

BY: Judicial Proceedings Committee

AMENDMENTS TO HOUSE BILL NO. 309

(Third Reading File Bill)

AMENDMENT NO. 1

On page 1, in line 18, after “dissolution;” insert “specifying that certain provisions of law relating to cessation of membership in a limited liability company apply unless otherwise provided in the operating agreement;”; and in line 24, after “conditions;” insert “providing that a person will be deemed to be an assignee of a certain interest under certain circumstances;”.

On page 2, in line 9, after “4A-604,” insert “4A-606,”.

AMENDMENT NO. 2

On page 5, in line 20, after “DATE” insert “OF FORMATION OF THE PARTNERSHIP”; and in line 21, after “PARTNERSHIP” insert “, IF ANY,”.

AMENDMENT NO. 3

On page 9, after line 3, insert:

“4A-606.

A person ceases to be a member of a limited liability company upon the occurrence of any of the following events:

(1) The person withdraws from the limited liability company as provided in § 4A-605 of this subtitle;

(2) The person is removed as a member in accordance with the operating agreement;

(3) Unless otherwise provided in the operating agreement or with the consent of all other members, the person:

(Over)

(i) Makes an assignment for the benefit of creditors;

(ii) Files a voluntary petition in bankruptcy;

(iii) Is adjudged bankrupt or insolvent or has entered against the person an order for relief in any bankruptcy or insolvency proceeding;

(iv) Files a petition or answer seeking for that person any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under any statute, law, or regulation;

(v) Seeks, consents to, or acquiesces in the appointment of a trustee for, receiver for, or liquidation of the member or of all or any substantial part of the person's properties;  
or

(vi) Files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against the person in any proceeding described in this subsection;

(4) Unless otherwise provided in the operating agreement, or with the consent of all other members, the continuation of any proceeding against the person seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under any statute, law, or regulation, for 120 days after the commencement thereof, or the appointment of a trustee, receiver, or liquidator for the members or all or any substantial part of the person's properties without the person's agreement or acquiescence, which appointment is not vacated or stayed for 120 days or, if the appointment is stayed, for 120 days after the expiration of the stay during which period the appointment is not vacated;

(5) [In] UNLESS OTHERWISE PROVIDED IN THE OPERATING AGREEMENT, IN the case of a member who is an individual, the individual's:

(i) Death; or

(ii) Adjudication by a court of competent jurisdiction as incompetent to manage the individual's person or property;

(6) [In] UNLESS OTHERWISE PROVIDED IN THE OPERATING AGREEMENT, IN the case of a member who is acting as a member by virtue of being a trustee of a trust, the termination of the trust;

(7) [In] UNLESS OTHERWISE PROVIDED IN THE OPERATING AGREEMENT, IN the case of a member that is a partnership or another limited liability company, the dissolution and commencement of winding up of the partnership or limited liability company;

(8) [In] UNLESS OTHERWISE PROVIDED IN THE OPERATING AGREEMENT, IN the case of a member that is a corporation, the dissolution of the corporation or the revocation of its charter; or

(9) [In] UNLESS OTHERWISE PROVIDED IN THE OPERATING AGREEMENT, IN the case of a member that is an estate, the distribution by the fiduciary of the estate's entire interest in the limited liability company.”.

AMENDMENT NO. 4

On page 9, in line 5, before “UNLESS” insert “(A)”; in line 7, strike “PURSUANT TO” and substitute “UNDER”; strike beginning with “WHOSE” in line 21 down through “AGREEMENT” in line 23 and substitute “WHO HAVE NOT WITHDRAWN”; and after line 23, insert:

“(B) IF A MEMBER CEASES TO BE A MEMBER UNDER § 4A-606 OF THIS SUBTITLE AND THE LIMITED LIABILITY COMPANY ELECTS NOT TO COMPLETELY LIQUIDATE THAT PERSON’S INTEREST, THE PERSON WILL BE DEEMED TO BE AN ASSIGNEE OF THE INTEREST UNDER §§ 4A-603 AND 4A-604 OF THIS SUBTITLE.”.