

NIESAR & VESTAL LLP

Law Alert

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Firm Attorneys Author 30th California LLC Practice Manual Supplement

We are proud to announce that Gerald Niesar and Carolina Aricu of our firm authored the 30th annual supplement to the four-volume California Limited Liability Company Forms and Practice Manual. Gerald Niesar was the original lead author of the Manual published in 1994, and has participated in each of the annual supplements.

The Manual is the most comprehensive and current resource available on California and Nevada LLC law and practice, and also includes a chapter and forms for California LLPs.

Important features of this year's supplement include:

- Updates to Section 1.19 and related materials regarding the Corporate Transparency Act to reflect FinCEN's March 2025 Interim Final Rule removing the requirement for U.S. companies and U.S. persons to report beneficial ownership information to FinCEN.
- Updated Incentive Unit Plan and Incentive Unit Agreement (Appendix E5) providing a phantom stock compensation structure for California LLCs, enabling companies to offer equity-like incentives to employees and service providers without diluting actual membership interests or conferring ownership rights.
- A new long-form Operating Agreement for LLCs taxed as S corporations (Appendix D13), featuring two classes of Units (voting and non-voting) with identical economic rights, manager-managed structure, mandatory tax distributions, strict transfer restrictions to preserve S corporation status, and buy-sell provisions.
- A new Section 7.10.1.8 regarding the availability of the business judgment rule as a defense for decision makers in California LLCs. The section discusses the landmark *Tuli v. Specialty Surgical Center of Thousand Oaks, LLC* decision, which appears to be the first California appellate case recognizing that the business judgment rule may be available to managers and managing members of limited liability companies.

This supplement serves as a reflection of our dedication to providing practical and timely resources for business lawyers, CPAs and clients. We look forward to many more years of service and progress.

Click [here](#) to purchase the complete Manual or the 2025 supplement from Data Trace Publishing.

If you have questions arising out of this Manual and/or this year's supplement, please feel free to contact Carolina Aricu (caricu@nvlawllp.com) or Gerald Niesar (gniesar@nvlawllp.com).