



Read the following pages to see LegalZoom's outrageous mistakes and ignorance of Arizona LLC law. In addition, here are some other reasons LegalZoom bothers me:

1. As of 7/24/11, it was not registered to do business in Arizona despite selling products and services to Arizona residents.

2. As of 7/24/11, it was not licensed by the Arizona Supreme Court as a certified legal document preparer.

3. Legalzoom and the Washington State Attorney General entered into an Assurance of Discontinuance that "prohibits LegalZoom from engaging in the unauthorized practice of law, selling personal information obtained from Washington customers or misrepresenting the benefits of any estate distribution document. Additionally, the agreement requires LegalZoom to ensure any forms sold to Washington consumers comply with local laws."

legalzoom™ Arizona LLC

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LegalZoom is your best resource to start your limited liability company online today. We provide a user-friendly service with hefty customer support to help you create an LLC in three easy steps. Protect your business and personal assets and organize your business with the help of experienced business formation experts.

When you form your Arizona LLC with LegalZoom, we prepare and file your articles of organization with the Arizona Corporate Commission, a division of the Arizona Secretary of State. We also conduct a name search for your Arizona LLC to assist you in the preparation of your operating agreement and provide other customized services corresponding to your needs. Once your articles of organization have been successfully filed, your Arizona LLC has been formed and begins its existence as a corporate entity.

The ACC is not a division of the Arizona Secretary of State. It is a separate Arizona state agency not controlled by and independent of the Arizona Secretary of State.



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Membership: A limited liability company must have members. Requirements:

- Minimum Number of Members: One or more.
- Eligibility Requirements: A member must be a person.
- Procedure for Membership: The person may acquire an interest in the LLC either (1) directly from the company, by being identified as a member in the initial articles or (2) being identified as a member in and signing in person or by an attorney-in-fact an operating agreement or being identified as a member in a written statement certified by each of the managers identified in the initial articles.
- Assigning an interest in the LLC: A person may assign an interest in the LLC, subject to the provisions of an operating agreement, or on the consent of all members and (2) if the person is an assignee of all or part of a member's interest in a limited liability company, on the terms provided in an operating agreement or on the approval or consent of all members.

Wrong. In addition to a person, a company, a trust or any other type of entity can be a member of an Arizona LLC.

Resignation of Membership: Certain prohibitions exist surrounding the ability of a member to resign from the company.

- A member may not resign from the company if the resignation violates an operating agreement of the company.
- Unless an operating agreement provides otherwise, a member may resign from a limited liability company by giving written notice to the company.
- An LLC may pursue certain remedies against a resigning member if the resignation violates an operating agreement of the company.

Wrong. In Arizona the term is statutory agent. See ARS Section 29-604 found here: <http://www.keytlaw.com/azllclaw/arizona-llc-statutes/article-1/ars-section-29-604/>. Why doesn't LegalZoom know this?

Registered Agent In Arizona

LegalZoom can also provide your business with a registered agent in Arizona. Every Arizona LLC must have a registered agent in Arizona -- the person or office designated to receive official state correspondence and notice if the company is "served" with a lawsuit.

- Eligibility Requirements: A registered agent in Arizona may be an individual resident of this state whose business office is the same as the registered office, or a domestic or foreign company authorized to transact business in this Arizona whose business office is the same as the registered office.

As of 7/24/11, the date I made this pdf, LegalZoom charges \$159/year to be the "resident" agent for an AZ LLC. I provide statutory agent service for free the first year then \$99 a year thereafter.

Incredible! LegalZoom mistakenly believes that the Arizona Secretary of State has anything to do with Arizona LLCs. Do you really want an outfit to form your LLC that doesn't even know the name of the state agency that governs Arizona LLCs? If it is unaware of this fact, just imagine how ignorant it must be about important Arizona laws that govern Arizona LLCs.

"I think one of the most outstanding aspects of the service I received was the e-mails you sent keeping me informed of the progress of my LLC. Thanks."

**William W. - Derwood Builders, LLC,
Amherst, VA**



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Arizona Secretary of State

Once an Arizona LLC has been created, the Arizona Secretary of State will require certain recurring responsibilities and duties. The most important of these are explained below. For further information, refer to the Arizona Secretary of State office.



LegalZoom LLC Pricing

Economy	\$99*
Standard	\$289*
Express Gold	\$359*

* Plus state fees | More pricing details

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Dissolution

Grossly wrong and misleading. I have a masters degree in federal income tax law (LL.M.) from New York University School of Law and know that this statement is inaccurate. The deductions available to an LLC or a corporation depend on its method of income tax under the Internal Revenue Code. An LLC taxed as a C corp has the same deductions as a corporation taxed as a C corp. Same is true of an LLC taxed as an S corp and a corporation taxed as an S corp. A multimember LLC can be taxed as a partnership and a single member LLC can be taxed as a sole proprietorship. As a tax lawyer I know that there are subtle differences in each method of federal income tax, but whether one method will provide more deductions depends on the activities of the entity more than the method of taxation. If LegalZoom is ignorant of federal income tax differences between LLCs and corporations, just imagine what other bad advice it gives to people who are unfamiliar with LLCs and federal income tax law. For a detailed explanation of how LLCs can be taxed see Richard C. Keyt's article called "How are LLCs Taxed" found here: www.keytlaw.com/azllclaw/forming-llcs/llc-tax-methods/

Taxes

An LLC can offer certain tax advantages over a corporation, including the availability of more deductions. Additionally, an LLC is not required to be a separate tax entity like a corporation; instead, it can be a "pass-through entity," so that the LLC owners report business losses or profits on their personal tax returns, like a partnership.

Federal Income Tax: Unless you elect to tax the limited liability company as a corporation, the IRS treats single-member LLCs as sole proprietorships for tax purposes. This means the LLC itself does not pay taxes and does not have to file a tax return. Unless you elect to tax the limited Liability company as a corporation, the IRS treats multi-owned LLCs as partnerships for tax purposes. This means that LLC owners each pay taxes on their lawful share of the profits on their personal income tax returns, not the LLC itself. If you desire, by filing IRS Form 8832, you may elect corporate taxation if you regularly need to keep a substantial amount of profits in your LLC.

Wow!!!!!!! Don't file your Articles of Organization with the Arizona Secretary of State because it will be rejected. You must file the AOO with the Arizona Corporation Commission.

ona taxable net income.
tax identification
s similar to an
individual's social security number. Generally, you will not need a separate EIN number for your LLC as long as you are the sole owner and the LLC has no employees. However, if you are not the sole owner of the LLC or if the LLC has employees, your LLC will need a separate EIN number to open a bank account and for certain tax filing requirements LegalZoom can prepare your Federal Tax ID Application if you have not already done so.



Fees

Filings must be made with the Arizona Secretary of State in which the LLC was organized, along with the appropriate state filing fee. When appropriate, one check must accompany the document, payable to the Secretary of State, covering all charges for the Arizona Secretary of State.

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LegalZoom's notice you should consult with an attorney always cracks me up, but I am not happy with the many people who pay LegalZoom and believe LegalZoom is a substitute for an attorney. Unfortunately, few people read the small print and are not aware LegalZoom is not giving them any legal advice. Forming an LLC involves much more than filing out the two page fill in the blanks Arizona Corporation Commission Articles of Organization. See my article called The Two Phases in the life of an LLC" found at: <http://www.keytlaw.com/azllclaw/forming-llcs/llc-phases/>



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Again you are warned: LegalZoom cannot help you.

Remember the saying about representing yourself when you need a lawyer.

You are on your own contrary to what happens when you hire a lawyer to form your LLC.

Yikes! It's site may have incorrect information and not be current.

This is my favorite LegalZoom disclaimer: "Consult a licensed attorney"

Note well: Unlike an attorney you hire who is responsible for providing correct legal advice, LegalZoom says we aren't liable if we screw up.

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*The Bryants created their last will through LegalZoom.com in 2008 and are featured in LegalZoom's TV commercials.

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