

Business records



What is this building?



The legal HQ of 285,000 businesses

- American Airlines, Apple, Bank of America, Berkshire Hathaway, Cargill, Coca-Cola, Ford, General Electric, Google, JPMorgan Chase, Wal-Mart.....
 - Where is it?????????

Delaware

People: 897,934; Businesses 945,326

65% of Fortune 500 companies

Corp. taxes \$860 Million



Why

- Delaware does not require disclosure of officer or director names on formation documents. This provides a layer of anonymity that is not available in many states. Corps. need not be based in Delaware to incorporate there. They simply need to have a **registered agent** in the state.

What is a corporation

- A corporation is an independent legal entity owned by shareholders. This means that the corporation itself, not the shareholders that own it, is held legally liable for the actions and debts the business incurs.
- Corporations are more complex than other business structures because they tend to have costly administrative fees and complex tax and legal requirements. Because of these issues, corporations are generally suggested for established, larger companies with multiple employees.

Two kinds

- Publically traded corporations: Traded on a stock market, regulated by the securities and exchange commission (SEC) with disclosure and transparency.
- Privately held corporations, owned by shareholders with no public transparency requirements.

The group Transparency International

Calls Delaware “a place where extreme corporate secrecy enables corrupt people, shady companies, drug traffickers, embezzlers and fraudsters to cover their tracks when shifting dirty money from one place to another.... It’s a cinch for a criminal to set up a shell corporation to launder illicit money, and gain access to the US banking system. With the backing of a US corporate address to clean up their image, dodgy firms – including those run by Russian arms dealers and Serbian smugglers – can conduct their dirty tricks in peace.

So who has hundreds

Of privately

Delaware

Corporations?

Him



There are often few ways in to a privately held Delaware Corp.



The Court of Chancery

- chan·cer·y
- 'CHans(ə)rē/
- *noun*
- a court of equity.

Old white dudes in white wigs



Court of Chancery

- The Del. Court of Chancery is widely recognized as the nation's preeminent forum for the determination of disputes involving the internal affairs of the thousands upon thousands of Delaware corporations and other business entities through which a vast amount of the world's commercial affairs is conducted. Big cases decided here, such as the Time Warner/AOL merger

GO TO THE SEC



What happens in CA?

- Google, as we know, is a Delaware Corporation.
- But California requires all Delaware Corps. doing business in California to register for tax purposes by filing a Statement and Designation by a Foreign Corporation.
[Foreign to CA]

Two kinds of CA business lookups

California Secretary of State

<http://www.sos.ca.gov/>

Corporations doing business in CA, and
Limited Liability Companies and Limited
Partnerships.

LLC

An LLC is a private limited company. It is a business structure that combines the pass-through taxation of a partnership or sole ownership with the limited liability of a corporation, meaning owners pay taxes on business income on their personal income tax returns.

LP

A Limited Partnership is a partnership consisting of a general partner, who manages the business and has unlimited personal liability for the debts and obligations of the Limited Partnership, and a limited partner(s), who has limited liability but cannot participate in management.

Fictitious Business Name or DBA, Doing Business As

- A legal term for a form of registration required of businesses in certain situations.
- Filed at county clerk or recorders office in most states.
- Requires a person owning a business in which their name **is not** used to register as the owner of the business.

Fictitious Business Name or DBA, Doing Business As

- John Smith owns a garage called “Magical Motor Repairs.”
- Magical Motor Repairs is a “Fictitious Business Name” or the name under which Smith is “doing business.”
- Smith is required by law in most states to file a FBN or DBA statement naming him as the owner of Magical Motor Repairs

Fictitious Business Name or DBA, Doing Business As (3)

- But suppose Mr. Smith is not creative & does not believe there's anything magical about oil changes and blown rods.
- He calls his business "John Smith Auto Repair."
- Does he have to file a FBN or DBA statement?
- NO – because the name of the business is not fictitious, the name of the owner is stated in the business title.