DeBlis & DeBlis
HIGH-STAKES TAX DEFENSE & COMPLEX CRIMINAL DEFENSE

1012 Broad Street, 2nd Fl
Bloomfield, NJ 07003
Tel (973) 783-7000
Fax (973) 338-3955
www.DeBlisLaw.com

Common Stock versus Preferred Stock

i. Common stock

1. A corporation must have common stock (equity)

   a. Usually one vote per share;

   b. Can receive dividends if authorized by directors;

   c. Right to receipt of assets upon liquidation after debt and preferred shareholders are paid;

   d. There is no receipt of interest;

   e. There is no right to return of the investment.

ii. Preferred stock

1. Usually no right to vote but may be granted if dividends aren't paid for a specified number of dividend periods.

2. Can receive dividends if approved by Board. This is usually in a set amount and on a preferential basis (no payments can be made to common shareholders until the full amount is paid to preferential stock holders). Can be cumulative or non-cumulative.

3. Can receive assets on liquidation usually in a fixed amount and on a preferential basis after debt is paid.

4. No receipt of interest.

5. There is no right to return of investment.

Michael J. DeBlis Jr., Esq. | *Partner*
MJDeBlisJr@DeBlisLaw.com

Michael J. DeBlis III, Esq. | *Partner*
MJDeBlis@DeBlisLaw.com