

Sole Proprietorships Are Ok

I am a Judgment Broker that writes a lot. This article is my opinion, to counter a bit of undeserved bias I have read and heard, against sole proprietorships.

"I won't do business with anyone that is not part of a real corporation or LLC", is something I hear a lot. That statement is only reasonable sometimes.

Sole proprietorships are owned by a person (or sometimes a married couple), and are not corporate entities. The cost savings, compared to forming and running a LLC or a corporation, are huge. Sole proprietorships are perfect for small businesses having no employees, or internet-based businesses.

When you are buying electrical utilities, life insurance, major appliances, or paying for your kid's school; you want a large company with many resources, and not a small, sole proprietorship company.

When you buy something from EBay, at a small store, or any service from a web site or company that does not take any of your money upfront; the company or lack of a company, does not really matter. In situations like these, there are no more risks in doing business with a sole proprietor, than there are with a corporate entity.

The strength of corporate entities, is when they are large, they can continue if an important person gets sick, quits, or dies.

Corporate strength comes from the number of their people times the quality of their people, times its financial strength.

The reverse is also true, when a company is short of money and skilled people; service and competence tends to suffer.

If a corporation or LLC has only one or two persons owning, managing, or working in it, it is actually no stronger than a sole proprietorship.

Many people think that doing business with corporations or LLCs is safer. However, if you get ripped off and have to sue someone, it is usually much easier to recover a money judgment from an average person, than it is from an average corporation.

Unlike a person, a corporate entity can fold or change names overnight.

There are a huge range of shenanigans available to clever corporate judgment debtors, including transferring assets to another corporate entity (sometimes with a concealed or deceptive ownership of that other entity), or having buddies that create insider liens on the corporation, etc.

Just like people, corporations can have problems. Some corporations keep running after they get suspended or dissolved. Be cautious when doing business with a dissolved, suspended, or bankrupted company.

Corporate entities can file for bankruptcy protection almost as easily as any person can. A corporate judgment debtor may have many more creditors than a sole proprietorship does, because fewer entities loan, or front large sums of money to a sole proprietor.

In summary, do not dismiss a company solely because of their corporate status, or lack of it. Many skilled and valuable companies are run as sole proprietors. Many sole proprietors last much longer than big companies do. Corporate entity or not, be careful when you pay upfront for anything.

About the Author

<http://www.JudgmentBuy.com> - where Judgments and debts get recovered or purchased by the best - expertly matched for free, to your debtor.

Mark Shapiro, the judgment expert. We pay for leads, and have the best quality free leads for enforcers, collection agencies and contingency collection attorneys.

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