

## **CORPORATE ACCOUNT MANAGEMENT**

Red Cedar Advisory also helps establish and manage various corporate accounts, including but not limited to: C-Corporation, S-Corporation, Sole Proprietor, and Partnership/Limited Partnership.

A limited partnership is a business with more than one owner, including at least one general partner and at least one limited partner. The general partner is the point person in charge, making business decisions and taking personal responsibility for the business's debts and lawsuits. Limited partners are simply investors in the business; they do not have control of day-to-day operations. They are only liable for as much as they invest in the company. If limited partners take on an active role in running the business, they can lose their limited liability and can be held fully responsible for the business's debts and lawsuits, much like the general partner.

Limited partnerships are quite different from Limited Liability Partnerships (LLPs). They are two different business structures.

Unlike General Partnerships and LLPs, Limited Partnerships are not typically used to structure active businesses. Instead, they are often utilized in family estate planning and as investment vehicles, particularly in the commercial real estate and film industries. When used for raising investments, the limited partners function much like stockholders investing in a public company, only standing to lose the money they invest. They are passive investors because they contribute money to the partnership, but do not have control over decisions.

Limited Partnerships, by definition, are also more complicated to set up than General Partnerships. General Partnerships form automatically when two partners go into business together. To form a Limited Partnership, it is required to register in the state. One must pay a filing fee and create a Limited Partnership agreement which defines how much ownership each limited partner has in the company, and other terms of the partnership.

A business startup may consider forming a Limited Partnership if it is being started by one person that has friends or family members interested in investing money, but not in helping the owner run the business. If the owner is not looking to raise investments or wanting to run the business with a partner who has equal control of the company, a different structure, such as an LLP, LLC, or corporation may be of value.