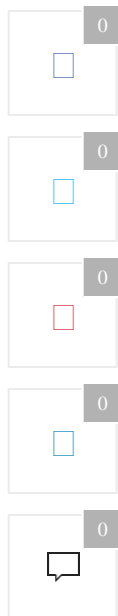




COLUMNIST ARTICLES

Better Business with Malvern: LLCs – When, Why and How

FEBRUARY 25, 2020 by [HILLARY DOBBS](#)



In our newest column, Hillary Dobbs will be offering business solutions for equestrians across the country. As a former grand prix show jumper, Dobbs is now the Assistant Vice President and Private Client Officer at Malvern Bank. The new Equestrian Business Division at Malvern Bank is able to tailor programs to individuals and businesses and prides itself on its ability to structure loans based on individual needs. Malvern Bank offers lending services for equestrian properties and equipment, a high yield money market account for equestrians and can handle client deposits, insurance and wealth management. To learn more about Malvern Bank and the Equestrian Business Division [click here](#).



What is an LLC? Who needs an LLC? Why do I keep seeing horses owned by the same person, with an LLC at the end?

In the equestrian industry we receive questions like this all the time. Recently, I had the opportunity to sit down in Wellington, Florida with equine law attorney, Avery Chapman. We discussed the importance of having a Limited Liability Company when you enter into many different equestrian business transactions, whether it's purchasing a horse or a property, or running a boarding and lesson business.





- Why do you need an LLC? Short Answer: Risk Mitigation. An LLC allows a person to compartmentalize asset holdings, which will help you both manage your assets and also avoid any exposure spreading to your other assets in a lawsuit. It puts everyone on notice that the liability of the owner is limited. That's why you have to put LLC after your name when you're doing business with people.
- Are there other benefits? Yes. First off, an LLC segregates your business activities into a separate organization, which is an indication that you have a profit motive. Secondly, if you are conducting business in an LLC form, you want to have the right to conduct the business, and to avail yourself of the courts and to defend yourself in court to sue and be sued.
- What important details are involved with an LLC? If you form an LLC, you should register the LLC to conduct business in every state that you're doing business. For example, if you travel to another state to horse show just for two weeks, but you sell a horse while you are there, if the LLC is not previously registered to conduct business in that state, your LLC may not be able to bring an action to pursue the purchaser in Court if they refuse to pay because a cause of action cannot accrue to a non-registered entity in many states.

- Is it difficult to create an LLC? It's relatively easy. For example, in Florida, you can do it online. Before proceeding you need to go through a robust self-analysis: why are you creating the LLC, who will be the members, what happens if someone wants to withdraw, how are the profits and losses apportioned. You may find that you really are intending to create an investment group, in which case you may have to carefully observe and follow Securities and Exchange Regulations or structure your business to satisfy exemptions.

- Would you ever want multiple LLCs in your equine business activities? Yes, if you have a partner (a co-member in LLC terms) in a horse or two, maybe the two or three of you want to create an LLC to hold those horses. However, if you then you meet some other people who want to join you, or purchase other horses with other members you may not necessarily want to throw all the horses and all the members into the same LLC. Further, you should segregate your asset holding and operating entities. For example, if you own a farm, or a boarding and leasing operation at a farm, or lease one, you probably want to create one LLC that is the land owner or lessee, and another LLC that is the operating entity for what you're doing there. That might be separate from a third LLC which could be your sales arm. By segregating the assets and operations if there's some misadventure in the boarding and leasing, like a horse gets hurt, you don't want that to affect your profitability or your assets in your sales operation.

At the end of our conversation, Avery noted that he always encourages people when they're starting in on an initiative – whether it's a real estate project, any asset acquisition or transfer, or an investment – start with an LLC and do not proceed with that new initiative in an individual's name. It will keep you and your investments protected as you explore new business ventures.

Avery S. Chapman, of Equine Law Group (found at <http://www.equinelawgroup.com>), practicing equine law nationally and internationally, is located in the heart of the Palm Beach equestrian world of Wellington, Florida. Within and without the country. He has represented innumerable members of the equestrian community, some well-known and some not so, with respect to equine law issues, providing strategies and solutions for law issues that concern horses, horse business and horse real estate. Our equine law practice includes the representation of Olympic riders, professional polo players, sponsors, trainers, owners in their equine and real estate business interests, as well as representation of a major equine sport governing organization and the largest equine veterinary clinics in the United States. From the list you see below, we have handled a diverse area of issues relating to the equine professional, owner and business in the equine industry, including fraud claims, equine contract, sales and commissions disputes, lex sportiva (the law or sport), including FEI, USEF

and AQHA disciplinary and doping violations, hearings and appeals, equine activity statutes and negligence claims, equine business entity selection, formation and transactions, equine employment issues, equine insurance coverage disputes, equine liens, officer and director liability and corporate governance both in the for-profit and non-profit sectors, agricultural property tax exemptions, tax issues involving equine businesses, veterinarian representation, zoning and land use. We work diligently with our clients to develop strategies for their needs and solutions to their equine law problem.



HILLARY DOBBS



Related News



COURSE DISCOURSE – \$216,000



THE GOSSIP GIRLS – So Long

The Gossip Girls – The Girls are Back in Town!