

Agency

Agency is the fiduciary relationship that arises when one person (a principal) manifests assent to another person (an agent) that the agent shall act on the principal's behalf and subject to the principal's control, and the agent manifests assent or otherwise consents so to act.

- Consensual relationship;
- Principal's act to select and control the agent is an essential aspect of an agency;
- Agency might be terminated at any time;
- Actual authority:
 - 1) expressed authority;
 - 2) implied authority – authority to do steps that are ordinarily done in connection with facilitating the authorized act.
- Apparent authority – authority that a reasonable third party would infer from the actions or statements of the principal. It's nature is an equitable remedy designed to prevent fraud or unfairness to third parties who reasonably rely on principal's actions or statements in dealing with agent.

Sole proprietorship

Sole proprietorship is an unincorporated business entity run by one individual.

General partnership

General partnership is the earliest form of jointly owned and managed business in the common law legal tradition. It has been a natural legal form for many small businesses. It relies upon personal liability of the business owners to protect creditors, it is based also on friendship, family ties and the law to protect the partners from themselves.

Definition: an association of two or more persons to carry-on as co-owners a business for profit.

- UPA and RUPA;
- Entity separate from its owners;
- Can sue and be sued;
- Imposes personal liability;
- Liability is: unlimited, personal, joint and several, subsidiary;
- By default profits shared equally;
- By default losses according to profit share.

Limited partnership (...)

Entity formed under the auspices of a state statute by the filing of a specified public document with a Secretary of State. It is structured under that statute to allow one or more managing owners (general partners) to run an enterprise built on money and other property contributed by those owners and one or more essentially passive owners (limited partners).

- ULPA (2001) and RULPA 1976 (1985 amendments);
- Requires filing a certificate of organization to the Secretary of State;
- The certificate is a public document;
- Each general partners in an ordinary LP is personally liable for the partnership's debts (same as a general partner in a general partnership);
- Limited partners do not face this kind of abovementioned liability. Limited partner bears risk of his/her investment. Limited partner is, however, liable for her/his torts, even if committed on behalf of the LP.
- Default management: general partners manage the business.