

Limited Liability Company Formalities Must be Followed

It is extremely important to maintain the formal integrity of the limited liability company entity. The VertiFX.Com, LLC is considered by the law to be a separate person, apart from its members and organizers. This structure, and the limited personal liability that goes with it, must be protected. To ensure proper adherence to limited liability company formalities, it is vital that all important transactions in the business be reflected in written minutes of meetings of managers or members, even where there is only one member. The following items should always be acted upon formally and evidenced by written minutes:

All major contracts, including employment contracts, buy-sell agreements, profit sharing plans, pension plans, insurance plans, trust agreements, loans, leases, purchase contracts, and limited liability brokerage and investment accounts should be made in the name and on behalf of the limited liability company and with the required approval.

The establishment and adjustment of all salaries and bonuses of officers and employees of the limited liability company.

Any change in membership interest, including issuing additional interests or any transfers of interests. Such changes should not only be reported to the company's accountant but should also be entered on the certificates of membership interest and the membership register in the limited liability company minute book.

Placing restrictions on the ability to transfer membership interests.

Accepting the resignation, terminating, or appointing managers.

Changing the VertiFX.Com, LLC name, registered office, or registered agent.

Changing bank accounts.

Any other significant of VertiFX.Com, LLC activities.

Whenever people sign on behalf of or for the limited liability company, they should add their title next to the signature so that it will be clear that they are acting as an agent of the company rather than in their individual capacity. For instance, if you sign a contract with just your name and do not state your relationship to the limited liability company next to your name in the contract, you may be held personally liable for the contract. An example of a correct signature would be:

VertiFX.Com, L.L.C.

By: _____

Kevin Kachaturian, Ph.D., Manager

Any VertiFX.Com, LLC bank and checking accounts should also reflect the company name. If necessary, a new bank account should be opened in the name of the limited liability company. This transaction should be accomplished easily by completing a limited liability company resolution that authorizes the company to open a bank account.

Any loans or banking activities should be conducted in the company's name rather than in the name of any individual or that individual could become personally liable for the obligations. If a loan is made and the lender requires someone to endorse or guarantee the loan personally, such an action should be approved by the managers and reflect the approval in an appropriately drafted resolution that is adopted and inserted into the company's minute book.