
2. For profit companies

Zhanat Alimanov, assistant professor

Terms

1. State enterprise – государственное предприятие
 2. Business Partnerships – Хозяйственные товарищества
 3. General Partnership – Полное товарищество
 4. Limited Partnership – Командитное товарищество
 5. Limited Liability Partnership (LLP) – ТОО
 6. Corporation = Joint Stock Company – АО
 7. General Partner – Полный товарищ
 8. Limited partner – Вкладчик
 9. Partner – участник
 10. Interest - доля
-

Plan (Peculiarities of organizational forms)

1. Governance
2. Liabilities of Owners for the debts of the Companies
3. Voting



2. Legal Entity = Union

Legal Entity = Union of

- People = **Partnerships**
- Capital = **Corporation**
- Work = **Cooperative**



Remark

	General Partnership	Limited Partnership (Коммандитное товарищество)	LLP / Additional liability Partnership	Corporation
Owners	General Partners (Полные товарищи)	General Partners (полные товарищи) & Limited Partners (вкладчики)	Partners (участники)	Shareholders (акционеры)
Stake	Interest (доля)	Interest (доля)	Interest (доля)	Shares (акции)
Who can manage	Owners only	Owners only (general partners)	Outsiders (со стороны)	Outsiders

1. Governance (управление)



Example

Alexey met his friends **Maxim & Tanya**.
During the lunch, they persuaded him
to join their law firm **Tanya & Partners**.

Alexei joined the firm **Tanya & Partners**
in October 24, 2008 by buying 20% of
the stake for KZT 20 mln from Tanya.

Alex: 20%

Max: 29%

Tanya: 51%



Example

Alex: 20%

Max: 29%

Tanya: 51%

Tanya was elected as a **managing partner**, and she would like to make a contract with corporation Samuk on a multi-billion consulting project.

**Can Tanya sign contracts
on behalf of the firm?**



A. General Partnership

Alex: 20%

Max: 29%

Tanya: 51%, managing partner

**Can Tanya sign contracts
on behalf of the firm?**

- **No**, she cannot.
- **Yes**, provided she is a general partner
- **Yes**, provided she represents executive body
- **No**, she needs to be president



B. Limited Partnership

Alex: 20%

Max: 29%

Tanya: 51%, managing partner

**Can Tanya sign contracts
on behalf of the firm?**

- **No**, she cannot.
- **Yes**, provided she is a general partner
- **Yes**, provided she represents executive body
- **No**, she needs to be president



C. Limited Liability Partnership

Alex: 20%
Max: 29%
Tanya: 51%, managing partner

**Can Tanya sign contracts
on behalf of the firm?**

- **No**, she cannot.
- **Yes**, provided she is a general partner
- **Yes**, provided she represents executive body
- **No**, she needs to be president



D. Additional Liability Partnership

Alex: 20%

Max: 29%

Tanya: 51%, managing partner

**Can Tanya sign contracts
on behalf of the firm?**

- **No**, she cannot.
- **Yes**, provided she is a general partner
- **Yes**, provided she represents executive body
- **No**, she needs to be president



E. Corporation

Alex: 20%

Max: 29%

Tanya: 51%, managing partner

**Can Tanya sign contracts
on behalf of the firm?**

- **No**, she cannot.
- **Yes**, provided she is a general partner
- **Yes**, provided she represents executive body
- **No**, she needs to be president



1. Governance

Max

Alex

Tanya

What is Obligatory Governance Structure in:

- A. General Partnership?
- B. Limited Partnership?
- C. Limited Liability Partnership?
- D. Partnership with Add. Liability?
- E. Corporation?

Please find yourselves in:

- a. **Civil Code;**
- b. **Statute on Business Partnerships;**
- c. **Statute on LLP;**
- d. **Statute on Corporations.**



2. Liability of Owners for the debts of their Companies



Example

Alexey met his friends **Maxim** & **Tanya**. During the lunch, they persuaded him to join their law firm **Tanya & Partners**.

Alexei joined the firm **Tanya & Partners** in October 24, 2008 by buying 20% of the stake for KZT 20 mln from Tanya*.

In November 14, 2008, the firm filed bankruptcy proceedings. **Alexey** and his other partners **Maxim** and **Tanya** are facing hundreds of creditors.

Outstanding debt** is KZT 250 mln.



*Alex is not a new partner, he bought his stake from Tanya

**невыплаченные (чистый) долг

Example

Tanya, who actually led the firm to bankruptcy, ran away to Greek Cyprus with which KZ has no extradition treaty.

Maxim stayed in KZ and in fact he has lots of property around KZ worth of KZT 150 mln.

However, as most of business of **Alexey** is in Almaty, creditors have sued Alexey for all outstanding debt. Alexey has assets worth of KZT 100 mln.

Max

Alex

Tanya



Example

Alex: 20% stake & 100 mln. of personal assets.

Max: 150 mln. of personal assets

How much Alexei owes?

- Nothing
- **50** mln., that is 20% of 250 mln debt.
- **250** mln.
- **100** mln, that is 250 mln **minus** Maxim's assets (150)

Max

Alex

Tanya



A. General Partnership

Max

Alex

Tanya

Alex: 20% stake & 100 mln. of personal assets.

Max: 150 mln. of personal assets

How much Alexei owes?

- Nothing
- **50** mln., that is 20% of 250 mln debt.
- **250** mln.
- **100** mln, that is 250 mln **minus** Maxim's assets (150)



B. Limited Partnership (Коммандит.)

Max

Alex

Tanya

Alex & Tanya: general partners

Max: limited partner

**How much Alexei
owes?**

- Nothing
- **50** mln., that is 20% of 250 mln debt.
- **250** mln.
- **100** mln, that is 250 mln minus Maxim's assets (150)



B. Limited Partnership (КОММАНДИТ.)

Max

Alex

Tanya

Alex & Tanya: general partners

Max: limited partner

**How much Maxim
owes?**

- Nothing
- **50 mln.**, that is 20% of 250 mln debt.
- **250 mln.**
- **100 mln**, that is 250 mln **minus** Maxim's assets (150)



C. Limited Liability Partnership

Max

Alex

Tanya

Alex: 20% stake & 100 mln. of personal assets.

Max: 150 mln. of personal assets

How much Alexei owes?

- Nothing
- **50** mln., that is 20% of 250 mln debt.
- **250** mln.
- **100** mln, that is 250 mln **minus** Maxim's assets (150)



D. Additional Liability Partnership

Max

Alex

Tanya

Alex: 20% stake & 100 mln. of personal assets.

Max: 150 mln. of personal assets

How much Alexei owes?

- Nothing
- **50** mln., that is 20% of 250 mln debt.
- **250** mln.
- **100** mln, that is 250 mln **minus** Maxim's assets (150)



E. Corporation

Alex: 20% stake & 100 mln. of personal assets.

Max: 150 mln. of personal assets

How much Alexei owes?

- Nothing
- **50** mln., that is 20% of 250 mln debt.
- **250** mln.
- **100** mln, that is 250 mln **minus** Maxim's assets (150)

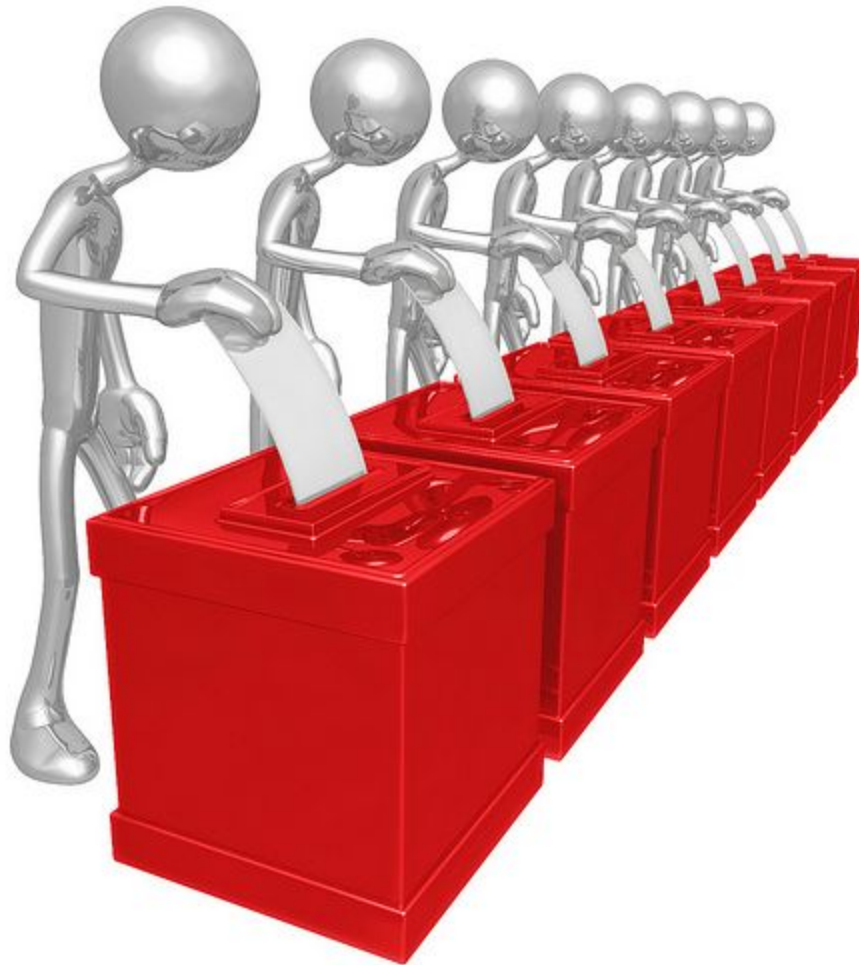
Max

Alex

Tanya



3. Voting (голосование)



Example

Alex: 20%

Max: 29%

Tanya: 51%

General Meeting is conducted. Alex, Max & Tanya would like to elect managing director (executive body). **Let's assume** that it is **not** internal issue (внутр. вопрос)

- **Alex & Max** vote for Alex
- **Tanya**, for Tanya.

Who wins?



A. General Partnership

Alex: 20%

Max: 29%

Tanya: 51%

Who wins?

- **Tanya**, as she has 51% of interest.
- **Max & Alex**, as they represent majority of owners
- **Nobody**



B. Limited Partnership

Alex (general partner): 20%
Max (limited partner): 29%
Tanya (general partner): 51%

Who wins?

- **Tanya**, as she has 51% of interest.
- **Max & Alex**, as they represent majority of owners
- **Nobody**



C. Limited Liability Partnership

Alex: 20%

Max: 29%

Tanya: 51%

Who wins?

- **Tanya**, as she has 51% of interest.
- **Max & Alex**, as they represent majority of owners
- **Nobody**



D. Additional Liability Partnership

Alex: 20%

Max: 29%

Tanya: 51%

Who wins?

- **Tanya**, as she has 51% of interest.
- **Max & Alex**, as they represent majority of owners
- **Nobody**



E. Corporation

Alex: 20%

Max: 29%

Tanya: 51%

Who wins?

- **Tanya**, as she has 51% of interest.
- **Max & Alex**, as they represent majority of owners
- **Nobody**

