

## **Chicago Bar Association**

**February 11, 2011**

### **Limited Liability Companies**

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- ⇒ Choice of Entity
  - Taxation
  - Flexibility
- ⇒ Jurisdiction
  - Governing law
  - Cost
  - Privacy
- ⇒ Operating Agreement Issues
  - Management - Member v. Manager
  - Members
    - Membership interests
    - Preferences
    - Profits interest
    - Capital accounts
    - Allocations and distributions to members
    - Addition of new members

- Managers
  - Fiduciary duties
  - Indemnification
- LLC purpose - narrow v. broad
- Control Issues - voting agreements
- Extraordinary Transactions
  - Voting agreements
  - Drag along/Tag along rights
- “Corporate Protocol”
- Restrictions on transfer of membership interests
  - Approval issues
  - Right of First Refusal
  - Dissociation