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By: **Delegate Doory**

Introduced and read first time: March 5, 2004

Assigned to: Rules and Executive Nominations

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A BILL ENTITLED

1 AN ACT concerning

2 **Corporations and Associations - Venture Limited Liability Companies**

3 FOR the purpose of providing that the articles of incorporation of a venture limited  
4 liability company are subject to repeal or modification by public general law of  
5 the General Assembly; providing that a certain determination relating to a  
6 venture limited liability company is prima facie proper if certain conditions are  
7 met; establishing certain rules governing the assertion of lack of corporate  
8 power or capacity in proceedings relating to a venture limited liability company;  
9 requiring an amendment to the articles of organization of a venture limited  
10 liability company to meet certain conditions; authorizing a venture limited  
11 liability company to file certain charter documents; requiring a venture limited  
12 liability company to execute certain documents in accordance with certain  
13 procedures; establishing certain rules governing the merger of a venture limited  
14 liability company; authorizing a limited liability company to elect to be a  
15 venture limited liability company by meeting a certain requirement;  
16 establishing certain rules relating to the application of certain provisions of law  
17 to a venture limited liability company; providing that, unless the context clearly  
18 requires otherwise, references to certain terms shall be interpreted to mean  
19 certain other terms; establishing certain rules governing the board of directors  
20 of a venture limited liability company; providing that a venture limited liability  
21 company is not required to have an operating agreement; providing that, in the  
22 absence of actual fraud, an authorized person has no liability to the venture  
23 limited liability company or to its directors, officers, or members for certain  
24 actions; establishing certain rules relating to the directors of a venture limited  
25 liability company; governing the powers of the board of directors and the  
26 members of a venture limited liability company; establishing certain rules  
27 governing the bylaws and articles of organization of a venture limited liability  
28 company; authorizing, unless the articles of organization provide otherwise, the  
29 board of directors to take certain actions; governing units issued by a venture  
30 limited liability company; establishing certain rules and procedures relating to  
31 articles supplementary filed by a venture limited liability company; establishing  
32 certain rules relating to distributions by a venture limited liability company;  
33 authorizing a venture limited liability company to declare or pay a certain  
34 dividend under certain circumstances; requiring, unless a certain condition is  
35 met, a venture limited liability company to keep its books in a certain manner;

1 requiring, except as otherwise provided in the articles of organization, a capital  
2 account to be maintained for each member on the books of the venture limited  
3 liability company in accordance with certain provisions of the Internal Revenue  
4 Code; requiring, except as otherwise provided in the articles of organization, the  
5 profits and losses of a venture limited liability company to be allocated among  
6 the members in a certain manner; establishing certain rules relating to a  
7 statement of terms filed by a venture limited liability company; establishing  
8 certain rules relating to the liability of directors of a venture limited liability  
9 company; providing that a director who owes a fiduciary duty to a certain entity  
10 may aggregate certain units in calculating the percentage of votes entitled to be  
11 cast in the election of directors; authorizing a member of a venture limited  
12 liability company to bring a certain derivative action; providing that, except as  
13 otherwise provided in this Act, the corporate opportunity doctrine shall apply to  
14 a venture limited liability company to the same extent as it would apply to a  
15 Maryland corporation; providing that a member of a venture limited liability  
16 company is not an agent of the venture limited liability company solely by virtue  
17 of being a member; providing that, unless a member is acting in the capacity of  
18 an officer or other agent of a venture limited liability company, the act of the  
19 member does not bind the venture limited liability company; prohibiting, unless  
20 otherwise provided in the articles of organization, the venture limited liability  
21 company from electing to be subject to certain provisions of law; establishing  
22 certain rules and procedures relating to the filing of a certain federal income tax  
23 form; establishing certain rules relating to the books and records of the venture  
24 limited liability company; providing that, notwithstanding any provision of this  
25 Act and unless otherwise provided in the articles of organization, a certain  
26 action may be taken without a meeting, without prior notice, and without a vote,  
27 under certain circumstances; establishing certain rules and procedures relating  
28 to written consents of members of a venture limited liability company;  
29 authorizing a director to examine certain items for a purpose reasonably related  
30 to the director's service as a director; authorizing a circuit court to make a  
31 certain determination; establishing certain rules and procedures governing a  
32 show-cause order issued by a circuit court to a venture limited liability  
33 company; authorizing a circuit court to prescribe certain limitations or  
34 conditions; altering certain definitions; creating certain definitions; and  
35 generally relating to venture limited liability companies.

36 BY repealing and reenacting, with amendments,  
37 Article - Corporations and Associations  
38 Section 1-102(e), 1-402, 1-403, 4A-101, 4A-204, 4A-206, and 4A-702  
39 Annotated Code of Maryland  
40 (1999 Replacement Volume and 2003 Supplement)

41 BY adding to  
42 Article - Corporations and Associations  
43 Section 4A-1201 through 4A-1221, inclusive, to be under the new subtitle  
44 "Subtitle 12. Venture Limited Liability Companies"  
45 Annotated Code of Maryland

1 (1999 Replacement Volume and 2003 Supplement)

2 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
3 MARYLAND, That the Laws of Maryland read as follows:

4 **Article - Corporations and Associations**

5 1-102.

6 (e) The charter of every corporation formed before June 1, 1951, which is  
7 subject to repeal or modification, and the charter of every corporation AND THE  
8 ARTICLES OF INCORPORATION OF A VENTURE LIMITED LIABILITY COMPANY formed  
9 under this article [is] ARE subject to repeal or modification by public general law of  
10 the General Assembly.

11 1-402.

12 A determination required or permitted to be made under any provision of this  
13 article relating to stated capital, surplus, capital surplus, earned surplus, or any  
14 other account or matter relating to the financial position or results of operations of a  
15 Maryland corporation OR VENTURE LIMITED LIABILITY COMPANY is prima facie  
16 proper and in accordance with this article if:

17 (1) Specific provisions of this article do not require otherwise; and

18 (2) It is made in good faith in accordance with generally accepted  
19 accounting practices and principles.

20 1-403.

21 (a) Unless a lack of power or capacity is asserted in a proceeding described in  
22 this section, an act of a corporation or a VENTURE LIMITED LIABILITY COMPANY OR A  
23 transfer of real or personal property by or to the corporation OR VENTURE LIMITED  
24 LIABILITY COMPANY is not invalid or unenforceable solely because the corporation OR  
25 VENTURE LIMITED LIABILITY COMPANY lacked the power or capacity to take the  
26 action.

27 (b) (1) Lack of corporate power or capacity may be asserted by a stockholder  
28 OR MEMBER in a proceeding to enjoin the corporation OR VENTURE LIMITED  
29 LIABILITY COMPANY from doing an act or from transferring or acquiring real or  
30 personal property.

31 (2) If the act or transfer sought to be enjoined is based on a contract to  
32 which the corporation OR VENTURE LIMITED LIABILITY COMPANY is a party and if all  
33 parties to the contract are parties to the proceeding, the court may set the contract  
34 aside and enjoin its performance.

35 (3) The court may award compensatory damages to any party to the  
36 contract who suffers a loss because of the action of the court. However, the court may

1 not award compensatory damages for loss of anticipated profits to be derived from  
2 performance of the contract.

3 (c) Lack of corporate power or capacity may be asserted by the corporation OR  
4 VENTURE LIMITED LIABILITY COMPANY in a suit brought in its name by the  
5 corporation OR VENTURE LIMITED LIABILITY COMPANY or [its] THE receiver, trustee,  
6 OR other legal representative OF THE CORPORATION OR VENTURE LIMITED  
7 LIABILITY COMPANY, or in a representative suit brought by a stockholder OR  
8 MEMBER against its present or former officers or directors.

9 (d) Lack of corporate power or capacity may be asserted by the Attorney  
10 General in a proceeding for the forfeiture of the charter of the corporation OR THE  
11 ARTICLES OF ORGANIZATION OF THE VENTURE LIMITED LIABILITY COMPANY or to  
12 enjoin [it] THE CORPORATION OR VENTURE LIMITED LIABILITY COMPANY from  
13 transacting unauthorized business.

14 4A-101.

15 (a) In this title the following terms have the meanings indicated.

16 (b) (1) "Articles of organization" means the articles of organization filed  
17 with the Department for the purpose of forming a limited liability company as  
18 specified in § 4A-204 of this title and includes all amendments and restatements of  
19 them.

20 (2) "ARTICLES OF ORGANIZATION" INCLUDES, WITH RESPECT TO A  
21 VENTURE LIMITED LIABILITY COMPANY, ANY CHARTER DOCUMENT THAT A  
22 CORPORATION IS AUTHORIZED TO FILE FOR RECORD WITH THE DEPARTMENT,  
23 EXCEPT ARTICLES OF INCORPORATION, ARTICLES OF CONSOLIDATION, OR ARTICLES  
24 OF SHARE EXCHANGE.

25 (c) "Authorized person" means any person, whether or not a member, who is  
26 authorized by the articles of organization, by an operating agreement, or otherwise, to  
27 execute or file a document required or permitted to be executed or filed on behalf of a  
28 limited liability company or foreign limited liability company under this title, or to  
29 otherwise act as an agent of the limited liability company.

30 (d) "Bankrupt" means bankrupt under the federal Bankruptcy Code as  
31 amended or insolvent under any state insolvency act.

32 (e) "Business trust" means a business trust or a foreign business trust as  
33 defined in § 8-501.1 of this article.

34 (f) "Capital contribution" means anything of value that a person contributes  
35 as capital to the limited liability company in that person's capacity as a member,  
36 including cash, property, services rendered or a promissory note or other binding  
37 obligation to contribute cash or property or to perform services.

38 (g) "Capital interest" means the fair market value, as of the date contributed,  
39 of a member's capital contribution, whether or not returned to the member.

1 (h) "Corporation" means a Maryland corporation or a foreign corporation as  
2 defined in § 1-101 of this article.

3 (i) "Court" includes every court having jurisdiction in the case.

4 (j) "Foreign limited liability company" means a limited liability company  
5 formed under the laws of a state other than the State of Maryland.

6 (k) "Interest" means a member's share of the profits and losses of the limited  
7 liability company and the right to receive distributions from the limited liability  
8 company.

9 (l) "Limited liability company" or "domestic limited liability company" means  
10 a permitted form of unincorporated business organization which is organized and  
11 existing under this title.

12 (m) "Limited partnership" means a Maryland limited partnership or foreign  
13 limited partnership as defined in § 10-101 of this article.

14 (n) (1) "Member" means a person with an interest in a limited liability  
15 company with the rights and obligations specified under this title.

16 (2) "Member" includes a person who has been admitted as a member of a  
17 limited liability company organized in the State or a foreign limited liability company.

18 (o) "Operating agreement" means the agreement and any amendments  
19 thereto, of the members as to the affairs of a limited liability company, OTHER THAN  
20 A VENTURE LIMITED LIABILITY COMPANY, and the conduct of its business.

21 (p) (1) "Professional service" has the meaning stated in § 5-101 of this  
22 article.

23 (2) "Professional service" includes a service provided by:

24 (i) An architect;

25 (ii) An attorney;

26 (iii) A certified public accountant;

27 (iv) A chiropractor;

28 (v) A dentist;

29 (vi) An osteopath;

30 (vii) A physician;

31 (viii) A podiatrist;

32 (ix) A professional engineer;

1 (x) A psychologist;

2 (xi) A licensed real estate broker, licensed associate real estate  
3 broker, or licensed real estate salesperson; or

4 (xii) A veterinarian.

5 (q) "State" means a state, territory, or possession of the United States, the  
6 District of Columbia, or the Commonwealth of Puerto Rico.

7 (r) "Partnership" means a partnership formed under the laws of this State,  
8 any other state, or under the laws of a foreign country.

9 (S) "VENTURE LIMITED LIABILITY COMPANY" MEANS A LIMITED LIABILITY  
10 COMPANY FORMED UNDER THIS TITLE THAT ELECTS TO BE A VENTURE LIMITED  
11 LIABILITY COMPANY UNDER § 4A-1202 OF THIS TITLE.

12 4A-204.

13 (a) [The] EXCEPT AS PROVIDED IN SUBTITLE 12 OF THIS TITLE, THE articles  
14 of organization shall set forth:

15 (1) The name of the limited liability company;

16 (2) The purpose for which the limited liability company is formed;

17 (3) The address of its principal office in this State and the name and  
18 address of its resident agent; and

19 (4) Any other provision, not inconsistent with law, which the members  
20 elect to set out in the articles, including, but not limited to, a statement that the  
21 authority of members to act for the limited liability company solely by virtue of their  
22 being members is limited.

23 (b) It is not necessary to set out in the articles of organization any of the  
24 powers enumerated in this title.

25 (c) [An] EXCEPT AS PROVIDED IN SUBSECTION (D) OF THIS SECTION, AN  
26 amendment to the articles of organization shall be:

27 (1) In writing;

28 (2) Approved by unanimous consent of the members;

29 (3) Executed under the provisions of § 4A-206 of this subtitle; and

30 (4) Filed for record with the Department.

31 (D) AN AMENDMENT TO THE ARTICLES OF ORGANIZATION OF A VENTURE  
32 LIMITED LIABILITY COMPANY SHALL BE:

1 (1) IN WRITING;

2 (2) APPROVED:

3 (I) IN ACCORDANCE WITH THE PROCEDURES ESTABLISHED BY §§  
4 2-601 THROUGH 2-610 OF THIS ARTICLE; OR

5 (II) IF THE AMENDMENT IS INTENDED TO BRING THE VENTURE  
6 LIMITED LIABILITY COMPANY IN COMPLIANCE WITH FEDERAL INCOME TAX  
7 REGULATIONS AND DOES NOT MATERIALLY ADVERSELY AFFECT THE RIGHTS OF A  
8 MEMBER, BY THE BOARD OF DIRECTORS;

9 (3) EXECUTED IN ACCORDANCE WITH § 4A-206 OF THIS SUBTITLE; AND

10 (4) FILED FOR RECORD WITH THE DEPARTMENT IN ACCORDANCE WITH  
11 THE PROCEDURES ESTABLISHED BY §§ 2-610 THROUGH 2-612 OF THIS ARTICLE.

12 4A-206.

13 (a) Articles and certificates required by this title to be filed with the  
14 Department shall be executed in the following manner:

15 (1) Articles of organization shall be executed by any individual  
16 authorized to do so by the persons forming the limited liability company; and

17 (2) [Articles] EXCEPT WITH RESPECT TO VENTURE LIMITED LIABILITY  
18 COMPANIES, ARTICLES of amendment, articles of merger, certificates of correction,  
19 articles of dissolution, articles of continuation, articles of cancellation, and articles of  
20 reinstatement shall be executed by an authorized person.

21 (3) (I) A VENTURE LIMITED LIABILITY COMPANY MAY FILE ANY  
22 CHARTER DOCUMENT THAT A CORPORATION IS AUTHORIZED TO FILE FOR RECORD  
23 WITH THE DEPARTMENT UNDER TITLES 1 THROUGH 3 OF THIS ARTICLE EXCEPT  
24 ARTICLES OF INCORPORATION, ARTICLES OF CONSOLIDATION, AND ARTICLES OF  
25 SHARE EXCHANGE.

26 (II) A VENTURE LIMITED LIABILITY COMPANY SHALL EXECUTE A  
27 DOCUMENT THAT THE VENTURE LIMITED LIABILITY COMPANY IS AUTHORIZED TO  
28 FILE UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH IN ACCORDANCE WITH THE  
29 PROCEDURES ESTABLISHED FOR EXECUTION OF A DOCUMENT BY A CORPORATION  
30 UNDER § 1-301 OF THIS ARTICLE.

31 (b) (1) An authorized person may sign any articles or certificates by an  
32 attorney in fact.

33 (2) Powers of attorney relating to the signing of articles or certificates by  
34 an attorney in fact need not be sworn to, verified, or acknowledged, and need not be  
35 filed with the Department.

1 (c) Any document required to be certified, acknowledged, or verified under  
2 this title shall be so acknowledged, verified, or certified in accordance with the  
3 procedure set forth in Subtitle 3 of Title 1 of this article.

4 4A-702.

5 (a) The proposed merger shall be approved in the manner provided by this  
6 section.

7 (b) A corporation shall approve the merger under the provisions of § 3-105 of  
8 this article.

9 (c) A business trust shall approve the merger under the provisions of §  
10 8-501.1 of this article.

11 (d) A partnership shall approve the merger under the provisions of § 9-902 of  
12 this article.

13 (e) A limited partnership shall approve the merger under the provisions of §  
14 10-208 of this article.

15 (f) Unless otherwise provided in the operating agreement, a domestic limited  
16 liability company OTHER THAN A VENTURE LIMITED LIABILITY COMPANY shall  
17 approve the merger by the consent of the members holding at least two-thirds of the  
18 interests in profits of the limited liability company.

19 (G) (1) A VENTURE LIMITED LIABILITY COMPANY SHALL APPROVE THE  
20 MERGER:

21 (I) IN ACCORDANCE WITH THE PROCEDURES ESTABLISHED FOR  
22 APPROVAL OF A MERGER BY A CORPORATION UNDER § 3-105 OF THIS ARTICLE; OR

23 (II) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, IF THE  
24 VENTURE LIMITED LIABILITY COMPANY IS MERGING INTO A NEWLY FORMED  
25 MARYLAND CORPORATION WITH NO ASSETS AND NO OUTSTANDING UNITS FOR THE  
26 PURPOSE OF CONVERTING THE ENTITY TO A MARYLAND CORPORATION, BY A  
27 MAJORITY VOTE OF THE ENTIRE BOARD OF DIRECTORS;

28 (2) THE CHARTER OF A CORPORATION NEWLY FORMED IN ACCORDANCE  
29 WITH PARAGRAPH (1)(II) OF THIS SUBSECTION SHALL PRESERVE, TO THE EXTENT  
30 AUTHORIZED UNDER TITLES 1 THROUGH 3 OF THIS ARTICLE, THE CONTRACT RIGHTS  
31 OF ANY OUTSTANDING UNITS OF THE VENTURE LIMITED LIABILITY COMPANY, AS  
32 SET FORTH IN THE ARTICLES OF ORGANIZATION, AND THE OTHER LEGAL RIGHTS, AS  
33 SET FORTH IN THIS SUBTITLE, OF THE VENTURE LIMITED LIABILITY COMPANY.

34 (H) THE SURVIVING CORPORATION OF A MERGED CORPORATION EFFECTED  
35 IN ACCORDANCE WITH SUBSECTION (G)(1)(II) OF THIS SECTION MAY NOT ENGAGE IN  
36 A SUBSEQUENT TRANSACTION THE EFFECT OF WHICH IS TO CHANGE ITS DOMICILE  
37 TO A JURISDICTION OTHER THAN MARYLAND WITHOUT FIRST OBTAINING THE



1 APPROVAL OF TWO-THIRDS OF THE MEMBERS IN ACCORDANCE WITH THE  
2 PROCEDURES ESTABLISHED UNDER § 3-105 OF THIS ARTICLE.

3 [(g)] (I) A foreign limited liability company party to the merger shall have the  
4 merger advised, authorized, and approved in the manner and by the vote required by  
5 the laws of the place where it is organized.

6 SUBTITLE 12. VENTURE LIMITED LIABILITY COMPANIES.

7 4A-1201.

8 (A) IN THIS SUBTITLE THE FOLLOWING TERMS HAVE THE MEANINGS  
9 INDICATED.

10 (B) "BUSINESS DAY" MEANS A DAY ON WHICH THE STATE COURTS ARE OPEN.

11 (C) "STATEMENT OF TERMS" MEANS A DOCUMENT FILED WITH THE  
12 DEPARTMENT IN ACCORDANCE WITH § 4A-1209 OF THIS SUBTITLE THAT INCLUDES  
13 STANDARD TERMS THAT MAY BE INCORPORATED BY REFERENCE INTO THE  
14 ARTICLES OF ORGANIZATION OF A VENTURE LIMITED LIABILITY COMPANY.

15 4A-1202.

16 (A) A LIMITED LIABILITY COMPANY MAY ELECT TO BE A VENTURE LIMITED  
17 LIABILITY COMPANY UNDER THIS SUBTITLE BY:

18 (1) INCLUDING IN ITS ARTICLES OF ORGANIZATION A STATEMENT THAT  
19 THE LIMITED LIABILITY COMPANY ELECTS TO BE A VENTURE LIMITED LIABILITY  
20 COMPANY; OR

21 (2) AMENDING ITS ARTICLES OF ORGANIZATION TO INCLUDE:

22 (I) A STATEMENT THAT THE LIMITED LIABILITY COMPANY ELECTS  
23 TO BE A VENTURE LIMITED LIABILITY COMPANY; AND

24 (II) THE INFORMATION REQUIRED BY § 4A-1204(A) OF THIS  
25 SUBTITLE.

26 (B) EXCEPT FOR §§ 4A-405 AND 4A-602 OF THIS TITLE, A VENTURE LIMITED  
27 LIABILITY COMPANY IS NOT GOVERNED BY THE PROVISIONS OF SUBTITLES 4, 6, AND  
28 8 OF THIS TITLE, § 4A-503 OF THIS TITLE, OR §§ 4A-901 THROUGH 4A-910 OF THIS  
29 TITLE.

30 (C) (1) THE PROVISIONS OF §§ 2-110, 2-111, 2-201, 2-202, 2-203(A), (B), AND (D),  
31 2-204(A) AND (D), 2-205, 2-206(A), (B), AND (C), 2-209 THROUGH 2-216, 2-301, 2-310  
32 THROUGH 2-313, 2-501 THROUGH 2-514, 2-601 THROUGH 2-612, 3-401 AND 3-419 OF  
33 THIS ARTICLE SHALL APPLY TO A VENTURE LIMITED LIABILITY COMPANY.

34 (2) THE PROVISIONS OF §§ 3-101 THROUGH 3-105, 3-107 THROUGH 3-113,  
35 AND 3-115 THROUGH 3-116 OF THIS ARTICLE SHALL APPLY TO A VENTURE LIMITED

1 LIABILITY COMPANY TO THE EXTENT THE PROVISIONS RELATE TO A TRANSFER OF  
2 ASSETS.

3 (3) REFERENCES AND REQUIREMENTS RELATING TO PAR VALUE AND  
4 AGGREGATE PAR VALUE IN TITLES 1 THROUGH 3 OF THIS ARTICLE DO NOT APPLY TO  
5 A VENTURE LIMITED LIABILITY COMPANY.

6 (4) EXCEPT WHERE THE CONTEXT CLEARLY REQUIRES OTHERWISE,  
7 REFERENCES TO A "CORPORATION" AND A "STOCKHOLDER" IN TITLES 1 THROUGH 3  
8 OF THIS ARTICLE THAT ARE MADE APPLICABLE TO A VENTURE LIMITED LIABILITY  
9 COMPANY UNDER THIS SUBTITLE SHALL BE INTERPRETED TO REFER TO A VENTURE  
10 LIMITED LIABILITY COMPANY AND A MEMBER OF A VENTURE LIMITED LIABILITY  
11 COMPANY, RESPECTIVELY.

12 (5) UNLESS THE CONTEXT CLEARLY REQUIRES OTHERWISE, A  
13 REFERENCE IN THE ARTICLES OF ORGANIZATION OR A CONTRACT GOVERNING THE  
14 MANAGEMENT, GOVERNANCE, OR OPERATION OF A VENTURE LIMITED LIABILITY  
15 COMPANY OR THE RELATIONSHIP AMONG ITS MEMBERS TO:

16 (I) THE TERMS "STOCKHOLDER", "SHAREHOLDER", "HOLDER OF  
17 STOCK", OR "HOLDER OF SHARES" SHALL BE INTERPRETED TO MEAN MEMBER;

18 (II) THE TERMS "STOCK" OR "SHARES" SHALL BE INTERPRETED TO  
19 MEAN UNITS; AND

20 (III) THE TERM "CORPORATION" SHALL BE INTERPRETED TO MEAN  
21 VENTURE LIMITED LIABILITY COMPANY.

22 4A-1203.

23 (A) (1) A VENTURE LIMITED LIABILITY COMPANY SHALL HAVE A BOARD OF  
24 DIRECTORS.

25 (2) EXCEPT AS OTHERWISE PROVIDED BY THIS SUBTITLE, THE  
26 PROVISIONS OF §§ 2-401 THROUGH 2-403, 2-404(B) THROUGH (D), 2-405, 2-405.1, AND  
27 2-406 THROUGH 2-419 OF THIS ARTICLE SHALL APPLY TO A VENTURE LIMITED  
28 LIABILITY COMPANY.

29 (B) (1) UNTIL SUCCESSORS ARE ELECTED AND QUALIFY, THE INITIAL  
30 BOARD OF DIRECTORS SHALL CONSIST OF THE INDIVIDUALS SELECTED OR  
31 IDENTIFIED IN WRITING BY THE AUTHORIZED PERSON WHO EXECUTES THE  
32 ARTICLES OF ORGANIZATION.

33 (2) AFTER THE DEPARTMENT ACCEPTS THE ARTICLES OF  
34 ORGANIZATION FOR RECORD, THE INITIAL DIRECTORS SHALL HOLD AN  
35 ORGANIZATION MEETING OF THE BOARD OF DIRECTORS AT A DATE, TIME, AND  
36 PLACE SET BY THE AUTHORIZED PERSON, TO ADOPT BYLAWS, ELECT OFFICERS,  
37 ISSUE UNITS, AND TRANSACT ANY OTHER BUSINESS THAT MAY COME BEFORE THE  
38 MEETING.

1 (3) A VENTURE LIMITED LIABILITY COMPANY IS NOT REQUIRED TO  
2 HAVE AN OPERATING AGREEMENT.

3 (4) THE AUTHORIZED PERSON SHALL NOTIFY EACH DIRECTOR IN  
4 WRITING OF THE DATE, TIME, AND PLACE OF THE MEETING AT LEAST 3 DAYS  
5 BEFORE THE DATE OF THE MEETING.

6 (5) THE WRITTEN DOCUMENT SELECTING OR IDENTIFYING THE INITIAL  
7 DIRECTORS SHALL BE FILED WITH THE MINUTES OF THE PROCEEDINGS OF THE  
8 BOARD OF DIRECTORS OF THE VENTURE LIMITED LIABILITY COMPANY.

9 (6) IN THE ABSENCE OF ACTUAL FRAUD, THE AUTHORIZED PERSON  
10 SHALL HAVE NO LIABILITY TO THE VENTURE LIMITED LIABILITY COMPANY OR TO  
11 ITS DIRECTORS, OFFICERS, OR MEMBERS FOR SELECTING OR IDENTIFYING THE  
12 INITIAL DIRECTORS OF THE VENTURE LIMITED LIABILITY COMPANY.

13 (C) THE DIRECTORS OF A VENTURE LIMITED LIABILITY COMPANY SHALL  
14 HOLD OFFICE UNTIL THE NEXT ANNUAL MEETING OF MEMBERS AND UNTIL THEIR  
15 SUCCESSORS ARE ELECTED AND QUALIFY.

16 (D) THE DIRECTORS OF A VENTURE LIMITED LIABILITY COMPANY MAY NOT  
17 BE DIVIDED INTO CLASSES EXCEPT TO THE EXTENT THE CLASSES ARE BASED ON  
18 THE CLASS VOTES OF DIFFERENT CLASSES OF INTERESTS OR SERIES OF INTERESTS  
19 AS SET FORTH IN § 4A-1205 OF THIS TITLE.

20 (E) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, AFTER THE  
21 ORGANIZATIONAL MEETING OF THE BOARD OF DIRECTORS, THE POWER TO ADOPT,  
22 ALTER, AND REPEAL THE BYLAWS OF THE VENTURE LIMITED LIABILITY COMPANY IS  
23 VESTED IN THE MEMBERS EXCEPT TO THE EXTENT THAT THE ARTICLES OF  
24 ORGANIZATION OR BYLAWS VEST THE POWER IN THE BOARD OF DIRECTORS.

25 (2) (I) IF THE BYLAWS VEST POWER IN THE BOARD OF DIRECTORS TO  
26 ADOPT, ALTER, OR REPEAL THE BYLAWS, THE MEMBERS SHALL RETAIN THE POWER  
27 TO ADOPT, ALTER OR REPEAL THE BYLAWS.

28 (II) THE BOARD OF DIRECTORS MAY NOT MAKE NEW BYLAWS  
29 INCONSISTENT WITH BYLAWS MADE BY THE MEMBERS OR ALTER OR REPEAL  
30 BYLAWS MADE BY THE MEMBERS.

31 4A-1204.

32 (A) IN ADDITION TO THE INFORMATION REQUIRED BY § 4A-204 OF THIS TITLE  
33 AND § 4A-1202(A) OF THIS SUBTITLE, THE ARTICLES OF ORGANIZATION OF A  
34 VENTURE LIMITED LIABILITY COMPANY SHALL INCLUDE:

35 (1) THE TOTAL NUMBER OF UNITS OF ALL CLASSES THAT THE VENTURE  
36 LIMITED LIABILITY COMPANY HAS AUTHORITY TO ISSUE;

37 (2) THE NUMBER OF UNITS OF EACH CLASS;

1 (3) IF THE UNITS ARE DIVIDED INTO CLASSES AS AUTHORIZED BY §  
2 4A-1205 OF THIS SUBTITLE, A DESCRIPTION OF EACH CLASS INCLUDING ANY  
3 PREFERENCES, CONVERSION AND OTHER RIGHTS, VOTING POWERS, RESTRICTIONS,  
4 LIMITATIONS AS TO DIVIDENDS, QUALIFICATIONS, AND TERMS AND CONDITIONS OF  
5 REDEMPTION; AND

6 (4) IF PROFIT AND LOSS IS TO BE ALLOCATED OTHER THAN AS SET  
7 FORTH IN § 4A-1209 OF THIS SUBTITLE, THE METHOD OF ALLOCATING PROFIT AND  
8 LOSS AMONG THE UNITS, WHICH MAY INCLUDE A STATEMENT INCORPORATING BY  
9 REFERENCE IN WHOLE OR IN PART A STATEMENT OF TERMS PREVIOUSLY FILED FOR  
10 RECORD WITH THE DEPARTMENT.

11 (B) THE ARTICLES OF ORGANIZATION MAY INCLUDE:

12 (1) A PROVISION NOT INCONSISTENT WITH LAW THAT DEFINES, LIMITS,  
13 OR REGULATES THE POWERS OF THE VENTURE LIMITED LIABILITY COMPANY, ITS  
14 DIRECTORS AND MEMBERS, ANY CLASS OF ITS MEMBERS, OR THE HOLDERS OF ANY  
15 BONDS, NOTES, OR OTHER SECURITIES ISSUED BY THE VENTURE LIMITED LIABILITY  
16 COMPANY;

17 (2) A RESTRICTION NOT INCONSISTENT WITH LAW ON THE  
18 TRANSFERABILITY OF UNITS OF ANY CLASS;

19 (3) A PROVISION AUTHORIZED BY THIS ARTICLE TO BE INCLUDED IN  
20 BYLAWS;

21 (4) A PROVISION THAT REQUIRES FOR ANY PURPOSE THE  
22 CONCURRENCE OF A GREATER PROPORTION OF THE VOTES OF ALL CLASSES OR OF  
23 ANY CLASS OF UNITS THAN THE PROPORTION REQUIRED BY THIS ARTICLE FOR THAT  
24 PURPOSE;

25 (5) A PROVISION THAT REQUIRES FOR ANY PURPOSE A LESSER  
26 PROPORTION OF THE VOTES OF ALL CLASSES OR OF ANY CLASS OF UNITS THAN THE  
27 PROPORTION REQUIRED BY THIS ARTICLE FOR THAT PURPOSE, BUT THE  
28 PROPORTION MAY NOT BE LESS THAN A MAJORITY OF ALL THE VOTES ENTITLED TO  
29 BE CAST ON THE MATTER;

30 (6) IF THE UNITS ARE DIVIDED INTO CLASSES AS AUTHORIZED IN §  
31 4A-1205 OF THIS SUBTITLE, A PROVISION WHICH DIVIDES ITS DIRECTORS INTO  
32 CLASSES AND SPECIFIES THE TERM OF OFFICE OF EACH CLASS;

33 (7) A PROVISION FOR MINORITY REPRESENTATION THROUGH  
34 CUMULATIVE VOTING IN THE ELECTION OF DIRECTORS AND THE TERMS ON WHICH  
35 CUMULATIVE VOTING RIGHTS MAY BE EXERCISED; OR

36 (8) A PROVISION THAT EXPANDS THE LIABILITY OF THE DIRECTORS AND  
37 OFFICERS OF A VENTURE LIMITED LIABILITY COMPANY FOR MONEY DAMAGES.

38 (C) THE ARTICLES OF ORGANIZATION MAY NOT INCLUDE A PROVISION THAT  
39 AUTHORIZES THE BOARD OF DIRECTORS, IN CONSIDERING A POTENTIAL

1 ACQUISITION OF CONTROL OF THE VENTURE LIMITED LIABILITY COMPANY, TO  
2 CONSIDER THE EFFECT OF A POTENTIAL ACQUISITION OF CONTROL ON A GROUP OR  
3 CONSTITUENCY OTHER THAN THE MEMBERS.

4 4A-1205.

5 (A) UNLESS THE ARTICLES OF ORGANIZATION OF A VENTURE LIMITED  
6 LIABILITY COMPANY PROVIDE OTHERWISE:

7 (1) THE PROVISIONS RELATING TO THE CONCEPT OF PAR VALUE UNDER  
8 TITLES 1 THROUGH 3 OF THIS ARTICLE ARE NOT APPLICABLE TO A VENTURE  
9 LIMITED LIABILITY COMPANY;

10 (2) THE BOARD OF DIRECTORS MAY CLASSIFY OR RECLASSIFY  
11 UNISSUED UNITS BY SETTING OR CHANGING THE PREFERENCES, CONVERSION OR  
12 OTHER RIGHTS, VOTING POWERS, RESTRICTIONS, LIMITATIONS AS TO DIVIDENDS,  
13 QUALIFICATIONS, OR TERMS OR CONDITIONS OF REDEMPTION OF THE UNITS;

14 (3) A MAJORITY OF THE ENTIRE BOARD OF DIRECTORS MAY AMEND THE  
15 ARTICLES OF ORGANIZATION TO INCREASE OR DECREASE THE AGGREGATE NUMBER  
16 OF UNITS OF THE VENTURE LIMITED LIABILITY COMPANY OR THE NUMBER OF  
17 UNITS OF A CLASS THAT THE VENTURE LIMITED LIABILITY COMPANY HAS  
18 AUTHORITY TO ISSUE;

19 (4) NO CONSIDERATION IS REQUIRED FOR A UNIT ISSUED AS A UNIT  
20 DIVIDEND OR FOR A UNIT ISSUED IN A MANNER AUTHORIZED BY § 2-103(13) OF THIS  
21 ARTICLE; AND

22 (5) AFTER UNITS OF THE VENTURE LIMITED LIABILITY COMPANY ARE  
23 OUTSTANDING AND ENTITLED TO BE VOTED, THE BOARD OF DIRECTORS MAY ISSUE  
24 UNITS OR CONVERTIBLE SECURITIES IN ACCORDANCE WITH LAW.

25 (B) A VENTURE LIMITED LIABILITY COMPANY MAY PROVIDE IN ITS ARTICLES  
26 OF ORGANIZATION:

27 (1) FOR ONE OR MORE CLASSES OF UNITS, THE VOTING RIGHTS OF EACH  
28 CLASS AND ANY RESTRICTION ON OR DENIAL OF THESE RIGHTS;

29 (2) THAT THE VENTURE LIMITED LIABILITY COMPANY SHALL SET  
30 APART DIVIDENDS FOR OR PAY DIVIDENDS TO THE HOLDERS OF A SPECIFIED CLASS  
31 OF UNITS BEFORE ANY DIVIDENDS ARE SET APART FOR OR PAID TO THE HOLDERS OF  
32 ANOTHER CLASS OF UNITS;

33 (3) THE RATE, AMOUNT, AND TIME OF PAYMENT OF THE DIVIDENDS;

34 (4) WHETHER THE DIVIDENDS ARE CUMULATIVE, CUMULATIVE TO A  
35 LIMITED EXTENT, OR NONCUMULATIVE;

36 (5) THAT A SPECIFIED CLASS OF UNITS IS PREFERRED OVER ANOTHER  
37 CLASS AS TO ITS DISTRIBUTIVE SHARE OF THE ASSETS ON VOLUNTARY OR

1 INVOLUNTARY LIQUIDATION OF THE VENTURE LIMITED LIABILITY COMPANY AND  
2 THE AMOUNT OF THE PREFERENCE;

3 (6) THAT A SPECIFIED CLASS OF UNITS MAY BE REDEEMED AT THE  
4 OPTION OF THE VENTURE LIMITED LIABILITY COMPANY OR OF THE HOLDERS OF  
5 THE UNITS AND THE TERMS AND CONDITIONS OF REDEMPTION, INCLUDING THE  
6 TIME AND PRICE OF REDEMPTION;

7 (7) THAT A SPECIFIED CLASS OF UNITS IS CONVERTIBLE INTO UNITS OF  
8 ONE OR MORE OTHER CLASSES AND THE TERMS AND CONDITIONS OF CONVERSION;

9 (8) THAT THE HOLDERS OF SPECIFIED SECURITIES ISSUED OR TO BE  
10 ISSUED BY THE VENTURE LIMITED LIABILITY COMPANY HAVE VOTING OR OTHER  
11 RIGHTS THAT, BY LAW, ARE OR MAY BE CONFERRED ON MEMBERS;

12 (9) FOR OTHER PREFERENCES, RIGHTS, ALLOCATIONS OF PROFIT AND  
13 LOSS, RESTRICTIONS, INCLUDING RESTRICTIONS ON TRANSFERABILITY, AND  
14 QUALIFICATIONS NOT INCONSISTENT WITH LAW;

15 (10) THAT THE BOARD OF DIRECTORS MAY NOT CLASSIFY OR RECLASSIFY  
16 ANY UNISSUED UNITS FROM TIME TO TIME BY SETTING OR CHANGING THE  
17 PREFERENCES, CONVERSION OR OTHER RIGHTS, VOTING POWERS, RESTRICTIONS,  
18 LIMITATIONS AS TO DIVIDENDS, QUALIFICATIONS, OR TERMS OR CONDITIONS OF  
19 REDEMPTION OF THE UNITS;

20 (11) FOR A GRANT TO THE HOLDERS OF THE UNITS OF THE VENTURE  
21 LIMITED LIABILITY COMPANY, INCLUDING A SPECIFIED CLASS OR SERIES OF UNITS,  
22 OF THE PREEMPTIVE RIGHT TO SUBSCRIBE TO:

23 (I) ADDITIONAL ISSUANCES OF THE UNITS; OR

24 (II) SECURITIES OF THE VENTURE LIMITED LIABILITY COMPANY  
25 CONVERTIBLE INTO ADDITIONAL ISSUES OF UNITS;

26 (12) FOR A DEFINITION OR LIMITATION OF THE PREEMPTIVE RIGHTS OF  
27 MEMBERS TO ACQUIRE ADDITIONAL UNITS OR SECURITIES IN THE VENTURE  
28 LIMITED LIABILITY COMPANY;

29 (13) FOR RESTRICTIONS ON TRANSFERABILITY OR OWNERSHIP OR THE  
30 ELIMINATION OF TRANSFERABILITY FOR ANY PURPOSE; AND

31 (14) THAT THE BOARD OF DIRECTORS MAY NOT AMEND THE ARTICLES OF  
32 ORGANIZATION TO INCREASE OR DECREASE THE AGGREGATE NUMBER OF UNITS OF  
33 THE VENTURE LIMITED LIABILITY COMPANY OR THE NUMBER OF UNITS OF A CLASS  
34 THAT THE VENTURE LIMITED LIABILITY COMPANY HAS AUTHORITY TO ISSUE  
35 WITHOUT ACTION BY THE MEMBERS.

1 4A-1206.

2 (A) (1) IF THE BOARD OF DIRECTORS CLASSIFIES OR RECLASSIFIES  
3 UNISSUED UNITS BY SETTING OR CHANGING THE PREFERENCES, CONVERSION OR  
4 OTHER RIGHTS, VOTING POWERS, RESTRICTIONS, LIMITATIONS AS TO DIVIDENDS,  
5 QUALIFICATIONS, OR TERMS OR CONDITIONS OF REDEMPTION, THE VENTURE  
6 LIMITED LIABILITY COMPANY SHALL FILE ARTICLES SUPPLEMENTARY FOR RECORD  
7 WITH THE DEPARTMENT.

8 (2) THE BOARD OF DIRECTORS MAY NOT ISSUE UNITS THAT ARE  
9 CLASSIFIED OR RECLASSIFIED PRIOR TO THE TIME THE ARTICLES SUPPLEMENTARY  
10 ARE EFFECTIVE, AS PROVIDED IN THIS SECTION.

11 (B) ARTICLES SUPPLEMENTARY SHALL INCLUDE:

12 (1) A DESCRIPTION OF THE UNITS, INCLUDING THE PREFERENCES,  
13 CONVERSION AND OTHER RIGHTS, VOTING POWERS, RESTRICTIONS, LIMITATIONS AS  
14 TO DIVIDENDS, QUALIFICATIONS, AND TERMS AND CONDITIONS OF REDEMPTION, AS  
15 SET OR CHANGED BY THE BOARD OF DIRECTORS; AND

16 (2) A STATEMENT THAT THE UNITS HAVE BEEN CLASSIFIED OR  
17 RECLASSIFIED BY THE BOARD OF DIRECTORS UNDER THE AUTHORITY CONTAINED  
18 IN THE ARTICLES OF ORGANIZATION.

19 (C) ARTICLES SUPPLEMENTARY SHALL BE EXECUTED IN THE MANNER SET  
20 FORTH FOR A CORPORATION IN § 1-301 OF THIS ARTICLE.

21 (D) ARTICLES SUPPLEMENTARY ARE EFFECTIVE AS OF THE LATER OF:

22 (1) THE TIME THE DEPARTMENT ACCEPTS THE ARTICLES FOR RECORD;  
23 OR

24 (2) THE TIME ESTABLISHED UNDER THE ARTICLES, NOT TO EXCEED 30  
25 DAYS AFTER THE ARTICLES ARE ACCEPTED FOR RECORD.

26 4A-1207.

27 (A) IF AUTHORIZED BY ITS BOARD OF DIRECTORS, A VENTURE LIMITED  
28 LIABILITY COMPANY MAY MAKE DISTRIBUTIONS TO ITS MEMBERS, SUBJECT TO ANY  
29 RESTRICTION IN THE VENTURE LIMITED LIABILITY COMPANY'S ARTICLES OF  
30 ORGANIZATION AND THE LIMITATIONS FOR A CORPORATION SET FORTH IN § 2-311 OF  
31 THIS ARTICLE.

32 (B) (1) A DIVISION OF ISSUED UNITS INTO A GREATER NUMBER OF UNITS OF  
33 THE SAME CLASS IS A UNIT SPLIT.

34 (2) IF AUTHORIZED BY THE BOARD OF DIRECTORS AND UNLESS THE  
35 ARTICLES OF ORGANIZATION PROVIDE OTHERWISE, A VENTURE LIMITED LIABILITY  
36 COMPANY MAY ISSUE UNITS WITHOUT CONSIDERATION TO THE HOLDERS OF A  
37 CLASS OR SERIES OF UNITS AS A UNIT DIVIDEND.

1 (3) UNLESS THE ARTICLES OF ORGANIZATION PROVIDE OTHERWISE, A  
2 VENTURE LIMITED LIABILITY COMPANY MAY DECLARE OR PAY A DIVIDEND PAYABLE  
3 IN UNITS OF ONE CLASS OF THE VENTURE LIMITED LIABILITY COMPANY TO THE  
4 HOLDERS OF UNITS OF ANOTHER CLASS OF UNITS.

5 4A-1208.

6 UNLESS A VENTURE LIMITED LIABILITY COMPANY ELECTS TO BE TREATED AS  
7 A CORPORATION FOR FEDERAL AND STATE INCOME TAX PURPOSES, A VENTURE  
8 LIMITED LIABILITY COMPANY SHALL KEEP ITS BOOKS IN A MANNER THAT SHOWS:

9 (1) THE CAPITAL ACCOUNTS OF EACH MEMBER AS IF THE VENTURE  
10 LIMITED LIABILITY COMPANY WERE ACCOUNTED FOR AS A PARTNERSHIP FOR  
11 FEDERAL INCOME TAX PURPOSES; AND

12 (2) THE NUMBER OF UNITS OF EACH CLASS ISSUED TO EACH MEMBER.

13 4A-1209.

14 (A) EXCEPT AS OTHERWISE PROVIDED IN THE ARTICLES OF ORGANIZATION  
15 OR INCORPORATED IN THE ARTICLES OF ORGANIZATION BY REFERENCE:

16 (1) A CAPITAL ACCOUNT SHALL BE MAINTAINED FOR EACH MEMBER ON  
17 THE BOOKS OF THE VENTURE LIMITED LIABILITY COMPANY IN ACCORDANCE WITH §  
18 704 OF THE INTERNAL REVENUE CODE;

19 (2) THE PROFITS AND LOSSES OF A VENTURE LIMITED LIABILITY  
20 COMPANY SHALL BE ALLOCATED AMONG THE MEMBERS IN PROPORTION TO THE  
21 MEMBERS' RESPECTIVE CAPITAL INTERESTS; AND

22 (3) DISTRIBUTIONS BY THE VENTURE LIMITED LIABILITY COMPANY  
23 SHALL BE MADE TO THE MEMBERS IN PROPORTION TO THE MEMBERS' PERCENTAGE  
24 INTERESTS IN THE VENTURE LIMITED LIABILITY COMPANY.

25 (B) (1) A PERSON AUTHORIZED TO FILE ARTICLES OF ORGANIZATION FOR A  
26 LIMITED LIABILITY COMPANY UNDER § 4A-202 OF THIS TITLE MAY FILE A  
27 STATEMENT OF TERMS IN ITS NAME OR IN THE NAME OF ANY ENTITY ON WHOSE  
28 BEHALF THE PERSON IS AUTHORIZED.

29 (2) A STATEMENT OF TERMS MAY BE INCORPORATED BY REFERENCE IN  
30 WHOLE OR IN PART INTO ARTICLES OF ORGANIZATION OF A VENTURE LIMITED  
31 LIABILITY COMPANY.

32 (3) A STATEMENT OF TERMS MAY CONTAIN ANY PROVISION  
33 CONSISTENT WITH THIS SUBTITLE THAT MAY LAWFULLY BE INCLUDED IN THE  
34 OPERATING AGREEMENT OR ARTICLES OF ORGANIZATION OF A LIMITED LIABILITY  
35 COMPANY OR ARTICLES OF ORGANIZATION OR BYLAWS OF A VENTURE LIMITED  
36 LIABILITY COMPANY.



1 (C) (1) A PERSON WHO PLACES A STATEMENT OF TERMS ON FILE SHALL  
2 NOT BE LIABLE TO A PERSON WHO INCORPORATES A TERM OF THE STATEMENT OF  
3 TERMS INTO ARTICLES OF ORGANIZATION IN THE ABSENCE OF SOME OTHER  
4 RELATIONSHIP BETWEEN THE PARTIES.

5 (2) A PERSON WHO PLACES A STATEMENT OF TERMS ON FILE WITH THE  
6 DEPARTMENT WAIVES A CLAIM OF COPYRIGHT INFRINGEMENT IN THE EVENT  
7 ANOTHER PERSON INCORPORATES THE STATEMENT OF TERMS BY REFERENCE INTO  
8 THE ARTICLES OF ORGANIZATION OF A PARTICULAR ENTITY.

9 4A-1210.

10 (A) NOTWITHSTANDING § 4A-1202(C) OF THIS SUBTITLE, UNLESS THE  
11 ARTICLES OF ORGANIZATION PROVIDE OTHERWISE, A DIRECTOR OF A VENTURE  
12 LIMITED LIABILITY COMPANY IS NOT LIABLE TO THE VENTURE LIMITED LIABILITY  
13 COMPANY FOR AN ACT TAKEN IN GOOD FAITH THAT SATISFIES THE DIRECTOR'S  
14 DUTY OF CARE TO THE VENTURE LIMITED LIABILITY COMPANY AND THAT IS IN THE  
15 BEST INTERESTS OF ANY OTHER ENTITY TO WHICH THE DIRECTOR OWES A  
16 FIDUCIARY DUTY, IF THE OTHER ENTITY IS A HOLDER OF UNITS IN THE VENTURE  
17 LIMITED LIABILITY COMPANY AND IS ENTITLED TO CAST AT LEAST 10% OF THE  
18 VOTES ENTITLED TO BE CAST IN THE ELECTION OF DIRECTORS OF THE VENTURE  
19 LIMITED LIABILITY COMPANY EVEN IF THE ACTION OF THE DIRECTOR IS NOT IN THE  
20 BEST INTERESTS OF THE VENTURE LIMITED LIABILITY COMPANY.

21 (B) FOR PURPOSES OF SUBSECTION (A) OF THIS SECTION, A DIRECTOR WHO  
22 OWES A FIDUCIARY DUTY TO AN ENTITY THAT IS A HOLDER OF UNITS IN THE  
23 VENTURE LIMITED LIABILITY COMPANY MAY AGGREGATE THE UNITS OF ALL  
24 HOLDERS OF UNITS FOR WHOM THE DIRECTOR IS CONTRACTUALLY RECOGNIZED AS  
25 THE BOARD REPRESENTATIVE IN CALCULATING THE PERCENTAGE OF THE VOTES  
26 ENTITLED TO BE CAST IN THE ELECTION OF DIRECTORS OF THE VENTURE LIMITED  
27 LIABILITY COMPANY.

28 4A-1211.

29 (A) THE DIRECTORS AND OFFICERS OF A VENTURE LIMITED LIABILITY  
30 COMPANY SHALL HAVE THE SAME IMMUNITY FROM LIABILITY AS THE IMMUNITY  
31 FROM LIABILITY FOR DIRECTORS OF A CORPORATION UNDER § 5-417 OF THE COURTS  
32 AND JUDICIAL PROCEEDINGS ARTICLE.

33 (B) EXCEPT AS OTHERWISE PROVIDED IN THE ARTICLES OF ORGANIZATION,  
34 TO THE MAXIMUM EXTENT THAT LAW PERMITS LIMITATION OF THE LIABILITY OF  
35 DIRECTORS AND OFFICERS OF A MARYLAND CORPORATION IN ACCORDANCE WITH §  
36 5-418 OF THE COURTS AND JUDICIAL PROCEEDINGS ARTICLE, NO DIRECTOR OR  
37 OFFICER OF A VENTURE LIMITED LIABILITY COMPANY SHALL BE LIABLE TO THE  
38 VENTURE LIMITED LIABILITY COMPANY OR ITS MEMBERS FOR MONEY DAMAGES.

1 4A-1212.

2 (A) UNLESS OTHERWISE PROVIDED IN THE ARTICLES OF ORGANIZATION OR  
3 BYLAWS OR BY WRITTEN AGREEMENT OF THE MEMBERS, A UNIT IN A VENTURE  
4 LIMITED LIABILITY COMPANY IS ASSIGNABLE IN WHOLE OR IN PART.

5 (B) AN ASSIGNMENT OF AN INTEREST IN A VENTURE LIMITED LIABILITY  
6 COMPANY DOES NOT DISSOLVE THE ENTITY.

7 (C) EXCEPT AS OTHERWISE PROVIDED IN THE ARTICLES OF ORGANIZATION  
8 OR BYLAWS OR BY A WRITTEN AGREEMENT TO WHICH THE ASSIGNOR IS A PARTY,  
9 THE ASSIGNMENT OF A UNIT IN A VENTURE LIMITED LIABILITY COMPANY ENTITLES  
10 THE ASSIGNEE TO THE RIGHTS AND PRIVILEGES AND SUBJECTS THE ASSIGNEE TO  
11 THE RESTRICTIONS, OBLIGATIONS, AND LIABILITIES OF A MEMBER OF THE ENTITY  
12 AS PROVIDED BY LAW, THE ARTICLES OF ORGANIZATION, AND THE BYLAWS OF THE  
13 VENTURE LIMITED LIABILITY COMPANY.

14 4A-1213.

15 A MEMBER OF A VENTURE LIMITED LIABILITY COMPANY MAY BRING A  
16 DERIVATIVE ACTION TO ENFORCE THE RIGHTS OF A VENTURE LIMITED LIABILITY  
17 COMPANY TO THE SAME EXTENT AND WITH THE SAME LIMITATIONS AS A  
18 STOCKHOLDER MAY BRING A DERIVATIVE ACTION TO ENFORCE THE RIGHTS OF A  
19 MARYLAND CORPORATION.

20 4A-1214.

21 (A) EXCEPT AS OTHERWISE PROVIDED IN THIS SUBTITLE, THE CORPORATE-  
22 OPPORTUNITY DOCTRINE SHALL APPLY TO A VENTURE LIMITED LIABILITY  
23 COMPANY TO THE SAME EXTENT AS IT WOULD APPLY TO A MARYLAND  
24 CORPORATION.

25 (B) THE ARTICLES OF ORGANIZATION OR BYLAWS OF A VENTURE LIMITED  
26 LIABILITY COMPANY MAY INCLUDE A PROVISION THAT LIMITS OR ELIMINATES THE  
27 LIABILITY OF DIRECTORS OR OFFICERS OF A VENTURE LIMITED LIABILITY COMPANY  
28 TO THE VENTURE LIMITED LIABILITY COMPANY OR ITS MEMBERS FOR USURPING A  
29 CORPORATE OPPORTUNITY.

30 4A-1215.

31 (A) A MEMBER OF A VENTURE LIMITED LIABILITY COMPANY IS NOT AN AGENT  
32 OF THE VENTURE LIMITED LIABILITY COMPANY SOLELY BY VIRTUE OF BEING A  
33 MEMBER OF THE VENTURE LIMITED LIABILITY COMPANY.

34 (B) UNLESS A MEMBER IS ACTING IN THE CAPACITY OF AN OFFICER OR  
35 OTHER AGENT OF A VENTURE LIMITED LIABILITY COMPANY, THE ACT OF THE  
36 MEMBER, INCLUDING EXECUTING AN INSTRUMENT IN THE NAME OF THE VENTURE  
37 LIMITED LIABILITY COMPANY FOR APPARENTLY CARRYING ON IN THE USUAL WAY  
38 THE BUSINESS OF THE VENTURE LIMITED LIABILITY COMPANY OF WHICH THE  
39 PERSON IS A MEMBER, DOES NOT BIND THE VENTURE LIMITED LIABILITY COMPANY.

1 4A-1216.

2 UNLESS OTHERWISE PROVIDED IN THE ARTICLES OF ORGANIZATION OF A  
3 VENTURE LIMITED LIABILITY COMPANY, THE VENTURE LIMITED LIABILITY  
4 COMPANY:

5 (1) MAY NOT ELECT TO BE SUBJECT TO ANY OF THE PROVISIONS OF  
6 TITLE 3, SUBTITLE 8 OF THIS ARTICLE; AND

7 (2) IS NOT SUBJECT TO TITLE 3, SUBTITLE 6 OF THIS ARTICLE OR TITLE  
8 3, SUBTITLE 7 OF THIS ARTICLE.

9 4A-1217.

10 (A) A VENTURE LIMITED LIABILITY COMPANY SHALL DELIVER TO ITS  
11 MEMBERS A COMPLETED FEDERAL INCOME TAX FORM K-1 WITHIN 75 DAYS AFTER  
12 THE LAST DAY OF THE VENTURE LIMITED LIABILITY COMPANY'S TAX YEAR.

13 (B) IF A VENTURE LIMITED LIABILITY COMPANY FAILS TO DELIVER A  
14 COMPLETED FEDERAL INCOME TAX FORM K-1 TO ITS MEMBERS IN ACCORDANCE  
15 WITH SUBSECTION (A) OF THIS SECTION, A MEMBER MAY FILE WITH THE VENTURE  
16 LIMITED LIABILITY COMPANY A WRITTEN DEMAND FOR DELIVERY OF THE FORM AT  
17 ANY TIME AFTER THE 75-DAY PERIOD DESCRIBED IN SUBSECTION (A) OF THIS  
18 SECTION.

19 (C) IF A VENTURE LIMITED LIABILITY COMPANY DOES NOT DELIVER THE  
20 FEDERAL INCOME TAX FORM K-1 TO ITS MEMBERS WITHIN 5 DAYS AFTER THE DAY  
21 ON WHICH THE WRITTEN DEMAND IS DELIVERED, A MEMBER MAY PETITION A  
22 CIRCUIT COURT FOR RELIEF.

23 (D) THE CIRCUIT COURT IN WHICH A PETITION FOR DELIVERY HAS BEEN  
24 FILED SHOULD:

25 (1) ADJUDICATE ON AN EXPEDITED BASIS ALL DISPUTES RELATED TO  
26 THE FAILURE OF THE VENTURE LIMITED LIABILITY COMPANY TO DELIVER FEDERAL  
27 INCOME TAX FORM K-1 IN ACCORDANCE WITH THIS SECTION; AND

28 (2) ORDER THE VENTURE LIMITED LIABILITY COMPANY TO DELIVER  
29 THE FEDERAL INCOME TAX FORM K-1 TO ITS MEMBERS.

30 (E) (1) UPON A MOTION, THE CIRCUIT COURT SHALL WITHIN 3 BUSINESS  
31 DAYS ISSUE AN ORDER TO SHOW CAUSE WHY THE VENTURE LIMITED LIABILITY  
32 COMPANY HAS NOT DELIVERED THE FEDERAL INCOME TAX FORM K-1 TO ITS  
33 MEMBERS.

34 (2) THE CIRCUIT COURT SHALL HOLD A SHOW-CAUSE HEARING WITHIN  
35 5 BUSINESS DAYS AFTER THE DAY ON WHICH THE MOTION FOR A SHOW-CAUSE  
36 HEARING WAS FILED.

1 4A-1218.

2 (A) IF THE DIRECTORS REFUSE OR WILLFULLY NEGLECT TO PRODUCE THE  
3 BOOKS AND RECORDS OF A VENTURE LIMITED LIABILITY COMPANY IN ACCORDANCE  
4 WITH A DEMAND MADE IN ACCORDANCE WITH § 2-512 OR § 2-513 OF THIS ARTICLE,  
5 THE DIRECTORS SHALL FAIL TO QUALIFY FOR ELECTION TO AN OFFICE OF THE  
6 VENTURE LIMITED LIABILITY COMPANY AT THE NEXT MEETING OF MEMBERS OR IN  
7 ACCORDANCE WITH ANY CONSENT INSTEAD OF A MEETING FOR THE PURPOSE OF  
8 ELECTING DIRECTORS.

9 (B) A MEMBER WHO PREVAILS IN WHOLE OR IN PART IN A SUIT TO ENFORCE §  
10 2-512 OR § 2-513 OF THIS ARTICLE MAY RECOVER REASONABLE ATTORNEY'S FEES  
11 AND COSTS FROM THE VENTURE LIMITED LIABILITY COMPANY.

12 (C) IF A MEMBER AGREES TO, OR A COURT ORDERS, REASONABLE  
13 LIMITATIONS ON THE USE AND DISCLOSURE OF INFORMATION, A DEMAND FOR  
14 INSPECTION IS NOT IMPROPER SOLELY ON THE MEMBER'S INTENT TO USE THE  
15 BOOKS AND RECORDS FOR A PURPOSE OTHER THAN A PURPOSE RELATED TO THE  
16 MEMBER'S INTEREST IN THE VENTURE LIMITED LIABILITY COMPANY.

17 4A-1219.

18 (A) (1) NOTWITHSTANDING ANY PROVISION OF THIS SUBTITLE AND UNLESS  
19 OTHERWISE PROVIDED IN THE ARTICLES OF ORGANIZATION OF A VENTURE LIMITED  
20 LIABILITY COMPANY, AN ACTION REQUIRED BY THIS TITLE TO BE TAKEN AT AN  
21 ANNUAL OR A SPECIAL MEETING OF MEMBERS OF A VENTURE LIMITED LIABILITY  
22 COMPANY, OR ANY ACTION WHICH MAY BE TAKEN AT A MEETING, MAY BE TAKEN  
23 WITHOUT A MEETING, WITHOUT PRIOR NOTICE, AND WITHOUT A VOTE, IF A  
24 CONSENT IN WRITING SETTING FORTH THE ACTION TAKEN IS SIGNED BY THE  
25 HOLDERS OF OUTSTANDING UNITS HAVING NOT LESS THAN THE MINIMUM NUMBER  
26 OF VOTES THAT WOULD BE NECESSARY TO AUTHORIZE OR TAKE THE ACTION AT A  
27 MEETING AT WHICH ALL UNITS ARE PRESENT AND VOTE.

28 (2) THE CONSENT SHALL BE DELIVERED TO THE VENTURE LIMITED  
29 LIABILITY COMPANY BY DELIVERY TO ITS PRINCIPAL OFFICE IN THE STATE, ITS  
30 RESIDENT AGENT, OR THE OFFICER OR AGENT OF THE VENTURE LIMITED LIABILITY  
31 COMPANY THAT HAS CUSTODY OF THE BOOK IN WHICH PROCEEDINGS OF MINUTES  
32 OF MEMBERS' MEETINGS ARE RECORDED.

33 (B) A MEMBER SHALL DELIVER THE CONSENT TO THE PRINCIPAL OFFICE,  
34 RESIDENT AGENT, OR OFFICER BY HAND OR BY CERTIFIED OR REGISTERED MAIL,  
35 RETURN RECEIPT REQUESTED.

36 (C) A SIGNATURE ON A WRITTEN CONSENT SHALL BE DATED.

37 (D) A WRITTEN CONSENT MAY NOT TAKE EFFECT UNLESS WRITTEN  
38 CONSENTS SIGNED BY A SUFFICIENT NUMBER OF MEMBERS TO TAKE ACTION ARE  
39 DELIVERED TO THE VENTURE LIMITED LIABILITY COMPANY WITHIN 60 DAYS AFTER  
40 THE DATE ON WHICH THE EARLIEST CONSENT IS DATED IN ACCORDANCE WITH THIS  
41 SECTION.

1 (E) PROMPT NOTICE OF THE CORPORATE ACTION APPROVED IN ACCORDANCE  
2 WITH THIS SECTION SHALL BE GIVEN TO THE MEMBERS WHO HAVE NOT CONSENTED  
3 IN WRITING TO THE ACTION AND WHO, IF THE ACTION HAD BEEN TAKEN AT A  
4 MEETING, WOULD HAVE BEEN ENTITLED TO NOTICE OF THE MEETING AS IF THE  
5 RECORD DATE FOR THE MEETING WAS THE DATE OF DELIVERY.

6 (F) DOCUMENTS FILED WITH THE DEPARTMENT UNDER THIS SECTION MAY  
7 PROVIDE THAT THE ACTION WAS APPROVED BY THE MEMBERS IN THE MANNER  
8 PROVIDED BY THIS SECTION.

9 4A-1220.

10 (A) A DIRECTOR MAY EXAMINE THE BYLAWS, MINUTES OF THE PROCEEDINGS  
11 OF THE BOARD OF DIRECTORS AND MEMBERS, ANNUAL STATEMENTS OF AFFAIRS,  
12 VOTING TRUST AGREEMENTS, UNIT RECORDS, THE UNIT LEDGER, LIST OF MEMBERS,  
13 AND BOOKS OF ACCOUNT FOR A PURPOSE REASONABLY RELATED TO THE  
14 DIRECTOR'S SERVICE AS A DIRECTOR.

15 (B) A CIRCUIT COURT MAY DETERMINE ON AN EXPEDITED BASIS WHETHER A  
16 DIRECTOR IS ENTITLED TO THE INSPECTION SOUGHT.

17 (C) THE CIRCUIT COURT MAY SUMMARILY ORDER A VENTURE LIMITED  
18 LIABILITY COMPANY TO AUTHORIZE A DIRECTOR TO INSPECT THE BOOKS AND  
19 RECORDS OF THE VENTURE LIMITED LIABILITY COMPANY AND SHALL AUTHORIZE  
20 THE DIRECTOR TO COPY EXCERPTS FROM THE ITEMS INSPECTED.

21 (D) THE CIRCUIT COURT MAY PRESCRIBE LIMITATIONS OR CONDITIONS WITH  
22 REFERENCE TO THE INSPECTION OR AWARD ANY OTHER RELIEF AS THE COURT  
23 CONSIDERS JUST AND PROPER.

24 4A-1221.

25 (A) IF A VENTURE LIMITED LIABILITY COMPANY REFUSES TO PROVIDE A  
26 MEMBER WITH SATISFACTORY EVIDENCE OF THE MEMBER'S INTEREST, THE  
27 MEMBER MAY APPLY TO A CIRCUIT COURT FOR AN ORDER REQUIRING THE VENTURE  
28 LIMITED LIABILITY COMPANY TO SHOW CAUSE WHY IT SHOULD NOT PROVIDE THE  
29 EVIDENCE.

30 (B) THE CIRCUIT COURT SHALL MAKE AN ORDER REQUIRING THE VENTURE  
31 LIMITED LIABILITY COMPANY TO SHOW CAUSE, AT A TIME AND PLACE THEREIN  
32 DESIGNATED, WHY IT SHOULD NOT PROVIDE THE EVIDENCE.

33 (C) A COPY OF THE COMPLAINT AND ORDER SHALL BE SERVED ON THE  
34 VENTURE LIMITED LIABILITY COMPANY AT LEAST 5 DAYS BEFORE THE TIME  
35 SPECIFIED IN THE ORDER.

36 (D) IF, AFTER A HEARING, THE COURT IS SATISFIED THAT THE PLAINTIFF IS  
37 THE LAWFUL OWNER OF THE INTEREST DESCRIBED IN THE COMPLAINT AND NO  
38 SUFFICIENT CAUSE HAS BEEN SHOWN, THE COURT SHALL ENTER AN ORDER

1 REQUIRING THE VENTURE LIMITED LIABILITY COMPANY TO PROVIDE THE  
2 EVIDENCE TO THE PLAINTIFF.

3 SECTION 2. AND BE IT FURTHER ENACTED, That this Act:

4 (1) Shall not affect the interpretation of the provisions of Titles 2, 3, 4, or 8 of  
5 this article or of a court decision construing Titles 2, 3, 4, or 8 of this article; and

6 (2) Except to the extent that this Act explicitly amends and adds to Title 4A of  
7 this article, this Act shall not affect the interpretation of any provisions of Title 4A of  
8 this article or of a court decision construing Title 4A of this article.

9 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
10 July 1, 2004.