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BUSINESS LEDGER

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NAPERVILLE'S C.H. HANSON THRIVING
FOR 147 YEARS**

Philip
Hanson,
his father,
CEO Craig
Hanson,
President Phil
Hanson and
his daughter,
Kathleen.

■ **COFFEE BREAK: BRIAN GRANO,
OWNER OF MICKEY FINN'S BREWERY**

■ **BUSINESS LAW: SUBURBAN
ATTORNEYS SHARE THEIR THOUGHTS
ON AN ARRAY OF ISSUES**

Employers under the gun



What overturning Illinois' ban on concealed carry could mean for businesses

As a result of the U.S. Court of Appeals for the Seventh Circuit's decision in *Moore v. Lisa Madigan*, Illinois has enacted a comprehensive concealed carry law (Firearm Concealed Carry Act or Act).

This law has an immediate and serious impact on all Illinois employers. With respect to private businesses and organizations, the Act specifically provides that "[t]he owner of private real property of any type may prohibit the carrying of concealed firearms on the property under his or her control." In order to do so, the owner must post a sign indicating that firearms are prohibited on the property (unless the property is a private residence, in which case no sign is needed). The Act requires that the signs must "be of a uniform design" as established by the Department of State Police and shall be 4 inches by 6 inches in size. The signs must be "clearly and conspicuously" posted at the entrance of a building or premises.

Regardless of a private property owner's right to prohibit the carrying of a concealed firearm on its property, the Act does indeed carve out an exception that allows license holders to possess a concealed firearm in their vehicles while in the parking area of a property that prohibits concealed firearms. License holders can also store a firearm or ammunition "concealed in a case within a locked vehicle of locked container out of plain view within the vehicle in the parking area."

The Act goes on to provide that license holders can even carry a concealed firearm in the immediate area outside of their vehicles, but only for the limited purpose of storing or retrieving the firearm within the vehicle's trunk and only if the firearm is unloaded.

Although the new law does not address an employer's ability to

prohibit an employee from lawfully possessing a firearm while engaged in employment away from the employer's premises or while traveling, many employers have decided to implement such a prohibition.

These employers hold the belief that their ability to manage its worker overrides the individual's right to lawfully possess a firearm while engaged in employment activities. Ultimately, this issue will have to be addressed through amendments to the law or through future litigation.



JEFFREY A. RISCH

All businesses should be considering three issues at this point. First, businesses should decide whether they are going to allow or prohibit concealed

firearms in the workplace. Unfortunately, the new law does not include statutory immunity to insulate an employer from liability stemming from its decision to allow or prohibit concealed carry.

Second, who will be regulating the carrying of concealed firearms in the workplace (i.e. does the business own the property, and, if not, will the landlord be implementing its own regulation or is the issue addressed in the lease?)

Third, what policies or handbook changes need to be implemented? Employers should be evaluating and updating their workplace violence, workplace weapons, workplace search and general employee conduct policies (which should include provisions addressing workplace threats, bullying and intimidation).

• *Jeffrey A. Risch is a management-side labor and employment attorney and partner with SmithAmundsen LLC with offices in St. Charles, Rockford, Woodstock and Chicago. jrisch@salawus.com*

Series LLCs offer many advantages for businesses

Did you know that Illinois is one of only eight states where businesses can establish series under limited liability companies (LLCs)? Series LLCs offer a unique structure that combines the flexibility of a partnership with the liability limitation of an LLC.

Most businesses are familiar with the traditional limited liability company. LLCs offer its owners, known as members, protection from personal liability for the LLC's obligations, including creditor debt and lawsuit judgments.

Series LLCs consist of a master umbrella with "series" entities similar to a subsidiary organized under a corporation. Each "series" has its own property, business, liabilities and members. The Series LLC has an advantage over "S Corporations," which share "pass through" taxation, but are not allowed to have subsidiaries. Series LLCs are ideal for businesses or individuals that own and operate multiple business properties and want to share profit and loss, but still maintain separate operations.

For example, a developer with multiple properties can establish a Series LLC owning each parcel in a separate "series" within the single master LLC. Similarly, a developer and a builder could set up a Series LLC, which would segregate and protect the liabilities of their respective businesses under the LLC.

Series LLCs provide many advantages:

• **Pass Through Taxation.** LLCs are treated as partnerships for federal income tax purposes so that income or loss from the LLC "passes through" from the LLC to the members. Each member reports his or her allocable share of income or loss directly on the member's federal income tax return. This structure eliminates "double taxation", which occurs when profit is taxed first at the entity level, and then again based upon each owner's allocable share of income or distribution. Usually, only one tax return has to be

filed for the LLC, to include the net income or loss from each series. However, each Series must have its own EIN number and keep separate books and records.

• **Liability Protection.** A Series LLC segregates and protects the assets and liabilities of each series. Creditors can only enforce liabilities of one series against the assets of that series, and not against the assets of the others.

Reduced Administrative Costs.

If a business sets up a Series LLC with three separate series within, the total fees at the end of the first year would be \$1,100 (the \$750 filing fee to establish the LLC (Form LLC-5.5(s), plus \$50 registration for each series (Form LLC-37.40) and a \$250 charge each year thereafter for mandatory filing of the annual report (LLC-50.1). If the business instead chose to set up three separate LLCs, the fees would be \$2,250 (\$500 filing fee per LLC, plus \$250 mandated annual report filing fee per LLC).

• **Versatility.** Unlike the S Corporation, the Series LLC is not limited by a single stock classification and can designate different classifications of membership and even include their subsidiaries under the same LLC. The Series LLC also has fewer limitations regarding membership, whereas S Corporations are limited as to who may be a shareholder. Series LLCs can also facilitate transfer of wealth in estate planning or retirement investments in compliance with IRS regulations.

To establish an LLC or Series LLC, consult a competent attorney to discuss your options and draft a comprehensive operating agreement between all concerned parties. Attorneys ask the important "what if" questions to address contingencies in case of unexpected changes in profit/loss, management, ownership, etc. A Series LLC can potentially provide all the protection, flexibility and tax advantages you need.

• *Keith A. Zerman is a licensed attorney at Gardi & Haught Ltd. in Schaumburg.*



KEITH A. ZERMAN