

## COMPARISON CHART OF DIFFERENT TYPES OF BUSINESS ORGANIZATIONS

	C Corporation	S Corporation	General Partnership	Limited Partnership	Limited Liability Partnership	Limited Liability Company
<b>CREATION &amp; APPLICABLE LAWS</b>						
<b>1. Applicable MN Statutes</b>	Chapter 302A	Chapter 302A	Chapter 323 / 323A(1)	Chapter 323A	Chapter 323 / 323A(1)	Chapter 322B
<b>2. Creating Documents</b>	Articles of Incorporation	Articles of Incorporation	Articles of Partnership (none required)	Articles of Limited Partnership	Articles of Partnership	Articles of Organization
<b>a. Who signs?</b>	Incorporator(s)	Incorporator(s)	All Partners	All Partners	All Partners	Organizer(s)
<b>b. Document Must be Filed?</b>	Yes	Yes	No	Yes (Certificate of Limited Partnership)	Yes (Statement)	Yes
<b>c. With Whom?</b>	Secretary of State	Secretary of State	N/A	Secretary of State	Secretary of State	Secretary of State
<b>3. Owners:</b>						
<b>a. Designation</b>	Shareholders	Shareholders	Partners	Partners	Partners	Members
<b>b. Minimum No.</b>	May be only one Shareholder	May be only one Shareholder	Must be at least two Partners	Must be at least two Partners	Must be at least two Partners	May be only one Member
<b>c. Maximum No.</b>	Unlimited	Limited to 75	Unlimited	Unlimited	Unlimited	Unlimited
<b>d. Ownership Interests</b>	Yes, can have a variety of series	No, only one class of stock	Yes, can have classes of	Yes, can have classes of	Yes, can have classes of	Yes (Financial Rights vs.

<b>Separable?</b>	& classes of stock		Partners	Partners	Partners	Governance Rights)
<b>4. Restrictions on Types of Owners</b>	No	Yes	No	No	No	No
<b>5. Governance / Operating Rules</b>	Bylaws (Optional)	Bylaws (Optional)	Articles of Partnership (if so elects)	Articles of Partnership (if so elects)	Articles of Partnership (if so elects)	Optional
<b>OWNERS' INTERESTS &amp; LIABILITY</b>						
	<b>C Corporation</b>	<b>S Corporation</b>	<b>General Partnership</b>	<b>Limited Partnership</b>	<b>Limited Liability Partnership</b>	<b>Limited Liability Company</b>
<b>6. Owner's Interests</b>						
<b>a. Designation</b>	Shares of Stock	Shares of Stock	Capital Account	Capital Account	Capital Account	Membership Interest
<b>b. Ownership</b>	Number of Shares	Number of Shares	Percentage of Capital	Percentage of Capital	Percentage of Capital	Percentage Interest
<b>c. Other Interests</b>	Options, Warranties, etc.	Options, Warranties, etc.	Income Account	Income Account	Income Account	Income Account
<b>d. Agreement to Invest</b>	Subscription Agreement	Subscription Agreement	Articles of Partnership	Articles of Partnership	Articles of Partnership	Contribution Agreement or Contribution Allowance Agreement
<b>e. Evidence of Ownership</b>	Entry on Stock Registrar, and Certificate	Entry on Stock Registrar, and Certificate	Entry on Partnership Records and Certificate (Optional)	Entry on Partnership Records and Certificate (Optional)	Entry on Partnership Records and Certificate (Optional)	Entry on LLC "Required Records," and Certificate (Optional)

<b>f. Voting Rights</b>	Number of Voting Shares	Number of Voting Shares	Percentage of Capital (unless Articles provide otherwise)	Percentage of Capital (unless Articles provide otherwise)	Percentage of Capital (unless Articles provide otherwise)	Percentage of Membership Interest
<b>7. Owner's Liab for Debts of Entity (absent fraud, etc.)</b>	No	No	Yes	General Partner(s) - Yes; Limited Partner(s) - No	No Partner is Liable	No Member is Liable
<b>8. Ability to Pierce Liability Shield</b>	Yes	Yes	N/A	Yes, as to Limited Partner (if don't comply w/statute)	Yes, if fail to renew annual statement	Yes
<b>9. Liability of Managers for Illegal Distributions</b>	Directors Liable; 2-year Statute of Limitations	Directors Liable; 2-year Statute of Limitations	N/A (because general partners liable for all entity debts)	N/A (because general partners liable for all entity debts); Except for LLLP	No Provision is LLP Statue (Uniform Fraudulent Transfer Act does not impose liability on decision maker)	Governors Liable; 2-year Statute of Limitations
<b>ELECTION &amp; STATUTORY REMOVAL OF OFFICERS AND DIRECTORS</b>						
	<b>C Corporation</b>	<b>S Corporation</b>	<b>General Partnership</b>	<b>Limited Partnership</b>	<b>Limited Liability Partnership</b>	<b>Limited Liability Company</b>
<b>10. Election/Statutory Removal of Officers and Directors</b>						
<b>a. Directors</b>	By Shareholders	By Shareholders	By Partners	By Partners	By Partners	By Members
<b>b. Officers Elected</b>	By Board of	By Board of	Managers	Managers	Managers	Managers

	Directors	Directors	elected/selected as provided in Articles, if any	elected/selected as provided in Articles, if any	elected/selected as provided in Articles, if any	elected/selected by Board of Governors
<b>c. Required Officers / Titles</b>	CEO and CFO	CEO and CFO	None	General Partner	None	Chief Manager and Financial Manager (but see 9(d) below)
<b>d. Permitted Officers / Titles</b>	President, Vice-President(s), Secretary, Treasurer, Chairman	President, Vice-President(s), Secretary, Treasurer, Chairman	Any provided in the Articles, if any	Any provided in the Articles, if any	Any provided in the Articles, if any	Other Managers (all managers can have the same titles as a Corporation)
<b>OWNERS' RIGHTS</b>						
	<b>C Corporation</b>	<b>S Corporation</b>	<b>General Partnership</b>	<b>Limited Partnership</b>	<b>Limited Liability Partnership</b>	<b>Limited Liability Company</b>
<b>11. Participation by Owners in Management</b>	All Shareholders (direct management) or delegated to Board of Directors	All Shareholders (direct management) or delegated to Board of Directors	All Partners, or delegated to Managing Partner(s)	At least one General Partner (No Limited Partner(s) except as permitted by statute	All Partners, or delegated to Managing Partner(s)	All Members, or delegated to Board of Governors
<b>12. Transferability of Ownership Interest</b>	Shares are freely transferable, unless restricted by Articles, Bylaws, Buy-Sell, SH Control Agreement or Securities Laws	Shares are freely transferable, unless restricted by Articles, Bylaws, Buy-Sell, SH Control Agreement or Securities Laws	Not transferable (may result in dissolution); business can be carried on if permitted by Articles after such transfer /	Not transferable (may result in dissolution); business can be carried on if permitted by Articles after such transfer /	Not transferable (may result in dissolution); business can be carried on if permitted by Articles after such transfer /	Membership interests are freely transferable unless restricted by the Articles, Bylaws, a Member Control

			dissolution	dissolution	dissolution	Agreement, or Securities Laws
<b>13. Rights of Minority Owners</b>						
<b>a. Preemptive Rights</b>	Yes, unless denied in the Articles	Yes, unless denied in the Articles	None, unless provided in the Articles	None, unless provided in the Articles	None, unless provided in the Articles	Yes, unless denied in the Articles
<b>b. Dissenter's Rights</b>	Yes	Yes	None, unless provided in the Articles	None, unless provided in the Articles	None, unless provided in the Articles	Yes, unless denied in Bylaws or Member Control Agreement
<b>14. Voting</b>						
<b>a. Cumulative Voting</b>	Yes, unless denied in the Articles	Yes, unless denied in the Articles	No	No	No	Yes, unless denied in the Articles
<b>b. Quorum</b>	Absolute Majority of Voting Power (unless smaller number in Articles or Bylaws)	Absolute Majority of Voting Power (unless smaller number in Articles or Bylaws)	None provided by statute	None provided by statute	None provided by statute	Absolute Majority of Voting Power
<b>c. Counting of Votes</b>	In Proportion to the Number of Voting Shares Owned	In Proportion to the Number of Voting Shares Owned	In Proportion to the Value Contributed (unless otherwise provided in the Articles)	In Proportion to the Value Contributed (unless otherwise provided in the Articles)	In Proportion to the Value Contributed (unless otherwise provided in the Articles)	In Proportion to the Value Contributed (unless otherwise provided in the Articles)

<b>d. Vote Required for Action</b>	Greater of (1) Majority of the Quorum or (2) Majority of the Voting Power Present	Greater of (1) Majority of the Quorum or (2) Majority of the Voting Power Present	As specified in the Articles	As specified in the Articles	As specified in the Articles	Absolute Majority for Some Actions; Majority of Membership Interests Present for Other Actions
<b>15. Permitted Agreements</b>						
<b>a. Voting</b>	Yes	Yes	Yes	Yes	Yes	Yes
<b>b. Control</b>	Yes	Yes	Yes	Yes	Yes	Yes
<b>16. Limit on Right to Make Distributions</b>	Yes, by Statute	Yes, by Statute	No (unless in Articles)	No (unless in Articles)	No (unless in Articles)	Yes, by Statute
<b>DISSOLUTION</b>						
	<b>C Corporation</b>	<b>S Corporation</b>	<b>General Partnership</b>	<b>Limited Partnership</b>	<b>Limited Liability Partnership</b>	<b>Limited Liability Company</b>
<b>17. Dissolution</b>						
<b>a. Who/How?</b>	<u>Shareholders:</u> Out of Court or in Court	<u>Shareholders:</u> Out of Court or in Court	<u>Partners:</u> Out of Court or in Court	<u>Partners:</u> Out of Court or in Court	<u>Partners:</u> Out of Court or in Court	<u>Members:</u> Out of Court or in Court
	<u>Creditors:</u> In Court	<u>Creditors:</u> In Court	<u>Creditors:</u> In Court	<u>Creditors:</u> In Court	<u>Creditors:</u> In Court	<u>Creditors:</u> In Court
<b>b. Grounds for Dissolution / Judicial Intervention</b>	<u>Shareholders:</u> 1. Prior Agreement	<u>Shareholders:</u> 1. Prior Agreement	<u>Partners:</u> 1. Breach of Agreement	<u>Partners:</u> 1. Breach of Agreement	<u>Partners:</u> 1. Breach of Agreement	<u>Members:</u> 1. Breach of Agreement

	2. Deadlock	2. Deadlock	2. Partners Misconduct	2. Partners Misconduct	2. Partner Misconduct	2. Deadlock
	3. Consent of all Shareholders	3. Consent of all Shareholders	3. Consent of all Partners	3. Consent of all Partners	3. Consent of all Partners	3. Consent of all Members
	4. Fraudulent, Illegal, or Unfairly Prejudicial Conduct by Majority in a Closely-Held Corporation	4. Fraudulent, Illegal, or Unfairly Prejudicial Conduct by Majority in a Closely-Held Corporation	4. Expiration of Duration of Partnership	4. Expiration of Duration of Partnership	4. Expiration of Duration of Partnership	4. Expiration of Duration of the LLC, if any
	5. Waste of Assets	5. Waste of Assets	5. Waste of Assets	5. Waste of Assets	5. Waste of Assets	5. Waste of Assets
	6. Happening of Event Specified in Agreement	6. Happening of Event Specified in Agreement	6. Happening of Event Specified in Agreement	6. Happening of Event Specified in Agreement	6. Happening of Event Specified in Agreement	6. Happening of Event Specified in Agreement
	<u>Creditor:</u> 1. Unsatisfied Judgment 2. Admission that Unable to Pay Debts in Ordinary Course	<u>Creditor:</u> 1. Unsatisfied Judgment 2. Admission that Unable to Pay Debts in Ordinary Course	7. Death, Retirement, Resignation, Incapacity, Expulsion, Bankruptcy, or Dissolution of a Partner (Unless otherwise agreed upon)	7. Death, Retirement, Resignation, Incapacity, Expulsion, Bankruptcy, or Dissolution of a Partner	7. Death, Retirement, Resignation, Incapacity, Expulsion, Bankruptcy, or Dissolution of a Partner	7. Same as Partnership (except Members may grant advance dissolution avoidance consent and/or advance agreement for continuation of the business)
			8. Business can only be Carried	8. Business can only be Carried	8. Business can only be Carried	8. Fraudulent, Illegal, or

			on at a Loss	on at a Loss	on at a Loss	Unfairly Prejudicial Conduct by Governors in a Closely-Held LLC
			9. Other Equitable Reasons (e.g. to protect minority owners)	9. Other Equitable Reasons (e.g. to protect minority owners)	9. Other Equitable Reasons (e.g. to protect minority owners)	9. Other Equitable Reasons (e.g. to protect minority owners)
<b>18. Effect of Dissolution</b>	Entity Terminated; Business can be carried on only if a Merger or Sale of Assets	Entity Terminated; Business can be carried on only if a Merger or Sale of Assets	Entity Terminated; Business can be carried on only if a Merger or Sale of Assets	Entity Terminated; Business can be carried on only if a Merger or Sale of Assets	Entity Terminated; Business can be carried on only if a Merger or Sale of Assets	Entity may or may not be Terminated; Entity can Continue if Remaining Members give/gave Dissolution Avoidance Consent; Business can Continue if Merger or Sale of Assets (i.e., into another LLC), Based on Business Continuation Agreement
<b>MISCELLANEOUS</b>						
	<b>C Corporation</b>	<b>S Corporation</b>	<b>General</b>	<b>Limited</b>	<b>Limited</b>	<b>Limited</b>

			<b>Partnership</b>	<b>Partnership</b>	<b>Liability Partnership</b>	<b>Liability Company</b>
<b>18. Duration</b>	Perpetual	Perpetual	Indefinite (Until Dissolution)	Indefinite (Until Dissolution)	Indefinite (Until Dissolution)	Perpetual (Unless Articles specify a shorter duration)