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WEALTH PRESERVATION

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LLC OVERVIEW AND CONVERSION TO LLC

SERVICIO COMPLETO EN ESPAÑOL.

NOTICE: THE FOLLOWING SLIDES CONSIST OF GENERAL INFORMATION, AND ARE NOT MEANT TO BE USED TO ANALYZE ANY SPECIFIC SITUATION. THESE SLIDES SHOULD NOT BE RELIED UPON TO RESOLVE ANY SPECIFIC LEGAL ISSUE. PLEASE SEEK LEGAL COUNSEL AS WARRANTED.

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AGENDA

- NATURE OF THE LLC
- LLC TAX CHARACTERISTICS
- CONVERSION TO LLC



LIMITED LIABILITY COMPANY

- HYBRID ENTITY
- MEMBERS, MANAGERS AND MANAGING MEMBERS
- OPERATING AGREEMENT
 - DEFAULT RULES
 - STATUTORY LIMITATIONS
- SUNBIZ MYTH



ORGANIZATION

- LLC MUST FILE WITH THE DEPARTMENT OF STATE
- NOT REQUIRED TO DISCLOSE MANAGERS OR MEMBERS IN ARTICLES OF ORGANIZATION
- MUST DISCLOSE MANAGERS IN ANNUAL REPORT
- NEED NOT DISCLOSE THE NUMBER OR NATURE OF MEMBERSHIP INTERESTS



LLC TAX CHARACTERISTICS

- PARTNERSHIP, CORPORATE OR DISREGARDED ENTITY
- DEFAULT CLASSIFICATIONS
- PERMISSIBLE CLASSIFICATIONS
- S VS. K VS. C



OPERATING AGREEMENT

- HYBRID
- CORPORATE GOVERNANCE STYLE
- LIMITED PARTNERSHIP STYLE
- GENERAL PARTNERSHIP STYLE
- STATUTORY LIMITATIONS & DEFAULT RULES



TRANSFERABILITY OF OWNERSHIP

- LLC DEFAULT:
 - MAY ASSIGN ECONOMIC INTEREST
 - NO TRANSFER OF VOTING INTEREST WITHOUT UNANIMOUS CONSENT OF MEMBERS
- CORPORATE DEFAULT: FREE TRANSFERABILITY



AGENCY OF MEMBERS AND MANAGERS OR MANAGING MEMBERS § 608.433

- MEMBER MANAGED → MEMBER
- MANAGER MANAGED → MANGER
- EVEN REAL PROPERTY



LLC ASSET PROTECTION

- GENERAL PARTNER'S CREDITORS CAN FORECLOSE LIEN ON PARTNERSHIP INTEREST
- SHAREHOLDER'S CREDITORS CAN LEVY STOCKS AS PERSONAL PROPERTY
- MEMBER'S CREDITORS ARE LIMITED TO A CHARGING ORDER
- SINGLE-MEMBER LLC
- RECEIVERSHIP/BANKRUPTCY



CONVERSION TO LLC

- STATUTORILY PERMISSIBLE IN FL
- PARTNERSHIP OR CORPORATION CAN CONVERT
- TAX FREE “F” REORG IF GOING FROM S-CORP TO LLC AND TAXED AS S-CORP
 - NEED TO “CHECK THE BOX”
 - DOES NOT REQUIRE NEW S-ELECTION
 - SAME TIN
- PITFALLS



SOME OTHER BENEFITS OF CONVERTING TO AN LLC

- OPERATING AGREEMENT IS A HYBRID DOCUMENT
- PREEMPTIVE RIGHTS
- MORE FLEXIBLE PARTNERSHIP TAX TREATMENT
- CORPORATE CASE LAW REGARDING “PIERCING THE CORPORATE VEIL”



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CONVERSION PROCEDURE

- SECTION 607.1112
 1. CERTIFICATE OF CONVERSION
 2. ARTICLES OF ORGANIZATION
 3. AGREEMENT TO CONVERT
 4. BOARD RESOLUTIONS
 5. SHAREHOLDER CONSENTS

WE LOOK FORWARD TO AN OPPORTUNITY TO BE OF ASSISTANCE.



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CORPORATE & BUSINESS – ASSET PROTECTION – TAXATION & IRS DISPUTES
REAL ESTATE – WILLS, TRUSTS & ESTATE PLANNING – LITIGATION & DISPUTE RESOLUTION

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