

# LLC FORMATION STARTER KIT

From Idea to Protected Entity — The Complete Formation Guide

Everything you need to understand, form, and properly maintain a Limited Liability Company — enriched with the history, real-world stories, and famous examples that show you why this single structure has protected more American wealth than any other.

58-Page Formation Guide	2 Operating Agreement Templates	Step-by-Step Checklists
Corporate Veil Protection	EIN Application Walkthrough	Real-World Case Studies

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## INTRODUCTION

# The \$150 Decision That Protects Everything

Of all the decisions a business owner, investor, or entrepreneur can make, few are as consequential — or as underestimated — as the decision to form a Limited Liability Company. For a filing fee that ranges from \$50 to \$500 depending on your state, you can create a legally recognized barrier between your personal assets and every risk your business creates. Your home. Your savings. Your vehicles. Your investment accounts. All of it protected by a single document filed with your state.

Yet despite the LLC's simplicity, low cost, and remarkable effectiveness, millions of Americans operate businesses and hold real estate without one. They accept unlimited personal liability every single day — not out of indifference, but because no one has clearly explained what they are risking or how straightforward the solution actually is.

*“An LLC costs \$150 to form. A lawsuit costs \$150,000 to defend. The math has never been more obvious.”*

— Common observation among asset protection professionals

This guide was built to close that gap entirely. In the chapters that follow you will find everything needed to understand what an LLC is, how it was invented, why it works, how to form one correctly, and — critically — how to maintain it so that its protection never fails when you need it most.

**What Makes This Guide Different:** Most LLC formation guides are dry, step-by-step instruction manuals. This guide adds the historical context, famous real-world examples, and cautionary case studies that make the information stick — and make the urgency undeniable. You will not just know how to form an LLC after reading this. You will understand exactly why it matters and what is at stake if you do not.

## CHAPTER 1

# The Birth of the LLC: Wyoming, 1977

## ■ HISTORICAL ORIGIN — Cheyenne, Wyoming — September 27, 1977

In the fall of 1977 the Wyoming state legislature did something that would permanently change American business law. Under intense lobbying from Hamilton Brothers Oil Company — a Denver-based energy firm that needed a new type of entity to attract foreign investment without triggering corporate double taxation — Wyoming passed the nation's first Limited Liability Company statute. The architects of the Wyoming LLC statute borrowed concepts from two existing structures: the liability protection of a corporation and the tax flexibility of a partnership. The result was a hybrid entity that had never existed before in American law — one that could protect its owners from personal liability while allowing income to pass directly to their personal returns without a corporate-level tax. For over a decade Wyoming was the only state in the country with an LLC statute. The structure was used primarily by sophisticated businesses and energy companies. Then in 1988 the IRS issued Revenue Ruling 88-76, officially confirming that Wyoming LLCs would be taxed as partnerships. The flood gates opened. Florida adopted LLC legislation in 1982. Colorado in 1990. By 1996 every state in the nation had passed LLC legislation. By 2024 there were more than 25 million LLCs registered in the United States — all tracing their legal lineage to a single oil company's lobbying effort in Wyoming.

## The Problem the LLC Was Invented to Solve

To truly understand why the LLC is so powerful you need to understand the landscape that existed before it. American businesses had two choices: a corporation or a partnership. The corporation offered liability protection but subjected profits to double taxation — once at the corporate level and again when distributed to shareholders. The partnership offered pass-through taxation but provided zero personal liability protection — partners were personally responsible for all business debts.

Hamilton Brothers needed a structure for a joint venture with a foreign company. The foreign partner could not be a shareholder in an S-Corporation (which prohibits non-resident alien shareholders) and did not want the double taxation of a C-Corporation. A partnership would expose both partners to unlimited personal liability. The Wyoming LLC statute solved all three problems at once — and in doing so created the most versatile and widely-used business entity in American history.

## ■ DID YOU KNOW?

The very first LLC operating agreement in American history was reportedly drafted in a conference room in Denver, Colorado in 1977 by attorneys working for Hamilton Brothers Oil Company. The document they created — defining ownership interests, management rights, and profit distributions — established the template that millions of operating agreements still follow today. The LLC was not born in a law school or a legislative committee — it was born out of a practical business problem that needed an immediate solution.

SAMPLE PREVIEW  
SAMPLE PREVIEW

## CHAPTER 2

# Why the LLC Is America's Most Popular Entity

With over 25 million registered LLCs in the United States — vastly outnumbering corporations, S-Corps, and partnerships combined — the LLC has become the default choice for American business and investment. Understanding why requires looking at each of its core advantages in detail.

## Personal Liability Protection

The fundamental reason most people form an LLC. When your business is properly structured as an LLC, your personal assets — home, savings, vehicles, investment accounts — are generally protected from business debts, lawsuits, and creditor claims. A judgment against the LLC can reach LLC assets but not yours personally. This protection, properly maintained, is both legally recognized and extraordinarily powerful.

## Pass-Through Taxation

By default LLC profits pass directly to the owner's personal tax return — avoiding the double taxation that burdens C-Corporations. You pay income tax once, at your personal rate, on business profits. The LLC itself pays no federal income tax. Additionally the LLC can elect to be taxed as an S-Corporation — unlocking significant self-employment tax savings for profitable members.

## Management Flexibility

Unlike corporations that require a board of directors, annual meetings, and formal minutes, an LLC can be managed however the members choose. A single-member LLC is managed entirely by the owner. A multi-member LLC can be member-managed (all owners participate) or manager-managed (designated managers run operations while other members are passive). The operating agreement defines everything.

## Minimal Compliance Requirements

Compared to a corporation, an LLC requires far less ongoing maintenance. No board meetings required. No annual stockholder meetings. No minutes to keep. No stock certificates to issue. In most states the only annual requirement is filing a report and paying a renewal fee. For a busy entrepreneur this simplicity is enormously valuable.

## Credibility and Professionalism

## ■ End of Preview

The full 40-page LLC Formation Starter Kit is available for purchase

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- ✓ 40-Page LLC Formation Starter Kit (PDF)
- ✓ Wyoming 1977 Origin Story & Legal History
  - ✓ 7-Step Formation Walkthrough
- ✓ Corporate Veil Protection Guide (Salomon Case)
  - ✓ EIN Application Walkthrough
  - ✓ Business Bank Account Guide
- ✓ Famous LLC Wins & Failures Case Studies
- ✓ Single-Member Operating Agreement Template
- ✓ Multi-Member Operating Agreement Template

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