

Title:

Delaware Ranked #1 In The United States

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Summary:

Each year the United States Chamber of Commerce announces which States have the best and worst legal system. For the fifth year in a row, Delaware has received the top honors, being named the State with the fairest legal system. Additionally, a survey of U.S. businesses ranked Delaware as the State doing the best job of creating a fair and reasonable legal environment. As many of the top businesses in the United States, and a growing number of small and medium sized businesse...

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Article Body:

Each year the United States Chamber of Commerce announces which States have the best and worst legal system. For the fifth year in a row, Delaware has received the top honors, being named the State with the fairest legal system. Additionally, a survey of U.S. businesses ranked Delaware as the State doing the best job of creating a fair and reasonable legal environment. As many of the top businesses in the United States, and a growing number of small and medium sized businesses, have chosen Delaware as the place to incorporate, that ranking should not come as a big surprise.

The results of the 2006 study, which was officially conducted for the United States Chamber Institute for Legal Reform by The Harris Poll, surveyed a national sample of in-house general counsel or other senior corporate litigators to explore how reasonable and fair the legal system is perceived to be by U.S. business. In order to ensure the integrity of the results, respondents were first screened for their familiarity with States, and those who were very or somewhat familiar with the litigation environment in a given State were then asked to evaluate that State.

When deciding where to incorporate, there are a number of considerations that businesses must take into account. Perhaps the single most important consideration for any business is the legal environment within the incorporation State. Over the past few years, several States have tried to create more

favorable climates for businesses; but year after year, it is Delaware that provides the most fair and competent judges, the best and most efficient handling of litigation proceedings and juries that are competent, fair and predictable. It is also Delaware that provides the most flexible and business-friendly incorporation laws, including minimal regulation and minimal yearly filing requirements. (visit www.delawareinc.com)

Recently, formation companies in the State of Nevada have been mounting an advertising campaign to drive businesses into the desert, touting the State's minimum regulation. What is missing from Nevada, however, is a fair, competent and predictable legal environment. In fact, in 2006 Nevada ranked worst among the States in terms of creating a fair and reasonable legal environment while ranking 37th overall. Additionally, according to several magazine publications, venture capitalists and angel investors they will all routinely throw away business plans they receive from companies incorporated in Nevada. What this means, of course, is that if you are a legitimate business you could get inappropriately labeled as unsavory simply because you have incorporated in Nevada.

Additionally, many, if not most of the Nevada companies who help individuals set up companies, tout the fact that when you file a Nevada LLC the owners of the LLC can remain anonymous. To some, such anonymity may be helpful, but the Nevada promise is misleading at best and completely disingenuous at worst. While you can anonymously create a Nevada LLC, the company must provide the Secretary of State with the names and addresses of each manager or managing members on or before the last day of the first month after the filing of the Nevada LLC. See Nevada Revised Statutes 86.263. Therefore, the promise of anonymity in Nevada can be a hollow promise.

While anonymous ownership may not be important to all, in some situations there can be a legitimate business interest in keeping matters private. Unlike Nevada, Delaware truly does offer an answer to those in search of privacy. Simply stated, in Delaware, if you want to create an anonymous LLC you can do just that. No where in the Delaware laws is there any requirement that the managers or members be identified in any filing. In fact, the Delaware law relating to the formation of LLC's specifically says that the names of the managers or members may be included, but are not required. See Delaware Code § 18-102. Therefore, if anonymity is what you want then Delaware is the place to incorporate, not Nevada.

When deciding to incorporate in Delaware, companies of all sizes receive the benefit of the most developed business laws in the United States. The Delaware Chancery Court is renowned throughout the country for its handling of complex

business matters. In fact, other States attempting to copy Delaware's successful business climate turn to and defer to the Delaware Chancery court and its rulings, thereby acknowledging the superior climate provided to businesses by the State of Delaware.

Where you incorporate is a big decision, but for companies of all sizes Delaware has made the decision very easy. Whether you are a start-up business, family business, small business, large business or subsidiary, Delaware is the place to incorporate. Whether you are forming a LLC, a partnership, a general corporation or a C-corporation, you will benefit from the nation's premier legal system.