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# Preface

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The concepts of business organizations surround us every day. References are made to the stock market during each day's news broadcasts. Media reports often refer to partnerships and other forms of business entities. The ups and downs of major companies such as Microsoft, Tesla, and Walmart are studied and analyzed in depth. Failures of companies such as Enron Corporation affect the lives of hundreds of thousands of people and often serve as the impetus for new legislation regarding corporate governance. Mergers and dissolutions of companies are reported as events significantly affecting the economy. Employees eagerly await the granting of stock options. Most newspapers in large cities devote an entire section of each daily issue to business or finance. Nevertheless, many of us have only a vague notion of the import and effect of the news of business organizations that we hear about each day. Some individuals are intimidated by the financial section of the newspaper or broadcast news reports, assuming that only those with degrees in business can appreciate and comprehend the business news.

This text is intended to provide readers with a basic and thorough understanding of the various types of business organizations operating in the United States. Learning about the advantages and disadvantages of different forms of business entities will provide you with the foundation to understand the business concepts that surround us. Equally important, understanding the nature of the various ways in which business is conducted in the United States will enhance your ability to perform competently as a paralegal.

Although the study of business organizations is undoubtedly most useful for paralegals intending to participate in the field of corporate law, the concepts discussed in this text cross over to many other practice fields. For example, litigation paralegals will need to know whether partners in a partnership are personally liable for business debts and under which circumstances shareholders in a corporation may be liable for a corporation's obligations. Paralegals engaged in the field of estates and trusts need to understand that the effect of a shareholder's buy-sell agreement requires that shares owned by an individual at the time of death must be transferred to the corporation rather than to the decedent's heirs. Paralegals working with general practitioners will need to know how to form all of the business organizations described in this text, draft resolutions, prepare corporate bylaws, and take minutes of meetings.



Each of the varieties of business organizations is discussed thoroughly. The nature of the entity, its advantages and disadvantages, the relative ease with which it can be formed, its dissolution, and its tax consequences are addressed. Each chapter includes an introduction to the material to be covered in that chapter, a complete discussion of the pertinent topic, a section devoted to the possible tasks to be performed by paralegals regarding that business enterprise, a brief summary of a case illustrating a core concept in the chapter, a list of useful Web Resources enabling you to locate additional materials and forms of interest, Discussion Questions challenging you to apply the concepts discussed in the chapter to fact patterns, Internet questions requiring you to locate and navigate pertinent websites to find information similar to that you will be required to find “on the job,” and a brief summary of the key features covered in that chapter.

The text begins with an introduction to the various business entities, and then progresses from the simplest, the sole proprietorship, through partnerships, to the most complex, the business corporation. The newest forms of business organizations, the limited liability partnership and the limited liability company, are also discussed in depth. Chapters include sample forms to illustrate the principles discussed and key terms highlighting concepts discussed. Appendices provide additional forms and model codes or uniform laws from which many state business statutes and concepts are derived. A glossary is included for easy reference to the many and often difficult terms used in the law of business organizations.

There are a number of additions and enhancements to this tenth edition of the text, including the following:

- New and updated charts and all-new Case Illustrations, Discussion Questions, and Net Worth questions.
- An entirely new feature in each chapter, “AI and the Legal Landscape,” providing ideas for using artificial intelligence for tasks related to topics in that chapter — for example, using AI to create names and logos for general partnerships (Chapter Three), to prepare notices of and minutes for corporate meetings (Chapter Eleven), and to assist with rapid review and summaries of documents in merger transactions (Chapter Fourteen).
- An overview of the Corporate Transparency Act’s complex history and current application solely to foreign companies.
- Analysis of the 2023 Supreme Court case *Mallory v. Norfolk Southern Railway Co.* affirming state jurisdiction based merely on corporate registration.
- Discussion of new corporate requirements, such as the use of universal proxy cards, and trends for shareholder meetings, including online voting and virtual meetings.
- A review of the recent SEC guidance making it easier for companies to exclude shareholder proposals that raise social policy issues.
- Examination of competition among Delaware, Texas, and Nevada to attract corporate business through business-friendly laws.
- Expanded coverage of directors’ fiduciary duties, the business judgment rule, and standards of judicial review for determining whether directors’ actions breach their duties.



- Discussion of evolving trends, including corporate retrenchment on DEI and environmental policies, greenwashing, AI washing, and impact investing.
- New insights into insider trading risks in remote work settings.
- A revamped section on stock trading, including after-hours trading, the Texas Stock Exchange, and the use of AI in forming trading strategies, as well as entirely new sections on alternative investments such as private equity and crypto assets.
- Updates on merger trends, including Elon Musk's Twitter bid and new government merger regulations and guidelines.
- Review of critical tax changes to the treatment of pass-through businesses and corporations made by the One Big Beautiful Bill Act of 2025.

New and updated sample forms have been included, and Internet website addresses have been updated, as online form banks and useful practice tools continue to be posted on Internet sites. Additional resources to accompany this text are available at the product page at [aspenpublishing.com/Bouchoux-BusOrg10](http://aspenpublishing.com/Bouchoux-BusOrg10).

At the time of the writing of this tenth edition of the text, legislation was pending that would change some tax provisions relating to business organizations, including those for individuals and pass-through entities as well as those for corporations. Always check the Internal Revenue Code for current tax rates and provisions.

When you begin reading this text, you might be unfamiliar with most, if not all, of the business enterprises and concepts discussed. As you progress in class and through the chapters and Discussion Questions, you will be able to measure your progress. When you complete this text and your class, you will have gained a thorough introduction to business organizations as well as familiarity with the terms and concepts required by paralegals in the business or corporate fields and those that we hear and read about every day.

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