

LIMITED LIABILITY COMPANY  
INFORMATION ORGANIZER

(MULTIPLE MEMBER LLC)

(Use for business and investment LLCs with two or more Members)



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**INFORMATION FOR ORGANIZING  
LIMITED LIABILITY COMPANY**

**General Information:**

Name of LLC: \_\_\_\_\_

Contact Person: \_\_\_\_\_

Mailing Address: \_\_\_\_\_  
\_\_\_\_\_

Phone: \_\_\_\_\_

Fax number: \_\_\_\_\_

E-Mail Address: \_\_\_\_\_

**Applications/Registrations:**

CPA    DLG    Client

\_\_\_\_    \_\_\_\_    \_\_\_\_    Federal EIN Application (social security number of member \_\_\_\_-\_\_\_\_-\_\_\_\_)

\_\_\_\_    \_\_\_\_    \_\_\_\_    Alaska Business License Application\*

\_\_\_\_    \_\_\_\_    \_\_\_\_    Alaska ESC (Employment Security Compensation) Registration

(For each item identify who will be responsible for the application or registration.)

\*Client will be responsible for obtaining any necessary occupational license(s).

**Timing of Organization:**

The organization of an LLC typically takes 4-6 weeks. We can expedite the organization if you would like us to do so. If we expedite, the organization would take 7-10 days. The filing fee payable to the State without expediting is \$250. The fee payable to the State for an expedited filing would be \$400. The fees for our services are roughly 25% higher if you ask that we expedite the organization.

Should the organization of the LLC be handled on an expedited basis? Yes \_\_\_\_ No \_\_\_\_

**Registered Agent:**

\_\_\_\_ Durrell Law Group PC (DLG will serve as registered agent only if the LLC is on DLG's maintenance system [\$150/year])

\_\_\_\_ Other                      Agent's Name: \_\_\_\_\_

   Agent's Address: \_\_\_\_\_  
\_\_\_\_\_

**Articles of Organization:**

Purpose: What is the project/business to be undertaken by the LLC? \_\_\_\_\_

Duration: The LLC will continue in perpetuity until dissolved by the members, unless you want to specify a limited duration. Do you want to limit the duration? Yes \_\_\_\_ No \_\_\_\_

If yes, on what date should the LLC end? \_\_\_\_\_

Projected date the LLC will commence to transact business? \_\_\_\_\_

The attorney with whom you are working at Durrell Law Group generally serves as the organizer of the LLC to avoid a delay in filing the Articles with the State. Would you prefer that someone else serves as the organizer? Yes \_\_\_\_ No \_\_\_\_

If yes, provide the name and address of the organizer:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Members:**

Member Name & Address	Name of Representative (if member is a business entity)	Duties (if applicable) (* denotes Member selected to serve as Tax Matters Partner)	Initial Contribution	Profit Sharing Percentage

**Married Couple Members:** (complete only for married couple Members)

Will husband/wife members hold:

- \_\_\_\_\_ one joint interest
- \_\_\_\_\_ two separate interests

If a joint interest, will it be held with a right of survivorship (in event of death)? Yes \_\_\_\_ No \_\_\_\_

If a joint interest, who is authorized to vote? \_\_\_\_ Husband \_\_\_\_ Wife \_\_\_\_ Either

Members generally have no obligation to make any contribution to the LLC in addition to the initial contribution listed above. The absence of this obligation is key to a Member enjoying limited liability for claims against the LLC. Will the Members have an obligation to make additional contributions to this LLC? Yes \_\_\_ No \_\_\_

If so, please explain: \_\_\_\_\_  
\_\_\_\_\_

If additional capital may be needed, do you want to provide for:

Dilution \_\_\_ Loan \_\_\_ Both \_\_\_ Neither \_\_\_  
Dilution Ratio: \_\_\_ Loan Interest Rate: \_\_\_

Profits (and losses) are generally allocated based upon stated profit sharing ratios. Occasionally, an LLC will use special allocations to deviate from the stated profit sharing ratios. Will any item of income or deduction be allocated among the Members in different ratios than the profit sharing ratios reflected above?

If so, please explain: \_\_\_\_\_  
\_\_\_\_\_

**Securities (Blue Sky Laws) Exemption Issues:**

Describe any Family Relationship Between Members: \_\_\_\_\_  
\_\_\_\_\_

Do you have a Written Business Plan? Yes \_\_\_ No \_\_\_

If yes, provide a copy.

Have membership interests been offered to anyone other than those members listed above? Yes \_\_\_ No \_\_\_

If yes, explain: \_\_\_\_\_

Have membership interests been offered to anyone outside of Alaska or has any other activities taken place outside of Alaska in conjunction with the organization of this company? Yes \_\_\_ No \_\_\_

If yes, explain: \_\_\_\_\_

**Management:**

An LLC can be managed by its members or by one or more managers.

Member Managed: A member-managed LLC is similar to a general partnership where the partners manage the business and own the partnership (the role of the members is similar to the role of the partners).

Manager Managed: A manager-managed LLC is similar to a corporation where the board of directors manages the business, but the shareholders own the corporation (the role of the managers is similar to the role of the directors and the role of the members is similar to the role of the shareholders).

Select a management structure: \_\_\_ Member Managed \_\_\_ Manager Managed

**Member Managed:** (Complete only if you selected Member Managed)

Management decisions of the LLC will be determined by a majority vote of the members (based upon percentage of interest), unless a greater percentage is required under the Operating Agreement. Consider whether any of the following decisions should require greater than a majority vote of the members. If so, reflect the greater percentage (generally known as a supermajority) that should be required:

- \_\_\_ Amending the Articles of Organization;
- \_\_\_ Amending the Operating Agreement;
- \_\_\_ Dissolving the LLC;
- \_\_\_ Merging the LLC with another LLC;
- \_\_\_ Admitting a new Member (and the terms of admission);
- \_\_\_ Entering into a contract with a Member (or Member-controlled business);
- \_\_\_ Engaging in new or different business activities;
- \_\_\_ Selecting the insurance company;
- \_\_\_ Determining whether to make cash distributions to the Members;
- \_\_\_ Determining whether disproportionate distributions may be made;
- \_\_\_ Determining whether and under what terms to lend money to a Member;
- \_\_\_ Determining whether and under what terms to borrow money from a Member;
- \_\_\_ Determining whether to indemnify a Member;
- \_\_\_ Entering into a contract with a value greater than \$\_\_\_\_\_ (specify amount);
- \_\_\_ Borrowing money in excess of \$\_\_\_\_\_ (specify amount);
- \_\_\_ Selling, mortgaging, leasing, exchanging or otherwise disposing of any real property;
- \_\_\_ Purchasing, leasing, exchanging or otherwise acquiring any real property;
- \_\_\_ Compromising any claim due to the Company;
- \_\_\_ Filing a lawsuit or commencing an arbitration involving the LLC;
- \_\_\_ Other \_\_\_\_\_

**Manager Managed:** (Complete only if you selected Manager Managed)

The initial Managers will be listed in the organizational documents. Thereafter, Managers generally may be removed or appointed by a majority vote (based upon percentage of interest) of the Members.

Manager Name	Address

Management decisions of the LLC will be determined by a majority vote of the managers (based upon one vote per manager). Consider whether the Members should retain control over any of the following decisions. If so, reflect the percentage vote of the members (based upon percentage of interest) that should be required:

- \_\_\_ Amending the Articles of Organization;
- \_\_\_ Amending the Operating Agreement;
- \_\_\_ Dissolving the LLC;
- \_\_\_ Merging the LLC with another LLC;
- \_\_\_ Admitting a new Member (and the terms of admission);
- \_\_\_ Entering into a contract with a Manager (or Manager-controlled business);
- \_\_\_ Removing Managers and appointing successor Managers;
- \_\_\_ Setting Manager compensation;
- \_\_\_ Engaging in new or different business activities;
- \_\_\_ Selecting the insurance company;
- \_\_\_ Determining whether to make cash distributions to the Members;
- \_\_\_ Determining whether disproportionate distributions may be made;
- \_\_\_ Determining whether and under what terms to lend money to a Member;
- \_\_\_ Determining whether and under what terms to borrow money from a Member;
- \_\_\_ Determining whether to indemnify a Member or Manager;
- \_\_\_ Entering into a contract with a value greater than \$\_\_\_\_\_ (specify amount);
- \_\_\_ Borrowing money in excess of \$\_\_\_\_\_ (specify amount);
- \_\_\_ Selling, mortgaging, leasing, exchanging or otherwise disposing of any real property;
- \_\_\_ Purchasing, leasing, exchanging or otherwise acquiring any real property;
- \_\_\_ Compromising any claim due to the Company;
- \_\_\_ Filing a lawsuit or commencing an arbitration involving the LLC;
- \_\_\_ Other \_\_\_\_\_

**Employees:**

Will the LLC have employees? Yes \_\_\_ No \_\_\_

If yes: The highest number of employees in the next 12 months? \_\_\_\_\_

First date that wages will be paid: \_\_\_\_\_

Will any member be an employee of the company? Yes \_\_\_ No \_\_\_

If so, we need to discuss the concept of guaranteed payments and self-employment tax issues.

**Accounting:**

Will the LLC be on a cash or accrual basis of accounting? Yes \_\_\_ No \_\_\_

Will the LLC have audited, reviewed or internal financial statements? Yes \_\_\_ No \_\_\_

**Tax:**

An LLC with two or more members is almost always taxed as a partnership, but in rare cases elects to be taxed as a corporation (S corporation or C corporation). An LLC with only one member is a disregarded entity for tax purposes – it files no tax return and its income and deductions are reflected on the tax return of its sole member.

If the LLC will have two or more Members, will the LLC be taxed as a partnership? Yes \_\_\_ No \_\_\_

If not, please explain: \_\_\_\_\_  
\_\_\_\_\_

On the list of Members, denote with an \* which Member will be designated to serve as the tax matters partner.

The LLC must have a calendar year-end if taxed as a partnership. Will the LLC have other than a calendar year-end? Yes \_\_\_ No \_\_\_

If yes, the fiscal year-end will be \_\_\_\_\_

**Dispute Resolution:**

Disputes among the Members generally would be resolved through litigation unless we expressly provide otherwise.

Should we instead require arbitration and/or mediation to resolve disputes? Yes \_\_\_ No \_\_\_

**Covenant Not to Compete:**

Should the members be prohibited from competing with the business of the LLC? Yes \_\_\_ No \_\_\_

If yes, should the prohibition continue after the Member no longer has an interest in the LLC? Yes \_\_\_ No \_\_\_

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Will the member interest be freely transferable? Yes \_\_\_ No \_\_\_

If no, complete the Buy-Sell Agreement section

## BUY-SELL AGREEMENT PROVISION

### Transferability of Membership Interests:

Whether a transfer of a membership interest will be permitted, restricted, or prohibited generally depends upon the identity of the transferee and the nature of the rights obtained by the transferee.

Please place in each cell of the following table the appropriate number from the list below to reflect how each type of transfer should be handled in the case of each possible category of transferee:

	Categories of Possible Transferees				
	Other Members	Descendants of Members	Spouses of Members	Employees of the LLC	Anyone
Lifetime Gift					
Lifetime Sale					
Involuntary Transfers <sup>1</sup>					
Death					

Possible consequences of proposed transfer:

1. Permitted
2. Permitted subject to right of first refusal held by company and other members (applicable only to sales)
3. Permitted subject to option to buy-back for specified price by Company and other Members
4. Permitted, but transferee has an option to sell interest back to Company for specified price (generally applicable only in event of death)
5. Permitted, but transferee loses voting rights
6. Permitted subject to consent of Managers
7. Permitted subject to consent of Members (what percentage vote required for consent? \_\_\_\_\_%)
8. Not permitted - Triggers obligation to buy-back for specified price
9. Not permitted – Void

Should transfers to a revocable trust for which the member is the trustee and Trustor be permitted? Yes \_\_\_\_ No \_\_\_\_

Should transfers in trust for a spouse or child be permitted (assuming transfers to the spouse or child would be permitted)? Yes \_\_\_\_ No \_\_\_\_

In the case of death of a Member, should the applicable transfer restriction be triggered by:

- \_\_\_\_\_ event of death  
 \_\_\_\_\_ the transfer from the deceased Member's estate to the beneficiary

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<sup>1</sup> Lifetime Involuntary transfers include bankruptcy, judgment creditor, divorcing spouse, etc.

**Purchase Price and Terms:**

If a purchase is triggered for a specified price, select from the following choices of how the purchase price be determined and what will be the payment terms:

- \_\_\_\_\_ Formula: \_\_\_\_\_
- \_\_\_\_\_ Pro rata share of business value per appraisal
- \_\_\_\_\_ Pro rata share of business book value per financial statements
- \_\_\_\_\_ Value of membership interest per appraisal (after minority and lack of control discounts)
- \_\_\_\_\_ Periodic agreement of members

Will there be life insurance to fund a death-time purchase? Yes \_\_\_\_\_ No \_\_\_\_\_

If so, will the corporation or the other members own the life insurance? \_\_\_\_\_

Will the payment terms be cash at closing or seller financing? \_\_\_\_\_

If seller financing, describe the payment terms (interest rate, amortization, payment amount, payment frequency, collateral, due date): \_\_\_\_\_

**Exit Mechanisms:**

In a few cases we include options to sell (Put Option) or buy (Call Option) Membership Interests. Should we include any Put Options or Call Options? Yes \_\_\_\_\_ No \_\_\_\_\_

- Put Option: Should a member under any circumstance (e.g., termination of employment with the LLC or deadlock among the members) have an option to sell a membership interest to the company or the other members? Yes \_\_\_\_\_ No \_\_\_\_\_

If yes, explain: \_\_\_\_\_

- Call Option: Should a member under any circumstances (e.g., termination of employment of another Member, unauthorized attempt to transfer, or deadlock among the members) have an option to purchase a membership interest to the other members? Yes \_\_\_\_\_ No \_\_\_\_\_

If yes, explain: \_\_\_\_\_

What will be the price and terms in the case of a Put or Call Option? \_\_\_\_\_

- Deadlock: Should a mechanism be included that permits a member to trigger the forced purchase or sale of a membership interest? Yes \_\_\_\_\_ No \_\_\_\_\_. Must a deadlock precede the triggering of the mechanism? Yes \_\_\_\_\_ No \_\_\_\_\_. Such a mechanism is a good way to ensure that a clean break can be achieved, but generally all parties must have the financial strength to participate.

If applicable, select from the following mechanisms:

- \_\_\_\_\_ Show Down: Any member may make an offer to one or more of the other Members to buy an interest at a specified price and terms. The offeree has a specified period to turn the table and buy the offeror's interest for the specified price and terms, or must sell at the specified price and terms.

\_\_\_\_\_ Bidding: A member may make an offer to one or more of the other Members to buy an interest at a specified price and terms. The offeree has a specified period to bid higher (with a specified minimum increment) to purchase the offeror's interest or the offeree must accept the offer and sell the interest.

The payment terms under either of these mechanisms must be cash or be clearly specified in the agreement.

**Business Sales:**

In a few cases we grant the right to controlling Members to sell the entire business. Under such a provision, the controlling Member would have the right to "pull along" the other Members in the sale transaction. If a pull-along right is granted, the non-controlling Members typically have the right to "tag along" if the pull along right is not exercised.

Should we include Pull Along/Tag Along rights? Yes \_\_\_\_ No \_\_\_\_

If yes, what percentage should be used to define controlling membership? \_\_\_\_\_%