

Cover Your ASSETS

What Small Business Owners Need to Know
to Avoid Personal Liability for Business Obligations.

Marques C. Lipton, Esq.
Parker & Associates
mlipton@ninaparker.com
www.ninaparker.com



**Tactical Skills
for the Growing Business**

INCORPORATING A BUSINESS

- Do I need to Incorporate My Business?
- How Does a Business Incorporate?
- What Are the Costs/Benefits?
- What Type of Entity Should I Form?

Why Should You Incorporate A Small Business?

- No Business is Too Small to Incorporate
- Insulated from Lawsuits, Protect Personal Assets
- Negligent Claims, Contract Disputes, Copywrite and Trademark Claims
- Lends Credibility to Business
- Build Value to Sell or Attract Investors

What Type of Entity Should You Create?

- Options include Corporation (Inc.), Limited Liability Company, Limited Partnership, Professional Corporation
- Each Has Advantages and Disadvantages.
- Should Consult with a Corporate or Tax Attorney to Determine what is Appropriate For You

How to Incorporate

- Establish Tax ID# for Business
- Registration with Secretary of State
- Operating Agreement
- Stock Certificates and Membership Allocation
- Transferring Money or Property to Business

What Liabilities Aren't Limited By Incorporation?

- Statutory Exceptions
- Voluntary Limitations
- Involuntary Limitations

Statutory Exceptions to Limited Liability

- Business owners or “Responsible Persons” are personally liable for certain debts.

Wages

Withholding Taxes

Sales, Means and VAT Taxes

The business is primarily liable but personal liability attaches automatically if the business fails.

Voluntary Exceptions

- Business Owners May Agree To Have Personal Liability for Business Debts
- Personal Guarantees Included in Loan Agreements, Leases
- May be Unavoidable During Early Stage of Business
- Be Wary of Granting Security Interests in Personal Property

Involuntary Exceptions

- Piercing the “Corporate Veil”
 - Between different Companies or Company and an Individual
 - Creditors can Look to Assets Outside of the Debtor Business
- Fraudulent Transfers
 - Inherently or Constructively Fraudulent.
 - Intent to Hinder, Delay or Defraud
 - Badges of Fraud
 - Reasonable Equivalent Exchange for Value

Loaning Money

- Is it a Loan or an Equity Investment?

If it looks like a loan and talks like a loan and walks like a loan....

Documentation, Maturity Date, Interest Rate
Required Payments, Etc.

Why does this matter?

ANY FINAL QUESTIONS?

Marques C. Lipton, Esq.
Parker & Associates
mlipton@ninaparker.com
www.ninaparker.com

Remember to Complete the Speaker Survey:

Supportingstrategies.com/bootcamp > 'click' event name > scroll to
agenda > select your speaker

