

Unedited transcript of

Snapshot of What is an LLC and Why Choose an LLC?

from **Organizing an LLC**

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Speaker(s)

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>>: Hi, everyone. My name is Kelly Dutremble, and I'm here with my colleague, Josh French, to tell you a little bit about the basics of Organizing an LLC, what the advantages are and what types of documents you need, some of the tax and governance considerations involved.

>>: This will undoubtedly be the most exciting hour of your life, and luckily, you have Kelly here, too, to make it as exciting as possible. But obviously, you know, these are important concepts that are the building blocks for businesses for all of our clients. And so it's good to have sort of a basic understanding of what's going on here and - so that you can help your clients deal with the stuff that they want no business dealing with so that they can focus on their own actual business.

>>: So what is an LLC? Obviously, it stands for limited liability company. It's a type of legal entity that is registered with the state in which it's formed. And as a general overview, the benefits are that it allows for a lot of flexibility in the governance, and it also provides pass-through taxation - so a single-layer taxation as opposed to a corporation that has double-layer taxation. But it still allows for the protection of the equity holder's personal assets from the reach of company debtors. So when you're considering or a client is considering incorporating or forming a company, a huge piece of that is wanting to make sure that if the company goes under or has a ton - ends up with a ton of debt, the owner's personal properties are not at risk, and they're out of reach of the company debtors. So an LLC provides that protection, but it has a lot of advantages over - in

some cases, a lot of advantages over a corporation by way of the pass-through taxation and the flexibility that it provides. And we'll get into a little bit more of those details.

>>: Yeah, we'll talk a bit about what - when it makes sense to use an LLC form versus an S corporation versus a C corporation, but all of these things accomplish the main goal, which is protecting the personal assets of the owners from creditors of the business. And that's the real important thing and - that clients need to understand, is they need to do some level of organization here so that things don't get caught up unexpectedly and create significant personal liability.