

BUSINESS STRUCTURES

Second Edition

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American Casebook Series®

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BUSINESS STRUCTURES

Second Edition

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DEDICATION

We wrote *Business Structures* primarily for students who did not take any “business courses” in college. Two of us did not take any “business courses” in college. And then we took this course in law school, and it was our worst law school experience (until, years later, we attended our first law school faculty meeting). We wrote this book to spare you that fate.

We also dedicate *Business Structures* to the wonderful people at WestGroup who market and sell law school books. *Cf.* page 1.

PREFACE

We understand that many of you are taking this course because your law school requires it or because the last bar exam had both a corporation question and a partnership question or because the class meets at 11 on Tuesdays, Wednesdays and Thursdays. Regardless of the reason, we are glad that you are taking the course.

All law students and lawyers need to understand business structures. For law students, business structures are building blocks in other courses. For lawyers, business structures are building blocks in the lives of their clients, in the lives of their communities.

And, like law students, lawyers, clients and communities, business structures have “lives.” This book covers the life cycle of a business, Bubba’s Burritos, from birth to death. We will see how Bubba’s Burritos’ “life” and legal issues change as the business changes from a sole proprietorship to a partnership, to a corporation, to a limited partnership, to a limited liability company. We will also consider how the life and legal issues of Bubba’s Burritos differ from those of a larger, more mature business such as McDonalds.

We will look not only at businesses but also at their owners. Generally, people buy a business or an interest in a business to make money. We will consider how the structure of a business affects the ability of its owners to make money from business operations or from the sale of ownership interests.

While the stuff you will be learning is important, it can’t be that difficult. After all, Kyle and Stan were able to learn about corporations and corporate takeovers from the underwear gnomes in *South Park*, episode 217. [See http://en.wikipedia.org/wiki/Underpants_Gnomes.]

Dave Epstein

Rich Freer

Mike Roberts

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It is customary to thank, in passing, our research assistants for their contributions. In this case, a passing sentence is not nearly enough. We are grateful to Kris Aungst (Alabama '02), Thomas Casey (Alabama '03), Chris Ott (Emory '01), Adam Plant (Alabama '03), and Ethan Rosenzweig (Emory '02) for truly extraordinary diligence and competence in helping us complete this project. And, we very much appreciate the extraordinary efforts of our co-workers who converted our scribbled text into this camera-ready book: Theresa Gagnard and especially Jacqueline Archer of the Harvard Business School Case Services Center.

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So *Business Structures* can "hold" this rich array of non-case materials and "hold" all the traditional cases that law professors like to teach and, most important, "hold" your interest, we have heavily edited the cases and omitted citations in the cases, other than citations to other cases in the book. We indicate an omission of text by ***. We have also edited out almost all of the footnotes in cases, and have not indicated the omission of footnotes. However, footnotes in cases are indicated by the original numerical references, rather than by an asterisk. If you see a footnote in a principal case, it is important. To make these footnotes easier to identify, they appear in bold print.

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