Introduction to American Business Organizations

The Law of Partnerships, Corporations, and Limited Liability Companies

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COMPARATIVE LAW SERIES

INTRODUCTION TO AMERICAN BUSINESS ORGANIZATIONS:
The Law of Partnerships, Corporations, and Limited Liability Companies
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PREFACE

It is difficult to ignore the extent to which American corporations have grown economically over the last hundred years. They have penetrated global markets and consequently provide goods and services to even the most remote parts of the world. Markets in isolated West African villages sell Coca-Cola products; university students in Istanbul meet up in McDonald's restaurants; enormous billboards advertize American products in Moscow's Red Square. How has the American corporation grown to such proportions? How have American entrepreneurs developed products with such a global reach?

An entire literature exists to explain the economic successes and failures of nations by looking at their institutions—both formal (*e.g.*, laws) and informal (*e.g.*, cultural practices and beliefs). Scholars within the New Institutional Economics have placed special emphasis on legal systems as predictors of the economic success of nations. These scholars argue that the degree to which laws provide entrepreneurs with a favorable trade environment largely influences the extent to which businesses are able to flourish.

For example, one theory has suggested that a nation's legal origins help to predict the development of its financial institutions, which in turn provide entrepreneurs with capital for investment.[2] Some scholars have argued that nations whose legal systems are based on the Anglo-Saxon common law allow for greater flexibility and investor protections than those based

[2] Thorsten Beck, Asli Demirgüç-Kunt, and Ross Levine, "Law, Politics, and Finance" (The World Bank Development Research Group, April 2001), p. 39.

on the French civil code,[3] yet these findings have been disputed by others.[4] This debate is but one manifestation of a thriving literature linking legal systems to market flexibility and economic development. In fact, some writers have explained the superior economic performance of Europe over the Middle East during the last millennium by pointing to Western legal institutions, which have outpaced their Middle Eastern counterparts by quickly incorporating and adapting to new and innovative business organizations, such as the corporation. Some scholars contrast Western legal systems with Islamic law, which has not evolved as rapidly and thus continues to recognize only the general partnership, which impedes investors from entering stock markets and taking advantage of economies of scale to the extent that Western organizations allow.[5]

If it is true that a nation's legal norms help explain the successes and failures of the nation's businesses, then a study of the American law of business organizations will help to explain how American companies have reached dimensions that have enabled them to penetrate markets in even the most remote parts of the world. It will further shed light on how American statutes and case law have allowed investors to take advantage of favorable tax treatment, limited liability, flexibility in management, and access to massive capital—all tools that have enabled investors to launch enterprises that have successfully competed in the world stage.

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[3] Rafael La Porta, Andrei Shleifer, Florencio Lopez de Silanes, and Robert W Vishny, "Law and Finance." *Journal of Political Economy*, Vol. 106, No. 6 (December 1998).

[4] *See, e.g.*, Naomi R. Lamoreaux and Jean-Laurent Rosenthal, "Legal Regime and Business's Organizational Choice: A Comparison of France and the United States," *NBER Working Paper*, No. W10288 (January 2004).

[5] *See, e.g.,* Fatiha Talahite, "Trois approches néo-institutionnelles du développement dans le monde musulman : D.C. North, A. Greif, T. Kuran." *Sciences de l'Homme et de la Société* (CNRS, 2008), Jan. 10, 2008 (offering a general overview of the literature).

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CHAPTER 1. INTRODUCTION

A. PRELIMINARY NOTES

This book is designed to provide a succinct overview of the case law and statutes governing American business associations. The chapters cover a wide range of topics, taking the reader through a step-by-step exposition of a variety of organizations, from the basic sole proprietorships to the most complex multi-tiered corporate conglomerates. By examining the laws governing corporations, partnerships, and statutory companies, this study will explore how business organizations are formed, controlled, taxed, and dissolved. It will further examine issues of liability, property, and governance that are unique to each business model, as well as the characteristics that are unique to corporations—both public and closely held—and partnerships—both general and limited—under United States federal and state law.

B. INTENDED AUDIENCE

The present volume is intended for students of American law as well as entrepreneurs and business leaders who wish to become more informed about the laws governing American business associations. It would also be useful for scholars of comparative law who desire to learn more about the American legal system. The volume will familiarize the reader with the principal legal precepts and vocabulary relating to the functioning and governance of corporations, partnerships, and other business entities in the United States.

This study will also prove valuable to foreign attorneys practicing international private law. In our increasingly globalized world, given the sheer volume of American

corporations involved in international contracts, mergers, and acquisitions, practitioners of international law are likely to come across choice of law clauses selecting the American law as governing a particular transaction. As a result, the American law has influenced the rules of international commerce and it is not unusual to find legal concepts deriving from American case law or statutes imported into foreign contracts or even jurisprudence. Attorneys who stand ready to tackle lawyering across multiple legal jurisdictions will inevitably benefit from an understanding of basic American legal principles, especially if their clients are engaged in international operations. This volume will provide such attorneys with the foundation necessary to understand the American law, while offering them numerous references to cases and statutes for further study.

C. A NOTE ON THE AMERICAN CASE LAW

Foreign attorneys or legal scholars unfamiliar with the American law or with the Anglo-Saxon legal system in general may be surprised at the constant references to cases in the following pages. This focus on cases may be especially foreign to legal practitioners of Continental Europe, where cases are viewed as the mere *application* of the law, and not as a *binding source* of the law. In France, for example, jurisprudence is viewed as only a *persuasive* source of the law. Similarly, in Spain, with the exception of statutory interpretation pronounced at least three times by the Supreme Court, a judge is not bound by the interpretations of other courts.[6]

In the United States, in contrast, judges not only interpret the codes that have been enacted, but also, when the legislature has not acted, they may *determine* the law by elaborating a judicial decision that becomes binding on other judges. The judge's role is thus not limited to applying an abstract legal

[6] Spanish Civil Code, art. 1.6 (stating that only doctrines "reiterated" by the Supreme Court will serve as sources of the law).

code. Rather, he has the authority to develop abstract rules that are derived from specific cases. Accordingly, when a judge decides a case presented before him, he not only interprets legislative codes, but also, interprets and applies "case law," which is comprised of decisions made by other judges in former cases sharing facts similar to the case before him.

Given this nuance in the Anglo-Saxon law, the present text will treat the myriad cases that follow with the same attention and detail as it treats statutes, since cases also serve as binding sources of the law.

D. THE BUSINESS ORGANIZATION: AN OVERVIEW

1. Definition

A business organization is a legal entity through which investors and entrepreneurs provide goods and services and engage in trade and other wealth-generating activities. Traditionally, the menu of American business organizations was comprised of the general partnership and the corporation. Other entities, such as limited liability companies and limited liability partnerships, are in many ways hybrids or statutorily-created variations of partnerships or corporations.

Although a company may appear to be one business association, it may in reality prove to be a multi-tiered conglomerate comprised of many corporations, partnerships, and other business entities. This is in fact the case of many large corporations and other organizations. In order to circumvent limitations as to the kinds of activities they may undertake, many such companies are organized with very general corporate charters whose language is articulated such that they may engage in "any lawful activity," thus allowing them to serve as umbrella organizations of a large and diverse set of subsidiary companies.

2. The Variety of Business Organizations

Traditionally, there has been a tension between entrepreneurs, who have long sought to expand the menu of business forms available, and governments, which have resisted such efforts by limiting the available menu. In the United States, the entrepreneur nonetheless has a wide variety of business organizations from which to choose, from small, closely held firms to large, public corporations.

The management practices of business organizations can be as diverse as the forms that business organizations can take. While in small firms, owners and managers are generally the same group of people, in large organizations, a large number of generally passive stockholders which is distinct from the managers usually owns the company.[7] Thus, in small firms, where a small number of managers own the business, decisions are usually made by consensus. In large organizations, in contrast, there may be tens of thousands of shareholders, thus rendering decisions by consensus impractical. In these organizations, policy is generally developed through majority voting.

As a final point of contrast, whereas small firms are usually run informally and without a hierarchy, large organizations are run under a formal set of rules establishing tiers of control and duties among shareholders, directors, and officers. The relationships among these actors will be explored later on in the chapters that follow.

[7] The managers may, however, as part of their compensation, own some level of stock in the company.

E. Factors to Consider When Choosing a Business Entity

1. General Overview

Any individuals who form a business must agree on such fundamental issues as control, ownership, and dissolution of the business. When the individuals choose a specific entity through which to conduct the activity, many of these questions are automatically determined through the respective entity's legally-prescribed default settings. The individuals forming the company may then contract around or customize the default settings in order to suit their business needs, as long as the new rules conform to public policy considerations. A clause whose content violates such policy considerations (*e.g.*, one denying the right of third parties to make claims against the reckless conduct of the owners) would be held null and void in the relevant jurisdiction and the default rules would spring into application.

2. Factors

Before choosing a business entity, the goals of the business owners should be assessed in light of the following factors:

a. Tax Treatment

The form that a business association takes will have a significant impact on the tax treatment that it receives. The law taxes some business organizations, exempts others fully, and offers a gray area for many others in between. Some associations that fall into this gray area include those that are exempted from taxes up until they reach a certain size or profit margin. When they reach such dimensions, they are taxed as ordinary incorporated entities. When this occurs, double taxation applies, since, in addition to the business organization, the dividends of the owners are also taxed. For example, if the business owners form a C corporation, taxation will apply to both the shareholders' dividends as well as to the corporation's

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CHAPTER 6. INTRODUCTION TO THE CORPORATION

A. CHARACTERISTICS

1. Overview

The corporation is perhaps the most economically significant of the business associations. Having origins that could be traced back to the Roman law, the corporation was by the fourth centry the organization of choice for political clubs, guilds, and churches. The true progenitor of the modern corporation, however, may only date back to the thirteenth and fourteenth centuries, when a coherent theory of corporation law had been developed.[15]

Today, the corporation has developed into a legal institution recognized by the law as distinct from any of its members. It can enter into contracts, possess property, initiate lawsuits and incur its own debts and tax obligations. The debts and assets of the corporation are held by the corporation itself, not by its shareholders. Thus, a shareholder's personal creditors may be able to obtain his corporate shares, but they may not seize the assets of the corporation itself.

The corporation establishes a limited liability regime that shields the personal assets of its owners when poor business decisions cause economic losses. These losses, as well as the obligations incurred by the corporation's employees, are debts owned *by the corporation*, not by the corporation's directors or officers. Accordingly, the creditors of an indebted corporation may seize the corporation's assets, but they may not access the

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[15] Harold Berman, *Law and Revolution: The Formation of the Western Legal Tradition* (Harvard University Press: 1983), p. 215–221.

personal assets of the corporation's owners and directors. The corporation's shareholders risk losing only that which they invested into the corporation; their personal property and assets remain protected.

Generally, there is no temporal limit for the existence of a corporation. Unless the corporate documents specify otherwise, the corporation continues indefinitely, outlasting the natural lives of any of its members. The corporation is, however, limited to those business activities established in its charter, but the scope of these activities may be broadly defined to include any lawful business enterprise.

2. Formation

Corporations are formed by a relatively straightforward formal process. First, the founders must file the corporation's Articles of Incorporation with a state official who issues a certificate. State corporation codes usually require four officers (usually a president, vice president, secretary, and treasurer) to then be declared. If a company does not properly follow these steps, it may default to a partnership, which carries unlimited joint and several liability to the business owners.

Yet even if these formalities are not observed, courts may come to recognize a corporation-in-fact (*de facto* corporation) or a corporation by estoppel. A business organization becomes a *de facto* corporation when it behaves like a corporation and the organizers: (i) tried in good faith to incorporate; and (ii) the corporation had a legal right to incorporate. The organization becomes a corporation by estoppel when a person dealing with the firm: (i) reasonably believed it was a corporation; and (ii) it would cause a windfall if the firm was not recognized as such.

As we will see later, another issue that courts are required to deal with is the piercing of the coporate veil—that is, disregarding the corporate form in order to achieve the personal liability of the underlying parties. Relating to this is the issue of parties' denial of a corporate form in order to

renege on contractual obligations. On this question, the courts have held that when a party has notice and is aware that it is contracting with a corporation, it is estopped from defaulting on contractual obligations by denying the existence of the corporation.

Consider, for example, *Southern-Gulf Marine Co. No. 9, Inc. v. Camcraft, Inc.* (La. Ct. App. 1982), where the plaintiff contracted the defendant to build a ship. In the original agreement, the parties decided that the plaintiff company would be incorporated in Texas. The plaintiff was later incorporated in the Cayman Islands. In an action by the plaintiff to enforce the contract, the defendant argued against the plaintiff's corporate existence at the time of entering into the contract, since the plaintiff did not incorporate as agreed to in the contract. The court held that the defendant knew of the plaintiff's legal status at the time that the defendant entered into the contract and the defendant agreed to the plaintiff's being incorporated in the Cayman Islands. The court held in favor of the plaintiff: the defendant may not use the plaintiff's legal status to renege on its contractual obligations. Because the defendant was unable to show that the plaintiff's being incorporated in the Cayman Islands, as opposed to in Texas, affected the defendant's substantial rights, the defendant was required to perform its contractually-stipulated duties.

3. Control

Control within corporations tends to vary according to their size. Whereas in small corporations, the owners tend to be the group that controls the corporation, in most large corporations, control tends to be hierarchical: shareholders elect the board of directors, who in turn elect or appoint the corporation's officers (chief executive officer, chief financial officer, etc.), who must act with board approval before undertaking major decisions.

The ownership and control of most large corporations is thus separated; while the shareholders own the corporation, the board and professional managers hold control. Shareholders do, however, exercise a certain degree of control, since they vote for the board members and may vote in favor of or against certain "fundamental matters," as defined in the corporate governing documents.

However, not all shareholders may exercise the right to vote. Normally, corporations issue both common and preferred stock. Common stock grants the stockholder voting rights, whereas preferred stock gives the stockholder priority over the distribution of dividends or of company assets upon dissolution, without necessarily conferring voting rights.

In large corporations, the board is generally self-perpetuating. Since there are often thousands of stockholders, especially in the larger American multinational corporations, it can be difficult for them to come together in an organized fashion to vote for fundamental changes of policy or leadership. A problem may thus arise when managers pursue their own interests and objectives to the detriment of the shareholders. Thus, to align the interests, shareholders may award managers performance-based pay in the form of stock options or profit-based bonuses. This helps align their interests with those of the owners by giving them the incentive to make profit-generating decisions.

Yet even this solution has shortcomings. For example, if a manager knows that he will be involved in a corporation for a limited time, and part of his compensation package involves stocks, he may make decisions that will benefit the short term value of his shares without considering the long term well-being of the corporation and of its stockholders. As an example, consider the 2001 Enron fiasco, where managers sought to inflate the short term value of their stock options through a scheme that ultimately brought great financial loss to one of America's largest companies.

4. Double Taxation

As already mentioned, corporations are legal entities recognized by the law as persons that generate their own tax obligations. This leads to double taxation, since the earnings of the owners of the corporation, in addition to the corporation's own profits, are subjected to taxation.

B. THE INTERNAL AFFAIRS RULE

Under the approach adopted by the majority of states, a corporation, regardless of where it operates or where its shareholders or assets are located, is bound by the laws of the state of its incorporation. Under the principle known as the "internal affairs rule," the laws of the state of incorporation will govern the corporation's internal affairs (how the corporation is run, the recourse for resolving conflicts between owners and managers, and similar questions).

As a consequence of the internal affairs rule, and because a vast number of corporations choose to incorporate in Delaware because of its favorable corporate tax regime, Delaware corporate law is applied by courts throughout the country whenever a Delaware corporation is the subject of a lawsuit. However, in some states, such as California and New York, corporations registered in other states are required to conform to local state laws under certain circumstances.

Although some states' rules are more permissive than others', all states have laws that permit "foreign" corporations—corporations registered in another state—to operate in their territory. Usually, this requires identifying an agent for service of process in the event that the corporation is sued and paying a fee and local state taxes. For example, in order for a corporation registered in Delaware to operate in Missouri, the corporation would be required to select an agent for service of process and pay Missouri taxes and fees.

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CHAPTER 11. LIMITED LIABILITY COMPANIES

A. CHARACTERISTICS

Corporations and partnerships have traditionally served as the forms of organization from which business owners could choose. Recently, state statutes have begun to recognize a new form of business organization, the limited liability company (LLC). First recognized by state statute in 1977, the LLC is a hybrid organization that combines the advantages of the partnership with those of the corporation. In many ways, the LLC bridges the law governing both entities. Like the corporation, the LLC protects investors through limited liability equal to the amount they invest. Like a partnership, it is the investors, not the entity, that is taxed directly, thus avoiding double taxation.

The LLC offers a degree of flexibility in management and ownership that surpasses that of both the partnership and corporation. The financial interest of an LLC may be easily transferred, and if a member wishes to transfer his leadership position, he may do so with the approval of the other investors.

Today, all fifty states have established and recognize LLCs. Although the governing legal regimes reflect some variations, all of the states have established certain common regulations. Formation of the LLC, for example, requires a state filing procedure. Once the LLC is organized, the owners, who are called "members" (as opposed to "partners" or "shareholders"), enter into an "operating agreement" that governs the organization's structure and management. Although the scope of fiduciary duties between the members within an LLC is currently unclear, it is probably similar to that within a corporation. Most LLCs are closely held, since

publicly-held LLCs would be double-taxed in the same way as corporations, and would thus cause their members to forfeit one of the LLC's most advantageous attributes.

B. FORMATION

Unlike a general partnership, an LLC cannot be inadvertently formed. Rather, its formation requires certain deliberate steps. Its members must draft the company's articles of incorporation and file them in the state in which they intend to register the company. The members must also choose a name for the company and assure that the abbreviation "LLC" appears after the name.

The "LLC" abbreviation serves the important purpose of protecting third parties by notifying them of important attributes about the organization with which they are doing business. Failing to append the abbreviation to the name may have materially adverse effects on a third party. For example, a third party may have a rule requiring a $1 million insurance policy when dealing with an LLC, but not with a business association that limits the liability of its owners. If the third party was unaware that he was dealing with an LLC, he may not act with the necessary prudence or protections against risk.

A person who fails to disclose that he is working as an agent of an LLC may be held personally liable for the company's debts. This was the case in *Water, Waste & Land, Inc. D/B/A Westec v. Lanham* (Col. 1998), where the defendants, who failed to disclose that they were working as agents of an LLC, were held personally liable for the LLC's failure to make payments .

C. THE OPERATING AGREEMENT

The Uniform Limited Liability Company Act (ULLCA) sets out a default layout of laws for dealing with forum, alternative dispute resolution, ownership, and other issues relating to

LLCs. Like all default business association rules, the default LLC rules may be contracted around by the agreement of the parties. For example, in *Elf Atochem North America, Inc. v. Jaffari* (Del. 1999), the parties entered into an agreement with an arbitration clause and a California forum selection clause. When the suit was dismissed for not having been brought in California, the plaintiff argued that the agreement invalidly contradicted the ULLCA. The court affirmed that the parties freely contracted around the default rules and that the agreement validly trumped these rules. Judgment for the defendant was affirmed.

D. PIERCING THE "LLC VEIL"

Although not all of the caselaw regarding the still new LLC business organization has been established, it appears that the limited liability regimen governing LLCs will closely resemble that of corporations. In *Kaycee Land and Livestock v. Flahive* (Wyo. 2002), for instance, a trial court certified the question as to whether an LLC would give its members the same "corporate veil" treatment that a corporation would give. The court answered in the affirmative. When legal formalities are not observed, there is no reason to allow individual members to escape liability under the shield of the entity they have created. In order to benefit from limited liability, the officers must treat the LLC as a separate legal entity and respect legal formalities, which are more flexible for LLCs than for corporations.

E. FIDUCIARY DUTIES

Courts in many jurisdictions still have not fully developed the area of fiduciary duties owed by the management of an LLC. It is therefore unclear whether the majority of jurisdictions will follow the corporate or partnership approach in establishing these duties.

The states are, however, generally in agreement that fiduciary duties in LLCs may be established by contract when not against public policy. As an example, the members of an LLC may permit or prohibit one another from competing with the LLC. *See McConnell v. Hunt Sports Enterprises* (Ohio Ct. App. 1999), where the court held that when an operating agreement established that a member's competing with the LLC was permitted, the member did not breach his fiduciary duty to the LLC when directly competing against it, even though he was a member, since he did not interfere with the defendant's business dealings.

Where the relatively new laws on LLCs do *not* define specific rights and responsibilities, courts may borrow from the laws governing corporations in drawing parallels. Thus, like owners of a corporation, members of an LLC may be ordered by a court to purchase the stock of a shareholder as an equitable remedy when they breach their fiduciary duty towards him.

F. DISSOLUTION

Under compelling circumstances, a court, under its equity powers, may order the dissolution of an LLC. Such may be required when it is impossible for the LLC to carry on in accordance with its operating agreement due to irreconcilable differences among its members. In *Haley v. Talcott* (Del. Ch. 2004), for example, the plaintiff and defendant formed an LLC for owning property for a restaurant in which they were the sole members. After a falling out, the plaintiff sued for dissolution and the defendant argued that the plaintiff's remedy was limited to the contractual exit clause. The court held that the LLC could not continue to function in accordance with its operating agreement because the sole members were deadlocked against one another and the LLC could take no actions absent a majority vote of its members, who in this case each held a fifty percent interest in the restaurant. The LLC's

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GLOSSARY

Agency The fiduciary relationship that results from the manifestation of: (i) consent by one person to another that the other will act on his behalf and subject to his control; and (ii) the consent of the other to so act.[23]

Arm's length transaction A transaction between either: (i) two unrelated and unaffiliated parties; or (ii) two related, affiliated parties, where measures are taken to prevent any potential conflicts of interest from arising.

Articles of incorporation The corporate charter that is filed with the state when registering a corporation.

Asset acquisition merger *See* TYPE C (INFORMAL OR PRACTICAL) ACQUISITION.

Balance sheet A statement of an entity's current financial data, including its assets, liabilities, and owners' equity. It indicates the residual interest in assets of an entity after subtracting its liabilities.

Business judgment rule The doctrine that shields managers from liability when they exercise good faith business judgment based on a reasonable investigation when making a decision.

Business organization A legal entity through which investors and entrepreneurs provide goods and services and engage in trade and other wealth-generating activities.

C corporation A type of corporation recognized as a legal person whose profits are taxed under Subchapter C of the

[23] RLA § 1.

IRC. It is the default form that corporations take when registered. *Compare* S CORPORATION.

Close corporation *See* CLOSELY HELD CORPORATION.

Closely held corporation A corporation whose voting shares are owned by the directors and officers directly, rather than by shareholders in a publicly traded forum. The corporation is managed by the stockholders, not by a board of directors. In some states, there must be thirty five or fewer officers to qualify as a closely held corporation. *Also termed* CLOSE CORPORATION.

Common stock Stock issued by a corporation that confers upon its holder the right to vote in corporate decisions and to receive dividends (after dividends have been paid out to holders of PREFERRED STOCK).

Compound interest Interest calculated based on the aggregate sum of the principal plus any accrued interest. *See* SIMPLE INTEREST.

Conglomerate A large corporate entity that manages unrelated companies providing diverse goods and services (*e.g.*, textiles, medicine, media, etc.).

Corporate opportunity doctrine The rule that prohibits a corporation's directors, officers, and employees from taking personal advantage of opportunities in which the corporation has a reasonable propietary interest. An employee may not, for example, use his corporate position or information obtained from his official capacity to seize opportunities that by right belong to the corporation.

Debenture A long-term, unsecured debt issued by a corporation to generate capital. As an unsecured instrument, it is repaid only after secured debts have been liquidated.

Derivative suit A lawsuit brought by shareholders on behalf of a corporation to enforce a right or correct a wrong. Recovery is made to the corporation, which is a party to the action.

Efficient market hypothesis The theory that prices in financial markets reflect all available information at any time, since financial markets are "informationally efficient." The prices of traded assets are always therefore fairly based on the aggregate understanding of investors.

Equal dignity rule Whatever the means through which a merger is effected, the merger is valid as long as it follows the respective formalities, regardless of whether the shareholders would have gotten a better deal if the transaction had been cast in some other form.

Fiduciary duty The duty of care and duty of loyalty; duty to act with utmost honesty, putting the interests of others before one's own interests (example: the duty owed between partners).

Golden parachute When a person is removed from a company with a bonus. Example: after, a merger, when one of the presidents is required to leave, he will be given a handsome compensation package.

Income statement A financial summary of an entity's assets over a ***period*** structured as a statement of the entity's revenues (increases in equity) and expenses (decreases in equity).

Initial Public Offering ("IPO") The initial issuance of common or preferred stocks by a company to the public.

Insider trading Transactions in securities based on inside or advance information.

Internal affairs rule The rule representing the majority approach of most states whereby a corporation, regardless of where it operates or where its shareholders or assets are located, is bound by the law of the state of its incorporation, which will govern how the corporation is run.

Intra vires (Lat., "within the power") Within the scope of an individual's or corporation's power. *See* ULTRA VIRES.

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COMPARATIVE LAW SERIES

THE COMPARATIVE LAW SERIES provides succinct overviews of national laws in subjects of particular relevance to international practitioners.

In this edition, the case law and statutes governing American business organizations are systematically analyzed and presented. The chapters take the reader through a step-by-step exposition of the most basic sole proprietorships to the most complex multi-tiered conglomerates. The topics covered include the following:

- Agency and Partnerships;
- Accounting and finance;
- Public and closely held corporations;
- Mergers and acquisitions;
- Limited liability companies;
- Fiduciary duties and shareholder control.

"Indispensable for companies and clients transacting in the United States."

- Joseph Sayegh
Citigroup, former Vice President