HOUSE BILL 379

2002 Regular Session 2lr1328

Unofficial Copy C1 SB 663/01 - JPR;

By: Delegates Barve and Brown

Introduced and read first time: January 28, 2002

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 Limited Liability Companies - Membership and Activities

3	FOR the purpose	of expanding	the definition	of a member of	a limited liability

- 4 company to include a person admitted as a member of a state or foreign limited
- 5 liability company; authorizing a limited liability company to conduct certain
- 6 lawful activities in any state whether for profit or not; authorizing a person to be
- a member of a limited liability company or to be the sole member of a limited
- 8 liability company under certain circumstances; prohibiting a limited liability
- 9 company from being dissolved within certain time periods under certain
- 10 circumstances; permitting the operating agreement of a limited liability
- company to include a certain provision; prohibiting the termination of a person's
- membership in a limited liability company from causing the limited liability
- company to be dissolved or to wind up its affairs under certain circumstances;
- providing that a limited liability company continues to exist following the
- termination of a person's membership under certain circumstances; and
- 16 generally relating to the membership and activities of limited liability
- 17 companies.
- 18 BY repealing and reenacting, with amendments,
- 19 Article Corporations and Associations
- 20 Section 4A-101(n), 4A-201, 4A-601, and 4A-902
- 21 Annotated Code of Maryland
- 22 (1999 Replacement Volume and 2001 Supplement)

23 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF

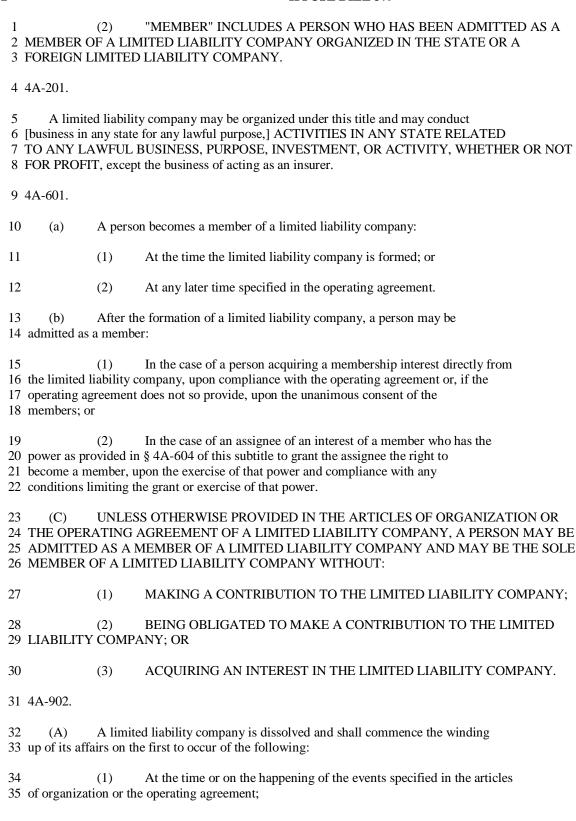
24 MARYLAND, That the Laws of Maryland read as follows:

25 Article - Corporations and Associations

26 4A-101.

27 (n) (1) "Member" means a person with an interest in a limited liability

28 company with the rights and obligations specified under this title.



- 1 (2) At the time specified by the unanimous consent of the members;
- 2 (3) At the time of the entry of a decree of judicial dissolution under § 3 4A-903 of this subtitle; or
- 4 (4) Except as otherwise provided in the operating agreement OR AS
- 5 PROVIDED IN SUBSECTION (B) OF THIS SECTION, at the time the limited liability
- 6 company has had no members for a period of 90 consecutive days.
- 7 (B) A LIMITED LIABILITY COMPANY MAY NOT BE DISSOLVED OR REQUIRED TO
- 8 WIND UP ITS AFFAIRS IF WITHIN 90 DAYS AFTER THERE ARE NO REMAINING
- 9 MEMBERS OF THE LIMITED LIABILITY COMPANY OR WITHIN THE PERIOD OF TIME
- 10 PROVIDED IN THE OPERATING AGREEMENT:
- 11 (1) THE LAST REMAINING MEMBER'S PERSONAL REPRESENTATIVE OR
- 12 SUCCESSOR AGREES IN WRITING TO CONTINUE THE LIMITED LIABILITY COMPANY
- 13 AND TO BE ADMITTED AS A MEMBER OR TO APPOINT A DESIGNEE AS A MEMBER TO
- 14 BE EFFECTIVE AS OF THE TIME THE LAST REMAINING MEMBER CEASED TO BE A
- 15 MEMBER: OR
- 16 (2) A MEMBER IS ADMITTED TO THE LIMITED LIABILITY COMPANY IN
- 17 THE MANNER SET FORTH IN THE OPERATING AGREEMENT TO BE EFFECTIVE AS OF
- 18 THE TIME THE LAST REMAINING MEMBER CEASED TO BE A MEMBER UNDER A
- 19 PROVISION IN THE OPERATING AGREEMENT THAT PROVIDES FOR THE ADMISSION
- 20 OF A MEMBER AFTER THERE ARE NO REMAINING MEMBERS.
- 21 (C) AN OPERATING AGREEMENT MAY PROVIDE THAT THE LAST REMAINING
- 22 MEMBER'S PERSONAL REPRESENTATIVE OR SUCCESSOR SHALL BE OBLIGATED TO
- 23 AGREE IN WRITING TO CONTINUE THE LIMITED LIABILITY COMPANY AND TO BE
- 24 ADMITTED AS A MEMBER OR TO APPOINT A DESIGNEE AS A MEMBER TO BE
- 25 EFFECTIVE AS OF THE TIME THE LAST REMAINING MEMBER CEASED TO BE A
- 26 MEMBER.
- 27 (D) EXCEPT AS OTHERWISE PROVIDED IN THE OPERATING AGREEMENT AND
- 28 SUBJECT TO THE PROVISIONS OF SUBSECTION (B) OF THIS SECTION, THE
- 29 TERMINATION OF A PERSON'S MEMBERSHIP MAY NOT CAUSE A LIMITED LIABILITY
- 30 COMPANY TO BE DISSOLVED OR TO WIND UP ITS AFFAIRS AND THE LIMITED
- 31 LIABILITY COMPANY SHALL CONTINUE IN EXISTENCE FOLLOWING THE
- 32 TERMINATION OF A PERSON'S MEMBERSHIP.
- 33 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take
- 34 effect October 1, 2002.