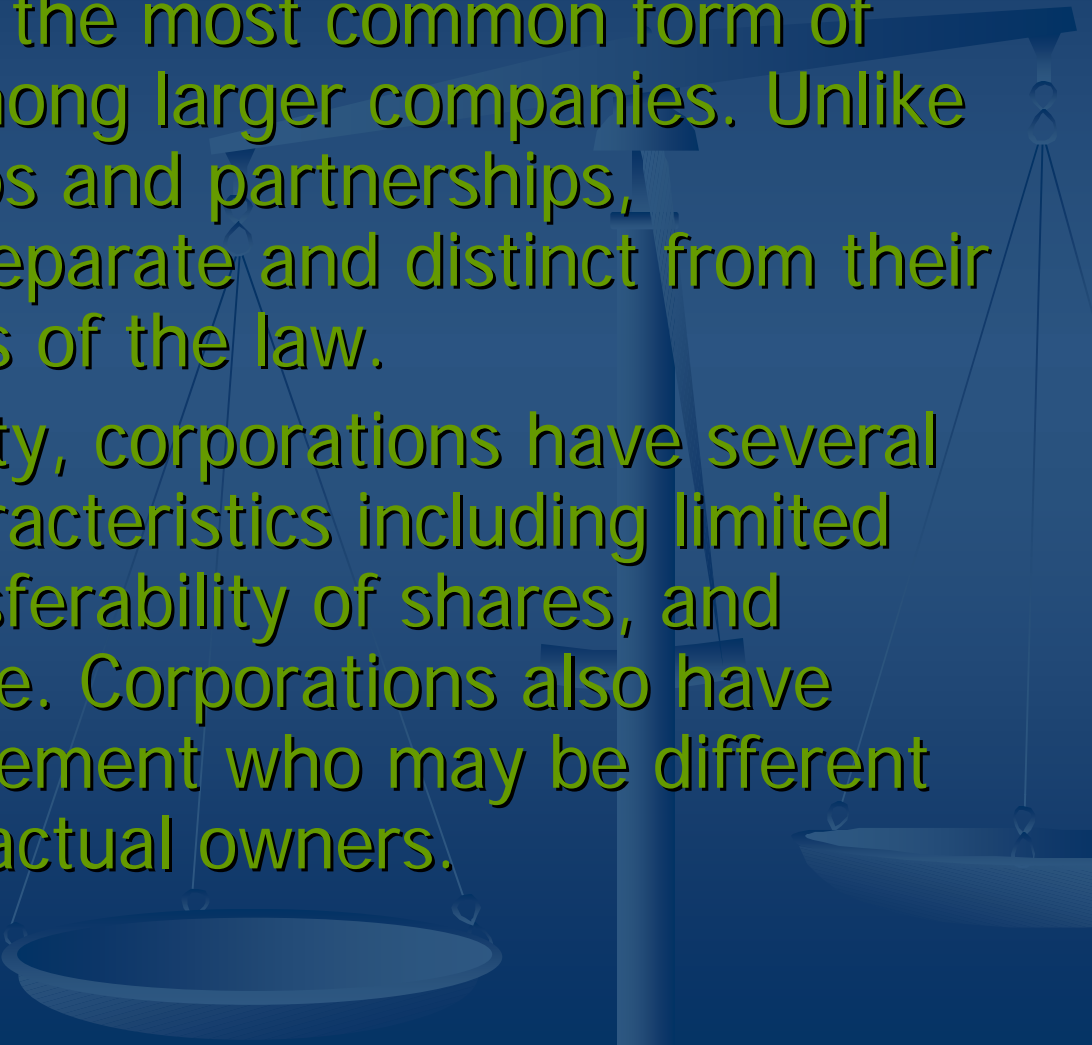
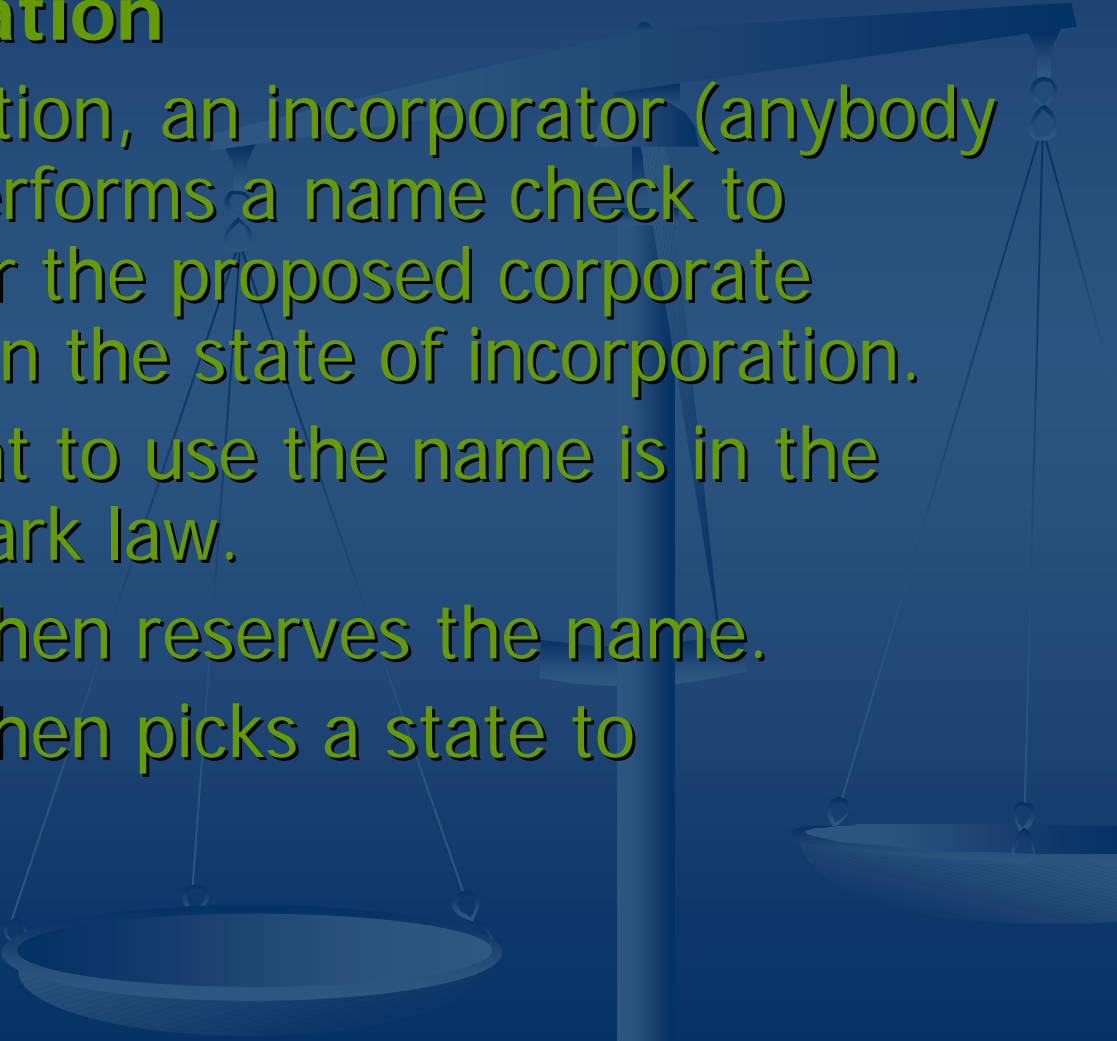


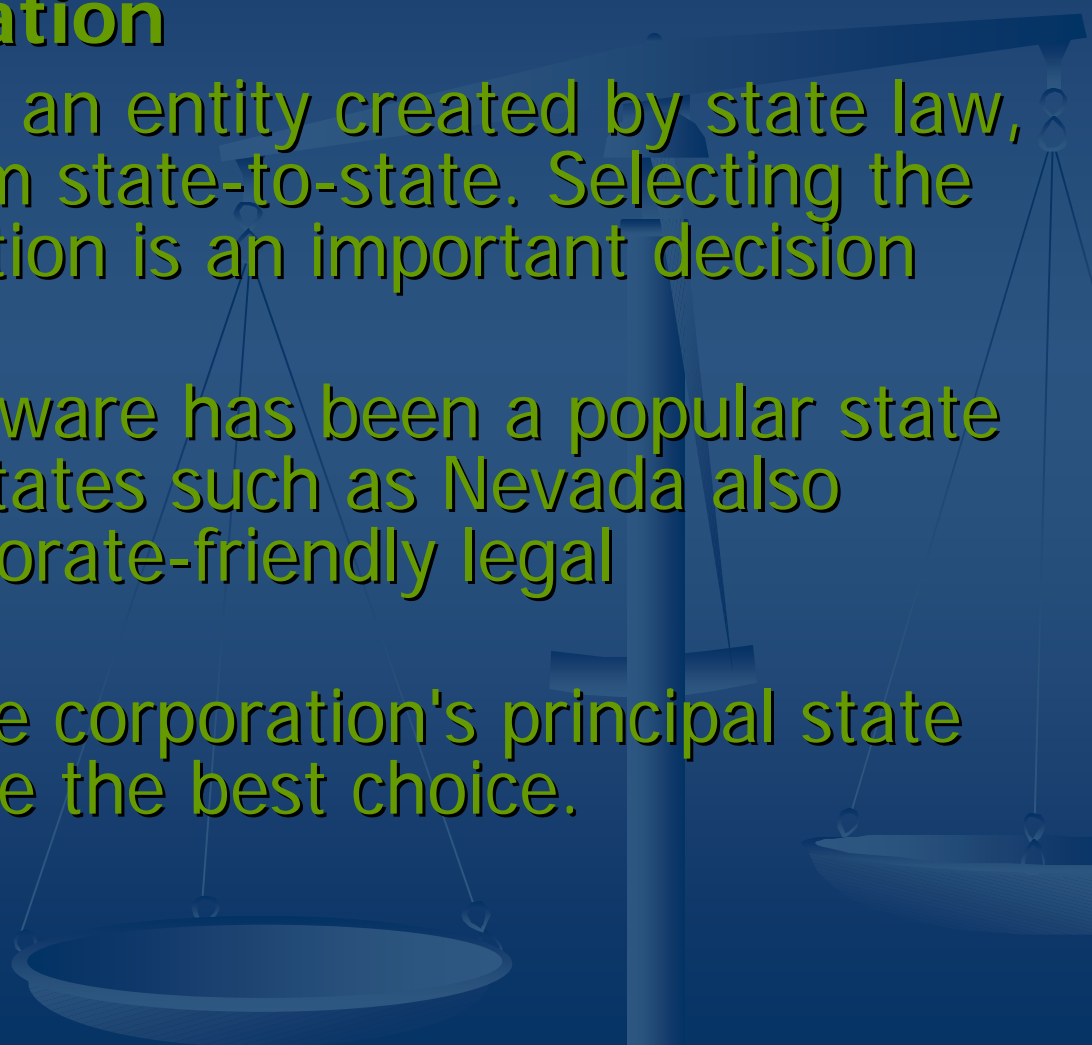
# CORPORATIONS

- The corporation is the most common form of business entity among larger companies. Unlike sole proprietorships and partnerships, corporations are separate and distinct from their owners in the eyes of the law.
  - As a separate entity, corporations have several distinguishing characteristics including limited liability, easy transferability of shares, and perpetual existence. Corporations also have centralized management who may be different persons from the actual owners.
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## Forming a Corporation

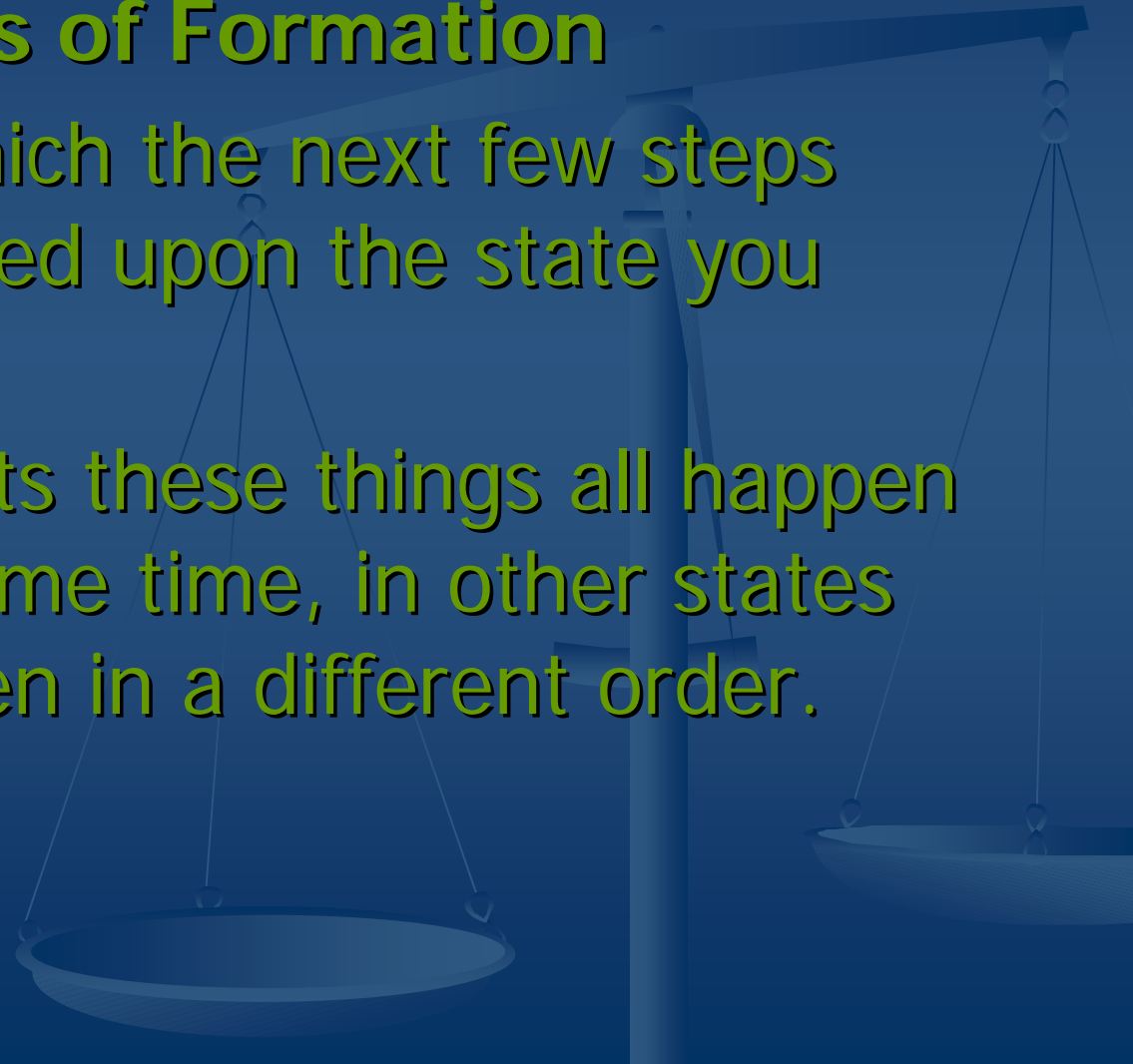
- To form a corporation, an incorporator (anybody can act as one) performs a name check to determine whether the proposed corporate name is available in the state of incorporation.
  - However, the right to use the name is in the domain of trademark law.
  - The incorporator then reserves the name.
  - The incorporator then picks a state to incorporate in.
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## State of Incorporation

- The corporation is an entity created by state law, and laws vary from state-to-state. Selecting the state of incorporation is an important decision for a business.
  - Traditionally, Delaware has been a popular state of choice. Other states such as Nevada also have created corporate-friendly legal environments.
  - In many cases, the corporation's principal state of business may be the best choice.
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## Additional Steps of Formation

- The order in which the next few steps can change based upon the state you incorporate in.
- In Massachusetts these things all happen at nearly the same time, in other states they may happen in a different order.



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- Drafting the Articles of Incorporation (the articles of incorporation serve as the company's Constitution and birth certificate).
  - Authorizing stock.
  - Choosing the Board of Directors.
  - Choosing the Officers (president, vice-president, secretary and treasurer).
  - Filing the articles of organization/incorporation with the Secretary of State.

After the articles of organization have been filed the corporation must be properly organized. This is done by:

- Issuing stock to the initial shareholders, and
- Approving the bylaws (the bylaws are like statutes that the company must follow).