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## 2. For profit companies

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# 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
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# Plan (Peculiarities of organizational forms)

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



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## 2. Legal Entity = Union

### **Legal Entity = Union of**

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



# Remark

	<b>General Partnership</b>	<b>Limited Partnership (Коммандитное товарищество)</b>	<b>LLP / Additional liability Partnership</b>	<b>Corporation</b>
<b>Owners</b>	General Partners (Полные товарищи)	General Partners (полные товарищи) & Limited Partners (вкладчики)	Partners (участники)	Shareholders (акционеры)
<b>Stake</b>	Interest (доля)	Interest (доля)	Interest (доля)	Shares (акции)
<b>Who can manage</b>	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

Max

Alex

Tanya



**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

Max

Alex

Tanya



**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

## 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.**

Max

Alex

Tanya



## 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.

Max                      Alex                      Tanya  
↓                              ↓                              ↓



\*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

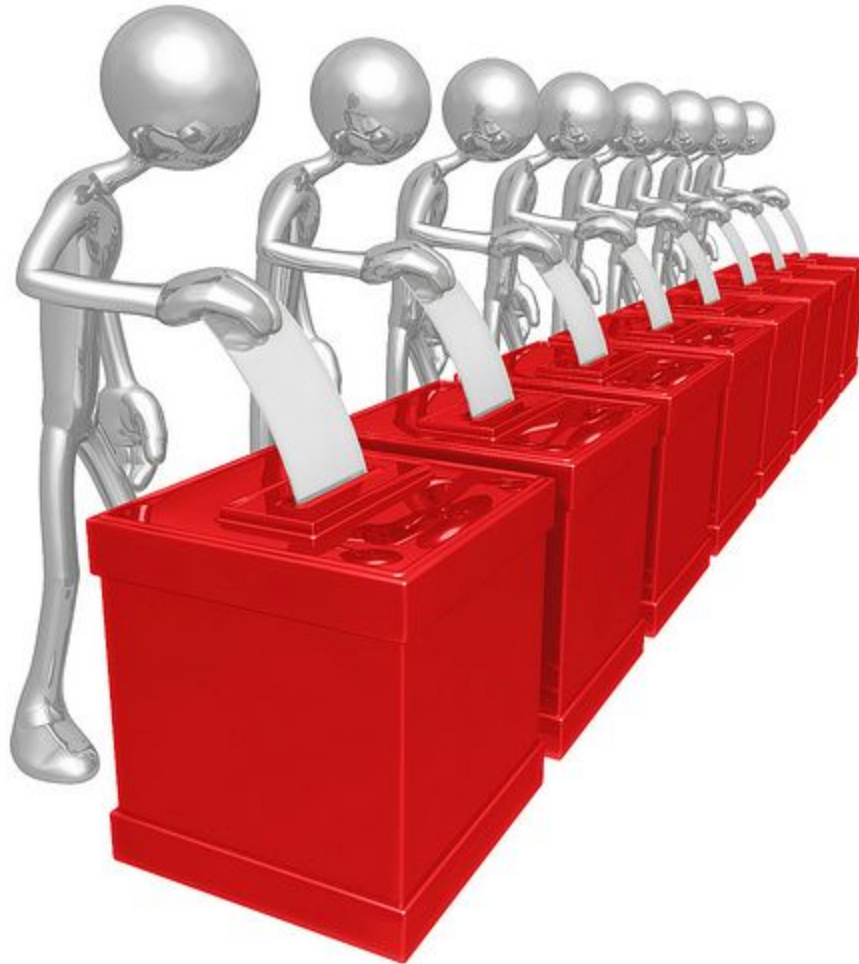
Tanya





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## 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**

Max



Alex



Tanya



## B. Limited Partnership

<b>Alex (general partner):</b>	20%
<b>Max (limited partner):</b>	29%
<b>Tanya (general partner):</b>	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**

