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When executing documents, including agreements, checks and letters, the form of the signature has legal consequences. When an individual signs a document, the individual, not surprisingly, creates legal liability for himself. Therefore, if the individual desires the liability protection of some form of entity such as a corporation or limited liability company, it is important that the individual sign the document as the entity and not as the individual. Failure to do so has legal consequences and may create liability for the individual and the loss of the corporate protection.

Therefore, the form of signature on any document including letters, checks or agreements, should appear as follows:

[Name of entity]

by _____

[Name, Title]

An example of this form a signature would be as follows:

ABC Company, Inc.

by _____

John Smith, President

It is not correct to put the name of the entity underneath the signature of the individual. Thus, the following signature format is not proper:

_____ or

John Smith
Company, Inc.

ABC

ABC Company, Inc.

John Smith

The name of the company should always go above the signature line. The signer should always be signing on behalf of the entity which is the reason for putting the word "by" in front of the signature line. Putting the title of the individual after the individual's name is important because it further illustrates that the individual is signing on behalf of the company as an officer and not as an individual.