

Hypothetical Business Scenario

Nuts and Bolts of LLCs, LPs and Partnerships



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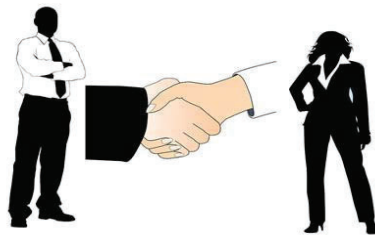
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Mary and Bob are friends who want to form an LLC to own and operate a new restaurant. Bob is a good chef and Mary has run other businesses and has a good eye for marketing and design. They think that they have sufficient funds to open and operate without solicitation of outside capital.



2

Management and Ownership Decisions



3

Management

- Mary and Bob want to determine how best to manage and run their new business. They have two options:
 - Member Managed
 - Manager Managed
- Certificate of Formation requirements

4

Member-Managed v. Manager-Managed

- May be preferable if the LLC has only a few members or if all of the members will be actively involved in the business.
- May be preferable if the LLC has a large number of members or if certain members will not be actively involved in the business.

Company Agreement may set the:

- Number of managers to be appointed or elected by members
- Method of appointment or election of managers
- Certain limitations on managers' ability to act in case of special events

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