

[How to Form A Business in Saipan:](#)

This entire post is also available as a PDF for download. That should make things easier, if you wish to save/print. I will endeavor to describe, in detail, every step. I have begun this process myself. I currently await Department of Commerce to contact me, the I will go to Department of Finance: Revenue and Taxation to finally license my newly applied for Limited Liability Company.

I'm not a lawyer, don't even play one of tv. This is only a guide. You may wish to speak with an expert and/or an attorney for your needs. I am only describing this process as I have experienced it myself. In the future, as it might get buried in a long list of future blog posts, I may also place it in the forums (which I still have yet to finalize the setup on this site). Or I may transfer this to a static page, if there is interest from people referencing this post as time goes by.

I am posting this, but will require a few days before I post my specific documents online. I need to scan them. They should be online within a week. I'm staying quite busy, so please, I ask for your patience. Thank you.

Step 1: Determine what type of business entity.

For my own purposes, a limited liability company works best. These are often used for what is called "asset protection." In short, that means that the business and the business owner are separate legal entities. So, if you have bad credit (like bills gone to collection), have outstanding debt (like student loans or bank levies against you), or have income restrictions (like Social Security Disability or retirement)... An LLC may be best for you.

- **Sole Proprietorship** is simple. You do business as yourself. It can (obviously) include what is called a "DBA" or "Doing Business As" business "name." But for all intents and purposes, any money you make, any assets you own (like a car or a house) can be held as assets of your company. Yes, even if you do not use your house as a Place of Business (or office). If your company gets sued, that means YOU get sued. It's good for those just starting out, those with little money (capital) to invest in business formation. A sole proprietorship works best for those businesses that incur minimal risk. Smaller businesses. Ones that may be more speculative, and less likely to remain in business for a long period of time. I believe the cost to file a Sole Proprietor business license is the standard \$50. That may be all it costs.

- **Corporation** is usually used for companies that want some form of legal business entity (separate from themselves). This means getting what is called an "EIN" Employee Identification Number. That gets registered with the IRS, the Internal Revenue Service. Any money received (payments/income) and any expenses charged (costs, salaries) are from this business. A corporation can usually provide excellent tax benefits. In some ways, it can save a business owner from what is called "double taxation," where a business would be charged income tax and then the owner would separately be charged income tax on their salary. Although here in the CNMI, most income taxes are refunded (I hear about 90% are refunded). It also is a decent form of asset protection for individuals.

A corporation is also used when multiple partners are investors into a company. There need to be what is called "Articles of Incorporation" that define a lot of the business structure and management and allocation of funds. One can find plenty of templates for the necessary Articles of Incorporation through a simple Google search. Look for PDFs or "templates" or states that have their own models/samples/forms. But keep in mind, states can have various laws and requirements (of course). I use California's as a reference. Partly because I am most familiar with California business formation and laws. And partly because their laws and requirements are usually very thorough. Exhaustively thorough.

Corporations can come in various "forms" or "types. An S-Corp is mostly used for tax purposes. Any type of "cooperative" is usually a corporation structure. Some states (and I'm not sure about the CNMI) don't even have a business classification of "cooperative." So, an member-owned business, such as a cooperative is usually registered as a corporation, and then it's bylaws and Articles of Incorporation will describe how it intends to operate (as a cooperative or collective). It's important to note such legal things as whether a cooperative or collective is "recognized" by the state, if it IS, usually some form of "Cooperative" or "Collective" will be required to be in the business name. Most nonprofits are registered as corporations.

- **Limited Liability Company.** As I already mentioned, this is best to protect oneself against any type of legal claim to one's income or personal assets. This is the "business type" I chose. Any and all forms of business (sole proprietor, corporation, or LLC) can almost certainly file to use alternate business names by stating such in their application process. For instance, I applied for the business name: **Optimize Saipan, LLC.** Yes, again, some form of the term "Limited Liability Company" or "LLC" is required to be in the registered business name.

In the future, I hope to also form a nonprofit. This would almost certainly first be applied for as a corporation, then I would apply for nonprofit status, what is usually defined as "501 (c) (3)" classification for nonprofit organization. This allows all sorts of things, like being exempt from most income tax, being allowed to accept cash & property donations, and being able to disburse funds in certain ways. The name of my future nonprofit organization will be Ayudun Kominidå. This means "*Strengthen the Community*" in Chomorro. So, I already know I wish this name for my nonprofit. I've registered the domain(s). But haven't started the filing process. I don't have the funds, and I also don't have the time right now.

This past weekend (Friday through Monday, Memorial Day), I had three business proposals to complete, my LLC formation and all relevant paperwork to complete, pricing and sourcing to do for my aquaponics project, and more work on this, my newly formed website: theCNMI.com. Needless to say, I had a full plate. That's all without my cell phone- IT&E had it from Thursday through Monday for tech support/service. No internet, no car, no money. I still got all I needed accomplished.

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How to form an LLC in Saipan:

Step 2: Write your Articles of Organization AND your Operating Agreement.

First, you need the checklist. Don't worry if you can't get to Department of Commerce at the very back, way up top of Capitol Hill. I've got it for you. I have clear directions and instructions for you.

- Draft your Articles of Organization **AND** your Operating Agreement. Print one original copy.

Step 3: Get your original printed copy notarized.

- Get the original copy of both Articles and Agreement notarized. I used Quik Copy in Garapan (on Middle Road, just south of the Mobil gas station). They were quick and easy. And cheap. \$2 per notary, so \$4 total. They have a \$10 minimum for credit cards, so make sure you bring \$4 in cash. It literally took less than 3 minutes for them to notarize and for me to pay.

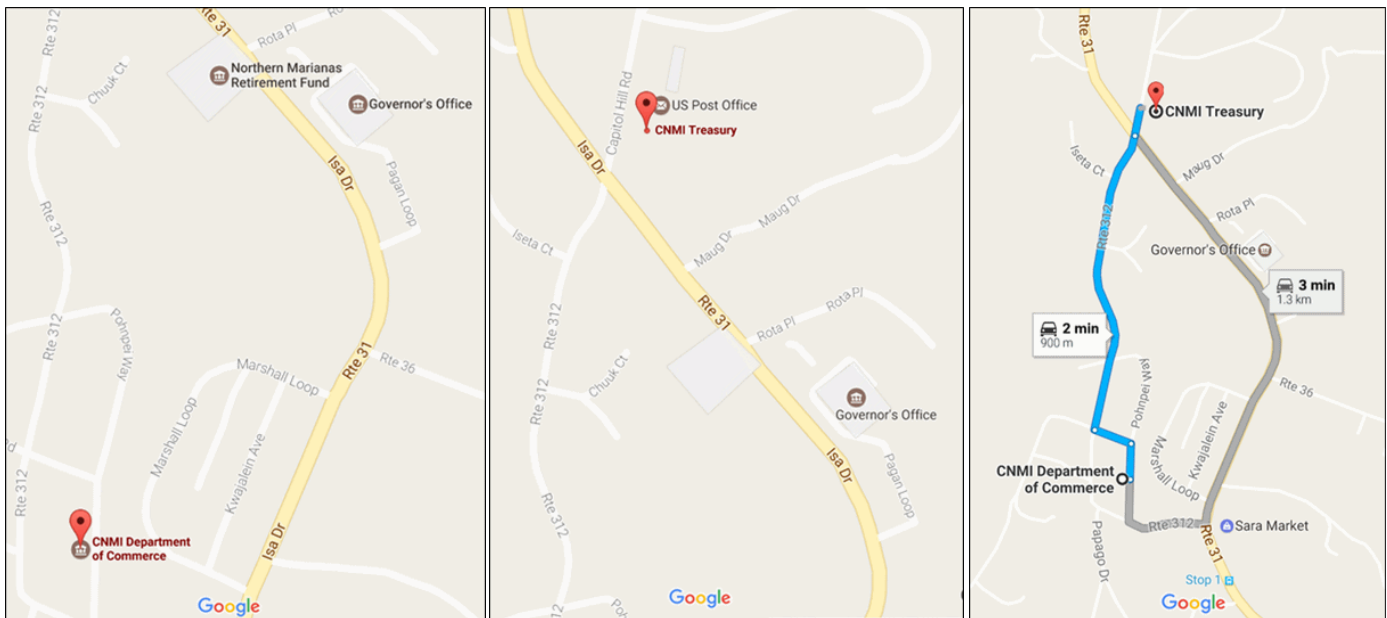
Step 4: Make THREE copies of the original copies, with notary stamp/signature.

KEEP IN MIND YOU MUST MAKE TWO COPIES OF THE ORIGINALS -- AFTER YOU HAVE THEM NOTARIZED.

*** NOTE: I'd strongly suggest making a third copy of all the original documents, more details below.***

Lucky me, I just received my [\\$45 inkjet printer from Amazon](#). I have the Epson XP-330. I got one full set of color [Jarbo XL-capacity ink cartridges](#) that I installed first. And I know my own habits/needs well enough that I ordered TWO XL-capacity black cartridges. When these run out, I'll use the smaller ones that came with my Epson. It's kind of a fail-safe while I order more, cheaper ink cartridges online. It isn't the most fantastic inkjet all-in-one printer, but it works. I don't have a home wifi network, so I also had to go buy a square USB printer cable. I got the 9-foot cable for \$5 from the Computer Electronics Store on Garapan Road next to FalunDafa. For paper, convenience had me purchase from the big office supply store on Beach Road in Susupe. I would have preferred the paper at National Office Supply in San Jose- they offer 24 lb white copy paper with better opacity. They also sell my preferred white Neenah Exact bristol/vellum for card stock (business cards).

NOTE: I printed my Articles and Agreement as two-sided documents. This saves paper. In order to make the cheap 20-pound white copy paper as opaque as possible, when scanning the documents on the platten (that's the glass copier bed on my Epson all-in-one)... I used two sheets of white card stock as a backing paper. The actual white material on the lid for the platten is somewhat reflective. It 'shows through' the back print too much. Using a backing paper helps a lot. This way, none of the type from the reverse side of my two-sided pages shows in my copies. Hey, I'm a stickler for these things. Do it right. It's how I got appreciated while working at some previous jobs. Nowhere on my resume will you find, "can photocopy with the best of 'em, like a mofo..." But there it is. lol.



Step 5: Go to Dept. of Commerce, then pay \$135 at Treasury, then go back to Commerce.

- Expect to spend a total of \$185.00. \$100 filing fee for Articles of Organization. \$25 filing fee for the Operating Agreement. \$10 filing fee for the Registered Agent. The total of \$135 will be paid to the CNMI Treasury Department. They are located on Capitol Hill, just behind the Post Office, across the main intersection from where most of Department of Education and PSS offices begin. The remaining \$50 will be paid to the Department of Finance: Revenue and Taxation in Dandan. They are located on the second floor, across from Joeten. The most prominent office there is the office for CUC. You will need to pay the \$135 immediately when you wish to file. The \$50 will be due after 7-10 business days, roughly two weeks after paying the CNMI Treasury.

- Original forms and two copies. The "+Registrar of Corporation, LLC Checklist" is only for your reference. It does not get filed, you do not need the two additional copies of this form.
- Consent and Authorization to Appointment as Registered Agent form. This form needs to be completed, and two copies. It does not get notarized.
- Articles of Organization for your LLC. You may view mine (short, only two pages) as an example. **This must be notarized.** Myself, I leave the name, date, and signature blank UNTIL I am in the notary office. Some officials are sticklers for detail.
- Operating Agreement for your LLC. You may view mine (relatively "short" at fifteen pages) as an example. **This must be notarized.** Myself, I leave the name, date, and signature blank UNTIL I am in the notary office. Some officials are sticklers for detail.

Once you have completed your Consent and Authorization form, Articles of Organization, and Operating Agreement -- AND have them notarized: Make your additional two (or THREE) copies of each.

- **Visit Department of Commerce.** They will give you a "Memorandum" (one sheet document) form that you must then take down the hill to pay at Department of the CNMI Treasury.

- **Visit the CNMI Treasury** on Capitol Hill. You bring these forms and pay \$135 in either cash or by VISA/MasterCard credit card. They will not accept checks, money orders, or American Express cards. I do not think they accept Discover credit cards either.

- Treasury will issue a receipt for payment. This will include a basic register receipt for your credit card payment AND an old school dot matrix printout, "CNMI Tax Release System 6.0: Official Cash Receipt." Don't worry that it says "cash receipt" if you pay by credit card. You need these two payment receipts, including the receipt number on that dot matrix printout, mine is nine-digits long.

- **Go back up to Department of Commerce.** They will now take that "Memorandum" form and all three copies of your documents (original + two copies). On the Memorandum form, you will fill in (print) your name and phone number. You can ask them for a copy of your Consent and Authorization form, they did NOT charge me the \$0.50 for this photocopy. I had asked for a copy at Treasury and they said they WOULD charge me the \$0.50 for the photocopy. Obviously, I didn't have Treasury make that copy, I asked at Commerce and they obliged.

- Commerce will stamp "RECEIVED" on all documents. They stamp the first page of each: Consent and Authorization form, the first page of Articles of Organization, and the first page of the Operating Agreement. They will also stamp your own copy. **If you make a THIRD photocopy** -- you can have them stamp "RECEIVED" on them as well. It is not a bad idea to have this THIRD copy made. You will now submit the two copies along with the originals to Commerce. That leaves you without any copy of your documentation, until you receive them back. Hence: *Third Copy*.

Now you wait 7-10 business days. I don't expect it to be less than 7 business days. I filed today, Tuesday May 30. That means I'll likely get contacted (by the phone number on my Consent and Authorization form) on or later than Thursday, June 8th. I already have the necessary forms for Department of Finance: Revenue and Taxation.

Step 6: Go to Department of Finance: Revenue and Taxation in Dandan.

Their office is located in Dandan, second floor by CUC, across from Joeten.

- Memorandum of Payment from Commerce and accompanying receipts (the small credit card receipt and the dot matrix printout receipt). I've made three copies of these. I also have the one 'extra' copy (my third copy) of my Consent and Authorization form from Commerce attached. There should be no need for more copies - they are with my originally submitted packet to Commerce.

- Application for Certificate of Clearance (from Commerce). I also made three photocopies. Again, I leave the signature and date blank until I arrive there and am in front of the government agent. Some want to witness you sign, to verify your identity. Probably not an issue here in the CNMI, but why bother with something that doesn't have to be an issue?

- Application for Business License. This is a carbonless form with white, yellow, and pink copies attached. I made only ONE photocopy of this.

- Map of Business Location. This map is on the back of the Division of Revenue and Taxation Department of Finance "Business License Application Requirements" form. I have also made three copies of this form (both front and back). Again, I made three photocopies of this map and form.

I will also take my one remaining copy (**my third photocopy**) of my **Articles and Agreement**. This is only for reference, in case something happened, if the original and/or two submitted photocopies have gone missing.

At the Dandan Office of Revenue and Taxation I will pay the final \$50 due, by credit card. Sometime before Wednesday, June 15th I should have a fully-formed LLC in Saipan and the CNMI!

Step 7: Open a Business Checking Account with your new EIN.

Once that is all complete, I can go visit my friend, and the Business Banker, Angelo Tiamzon, at the Gualo Rai branch of First Hawaiian Bank. Then, I can set up a business checking account with my new EIN (tax ID number). I highly recommend you deal directly with Angelo and FHB.

Then I can start receiving paychecks. YAY! Of course, made payable to "Optimize Saipan, LLC." YAY!

Step 8: Work, work, work, work, work. Yay!