

Message From Chris....

In Oklahoma, around May/June time each year, we all get a reminder of how fragile life can be and just how lucky we are to be alive. Recently, our friends out in Piedmont, Goldsby, El Reno and other nearby, surrounding towns received a devastating blow. I was humbled by the coverage conveyed by our newsmen and the calls received from close friends/acquaintances who had lost so much. Hard times are real and we all need to be glad for who we are and what we have – it could easily be taken away. Like life, it’s good to know about important, business-law concepts that could also be potentially devastating. Accordingly, I want to shed some light on the commonly asked question regarding the ***differences between general partnerships and limited liability companies***. Read below....

LLC’s vs. Partnerships

	LLC’s	General Partnerships
Advantages	<ul style="list-style-type: none"> • Limited liability for all members • Corporate manager structure • 1 member can form LLC • Can exist indefinitely 	<ul style="list-style-type: none"> • Easier to form/terminate than LLC • More flexible in structure and organization • Fewer statutory requirements • Well-established case law and history
Disadvantages	<ul style="list-style-type: none"> • Government filings req’d to form and terminate • Limited case law and history • Inherent rights and duties among members unknown • “Corporate Veil” can be <i>pierced</i> 	<ul style="list-style-type: none"> • Can be formed unwittingly • All partners jointly and severally liable on debts • Fiduciary duties exist among partners • Cannot exist indefinitely • Must have >1 person to form partnership

Absent certain language within the documents and/or certain circumstances, the foregoing table quickly summarizes the basic, legal discrepancies between each type of entity. ***What practical effect do these differences have on you?***

Limited Liability vs. Joint and Several Liability: This is the big one.... Basically, with an LLC, each member/manager is, subject to certain exceptions, liable to the general public, the LLC and the other members ***only to the extent of the amount of their capital contributions made to the LLC***. With general partnerships, each partner is ***individually liable, in full, to everyone***, for any amount the general partnership owes - no limitations or caps like with LLC’s.

Formation: This one is a little scary. With LLC’s you have to, among other things, actually file paperwork with the State, pay fees and draw up an operating agreement. With general partnerships, there are no documents that have to be filed (which can also be a good thing), although documents can be filed. What this all means is that a partnership can be deemed to exist by virtue of one’s actions and/or spoken words. So, depending on the circumstances, you

may already be deemed to be operating under a general partnership arrangement in the eyes of the law and already owe a fiduciary duty to your other partner(s), ***but not yet know it.***

What My Clients Are Saying

“Chris Griswold has a unique skill set for a Real Estate attorney. He is equally adept in the courthouse as well as in a transactional setting. We have worked with him in lease negotiations where we found him to be pragmatic and fair minded while representing his client. As result of working on the other side of the table with Chris, we engaged him to assist us with various lease enforcement issues. We have used many attorneys to assist us with FED’s, collections etc. and Chris has by far been the most efficient and cost effective counsel we have ever used.”

Jeff Norman / President / JAH Realty, L.P. / Oklahoma City, Oklahoma

Chris Griswold, P.C.

Contact Information:

315 W. Edmond Road

Edmond, OK 73003

405.229.7595 (cell)

405.340.4119 (office)

405.844.3380 (fax)

chris@chrisgriswoldpc.com

www.chrisgriwoldpc.com