all of the objectives and purposes of the Company.

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Business Scenario
Management Structure

Tom as sole manager will be a deal breaker for Veronica. She will want to be included in the management team, *but a* two-manager scenario could be problematic because it could result in a tie on any decision.

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