Business Dissolution

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Related Services

Business Law
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Overview

Closing a business is not the same as stopping operations. Every year, business owners in Massachusetts and Rhode Island assume that ceasing activity is enough to end their legal obligations. It is not. An LLC or corporation that has not been properly dissolved continues to accrue tax filings, annual report obligations, and potential liability exposure. Creditors retain claims against the entity. The Secretary of the Commonwealth does not simply erase a business from its records because the doors are closed.

Cohen Cleary guides business owners, partners, and corporate officers through the full dissolution process: from the initial vote or consent through creditor notification, asset distribution, tax clearance, and final state filings. The goal is a clean conclusion that protects individual owners from the liabilities that follow an improperly wound-down entity.

LLC Dissolution and Business Wind-Down Services

The scope of a dissolution engagement depends on the entity type, the complexity of its obligations, and whether all owners are aligned on the decision to close. Our work typically spans the following areas:

- **Voluntary dissolution procedures** for LLCs, corporations, partnerships, and other Massachusetts and Rhode Island entities, including drafting and filing articles of dissolution or certificates of cancellation with the appropriate state agencies.
- **Creditor notification and claims management,** including compliance with statutory notice requirements that, if followed properly, can cut off future creditor claims against owners individually.
- **Asset liquidation and distribution** planning that respects the priority of claims and protects owners from preference liability or fraudulent transfer exposure.
- **Tax clearance coordination,** including final federal and state returns, obtaining tax clearance certificates from the Massachusetts Department of Revenue, and resolving outstanding assessments before they become personal obligations of the owners.
- **Partner and shareholder dispute resolution** when dissolution is contested, including buyout negotiations, valuation disputes, and judicial dissolution proceedings when a voluntary agreement is not possible. Valuation disputes in particular can escalate quickly when owners disagree on the fair value of the business, its goodwill, or specific assets. Competing expert appraisals, the risk of a court-appointed appraiser, and the leverage dynamics of a forced buyout all shape the negotiation. We counsel clients to address valuation methodology early, before positions harden.
- **Evaluation of alternatives to dissolution,** including whether a Chapter 7 liquidation or Chapter 11 reorganization may better serve the owners' financial interests when the entity's liabilities exceed its assets.

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Why Choose Cohen Cleary's Business Dissolution Attorneys

At Cohen Cleary, our practice teams combine deep subject-matter experience with disciplined execution and responsive client service. We do not take a one-size-fits-all approach. Every matter is handled with careful preparation, clear communication, and a strategy tailored to the client's goals and the realities of the forum.

Clients choose Cohen Cleary because we deliver:

Practice-Focused Legal Experience

Our attorneys work in defined practice areas, allowing us to develop practical insight into the legal, procedural, and regulatory nuances that matter most in each case. This focus allows us to anticipate issues, avoid unnecessary delays, and position matters for efficient resolution.

Clear Guidance and Proactive Communication

We prioritize clarity at every stage. Clients receive straightforward explanations of their options, timely updates on developments, and practical advice grounded in real-world outcomes.

Strategic Advocacy with Trial Readiness

Whether a matter calls for negotiation, mediation, or litigation, our attorneys prepare every case with discipline and foresight. We pursue efficient resolution when possible and are fully prepared to advocate aggressively when necessary to protect our clients' interests.

Regional Knowledge and Local Presence

With offices throughout Massachusetts and experience across New England courts and agencies, we bring local insight and regional reach to every matter.

Client-Centered Service

We treat every matter with urgency and respect. Our clients rely on us for responsive service, sound judgment, and steady counsel through complex legal challenges.

In our business dissolution work, this approach helps clients navigate the wind-down process with clarity, efficiency, and confidence.

How We Structure a Business Wind-Down

We tell our clients that dissolution is a sequence, not an event. Under Massachusetts General Laws Chapter 156D (for corporations) and Chapter 156C (for LLCs), and under Rhode Island General Laws Title 7 (§ 7-1.2 for corporations, § 7-16 for LLCs), the statutory requirements differ by entity type and by state, but the practical discipline is the same: obtain proper authorization, notify known creditors within the required window, resolve or reserve for outstanding liabilities, distribute remaining assets according to governing documents, file final tax returns, and submit the appropriate termination documents with the Secretary of the Commonwealth in Massachusetts or the Secretary of State in Rhode Island. Skipping any step in that sequence creates gaps that creditors and taxing authorities will eventually find.

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Serving Massachusetts and Rhode Island Businesses

Cohen Cleary represents business owners pursuing dissolution in Massachusetts and Rhode Island. Our attorneys handle filings with the Massachusetts Secretary of the Commonwealth and the Rhode Island Secretary of State, coordinate tax clearance with the Massachusetts Department of Revenue and the Rhode Island Division of Taxation, and manage creditor notification procedures under each state's applicable statutes. With offices in Taunton and Plymouth, we serve clients throughout southeastern Massachusetts, Bristol County, Plymouth County, and Norfolk County.

Schedule a Consultation With A Massachusetts Business Dissolution Attorney

Unresolved dissolution issues compound over time. Outstanding tax filings, unnotified creditors, and unfiled termination documents create exposure that grows more expensive to resolve with each passing year. Contact Cohen Cleary to discuss your entity's wind-down requirements and develop a strategy for an orderly conclusion.

Frequently Asked Questions About Business Dissolution

What happens if I just stop operating my business without formally dissolving it?

The entity continues to exist as a legal matter. In Massachusetts, an LLC or corporation that has not filed articles of dissolution remains subject to annual report filing requirements, potential tax assessments, and creditor claims. The Secretary of the Commonwealth may eventually administratively dissolve the entity for failure to file, but administrative dissolution does not discharge outstanding liabilities. Owners can remain personally exposed to business debts, particularly if the entity's failure to wind down properly is treated as evidence of disregard for the corporate form. Business owners in southeastern Massachusetts, including those in Taunton, Plymouth, and the surrounding Bristol and Plymouth County communities, should be aware that this exposure applies regardless of how long the business has been inactive.

What is the difference between voluntary dissolution and judicial dissolution?

Voluntary dissolution occurs when the owners agree to close the business, typically through a vote of members or shareholders as required by the entity's governing documents and applicable state law. Judicial dissolution is a court-ordered process, usually initiated when owners cannot agree on whether to dissolve, when the entity is being operated in a manner that is illegal or oppressive to minority owners, or when it is no longer reasonably practicable to carry on the business. Judicial dissolution proceedings are filed in state court and involve litigation costs that voluntary dissolution avoids.

When should a business consider bankruptcy instead of dissolution?

If the business's liabilities exceed its assets, a straight dissolution may leave owners exposed to creditor claims that the entity cannot satisfy. In those circumstances, a Chapter 7 bankruptcy liquidation provides an orderly distribution framework supervised by a court-appointed trustee, and the discharge provisions may limit the owners' downstream exposure. If the business is still viable but burdened by debt, Chapter 11 reorganization may be preferable to dissolution

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entirely. We assess each client's balance sheet and liability profile before recommending a path.

How long does the business dissolution process take in Massachusetts?

Timelines depend on the entity's complexity. A single-member LLC with no outstanding debts can often complete dissolution within a few weeks. A multi-member entity with active creditor claims, outstanding tax obligations, or partner disputes over asset valuation may require several months. Obtaining tax clearance from the Massachusetts Department of Revenue is frequently the longest step in the process, and delays in that clearance can hold up the final filing with the Secretary of the Commonwealth.

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