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**TEXAS BUSINESS ASSOCIATIONS**



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ASPEN SELECT SERIES

# TEXAS BUSINESS ASSOCIATIONS

**MARCIA JOHNSON**

THURGOOD MARSHALL SCHOOL OF LAW  
TEXAS SOUTHERN UNIVERSITY

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It takes a touch of genius—and a lot of courage to move

in the opposite direction.”

Albert Einstein

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Marcia Johnson  
Emeka Duruigbo



# INTRODUCTION

This book is designed to introduce law students to basic concepts of the Texas business organization. Texas adopted its Business Organizations Code in 2006. Prior to that time, the Texas legislature enacted several different statutes that addressed each form of recognized business entity. For example, The Texas Revised Partnership Act provided the legal principles for general partnerships, the Texas Business Corporations Act covered corporations law, the Texas Revised Limited Partnership Act covered the law of limited partnerships, and the Texas Limited Liability Company Act provided the law for Texas limited liability companies. In order to codify these laws of business organizations in Texas, the legislature adopted the Texas Business Organizations Code. Occasionally, the cases in this book will refer to or be based on the earlier law. The student should consider those cases illustrative, being careful to distinguish prior law from the law of the current Texas Business Organizations Code.

Organizations are associations of persons who act together to reach one or more goals. The study of business organizations is principally about relationships discussed in the context of a formal entrepreneurial structure. This basic course seeks to help you define and clarify the various relationships that occur between people and entities in the business arena.

Structure provides opportunity for a relationship to define roles to help ensure that a business runs efficiently and properly. As an attorney, you may be called upon to advise persons and/or businesses about a wide range of matters from pre-formation to termination. Minimally, you should be conversant in these areas to be able to provide competent representation.

In this book, we seek to present the subject of business organizations in Texas clearly and concisely. We begin with a discussion of Agency which is the foundation of business organizations. Next, we address various business organizations, including the (1) general partnership, (2) limited partnership, (3) the corporation, and (4) the limited liability company. For each organization we examine how the entity's formation, governance, liability, financing and dissolution and termination.

Following each section, we include a quick reference guide to the pertinent Texas Business Organization Code provisions, and where applicable, reference to model codes. That is followed by practice questions designed to challenge the student to apply the law and lessons learned to solve practical problems.

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