

# Conversion and Domestication under the New Jersey Revised Uniform Limited Liability Company Act

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Suppose you represent a limited partnership (call it OldCo LP) that, for any number of reasons, wants to become a limited liability company (LLC). This could be accomplished in any number of ways. For example, a new LLC could be formed (call it NewCo LLC) and all of the assets of OldCo LP could be transferred to NewCo LLC in exchange for membership interests in NewCo LLC. Thereafter, OldCo LP would be liquidated and dissolved, distributing NewCo LLC's membership interests to OldCo LP's partners, and changing the name of NewCo LLC to OldCo LLC. Alternatively, NewCo LLC could be formed and OldCo LP merged into NewCo LLC. Thereafter, the name of NewCo LLC could be changed to OldCo LLC.

Both of these methodologies essentially effect the desired goal of having OldCo LP's business carried on by an LLC. However, each approach involves multiple steps and, in the end, OldCo LLC is not the same entity as OldCo LP. For example, its date of formation as indicated on the public records will be different.

Other jurisdictions have developed a streamlined procedure whereby an entity, by virtue of a simple filing, can elect to change its form of organization (for example, changing from a corporation to a limited liability company). Such a procedure allows a business to select an entity form that meets its current needs.

New Jersey's Revised Uniform Limited Liability Company Act<sup>1</sup> (NJRULLCA), which (since March 1, 2014) applies to all New Jersey LLCs, authorizes such a streamlined, one-step method by which an organization other than a domestic LLC or a foreign LLC may convert to a domestic LLC, and by which a domestic LLC can convert to a domestic or foreign organization other than an LLC. These entity changes are called conversions under NJRULLCA. As opposed to the two methodologies described above for changing a limited partnership to an LLC, to effect a conversion under NJRULLCA only one piece of paper need be filed. Furthermore, at any one time there exists only one business entity and the converted entity is the same one that existed prior to the conversion. Finally, as will be further explained below, since there has been no 'merger' no 'due on merger' clauses will be triggered, and since there has been

no 'sale of assets' no 'due on sale' clauses will be triggered.

NJRULLCA also provides a streamlined process by which an LLC can change the state of its organization. Somewhat confusingly, the authors believe, NJRULLCA uses the term "domestication" to refer to both a foreign LLC becoming a domestic LLC and a domestic LLC becoming a foreign LLC. As with conversions, domestications are effected with the filing of only one piece of paper.

In order for a New Jersey LLC to convert or domesticate to another 'organization' (defined under NJRULLCA as a general partnership, including a limited liability partnership, limited partnership including a limited liability partnership, LLC, business trust, corporation, or another entity having a governing statute, whether or not organized for profit), the resulting organization's governing statute has to authorize the conversion or domestication. At this time, the governing statutes of no New Jersey entities (other than LLCs) authorize such entities' conversion or domestication as contemplated by NJRULLCA. On the other hand, Delaware law authorizes the conversion or domestication of corporations, partnerships, limited partnerships and LLCs. Thus, a New Jersey LLC can convert to a Delaware corporation, for example, but not a New Jersey corporation.

Legislation has been introduced to amend the New Jersey Business Corporation Act to permit the conversion and domestication of New Jersey corporations.<sup>2</sup> If and when this pending legislation is passed, New Jersey LLCs (and LLCs formed in any other state that has adopted the Revised Uniform Limited Liability Company Act or whose law otherwise permits conversions) will be able to convert to New Jersey corporations. Furthermore, New Jersey corporations will be able to convert to New Jersey LLCs, or LLCs or corporations formed in Delaware or any other state whose laws (for the applicable entity) permit such conversion. The authors believe the pending legislation is well drafted and will work as intended, but its terminology is not entirely consistent with NJRULLCA. Unlike NJRULLCA, it does not distinguish between conversions and domestications. By way of example, under the pending legislation a New Jersey corporation changing to a Delaware corporation would be called a conversion and not a domestication.

## Process of Converting or Domesticating

Under NJRULLCA, the process for converting or domesticating an LLC is essentially the same. Both must be effected pursuant to a written plan of conversion or domestication, as the case may be. The written plan must include:

- a. The name and form of the organization before conversion or domestication;
- b. The name and form of the organization after conversion or domestication;
- c. The terms and conditions of the conversion or domestication, including the manner and basis for converting interests in the converting or domesticating organization into any combination of money, interests in the converted or domesticated organization, and other consideration; and
- d. The organizational documents of the converted or domesticated organization.<sup>3</sup>

Once a plan is prepared, it must be approved by the members of the converting or domesticating LLC. The default rule is that all of the members of a converting or domesticating LLC must approve the plan of conversion or domestication.<sup>4</sup> Pursuant to N.J.S.A. 42:2C-11, the operating agreement may vary this default rule and permit a stated plurality (e.g., 50 percent, or two-thirds) to approve a consolidation or domestication, subject to one *caveat*. Specifically, per N.J.S.A. 42:2C-86, if a member of a converting or domesticating LLC will have personal liability with respect to a converted or domesticated organization, that member must consent to the conversion or domestication unless the company's operating agreement provides for approval of a conversion or domestication with the consent of less than all of the members and the member has consented to that provision of the operating agreement. Notably, a member

is not deemed to have given such consent merely by giving his or her consent to a provision in the operating agreement permitting an amendment of the operating agreement without the consent of all of the members of the LLC.

After a plan of conversion or a plan of domestication is approved, the converting LLC or domesticating organization must deliver articles of conversion or domestication, as the case may be, to the New Jersey Department of Treasury for filing. Requirements for these articles are set forth in N.J.S.A. 42:2C-80 and 42:2C-84, respectively.

If an LLC has adopted and approved a plan of domestication providing for the company to be domesticated in a foreign jurisdiction, a statement surrendering the company's certificate of formation must be delivered to the New Jersey Department of Treasury for filing.<sup>5</sup> This statement must give the name of the company and recite that the certificate of formation is being surrendered in connection with the domestication of the company in a foreign jurisdiction.<sup>6</sup> It must set forth that the domestication was approved as required by NJRULLCA, and set forth the jurisdiction of formation of the domesticated foreign LLC.

It is important to note that the restrictions on approval of conversions and domestications (and mergers, too) set forth in N.J.S.A. 42:2C-86 only apply if a member of a converting or domesticating LLC will have personal liability with respect to a converted or domesticated organization. In many instances, however, a member of a converting or domesticating LLC may have his or her rights diminished by virtue of the conversion or domestication. For example, the right of a member following conversion or domestication to examine the company's books and records, or to possess dissenter's rights with respect to mergers or consolidations, may be diminished. By way of further example, a member of an LLC may have enhanced exposure if the

entity is converted to a limited partnership because there will be potential liability if the member (as a limited partner of the converted entity) becomes actively involved in the control of the company. When negotiating an operating agreement on behalf of a member, practitioners should keep these issues in mind.

## Effect of Conversion or Domestication

Although the process of converting or domesticating an entity may be simplified under NJRULLCA, a business organization should not convert or domesticate without first considering all of the implications of the action.

Upon conversion or domestication, the resulting entity is, for all practical purposes, the same entity that existed before, albeit in a different organizational form. Notwithstanding this fact, conversions and domestications do not occur in a vacuum. Entities have assets and business activities that may be significantly affected by a conversion or domestication.<sup>7</sup> Prior to converting or domesticating, an entity should consult with its tax advisors and legal counsel to assess in advance the tax consequences and practical business issues that arise from conversion or domestication. This article addresses some of the business concerns arising from a conversion or a domestication, as well as the tax consequences that must be considered prior to converting or domesticating.

### No Dissolution

A conversion or domestication does not interrupt the continuous existence of the converting or domesticating entity. NJRULLCA provides that "except as otherwise agreed" the conversion or domestication does not dissolve a converting or domesticating LLC.<sup>8</sup> Although permitted by the express terms of the statute, it seems unlikely that business owners would dissolve an entity in response to a conversion or a domestication.

## ***Assets and Properties***

All assets and property owned by the converting or domesticating entity remain vested in the converted or domesticated organization.<sup>9</sup> Even though no change in ownership occurs, a business may consider taking certain steps to clearly designate the owner of the assets and property following a conversion or domestication. Part of the rationale for taking such steps is that the legal name of the business likely changed as a result of the conversion or domestication to, at the very least, include the appropriate (and often legally required) corporate or limited liability identifier.

If the entity has registered patents, trademarks or other intellectual property, these valuable assets will follow the conversion or domestication and become that of the resulting entity. However, it may be advisable to record with the appropriate governmental authorities any change in name resulting from the conversion or domestication process. Doing so puts the public on notice regarding the correct name of the business that owns the intellectual property.

Upon conversion or domestication of an organization that owns real estate in New Jersey, there should be no need to record a deed to change record title. However, as a matter of form some property owners may wish to record a deed from the converting or domesticating organization to the converted or domesticated organization. The deed should be exempt from realty transfer fee, pursuant to N.J.A.C. 18:16-5.10, which provides that when title to property has been transferred by operation of law a confirmation deed of the premises upon which title has already passed may be recorded without being subject to a realty transfer fee. The New Jersey Department of the Treasury website gives an example of a corporate property owner that changes its name. It states that a deed confirming title in the new name of the owner may be recorded

without payment of the fee.<sup>10</sup>

Items like bank accounts, business signs, advertising, business cards and stationery also must be updated to reflect the correct name of the business post conversion. From a practical standpoint, such changes are a hassle and can be costly, depending on the extent to which the full legal name of the organization is utilized for advertising and business supplies.

## ***Debts, Liabilities and Obligations***

Upon conversion or domestication, the converted or domesticated entity continues to be responsible for the debts, liabilities or obligations incurred by the entity prior to the conversion or domestication.<sup>11</sup> In this regard, the conversion and domestication provisions in NJRULLCA (like conversion statutes in other jurisdictions) protect the interests and expectations of third parties that contracted with, or had maintained claims against, the converting or domesticating entity.<sup>12</sup>

If a business owner had any personal liability by reason of the owner's interest in the entity, the liability also will continue. Thus, the general partner of a partnership "retains personal liability for all preconversion debts and obligations incurred" by the partnership.<sup>13</sup> If the organization converts or domesticates to an LLC, the owners will enjoy the limited liability benefit of the resulting entity for all obligations arising post conversion.

## ***Rights, Privileges, Powers and Legal Actions***

NJRULLCA further provides that, "except as prohibited by law other than this act, all of the rights, privileges, immunities, powers, and purposes of the converting organization remain vested in the converted organization."<sup>14</sup> This concept was illustrated in one Connecticut case where the court found an LLC, as the converted organization, had

the same right as the converting organization to compel arbitration of a dispute arising from a contract between the converting organization and the defendant in the case.<sup>15</sup>

Likewise, all legal actions or proceedings pending (whether brought by or against the converting or domesticating entity) continue as if the conversion or domestication had not occurred.<sup>16</sup>

## ***Tax Consequences of Conversion to LLC<sup>17</sup>***

The LLC has become the entity of choice for structuring most business operations because of the flexibility and tax benefits it provides. An LLC combines the liability protection of a corporation with the tax benefits of a pass-through entity. Generally, an LLC with one owner is disregarded for federal tax purposes and will be treated as a sole proprietorship, branch, or division of the owner. An LLC with two or more owners generally will be treated as a partnership for federal tax purposes.

In addition to the benefits of limited liability and pass-through tax treatment, the LLC form also offers the following benefits: 1) flexibility with respect to allocations and distributions among members; 2) tax-free distributions of property to members; 3) losses can be used to offset other income subject to 'at-risk' and passive activity loss rules; and 4) certain liabilities can increase a member's tax basis.

The disadvantages of the LLC form are: 1) an active member may be subject to self-employment income on pass-through income; 2) generally, employee benefits are taxable to LLC members; 3) a passive member may be subject to the 3.8 percent net investment income Medicare tax; and 4) unlike corporations, LLCs are not eligible for the benefits of the tax-free reorganization provisions of the Internal Revenue Code.

## ***Conversion from Corporation to LLC***

The Internal Revenue Code does not

provide for the tax-free reorganization of a corporation into an LLC. Generally, from a tax perspective the conversion of a corporation into an LLC involves liquidating the corporation, which will result in gain or loss recognition at the corporate level and at the shareholder level.<sup>18</sup> For many corporations a conversion can lead to significant tax costs. The adverse tax consequences can be reduced to the extent net operating losses or capital loss carryovers are available, or if the corporate assets are not substantially appreciated.

The conversion from a corporation to an LLC can take one of three forms: 1) the 'assets up' form, 2) the 'interest over' form, or 3) the 'assets over' form.

**Assets Up:** In the assets up form, the corporation is liquidated and the assets are distributed to the corporation's shareholders. Following distribution, the corporation's shareholders contribute the assets to the LLC. The liquidation of the corporation results in a taxable event at the corporate level. The taxable event is measured by the difference between the fair market value of the corporation's assets and the tax bases of the assets.<sup>19</sup> The shareholders of the corporation recognize gain to the extent the fair market value of the assets distributed exceeds the shareholders' tax bases in their shares.<sup>20</sup> The subsequent contribution of the distributed assets to the LLC is generally not a taxable event.<sup>21</sup>

**Interest Over:** In the interest over form, the shareholders contribute their shares in the corporation to the LLC, which becomes the sole shareholder of the corporation. The corporation then liquidates and the assets of the corporation are distributed to the LLC. In the interest over form, the shareholders' contribution of their corporation shares to the LLC is generally not a taxable event.<sup>22</sup> The basis of the corporation's shares in the hands of the LLC is the same as the shareholder's basis in those shares. Upon liquidation, the tax consequences are the

same as the liquidation of the C corporation in the assets up form. Thus, the corporation will recognize gain. The LLC also will recognize gain, but that gain will only be taxable at the member level.

**Assets Over:** In the assets over form, the corporation transfers its assets to the LLC in exchange for all of the ownership interest in the LLC. The transfer is followed by a liquidation of the corporation. No gain or loss is recognized by the corporation upon the transfer of its assets to the LLC,<sup>23</sup> and the corporation receives a basis in the LLC interests equal to the corporation's basis in the assets contributed.<sup>24</sup> After the liquidation, the corporation distributes the LLC ownership interests to its former shareholders. The distribution of the new LLC interests received by the corporation to the shareholders of the corporation is a taxable liquidation.<sup>25</sup> Upon receipt of the LLC interests, the shareholders will be subject to taxation to the extent the fair market value of the LLC interest exceeds their basis in the stock of the corporation.<sup>26</sup>

There is no clear guidance on the tax treatment of a conversion of a corporation into an LLC under the elective conversion provisions of NJRULLCA. With respect to corporations with multiple shareholders, the Internal Revenue Service (IRS) has taken the position that the merger of a corporation into an LLC should be analyzed as an assets over transaction.<sup>27</sup> The IRS may take the same position for an elective statutory conversion. With respect to corporations with only one shareholder, the assets up form appears most appropriate.<sup>28</sup>

With respect to the conversion of an S corporation, the corporation will recognize gain on the liquidation (similar to a C corporation), which will pass through to its shareholders. However, unlike in a C corporation, the gain recognized by the corporation increases the shareholder's basis in his or her stock. As such, the gain will not be recognized again on the exchange of stock for prop-

erty in the liquidation, which avoids the double tax. In certain situations, however, the S corporation may be subject to a double tax, for example, where the S corporation was previously a C corporation and the built-in gains tax applies.

Upon the conversion of a corporation to an LLC: 1) the corporation will file a final corporate tax return (IRS Form 1120 or 1120S, as the case may be); 2) the corporation will file IRS Form 966, Corporate Dissolution or Liquidation; and 3) the newly formed LLC will obtain a new tax identification number.

### ***Conversion of a Partnership to an LLC***

The conversion of a partnership to an LLC that will be taxed as a partnership can be accomplished in two ways. In general, either form of conversion is treated as a tax-free contribution of property from the existing partnership to the newly formed LLC. The conversion will be without adverse tax consequences to the partners, provided each partner's interests in the profits, losses and capital of the new partnership remain the same.<sup>29</sup>

In the first form, the partners contribute their partnership interests to an LLC in exchange for LLC membership interests. The exchange is followed by a liquidation of the partnership and distribution of the partnership's assets (the LLC membership interests) to the partners. In the second form, the partnership transfers its assets and liabilities to an LLC in exchange for 100 percent of the LLC membership interests. The transfer is followed by a liquidating distribution of the partnership's assets (the LLC membership interests) and liabilities to the partners resulting in dissolution of the partnership.

It should be noted that if a limited partnership with substantial recourse liabilities converts to an LLC, the general partners may have gain recognition. Generally, a reduction in a partner's share of the partnership's liabilities is treated as a distribution of cash to the partner.<sup>30</sup> If the distribution is larger than the partner's tax



basis in his or her partnership interest, the excess will be taxable.<sup>31</sup> One way to avoid this result would be to have the general partners guarantee the indebtedness.

Upon the conversion of a partnership: 1) there will be no termination of the existing partnership for tax purposes, 2) there is no change in the holding period for any partnership interest in the partnership,<sup>32</sup> and 3) the new LLC will not be required to obtain a new taxpayer identification number.<sup>33</sup>

NJRULLCA was designed to make the process of converting to an LLC simple and easy. As noted above, the potential tax consequences of a conversion to an LLC can be significant. Careful consideration and thought regarding the tax consequences is necessary before a conversion is undertaken.

### **Special Considerations**

As is the case with mergers, conversions and domestications raise some special issues to consider when evaluating whether a conversion or domestication is appropriate under the circumstances.

### **Contract Issues**

"Prior to effecting a conversion [or domestication], it would be prudent to inspect the converting entity's contracts to be certain that none of the entity's contractual rights will be impaired by the conversion [or domestication]."<sup>34</sup>

Contracts often contain anti-assignment clauses, whereby the parties are prohibited from assigning their rights and delegating their obligations under the contract. Some anti-assignment clauses are written in general terms and prohibit a party from transferring or assigning its rights or delegating its obligations to any other person or entity. Other anti-assignment provisions, in well-written real estate leases for instance, clearly define what is deemed a transfer or assignment of a tenant's rights under the lease. Such a clause may provide that a transfer or assignment occurs

if there is a 'change in control' of the tenant, whether through a sale of all or substantially all of its assets, through the sale of 51 percent or more of the equity of the tenant, by merger or by operation of law.

Because conversions and domestications, unlike mergers, involve only a single entity, anti-assignment provisions should not be triggered by a conversion or domestication unless conversions or domestications are specifically addressed and prohibited in the contract.<sup>35</sup> As conversions and domestications become more popular in New Jersey, savvy practitioners may expressly define a transfer or assignment under certain contracts to include these events.

Likewise, 'due on merger' and 'due on sale' clauses in debt instruments or other contracts should not be triggered by a conversion or domestication because the entity stays the same—only the form of the entity changes.

Although the resulting entity may be the same as the converting or domesticating entity, it would be prudent for company counsel to review the entity's contracts to be sure that none of the contractual rights of the company will be impaired by the conversion or domestication, and that no defaults will be triggered.<sup>36</sup> Practitioners should pay particular attention to contract provisions that impose notice, consent or other requirements upon the change in the name or the form of the entity. These clauses are commonly found in key agreements of the business, such as loan documents, mortgages and franchise agreements. Loan agreements frequently prohibit a change in 'form' of any entity borrowers and entity guarantors. If triggered and not complied with, the converting or domesticating entity may find itself in default under these instruments, which could be detrimental to the business. Also, Uniform Commercial Code financing statements filed by creditors should be amended to reflect any domestication or conversion, or any change in name of the resulting entity.

### **Owners of the Resulting Entity**

If an organization will convert to a corporation, and that corporation elects to be treated as an S corporation, particular attention must be paid to who will own the resulting entity. Such restrictions may not have existed in the organization's prior form. The IRS prohibits any other type of corporation from owning shares of an S corporation. In addition, partnerships, as well as non-resident aliens, cannot own stock in an S corporation. No exceptions exist to the limitations. If S corporation shares are issued to a prohibited entity, the entire S corporation election can be declared null and void by the IRS. In other words, the income of the entity will be taxed not only at the corporate level but in regard to individual shareholders as well.

### **Stock Options and Other Equity Options**

As a method to incentivize employees, many businesses offer stock options or other equity incentive options to their employees. Prior to converting or domesticating an entity, the underlying stock option or incentive plan documents must be reviewed. The conversion or domestication will not result in a payout event, so it is crucial the conversion or domestication does not give the option holder any right to exercise the option or to liquidate his or her option. The underlying plan documents likely will need to be modified to reflect the new organizational form. Practitioners should be aware that modification of stock option and other incentive plans can create its own share of problems under the Internal Revenue Code.

### **Foreign and Domestic Qualifications**

If a foreign organization qualified to do business in New Jersey or a New Jersey organization qualified to do business in another jurisdiction converts, the qualification will not follow the converting entity. Rather, the resulting organization

will need to take affirmative steps to qualify in New Jersey or other jurisdictions, as the case may be, following the conversion. Although this may seem contradictory to the 'same entity' concept discussed above, the foreign jurisdiction qualified the converting entity in its then-organizational form. The New Jersey Department of Treasury qualifies a Delaware corporation, for instance, under the qualification provisions of the New Jersey Business Corporation Act. Upon conversion to a Delaware LLC, the Delaware LLC must qualify to do business as an LLC under NJRULLCA. The same result obtains when entities domesticate. For example, if a New Jersey LLC domesticates out of New Jersey under NJRULLCA but continues to do business in New Jersey, the domesticated entity must now qualify in New Jersey under RULLCA's qualification provisions.

## Conclusion

NJRULLCA provides streamlined procedures for converting entities to other entity forms and for domesticating LLCs, but those using these streamlined procedures should be mindful of the consequences of doing so and plan accordingly. ☺

## Endnotes

1. N.J.S.A. 42:2C-1, *et seq.*
2. Assembly Bill No. 2464, Senate Bill No. 3034.
3. N.J.S.A. 42:2C-78; 42:2C-82.
4. N.J.S.A. 42:2C-37(c)(4)(b); N.J.S.A. 42:2C-86.
5. N.J.S.A. 42:2C-85.
6. *Id.*
7. See Beat U. Steiner, Conversion of Entities in Colorado, Vol. 33, No. 11 *The Colorado Lawyer* 11, 22 (Nov. 2004) for a thoughtful discussion of these issues.
8. N.J.S.A. 42:2C-81(b)(6); 42:2C-85(a)(7).
9. N.J.S.A. 42:2C-81(b)(1); 42:2C-85(a)(2). Similar provisions exist and have been analyzed under the Missouri Limited Liability Company Act. In *Husch & Eppenger, LLC v. Eisenberg*, 213 S.W.3d 124 (Mo. Ct. App. E.D. 2006), the Missouri Court of Appeals held that, upon conversion from a general partnership or limited partnership to an LLC, the title to any real and personal property or any interest therein are vested in the LLC without further act or deed. The court went on to note that confirmatory deeds, assignments or similar instruments to evidence the transfer may be executed and delivered at any time in the name of the partnership to the LLC.
10. state.nj.us/treasury/taxation/lpt/rtf-faqs.shtml.
11. N.J.S.A. 42:2C-81(b)(2); 42:2C-85(a)(3).
12. *C & J Builders and Remodelers, LLC v. Geisenheimer*, 249 Conn. 415, 422 (1999).
13. *C & J Builders and Remodelers, LLC*, 249 Conn. at 422.
14. N.J.S.A. 42:2C-81(b)(4). For the analogous provisions with respect to domestication, see N.J.S.A. 42:2C-85(a)(5). See *Husch & Eppenger, LLC*, 213 S.W.3d at 132, where the court recognized that all rights, privileges, powers and cause of action of the converting entity are transferred to the converted entity by operation of law and without any further acts.
15. *C & J Builders and Remodelers, LLC*, 249 Conn. at 422.
16. N.J.S.A. 42:2C-81(b)(3); 42:2C-85(a)(4).
17. The following discussion of the tax consequences of the conversion to an LLC is intended to be a general discussion. A detailed discussion of the tax consequences of such a conversion is beyond the scope of this article. The reader is encouraged to consult with a qualified tax advisor in connection with a conversion to an LLC.
18. See I.R.C. §§ 336 and 331.
19. I.R.C. § 336.
20. I.R.C. § 331.
21. I.R.C. § 721.
22. See *Id.*
23. I.R.C. § 721.
24. I.R.C. § 722.
25. I.R.C. § 336.
26. I.R.C. § 331.
27. See *Id.*
28. The Treasury Regulations treat the elective conversion of an association taxable as a corporation to a disregarded entity as a distribution of all of its assets and liabilities to its single owner in liquidation of the corporation (the assets up form). See Treas. Regs. § 301.7701-3(g)(1)(iii).
29. See Rev. Rul. 84-52, 1984-1 CB 157, 158.
30. See I.R.C. § 752(b).
31. See I.R.C. § 731.
32. See Rev. Rul. 84-52.
33. See Rev. Rul. 95-34.
34. Beat U. Steiner, Conversion of Entities in Colorado, Vol. 33, No. 11 *The Colorado Lawyer* at 22.
35. See *Id.*
36. See *Id.*

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