Teton Trust Company

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Wyoming Series LLCs and Limited Partnership Funds

Among the various structures allowed under Wyoming Law, two especially flexible entities are Series LLCs and Limited Partnership Funds. Teton Trust Company is poised to form and administer both of these entity types, while facilitating their use and benefits into larger estate planning structures.

Wyoming Series LLCs

A Series LLC allows the organizer to establish a series/subset of LLCs under one LLC, with a master LLC controlling the series.

The structure allows for each series to have separate: owners, debt, obligations or other liabilities.

This means that should one series within the LLC incur a debt, liability or obligation, the other series within the LLC will not be responsible for the debt, liability or obligation. It is comparable to having a corporation with subsidiaries.

Benefits of Series LLCs

- **Protection of assets**. Assets of each cell are protected from judgments against assets in other cells.

- **Less complex than corporation/subsidiary structure.** A series LLC doesn't have the same complexities of taxes, structure, and formalities (corporate records, for example) as a corporation with subsidiaries.

- **Significant tax flexibility**. The IRS issued Proposed Series LLC Regulations in September 2010 (Reg-119921-09). The Proposed Regulations provide that each Series will be treated as a separate entity for federal income tax purposes, regardless of its state law status, and the tax status of each Series can be determined independently under the “check-the-box” regulations.

  This permits each Series within the Parent Series LLC to have a separate status for federal income tax purposes. For example, a Series with a single member will be treated as a disregarded entity, but a Series with two or more members will be treated as a partnership (or as a corporation, if elected).

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Wyoming Limited Partnership Fund

Wyoming Limited Partnerships ("LPs") offer a strong and versatile vehicle to serve as a general fund.

In a Wyoming LP general fund, the Limited Partners are the investors and each investor owns a portion of the LP (the fund), which in turn holds assets. The General Partner is responsible for the management of the investment of the LP (the fund). The structuring of management fees and carried interest (the returns on investment to the General and Limited Partners) is flexible, as is the capital contribution.

Benefits of WY Limited Partnership Funds

- **Limited liability -** Investors' liability is limited to their respective investments in the partnership.
- **Separate entity**. May sue and be sued, own property, protect its limited partners from unlimited liability, may raise capital by selling interests in the partnership, borrow money and exist independently of its partners' mortality.
- **Not mortal.** Wyoming LPs do not have to be dissolved and reformed every time a general partner or limited partner dies.
- **Capital generation.** A Wyoming LP may borrow money, general partner savings, funds from operations, plus sales of limited partner interests.
- **Management authority.** Wyoming Limited Partnerships are managed by the general partner and not subject to decision making by limited partners.
- **Tax advantage.** Partnership does not pay tax; profits and losses pass through the entity to the partners.
- **A Wyoming LLC can serve as General Partner.** All the benefits of a Wyoming LLC, including strong asset and liability protection, can be realized as the General Partner of an LP.