

# Your Guide to Choosing the Right Business Structure

By Derek G. Rowley

Author, Nevada Corporation Handbook;

President of the Nevada Resident Agent Association

Presented by Corporate Service Center, Inc. 1-800-638-2320

**T**hank you for requesting this free Special Report, which briefly discusses the pros and cons of forming your business entity with Corporate Service Center, Inc.

In this Report, the tax-haven states of Nevada, Wyoming and Delaware are discussed and compared. Other forms of business entities, such as Limited Liability Companies, limited partnerships, general partnerships and sole proprietorships are also reviewed.

Corporate Service Center, Inc. is your one-stop incorporation services company, with a wide range of business services available to assist you in your business success.

We provide incorporation services in all 50 states and specialize in incorporation strategies in the states of Nevada, California and Wyoming. We also provide a broad range of back-office support services designed to assist Nevada and Wyoming companies in maintaining their business presence within those tax-free states. We offer the most complete office support options available anywhere at any price, from comprehensive full-time remote virtual office services to simple mail forwarding or telephone services.

We have also added, through our staff of attorneys and CPAs, comprehensive small business tax and accounting services business continuation planning and consultation, and our exclusive integrated planning service: the Prestige Elite Program that gives you an annual retainer with your team of planning advisors, including a CPA, attorney, and financial who work together to meet your advisor, individualized needs. When you check out our record, our services and our prices, you simply won't use anyone else!



## Disclaimer

Corporate Service Center, Inc. is not a law firm. We are not engaged in rendering legal advice and cannot make recommendations regarding individual circumstances. The information in this publication is not to be construed as legal advice in any way. If legal advice is required, consult a qualified attorney. The Lawyer Referral & Information Service of the State Bar of Nevada is available from 9 am to 4 pm, Monday through Friday at 1-800-789-5747. The information in these materials is believed to be reliable at the time it is written, but it cannot be guaranteed insofar as it is applied to any particular individual or situation. The publisher has no way of knowing the specific needs of the reader.

This publication is copyrighted by Corporate Service Center, Inc. and may not be reproduced without expressed permission.

## Inside this report

Corporations	2
LLCs	3
Which State is Right	5
Sole Proprietorship & General Partnership	10
Limited Partnerships	12
Business Trusts	13
The Truth About Corporate Credit	14

## About Corporate Service Center

- We can form your corporation or LLC in all 50 states.
- We are family owned and operated.
- We have formed over 12,000 entities for clients, nationwide.
- We have been members of the better Business Bureau of Northern Nevada since 1989.
- We hold our employees to a strict code of ethics.
- We believe Nevada and Wyoming entities are great tools but they are not the best tool for every circumstance.

Contact Corporate Service Center for all your incorporation needs:  
1-800-638-2320 or [www.corporateservicecenter.com](http://www.corporateservicecenter.com)

# Your Guide to Choosing the Right Business Structure

Contact Corporate Service Center for all your incorporation needs:  
1-800-638-2320 or [www.corporateservicecenter.com](http://www.corporateservicecenter.com)



Page 2

## Background on Corporations

A corporation is a form of business created according to the laws of a specific state or country. Individuals cannot create a corporation simply by agreement as they can a partnership. They can only do so with the authority of the government. The corporation is composed of other human or artificial entities, but is recognized separately from the entities that comprise it. Under the law, it is frequently treated as if it were a human.

An example of a corporation's individual treatment is shown when a corporation enjoys the Constitutional protection against unreasonable search and seizures. It may also invoke the attorney-client privilege of confidentiality or may sue for defamation of its good name. But it can also be punished if it violates the law.

Congress generally does not have the power to create a corporation, except in three instances. First as the legislature of the District of Columbia, it may create corporations within the district. Second, Congress may create corporations within US territories, although it usually confers the power upon the legislatures of the territories. Third, it "may create corporations as appropriate means of executing the powers of government; as, for instance, a bank for the purpose of carrying on the fiscal operations of the United States, or a railroad corporation for the purpose of promoting commerce among the States." (*Luxton v. North River Bridge Co.*, 153 US 525, 38 L. Ed. 808.)

State legislatures have unlimited powers to create corporations. There have been many attempts to standardize the corporate laws of the various states. At different times committees of attorneys have drafted sample provisions of corporate laws and introduced them to the world as models for all to follow. The Uniform Business Corporation Act and the Model Business Corporation Act are two examples.

Nevertheless the world of corporate law finds great variety as states adopt only the portion of the uniform law in which they are interested, or engage in a series of partial revisions of corporation law over time without undergoing a total statutory transplant. Naturally, this creates differences between the various states' laws. Where some see differences, others see opportunities.

The owners of a corporation are the owners of the shares of that corporation. Ownership of shares may be readily transferred from one investor to another without the need to reorganize the corporation under the law, while a

change of ownership often makes reorganization necessary with the sole proprietorship and partnership.

## Liability Protection: The Corporate Veil

The "corporate veil," refers to the separation between the individual and the company. It is the single most valuable quality that the corporation offers. Care must be taken to preserve the corporate veil, because if it is pierced, the corporation may have no asset protection value whatsoever.

The corporation is traditionally the first line of defense in any asset protection strategy because of the long record of statutory and case law that supports the goal of achieving limited liability. This liability protection is only available because of the way the law separates the corporation from any associated individual.

Because of the presence of the corporate veil, the corporation is often recommended as the entity of choice whenever a business has employees. This is because employees bring certain risks that demand liability protection for the ownership of the company. Also, because corporations find general acceptance in the business world, it is a convenient entity to use.

But to maintain the corporate veil, certain formalities must be followed. Because these formalities are not always attended to properly, the corporation can be imperfect, depending widely upon state law, in its ability to protect you from lawsuits. Nevertheless, it is usually much more effective in protecting the owners and managers from liability than using a general partnership or proprietorship.

*"It is . . . clearly established that mistakes or errors in the exercise of honest business judgment do not subject the officers and directors to liability for negligence in the discharge of their appointed duties.:- Harry E. Kalodner, Otis & Co. v. Pennsylvania"*

*"A corporation seems to us to be a person, though an artificial one, inhabiting and belonging to that state [of incorporation], and therefore entitled, for the purpose of suing and being sued, to be deemed a citizen of that state."*  
James M. Wayne, Louisville, Cincinnati & Charleston R.R.



*"A corporation is an artificial being, invisible, intangible and existing only in contemplation of law . . . it possesses only those properties which the charter of its creation confers upon it . . . among the most important are immortality, and . . . individuality; properties, by which a perpetual succession of many persons are considered as the same, and may act as a single individual. They enable a corporation to manage its own affairs, and to hold property without the perplexing intricacies, the hazardous and endless necessity, of perpetual conveyances for the purpose of transmitting it from hand to hand. . . By these means, a perpetual succession of individuals are capable of acting for the promotion of the particular object, like one immortal being."*

John Marshall, Trustees of Dartmouth College v. Woodward.

Call Now to Speak With a  
Live Advisor For a Free  
1-on-1 Personal Consultation  
M-F, 8am-5pm PST  
**1-800-638-2320**

# Your Guide to Choosing the Right Business Structure

Contact Corporate Service Center for all your incorporation needs:  
1-800-638-2320 or [www.corporateservicecenter.com](http://www.corporateservicecenter.com)



Page 3

## Limited Liability Companies

**T**he limited liability company (LLC) is a relatively new development in business law. Based on European tradition, the LLC was not introduced in the U.S. until the late 1970's, when Wyoming adopted the first LLC act.

An LLC is an entity that is legally separate and distinct from its owners, just as a corporation is its own legal person. For tax purposes, the LLC is usually treated as a partnership. However, the LLC can choose to be taxed as a corporation, if that is preferred.

The partnership tax classification can be either good or bad, depending upon the circumstances. Sure it avoids double taxation, but you might find yourself paying tax on company income at a ridiculously high personal income tax rate, instead of at a lower corporate rate.

As a partnership for tax purposes, the LLC merely files an informational tax return that details the gain and loss of the individual members. The tax liability flows through to the owners.

Every state now recognizes the LLC, which is one of the reasons why the LLC has become so popular. Many states already file more new LLCs each year than new corporations.

To be considered as an LLC, an entity may have no more than two of the following characteristics of a corporation:

- Continuity of Life Beyond that of Individual Members.
- Centralization of Management.
- Limited Liability.
- Free Transferability of Interests.

Because the LLC provides limited liability to all members and managers, as well as centralization of management, the remaining two characteristics of free transferability of interests, and continuity of life are not usually available. The LLC cannot exist beyond the life of its individual members. When a member dies, the LLC is automatically dissolved. It must be reorganized, or it reverts to corporate tax status.

State statute frequently limits the life span of an LLC to less than thirty years. If an LLC is maintained beyond that, the IRS may consider it to be a corporation.

Ownership of an LLC cannot be freely transferred without restriction. Only the original members of the LLC have the power to make decisions regarding the operation and administration of the company. If an ownership interest is transferred or sold to another party, it only carries a right to income.

Personal creditors of a limited liability company member may charge the member's interest with payment of the unsatisfied debt, but this only provides the creditor with the rights of an assignee of the member's interest. This functions very similar to the way a "charging order" limitation functions in a limited partnership.

As of this writing, only four states have passed laws that make the charging order the sole remedy of a judgment creditor. Nevada is one of them. In other states, there are several ways in which the charging order can be set aside, giving creditors far more power—including foreclosure and forced sale of LLC interests.

One key advantage to the LLC is in the lack of restrictions regarding the type and number of stockholders. The S corporation, for example, which is the other entity that provides corporate liability protection and flow-through tax status, has severe limitations on the shareholders. But the LLC is not subject to restrictions on ownership that apply to an S corporation. Most trusts, estates, corporations, partnerships, and other LLCs are prohibited from owning stock in an S corporation.

The LLC is already replacing the S corporation as the popular tax entity. It may also replace the limited partnership in some instances, but not entirely.

The LLC will not replace the C corporation, now or in the future. Besides the double taxation issue, there will likely always be income tax advantages for some people to using lower corporate tax rates. And, the free transferability of ownership interests of a corporation will always be a necessity in many circumstances.

The LLC's greatest advantages are in flexibility. It does not require the same degree of formality and record keeping that is demanded of a corporation. It has flexibility in its tax status; it provides solid asset protection benefits; and when your LLC is filed in a state where the law limits a judgment creditor only to a charging order remedy—like Nevada—it becomes the ultimate business entity for many applications and uses.



We expect that by the end of 2005, there will be more new Limited Liability Companies formed each year in the United States than there will be new corporations filed.

The flexibility of the LLC makes it a great entity to use in situations where corporations, subchapter S corporations and limited partnerships were previously used.

Call Now to Speak With a  
Live Advisor For a Free  
1-on-1 Personal Consultation  
M-F, 8am-5pm PST  
**1-800-638-2320**



# Your Guide to Choosing the Right Business Structure

Contact Corporate Service Center for all your incorporation needs:  
1-800-638-2320 or [www.corporateservicecenter.com](http://www.corporateservicecenter.com)



Page 4

## When to Form Your Business Structure

There are many good reasons for placing business activity under the umbrella of a corporation. While the tax laws change occasionally, the value of the corporation remains constant. The bottom line is this: People who form a new business entity are interested in liability protection, financial privacy, lower taxes, and flexibility in the management and control of the business.

So the first question many people ask about starting a business is, "When should I do it?" While many accountants and attorneys tend to give their clients the same, standard advice when asked this question, there are usually factors that reach beyond any "pat" answer. The fact is, the laws that govern our society are far too complex for any pat answer to this question to be correct in all circumstances.

The right time for you to form a business entity depends on what you or your business has done in the past, what you are doing now, and what you are trying to accomplish in the future. Often, the "right" time for someone to formally organize was months or years before they ever get around to asking the question.

Several years ago, a nationally renowned radio talk show host who deals with a variety of personal and business related issues was asked about the best time to incorporate a business. The reply he gave was surprisingly shortsighted, but very demonstrative of the misinformation distributed by business professionals across the country on this important question. The talk show host gave an answer based on the amount of revenue that the business was generating.

I do not remember the exact figure he gave now, but it is typical for many business advisors to recommend that incorporation is not worthwhile until the business is generating a specified number of dollars in annual revenues. There can be no question that there are costs associated with incorporating, and from that perspective perhaps it makes sense to determine what the "break-even" point is for the corporation to make up those costs. Nevertheless, this perspective is too narrow an outlook of the value of the corporation.

Those who are concerned with financial privacy should probably formally organize before the fact if it is at all possible. The only way to preserve your privacy is to stay out of the paper trail in the first place. Let your company do

that. That way, the history of facts related to the transaction never leads directly to you, but instead to your business entity.

What value do you place on the protection that a properly maintained business entity offers? The fact that a certain asset or activity exists under the corporate umbrella may save the owners millions of dollars in liability and judgments over time.

Even from the cost/benefit perspective, there are other reasons to consider a corporation or LLC besides simply revenue figures. Remember that it is income used to determine your tax liability. Losses are used as deductions against your income, and the less income you have, the lower your tax liability. That is one reason it is common to hear of the huge, multinational companies reporting gargantuan losses from time to time that seem so incredible. They are simply lowering their tax bill.

Almost all new companies are expected to go through a period of financial struggles or loss. This period may last weeks, months, or years. Why shouldn't your company be allowed to take advantage of the tax losses that are being accumulated during this initial period? Quite simply, it should, and the tax laws provide for that through what is called a "loss carry-forward."

A new business entity can immediately begin spending money in many areas that you would otherwise be spending personal funds. The start up expenses may include automobile leases, maintenance, insurance, taxes, airline travel, meals, entertainment (still partially deductible) retirement plans, equipment purchase, and miscellaneous expenses. Many of these deductions have a greater value to the company than to the individual because of the limits on individual deductions.

As you can see, many expenses of the entrepreneurial individual can be spent by the new entity. As you build up your loss, you create a situation where you can reduce or eliminate future taxes by using a tax loss carry forward or income averaging against future profits.

When you seek guidance on the right time for you to incorporate, make sure your advisors have their eyes open to all of the factors involved. Do not let them set an arbitrary income "incorporation line." If they insist, maybe you need to talk to someone with a broader sense of the business world.



Often, the "right" time to form your business entity was months or years before you ever get around to asking the question.

Call Now to Speak With a  
Live Advisor For a Free  
1-on-1 Personal Consultation  
M-F, 8am-5pm PST  
**1-800-638-2320**

# Your Guide to Choosing the Right Business Structure

Contact Corporate Service Center for all your incorporation needs:  
1-800-638-2320 or [www.corporateservicecenter.com](http://www.corporateservicecenter.com)



Page 5

## Which State is Right For You?

Each state allows for the creation of the corporation entity through a set of laws that govern and control their formation and use. Those laws are commonly called the Corporation Code of that state.

One of the most significant differences between the various states can effect your pocketbook directly. That is, taxes. Only a couple of states impose no taxes at all on corporate income. State corporate income tax rates can be as high as 12 percent. Obviously, with the proper planning, there can be tremendous tax savings where the income is earned in a tax-free state.

As stated earlier, not all state's corporation laws are alike. Because each state has adopted its own version of the Corporation Code, there are tremendous differences between how corporations are handled, what powers they are given, and how they can conduct their internal operations. A corporation is a citizen of the state that formed it, and is subject to the Corporation Code as adopted in that state.

Therefore, it is important that you become familiar with the Corporation Code of the state in which you are planning to incorporate. You might also be advised regarding the differences between corporations formed in other key states known to be corporate havens, such as Nevada, Delaware, or Wyoming.

When differences exist between the laws of different states, it will create either an advantage or a disadvantage for you and your incorporated business. Once a corporation has been formed, the Code of that state directs the basic rights and duties of its shareholders, directors, and officers.

Other provisions may make the corporate management more restrictive and difficult. For instance, some states require three different individuals to act as the corporate officers, while others require only one. Some states regulate and limit the type of stock that can be issued by the corporation, while other states allow the corporation to make that decision. Some states require extensive public disclosure of corporate ownership, a few states allow degrees of confidentiality regarding ownership issues. The ways in which these differences effect your corporation are virtually limitless.

## Forming a Business Entity in your Home State

Using a corporation formed in a tax haven like Nevada, Wyoming or Delaware requires an understanding of many interstate issues. For now, suffice it to say that some businesses will gain no advantage to using an out-of-state corporation as their primary business entity.

A small business that depends wholly upon a local, intrastate market and has no intention toward establishing interstate operations is a prime candidate for local incorporation. It makes no sense for that business to maintain a corporation in another state and jump through the required hoops just to qualify to transact business in its home state. In effect, it would often cost more than maintaining two different domestic corporations.

Most local retailers, for example, have a public presence in a local mall or other commercial property, advertise extensively throughout the local area, and have one or more employees. The customers come to the store to make the purchase or engage the service. Under these circumstances it makes sense to deal with only one set of state laws, preferably the laws your accountant and attorney are most comfortable with on a daily basis. To use a corporation formed in another state will only bring unnecessary complications and costs.

When the time comes that the state corporate tax burden of the business is an issue, it may be appropriate to use a foreign corporation in a system that will reduce or eliminate them, providing you with a legal and competitive advantage over your competition.

This concept has often been referred to as the "dual corporation strategy," and is used to transfer taxable income out of a high tax jurisdiction into a low tax jurisdiction, like Nevada.

Using the dual corporation strategy, a company located in a high tax jurisdiction enters into a contract with a Nevada corporation whose business is to either provide goods or services to the non-Nevada company.

Payments for the goods or services provided by the Nevada company are tax deductible to the company in the high tax jurisdiction, which reduces or eliminates the state tax burden of that company. The profits of the Nevada company under the contract are free from state corporate taxation. Mission accomplished!



One of the most obvious differences between the various states can effect your pocketbook directly. That is taxes.

However, even more important are the advantages in the areas of liability protection, privacy and asset protection. It makes sense to form your business in a state where you can make greatest use of these benefits.

Call Now to Speak With a  
Live Advisor For a Free  
1-on-1 Personal Consultation  
M-F, 8am-5pm PST  
**1-800-638-2320**

# Your Guide to Choosing the Right Business Structure

Contact Corporate Service Center for all your incorporation needs:  
1-800-638-2320 or [www.corporateservicecenter.com](http://www.corporateservicecenter.com)



Page 6

## Pre-Incorporation Considerations?

During the pre-incorporation process, there are several things that should be thought out and addressed by the individuals participating in the incorporation process. How you resolve these issues might be addressed in either the bylaws or articles of incorporation, or as a separate written policy adopted by the board of directors. These items include:

- Financing. Who provides the funds and the other assets to the corporation? What considerations do those people receive in return?
- Share Structure. What will be the authorized number of shares that will be written into the articles of incorporation?
- Securities Regulation. Will the corporation have to comply with state and federal securities regulations?
- Tax Election. Will the corporation function as C corporation or an S corporation? Will you take advantage of Internal Revenue Code (IRC) 1244 stock treatment or IRC 351 treatment for non-cash assets? Are there any potential tax problems, such as debt/equity ratios, personal holding company status, personal service corporation status, or imputed interest problems?
- Management and Control. What rules do you need to govern the stockholders meetings and voting rights? What latitude will the board of directors be given in decisions over daily operations?
- Agreements. Do you need stock restrictions, buy/sell agreements, employment or independent contractor agreements, or stock subscription agreements?
- Benefits and Pension Plans. What do the shareholder/employees expect in terms of benefits? What is the best way to provide it?
- Estate Planning and Liquidity. If shareholders are investing significant portions of their estate, how are they assured of liquidity at death? How will their ownership interests transfer to their heirs?

The reason that these issues are pre-incorporation considerations is that many approaches to these areas of concern can only be effective if they are put in place prior to

the corporation papers being filed. For example, the articles of incorporation may contain any one of a number of provisions that will resolve these issues to the satisfaction of the parties involved, but that presumes that thought was given far enough in advance for the provisions to be drafted.

## Looking at Corporate Haven States

What is a corporate haven? A corporate haven is a jurisdiction that provides a favorable climate for forming corporations. It is a pro-business state that provides flexibility in the management and structure of the company, and usually provides a measure of tax favored treatment. A corporate haven is attractive to individuals located outside that specific jurisdiction, who live in places that don't provide the same advantages.

It is easy to spot a corporate haven. A corporate haven will form an unusually large number of corporations in comparison to the population of that state. That is a sure sign that the jurisdiction is attracting corporations from a much wider base.

There is an economic incentive for states to establish themselves as a corporate haven. The more corporations a state files, the more revenue it brings in through initial filing fees and the annual renewal fees necessary to maintain corporate status. Further, a state with favorable corporate laws attracts economic development and growth, in other words, it brings in new jobs.

In addition to the incentive of lower taxation, a corporate haven generally attracts incorporation as the result of favorable laws providing for indemnification of corporate officers and directors. This is an area where state laws vary widely.

A few of the most popular corporate havens are:

1. Delaware, where the corporate laws are designed to attract publicly traded companies with provisions that protect shareholder interests at the expense of officer and director liability.
2. Nevada, which attracts a large number of closely held companies, where the individuals are concerned about liability protection and taxation.
3. Florida, which has an intangibles tax that applies to a broad range of intangible corporate assets.
4. Wyoming, which has tried to model its corporate laws after Nevada.
5. South Dakota, which is a lot like Wyoming.



If a stock subscription can help you in accomplishing your goals, be sure to obtain legal counsel, as securities laws may apply. Frankly, most smaller corporations decide that this process is unnecessary, due to the relatively high costs associated with the legal counsel that is usually required.

Call Now to Speak With a  
Live Advisor For a Free  
1-on-1 Personal Consultation  
M-F, 8am-5pm PST  
**1-800-638-2320**

# Your Guide to Choosing the Right Business Structure

Contact Corporate Service Center for all your incorporation needs:  
1-800-638-2320 or [www.corporateservicecenter.com](http://www.corporateservicecenter.com)



Page 7

## Why Corporate Service Center started with Nevada entities

Nevada has spent more than two decades developing the infrastructure to support its claim as the incorporating capital of the West. Instead of resting on its laurels, Nevada has become much more determined to establish itself as a leader in business entities. In 1996, Nevada made its first appearance in the Top Ten List of states with the highest number of incorporations. That's not bad, considering there are 36 states with a larger population than Nevada. Over 1,500 corporations are formed every month in Nevada, which is three times higher than in 1985. Because of Nevada's pro business attitude, Inc. Magazine and Money Magazine have rated Nevada #1 among all States in recent years for favorable business climates. In the last decade, Nevada has clearly established itself as the "Corporation Capital of the West," and has shown significant annual growth in the number of new businesses that incorporate there each year. Nevada continues to aggressively pursue cutting-edge changes to its corporate and LLC laws to maintain its competitive edge, as evidenced by the 2003 addition of the Limited Liability Limited Partnership.

## Nevada Advantages

Nevada offers many advantages as a corporate haven

1. Nevada has no state corporate taxes.
2. Nevada has no franchise tax.
3. Nevada has no tax on corporate shares.
4. Nevada has no personal income tax.
5. Nevada provides total privacy of shareholders.
6. Nevada is the only state without a formal information sharing agreement with the IRS.
7. Nevada is the only state that allows for the issuance of "bearer shares."
8. Nevada has minimal reporting and disclosure requirements
9. Nevada has nominal annual fees.
10. Nevada allows for a one man corporation.

11. Nevada has established case law that prevents easy piercing of the corporate veil.
12. Corporate officers and directors are automatically protected from any personal liability unless they engage in fraud.
13. Stockholders, directors and officers need not live or hold meetings in Nevada, or even be U.S. citizens.
14. Only the names and addresses of the officers and directors are on public records. No other information, listings, or minutes of meetings are filed with the State.
15. There is no minimum initial capital requirement to incorporate.
16. Nevada corporations may issue stock for capital, services, personal property, or real estate. The directors alone may determine the value of any such transactions, and their decision is final.

Nevada's Corporation Code has been criticized by some as too pro-management, offering far too much flexibility in maintaining the corporation's affairs. Critics have said that the law in Nevada is not concerned enough about the rights of stockholders or employees. However, since the 1991 version of the Corporation Code was adopted, Nevada has experienced a 35% increase in the number of corporations filed in the state.

Most of these corporations are being formed by small companies, where the stockholders and the management are the same. These people are concerned very little with protecting their rights as a stockholder, since they also manage the company and receive all of the benefits of Nevada's liberal Code.



Of the 5 states with the fastest growing incorporation statistics, Nevada has more than 5 times the incorporation rate per thousand population of the others.

Call Now to Speak With a  
Live Advisor For a Free  
1-on-1 Personal Consultation  
M-F, 8am-5pm PST  
**1-800-638-2320**



# Your Guide to Choosing the Right Business Structure

Contact Corporate Service Center for all your incorporation needs:  
1-800-638-2320 or [www.corporateservicecenter.com](http://www.corporateservicecenter.com)



Page 8

## Nevada Corporations and Personal Privacy

For many people, privacy is the primary issue in their financial life. It seems that in our litigious society, the less people know about your assets, the better off you are. It is no coincidence that people without significant assets do not get sued nearly as often as those who are perceived as having "deep pockets." Individuals with any assets at all should anticipate the possibility of being sued during their lifetime. This is the very reason many people incorporate their business activities.

To protect your assets from the disturbing trend toward frivolous lawsuits, you need a specific plan of action that isolates your assets from yourself. If someone has no reason to believe that you have access to a million dollars, it is not likely that someone would pursue a million-dollar judgment against you. If you keep your assets private, you will greatly reduce your chances of being sued. Certainly no attorney would work on a contingency against you unless they see some way of getting paid. Suing poor people has never made an attorney rich.

It can be difficult or impossible to find out who the stockholders are of a Nevada corporation using any of the methods described above. Let's discuss each of these avenues individually.

First, the only filing required of a Nevada corporation to the Secretary of State is an annual list of officers and directors. This list represents the only information that the Secretary of State will have regarding the ownership and management of the corporation. This list is due on the 1st day of the 2nd month after incorporation, and annually after that.

Although there is room on this list for many names, only five lines need to be filled out. The required offices that the Secretary of State must have on file include the president, the secretary, the treasurer, at least one director, and resident agent. The most significant thing about that is the fact that one person may serve in all of those capacities, and is not required to be a stockholder.

The Nevada Secretary of State provides information on corporations. It is possible to learn whether or not the corporation is in good standing with the state; as well as the names of the president, secretary, treasurer, and director (as well as any additional officers which may have been reported, such as vice-president and/or additional directors). One may learn that all of those positions are

filled by the same individual, which usually suggests a one man corporation, or by several different individuals. They may discover that the officers and directors appear to have residency in the US, or that conversely, they appear to be citizens of a foreign country. They have also discovered who the resident agent is, but we'll get to that later.

What they could not learn is significant:

- Who the stockholders are, or even how many exist, or how much stock is issued;
- Assets the corporation owned, how much capitalization exists, or what their value was, and;
- Whether the officers and directors had changed since the last list was filed, since filing the list is only required once a year.

The corporation could conceivably call another meeting the following September and put the original officers and directors back into office in time for the next annual filing. So, you have no guarantee that the names you found have any relevance to the current situation.

Because Nevada has no corporate income tax, or the inherent bureaucracy that such a tax creates, there are no state corporate tax returns to look at. The only document the Department of Taxation has is a filing form for the Nevada Business License Tax, which is not immediately available as a public record, and if it were it would only disclose the number of hours worked by employees of the company.

Let's assume the resident agent for the corporate records has been subpoenaed for the records it has in its possession relating to this particular corporation. The Nevada resident agent is not required to have a copy of the actual stock ledger on file as is required in most states; instead it is merely required to have a statement that provides the name and address of the person who has the stock ledger in their possession. The actual stock ledger could be in Sri Lanka, Swaziland, or Senegal.

The law does not require the stock ledger to be in Nevada at any time. If the corporation so desired, it could force a potential litigant to spend a lot of time and money to pursue that information. As a creditor, you would have to be asking yourself how much trouble this is all worth.



The right for judgment creditors to access the corporate stock ledger was removed in 1993 by the Nevada Legislature

Call Now to Speak With a  
Live Advisor For a Free  
1-on-1 Personal Consultation  
M-F, 8am-5pm PST  
**1-800-638-2320**



# Your Guide to Choosing the Right Business Structure

Contact Corporate Service Center for all your incorporation needs:  
1-800-638-2320 or [www.corporateservicecenter.com](http://www.corporateservicecenter.com)



Page 9

## What About Delaware?

In years past, Delaware stood head and shoulders above any other state in offering protection in these vital areas. Delaware aggressively protected its stature as the incorporating capital of the United States. As a result, many of the Fortune 500 companies in the United States are incorporated in Delaware. They went to Delaware to protect the interests of their stockholders, directors, officers, and the corporation itself. More than 230,000 companies are incorporated in Delaware, which leads the nation as a major corporate domicile for American and international corporations. Each day, over 130 new companies file incorporation papers in Delaware.

Delaware's corporation law is written to protect the rights of shareholders of the public corporations that are the standard bearers in the Delaware corporation system. The emphasis is placed on shareholder protections to attract the large, public companies that trade shares in the various exchanges across the country. Its laws regarding corporate takeovers are the most sophisticated in the entire world. There is established legal precedent for any conceivable corporate situation. It is a stable legal environment for many public companies to use as their base.

Although Delaware remains a favorite for public corporations, in recent years Delaware has become less aggressive in protecting the rights of small corporations. In many areas, they have taken a step backward. Nevada has been one of the first states to step in and fill the void. Now, there are several states who are pursuing the incorporation market, focusing their efforts on the needs of the closely held company.

Closely held corporations, where the shareholders often take a managerial role as an officer or director, are not concerned with protecting their shareholder rights. What they need is protection as an officer or director from outside liability.

Nevada and Wyoming, on the other hand, are attractive to a completely different market. They have written their corporation laws to protect the rights and privacy of the small, privately held corporation. Nevada and Wyoming statute is concerned with strong management protection for the closely held company. These concerns are inherently in conflict with the Delaware school of thought.

Delaware follows the Model Business Corporation Act with regard to how it defines the standard of care that is expected of corporate officers. That is, Delaware requires that an officer act with at least some objective standard of

care. This standard is usually expressed as the care of an ordinarily prudent person under similar circumstances.

Delaware offers little, if any favorable tax treatment. The corporation is forced to choose between paying Delaware's 8.7% tax or the tax applicable in another jurisdiction where it is actually conducting business.

A primary difference between corporate havens is in the establishment of Delaware's administrative procedures that govern and regulate corporate dealings. Unfortunately, once a bureaucracy is established, history has proven that it must continually grow to justify its existence to the taxpaying public.

In addition, Delaware has a corporate income tax of 8.7% on revenues earned inside the state. While Delaware touts this tax treatment as an advantage, it actually causes a lot of problems for individuals from other states that incorporate in Delaware. The reason is simple. If the income is not earned in Delaware, it must be earned somewhere else, where it will most certainly be taxed.

## A Word About Offshore Havens

A great deal has been written about the benefits of incorporating in international corporate havens. Places like the Cayman Islands, the Bahamas, Isle of Man, Nevis, Panama, Gibraltar and many others are frequently used by promoters of offshore strategies as the ideal solution to protecting assets and eliminating taxes. The reason for this phenomenon is in the strict secrecy laws, and favorable tax climate used in many of these jurisdictions.

While it is true that there can be tremendous benefits realized by using an offshore corporation, it is not as easy, or inexpensive, to do properly as many promoters would have us believe.

Yet many people use offshore corporations every day in a manner that constitutes tax fraud, without getting caught. They are relying solely on the strength of the secrecy laws of the country in which they are incorporated. For many of these people, if the facts were known, they would be serving prison time.

Because of these and other technical problems with offshore incorporation, I generally advise my clients that unless they are or can be engaged in international trade or business, they should not consider using an offshore corporation. Without international trade or business present, the use of an offshore corporation will, in all probability, constitute a sham.



Delaware has found itself in a difficult position regarding closely-held companies.

It's laws have been systematically designed to protect the rights of the minority shareholder in a large, public company.

However, this is at the expense of protecting corporate officers and directors from liability, and of disclosure requirements.

Call Now to Speak With a  
Live Advisor For a Free  
1-on-1 Personal Consultation  
M-F, 8am-5pm PST  
**1-800-638-2320**

# Your Guide to Choosing the Right Business Structure

Contact Corporate Service Center for all your incorporation needs:  
1-800-638-2320 or [www.corporateservicecenter.com](http://www.corporateservicecenter.com)



Page 10

## Unincorporated Options: Sole Proprietorship

A sole proprietorship is the most common form for conducting business activity. This is a disturbing fact because it is almost universally not the best choice. A wise man once told me that "we gravitate to the level of our own laziness." Because the proprietorship is the default business entity for the individual who makes no effort to organize or plan his affairs, I believe that the large number of sole proprietorships functioning in the business world is testament to that statement.

The sole proprietorship is, by definition, the business of a single individual. It is the least expensive form of business to establish, in terms of the cost of legal, accounting and other start up fees. However, other factors may make it the most expensive entity of all to use over the long run.

As a sole proprietor, there is absolutely no difference between you, the person, and your business. Business liabilities are your personal liabilities. Its bills are your bills. If it is sued successfully, you may get the judgment against your personal assets. And, the proprietorship cannot survive you. Your ownership interest ends when you die.

Since, as a sole proprietor, the individual is the business, it is easy to take profits out of the sole proprietorship. There are no difficult accounting procedures to maintain. And, there are no double taxation problems that can be associated with the regular corporation distributing profits. In a proprietorship, you simply write yourself a check.

For tax purposes, you do not even have to file a separate business tax return. Instead, simply attach a Schedule C to your IRS 1040 where you report your business income. When you add it all up, you pay taxes at whatever personal income tax applies to you. Any gain or loss from the business is simply combined with your other taxable items.

The proprietor is not required to withhold federal income tax on his or her own business income (as opposed to salary income). However, if the proprietorship has any employees, there is a responsibility for withholding taxes from their paychecks. The individual proprietor will likely be required to make quarterly estimated tax payments, and will definitely be subject to a 15.3% "self-employment tax" on business income, to offset what the government views as the proprietor's ability to save in social security and Medicare taxes.

Each asset in the sole proprietorship is treated separately for tax purposes, rather than part of one complete ownership interest. For example, a sole proprietor selling an entire business as a going concern, figures gain or loss separately on each asset, not on the value of the entire business as a whole.

Since there is no difference between business and personal assets, the sole proprietor risks everything he or she has on every business day. If a judgment is placed against the business, every personal asset of the owner can be used to satisfy that judgment. This can include homes, property, automobiles, furniture, checking and savings accounts, investments, and personal effects. Additionally, a proprietorship can find it difficult to raise capital resources, since it can only be accomplished if the individual can qualify for a personal loan.

A sole proprietor has been historically limited in his or her ability to participate in such things as federally qualified pension plans and medical reimbursement plans that are available to other entities. And, he or she may have more trouble getting full deductions for other business expenses. The IRS has a tendency to disallow some expenses if there can be any question whether a certain expenditure was for business or personal use. Where there is no legal separation between the person and the business, this line gets a little vague at times, which can favor the IRS position for denying the deduction.

The sole proprietor has several basic planning considerations to deal with that are particular to proprietorship status. If the proprietor intends to pass the business on to his or her heirs, there are a number of estate planning and taxation issues that must be overcome. And, from a practical perspective, there is no one else to rely on in case of disability or financial hardship.

Considering all these factors, a proprietorship is certainly not a long-term business solution. It would be difficult to imagine a situation in which a proprietorship is an appropriate entity for serious business use.



*"The most enlightened judicial policy is to let people manage their own business in their own way."*

Oliver Wendall Holmes, in *D. Miles Medical Co. v. Park & Sons*

Call Now to Speak With a  
Live Advisor For a Free  
1-on-1 Personal Consultation  
M-F, 8am-5pm PST  
**1-800-638-2320**

# Your Guide to Choosing the Right Business Structure

Contact Corporate Service Center for all your incorporation needs:  
1-800-638-2320 or [www.corporateservicecenter.com](http://www.corporateservicecenter.com)



## Unincorporated Options: General Proprietorships

A general partnership is just as easy to form as a sole proprietorship. The difference, of course, is that a partnership must have at least two involved parties or partners. If two people agree to start some new enterprise, but make no effort to set up a specific business entity, by default they are general partners.

The general partners are co-owners of the business and its assets. They are basically proprietors in partnership. Their ownership interests may not be identical, but each general partner usually has the same legal powers in relation to the business. Once you form a general partnership, it has its own identity for most purposes and can own property, make contracts, and conduct business in the name the partners have adopted for the general partnership (its fictitious firm name).

The Internal Revenue Service considers a partnership to be any ordinary partnership, syndicate, group, pool, joint venture, or other unincorporated organization that is carrying on a business and that may not be classified as a trust or estate.

A general partnership is different from a limited partnership (which is discussed below) in the following ways:

1. Each general partner can legally bind the partnership by his or her actions
2. Each general partner is fully liable for all the business activities of the partnership.
3. Each general partner must have the unanimous consent of all other partners before being admitted into the partnership.
4. If any general partner dies or withdraws from the partnership, the partnership is dissolved (unless a prior written agreement provides otherwise).

Although a general partnership is often formed by default, not all joint business activities are automatically classified as a general partnership. For instance, if two business people agree to share such business expenses as a reception area or a photocopier, that does not create a general partnership. But, if they then charge customers or clients to use the copy machine, the general partnership does exist.

Although a general partnership can exist without a formal agreement, it is advised that the partners get together and draft a written partnership agreement to govern and control the partnership relationship.

General partnerships are subject to the same limitations as the sole proprietors concerning their ability to participate in benefit plans. And, certain business expenses are not always fully deductible. Partners are subject to the 15.3% Self Employment Tax.

In some ways, the partners in a general partnership have responsibilities to each other that can be compared to those found in civil marriage. Though the partners may have assigned themselves to specific roles and responsibilities in their relationship, perhaps even by written agreement, they are nevertheless jointly and severally liable to the rest of the world for the activities of the business as a whole. The actions of one partner in the name of the business are binding upon all of the partners.

The effect of this reality cannot be understated. A general partner must realize that every personal asset may be attached to fulfill a legal obligation created by another general partner. In other words, all of the assets of all of the partners are in constant jeopardy.

It would be possible for one general partner, without the knowledge of the others, to get a multimillion dollar business loan in the name of the partnership, and then fly to some remote Caribbean island with the funds to live a life of luxury. That would leave the other partners fully liable for the debt, possibly forcing the sale of the remaining partner's personal assets to repay the loan to the bank.

Each of the individual partners include the income or loss from a general partnership on their own tax return. In that way, the general partnership passes its income or loss directly to the individual partners. This avoids the problem with "double taxation" issues associated with drawing profit out of other forms of business. The way the IRS looks at it, it's your money to do with as you please, as long as you report it and pay taxes on it on time.

General partnerships are usually not filed with the Secretary of State because there are no uniform standards for limiting the liability of any of the partners involved. It is not unheard of for general partnerships to be formed as oral agreements.



*"Two heads are better than one because the two heads often represent a richer set of experiences and because they can bring to bear on the problem a greater variety of insights"*

Warren H. Schmidt

Call Now to Speak With a  
Live Advisor For a Free  
1-on-1 Personal Consultation  
M-F, 8am-5pm PST  
**1-800-638-2320**



# Your Guide to Choosing the Right Business Structure

Contact Corporate Service Center for all your incorporation needs:  
1-800-638-2320 or [www.corporateservicecenter.com](http://www.corporateservicecenter.com)



Page 12

## Unincorporated Options: Limited Partnerships

Limited partnerships have the same basic features as a general partnership, with one important exception: Limited partnerships have limited partners, who generally have neither liability for business activities nor management responsibilities; and general partners who have the same rights, responsibilities and status as a partner in a general partnership. The limited partnership is based on a principle that attempts to preserve the interests of the public good by requiring the existence of at least one general partner. That way, someone has responsibility and liability for the activities of the partnership.

However, the liability of the limited partner is limited to the amount they have invested in the partnership. Because their role in the partnership is viewed as passive, they are not held accountable for partnership activity. All they can do is lose their partnership investment.

Limited partnerships are only created by filing a Certificate of Limited Partnership with the State and establishing a formalized partnership agreement following State law. The partnership agreement is a legal document that specifically details the powers and responsibilities of the partners, and other factors that will decide how the partnership will function and react in specific situations.

Because of the complexity of the partnership agreement, it is important to recognize that all limited partnerships are not created equal. The effectiveness that a limited partnership will have in accomplishing your specific goals depends a great deal on the skill and knowledge of the person drafting the agreement. The wording of the agreement can greatly affect all aspects of the partnership, including the tax consequences of different partnership activities.

For example, a common use of a limited partnership is to protect assets from judgments or creditors. But the value of the partnership in accomplishing that goal is dependent upon the partnership agreement addressing any possible eventuality that a judgment creditor can create.

Unfortunately, not all partnership agreements are written with asset protection as a primary goal, and even those that do focus on asset protection are drafted by attorneys whose background, experience, and skills can vary widely. The result is that there are bad partnership agreements out there, and the average person, including many lawyers,

couldn't tell the difference until it is too late.

Limited partnerships are particularly effective in asset protection strategies, especially where the primary assets are real property. The technical explanation for this is beyond the scope of this book, but generally is because neither the limited partnership interest nor the partnership assets are attachable by a creditor. This protection is often called a "charging order limitation," which limits a judgment creditor to what is essentially a lien against partnership income.

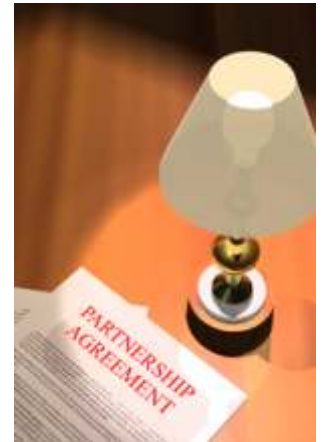
The proper uses of a limited partnership are found in three major situations:

1. As an asset protection tool against lawsuits or other judgments,
2. As a tool to spread income among the family and achieve a lower overall family income tax rate, and
3. As a tool in estate planning to lower estate taxes.

There is a lot of discussion these days about an entity called the Family Limited Partnership, which is touted as a suitable device for dealing with a variety of family and estate matters. For the most part, the Family Limited Partnership performs as advertised. But the entity is still a limited partnership, and subject to limited partnership law.

There can be several drawbacks to using limited partnerships. For instance, a limited partner must be careful not to take an active role in management, or exercise too much control over his or her investment, or the partner's legal status can be elevated to that of general partner. The undesired result would be that the limited partners suddenly find themselves exposed to all the personal risk that has been described earlier. Also, if the partnership has not been filed appropriately, the limited status of the partnership may be jeopardized, possibly resulting in full liability exposure to all of the partners.

The First District Court of Appeals for the State of California recently held that a limited partnership interest may be sold on foreclosure of a charging order lien at the request of a judgment creditor. This could have been avoided if the partnership agreement had been written differently, but the incident sets a disturbing precedent.



All limited partnerships are not created equal. They are as different as the documents that create them.

Call Now to Speak With a  
Live Advisor For a Free  
1-on-1 Personal Consultation  
M-F, 8am-5pm PST  
**1-800-638-2320**

# Your Guide to Choosing the Right Business Structure

Contact Corporate Service Center for all your incorporation needs:  
1-800-638-2320 or [www.corporateservicecenter.com](http://www.corporateservicecenter.com)



Page13

## Limited Liability Limited Partnerships: The LLLP

In 2003, the Nevada Legislature created a new form of limited partnership, the LLLP. The LLLP solves one of the largest problems created by the limited partnership: In a regular limited partnership, the General Partner has unlimited liability. He or she has no protection, whatsoever.

The LLLP statute allows a regular limited partnership to register for additional liability protection for the General Partner, giving the General Partner the same type of protection that corporate officers and directors receive under the law.

Some limited partnerships will not want to give the general partner this type of protection. That's fine, because they don't have to unless they want to.

However, a large number of limited partnerships that are used as Family Limited Partnerships, may see the wisdom in choosing this option.

## Business Trusts

The Nevada Legislature approved the formation and use of business trusts under Nevada law in 1999 in a bill written and introduced by the Nevada Bar Association. The text of the Nevada law regarding business trusts is found in the appendices of this volume.

The term "business trust" generally refers to an unincorporated association which is created by a trust instrument under which property is held, managed and controlled by a trustee. There are many names by which promoters have marketed the business trust. Among these include: common law trusts; pure trusts, Massachusetts business trusts; freedom trusts; and many other names. What the promoter calls it is not important.

Few business entities have been promoted with the accompanying hype and inflated promises as those surrounding business trusts. While there are properly constructed business trusts in use, the business trust may have been irreparably tainted by the questionable claims made by con artists and promoters of fraudulent tax schemes based on the use of the business trust.

Among the false promises made by trust promoters are the claims that the Trustor (the person who transfers assets

into the trust) can be provided with free housing, free automobiles, free medical care, and elimination of income, gift and estate taxes. Naturally, the promoters promise total asset protection. These claims are frequently made within the "Patriot" movement by unsuspecting taxpayers who are unaware of the depth of case that refute these ridiculous claims.

The business trust is promoted under a variety of names, such as: "The Pure Trust," "The Equity Trust," "The Liberty Trust," "The Business Trust Organization (BTO)", "Unincorporated Business Organizations," "Massachusetts Business Trust," and others. Most trust promoters are using documents that have evolutionary ties to disbarred Illinois attorney Harry Morgan Phipps.

In 1975, the IRS began to attack defective business trusts by issuing Revenue Ruling 75-257 through 75-260. In these rulings, the IRS defined fraudulent business trusts as those that:

1. Involved an assignment of income;
2. Were "Grantor" trusts by definition of the Internal Revenue Code;
3. Were "associations taxable as corporations" as defined by the Internal Revenue Code.

The IRS ruled that the assets of the trust would be included in the grantor's gross estate for estate tax purposes. In addition, the faulty trusts provide no protection against the claims of personal creditors.

That said, it is true that many of the super wealthy, such as the Rockefeller and Kennedy families have used sophisticated trusts to achieve significant tax savings and asset protection. Unfortunately, those trusts were put in place under a different set of laws in much simpler times.

Trusts can be properly used for business purposes only under very restrictive circumstances. The fact that some states, such as Nevada have adopted business trust legislation by states such as Nevada, others does not imply that the promises made by the promoters are true. It does indicate, however, that states are recognizing the need to codify and standardize business trust definitions and rules. If the business trust is "tax-neutral" (meaning that the trust provides no income tax benefits), it can be utilized with only very limited asset protection benefits.



The IRS defines fraudulent business trusts as those that; involve an assignment of income; were "grantor" trusts by IRC definition; and, were "associations taxable as corporations as defined by the Internal Revenue Code.

Call Now to Speak With a  
Live Advisor For a Free  
1-on-1 Personal Consultation  
M-F, 8am-5pm PST  
**1-800-638-2320**

# Your Guide to Choosing the Right Business Structure

Contact Corporate Service Center for all your incorporation needs:  
1-800-638-2320 or [www.corporateservicecenter.com](http://www.corporateservicecenter.com)



Page 14

## The Truth about Corporate Credit

Obtaining corporate credit has been a hot topic in the incorporation industry in past couple of years. Several incorporation companies working out of Nevada have flooded the airwaves, particularly in Southern California, with advertisements touting "guaranteed instant corporate credit" when they incorporate in Nevada.

Is this possible? I can't help but be reminded of the wisdom contained in the old saying that starts, "if it sounds too good to be true..."!

As the owner of a small business who has been through the process of obtaining corporate credit for a successful, long term Nevada business, I can tell you that the promises I've heard would have a difficult time standing up to truth-in-advertising laws. Getting corporate credit is simply not that easy.

Consider this: The primary reason people incorporate is to separate themselves as individuals from the risks of a business activity. Banks, vendors, and lenders know this. That is why a new company with no (or even a limited) track record can't get any legitimate corporate credit without the personal guarantee of an individual.

Creditors know that a corporation can easily walk away from a debt and they are left without recourse unless they can get an individual to guarantee the obligation. They also know that a new corporation without a track record is a significantly greater credit risk.

This is why legitimate lenders require either a personal guarantee, or demonstrated proof that the corporation is able to meet its obligations and repay the debt. Typically, the way this ability to repay is demonstrated is by providing copies of two or three years tax returns and financial statements, showing the income, expense, profitability and debt ratios of the company.

Knowing what you should now know about corporations, ask yourself: "Would I lend money to a new corporation without a personal guarantee?" Of course not. Neither will a legitimate creditor.

Companies that tout corporate credit lines might tell you that they will help you get a Dunn & Bradstreet rating. Big deal. You can get one yourself just by calling them.

What they don't tell you is that D&B accepts any information you provide them. You could report that your company owns a 50,000 square foot office building, employs 300, and grosses \$40 million per year, for example. However, none of that "information" will help your company get a positive credit rating unless you also provide them with detailed, audited financials on your company.

Because legitimate creditors rely on D&B for credit worthiness information, D&B has a heavy fiduciary responsibility to its customers to collect, sort through, and grade the quality of data they receive before they provide information to their clients.

So, a new business with 300 employees, a 50,000 square foot office and \$40 million in gross revenues will have no better credit rating than a new business that has none of those things. That is, unless detailed financials are provided.

So, the truth about corporate credit—at least when it comes to new companies—is that with a credit-worthy guarantor, you can probably get it.

## Contact Corporate Service Center for More Information

We hope this material has been helpful to you in learning more about the choices available to you when considering incorporation.

For more information, or to talk to one of our experienced corporation counselors, contact our offices. You have several options:

Toll-free in the U.S. & Canada at 1-800- NEVADA-0 (800-638-2320)

Outside of the U.S. & Canada at 775-329-7721  
On the Internet at [www.corporateservicecenter.com](http://www.corporateservicecenter.com), where you will find a great deal more information, online incorporation, and a web-based chat feature where you can speak directly to our staff.

Email us at [info@corporateservicecenter.com](mailto:info@corporateservicecenter.com)

Or, you can always write to us: Corporate Service Center, Inc., 350 S. Center Street, Suite 500, Reno NV 89501



Knowing what you should now know about corporations, ask yourself: "Would I lend money to a new corporation without a personal guarantee?" Of course not. Neither will legitimate creditor.

Call Now to Speak With a  
Live Advisor For a Free  
1-on-1 Personal Consultation  
M-F, 8am-5pm PST  
**1-800-638-2320**



# Your Guide to Choosing the Right Business Structure

Contact Corporate Service Center for all your incorporation needs:  
1-800-638-2320 or [www.corporateservicecenter.com](http://www.corporateservicecenter.com)



Page 15

## About Corporate Service Center, Inc.

Corporate Service Center, Inc. started in 1989 in a tiny office in Reno, Nevada with a single typewriter, a 2-drawer file cabinet, and a used desk that required a small book under its right-front leg to keep it from wobbling. Without an advertising budget, we thought that if we treated people right and gave them the best service they could get anywhere, then our customers would find us.

Believe it or not, that's exactly what happened. Now, in 2005, Corporate Service Center, Inc. has formed over 12,000 corporations and limited liability companies for clients around the world.

We were the first full-service incorporation company to open offices in the State of Wyoming in 1992. Now, we also have a filing office in California.

We have been members of the Better Business Bureau of Northern Nevada since we opened our doors, and are very proud of our complaint-free track record.

As a full service Nevada resident agent, we provide every element of support service that your corporation will need. We do everything from minor amendments, mail forwarding, voicemail, live operator telephone answering, business license and bank account assistance, tax consulting and preparation, business continuation planning, corporate credit builder programs, and more!

When you check out our record, our services, and our prices, you simply won't use anyone else!

### Corporate Service Center, Inc. offers:

- New corporate and LLC filings in all 50 states!
- Over 15 year's experience with Nevada entities!
- Tax and Accounting services, including consultation, bookkeeping, tax preparation, and more!
- Estate Planning, business continuation planning, and advanced business structures, through our team of lawyers and CPA's
- Remote "Virtual Office" services gives your company a physical presence in a corporate haven!

- Corporate Credit Builder services designed especially for assisting new entities establish themselves in the world of credit
- Employee benefits programs to give your company Fortune 500-type benefits, regardless of size.

Presented by Corporate Service Center, Inc.  
1-800-638-2320

Corporate Service Center, Inc  
5190 Neil Road, Suite 430 Reno, NV 89502

(800) 638-2320 or (775) 329-7721  
Fax: (775) 329-0852

Email: [info@corporateservicecenter.com](mailto:info@corporateservicecenter.com)

[WWW.CORPORATESERVICECENTER.COM](http://WWW.CORPORATESERVICECENTER.COM)



Call Now to Speak With a  
Live Advisor For a Free  
1-on-1 Personal Consultation  
M-F, 8am-5pm PST  
**1-800-638-2320**