

**To:** Members of the House Judiciary Committee

**From:** Richard A. Montgomery III  
Director of Legislative & Governmental Relations

**Date:** March 31, 2021

**Subject:** **Senate Bill 335 - Courts – Nongovernmental Corporate Parties – Disclosure Statements**

**Position:** **Oppose**

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**The Maryland State Bar Association (MSBA), as well as the Business Law Section of the MSBA, oppose Senate Bill 335 - Courts – Nongovernmental Corporate Parties – Disclosure Statements.**

Senate Bill 335 would require the disclosure in Maryland state courts of the ownership of private limited liability entities. Traditionally, Maryland (and most other U.S. states) have not compelled disclosure of owners of limited liability companies, as well as limited partners of limited liability partnership entities, in publicly-available databases. This bill will required disclosures substantially more often and more extensively than required in the U.S. District Court for the District of Maryland, for no reason that appears necessary for the administration of justice.

Attached is the form that parties in the U.S. District Court, District of Maryland, are required to complete and file under Local Rule 103.3. Specifically, a private business entity is required to disclose in all cases whether it is (or is not):

- "an affiliate or parent of any corporation"
- Also, each party must disclose any:  
"corporation, unincorporated association, partnership or other business entity, not a party to the case, [that] has a financial interest in the outcome of this litigation."

Neither such question requires disclosures of individual owners of any private business entity, as opposed to parent or affiliate entities.

The U.S. District Court only requires the disclosure of Members of an LLC if the asserted basis for the federal jurisdiction over the case is diversity of citizenship. The purpose of the disclosures is solely to determine whether all of the members of an LLC reside in states other than Maryland, since that is a requirement for diversity jurisdiction.

Generally, our state courts do not need to know the owners of an LLC for jurisdictional purposes. Senate Bill 335 would compel such public disclosures for no reason that appears necessary for the administration of justice.

If the concern of the legislature is that a judge needs such information to prevent a conflict of interest, then a method of filing such information solely for use by the court and without public disclosure should be established.

Accordingly, we would urge an **Unfavorable Report on SB 335**, on the grounds that the matter should be considered by the Court of Appeals' Committee on Rules and Procedures. Should you have any questions, please contact David Cahn at [dcahn@wtplaw.com](mailto:dcahn@wtplaw.com) or Richard Montgomery, MSBA Legislative Director at (410) 269-6464 or [richard@msba.org](mailto:richard@msba.org).

Attachment



**IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF MARYLAND**

<b>Plaintiff,</b>	*	
<b>v.</b>	*	<b>Case No.</b> _____
<b>Defendant.</b>	*	

**DISCLOSURE OF CORPORATE INTEREST**

**Check all that apply:**

I certify, as party/counsel in this case that \_\_\_\_\_  
(name of party)

is not an affiliate or parent of any corporation, and no corporation, unincorporated association, partnership or other business entity, not a party to the case, has a financial interest in the outcome of this litigation as defined in Local Rule 103.3 (D. Md.).

The following corporate affiliations exist with \_\_\_\_\_:  
(name of party)

\_\_\_\_\_  
(names of affiliates)

The following corporations, unincorporated associations, partnerships or other business entities which are not parties may have a financial interest in the outcome of this litigation:

\_\_\_\_\_  
(names of entities with possible financial interests)

In a case based on diversity jurisdiction, the following is a list of all members of

\_\_\_\_\_ and their states of citizenship:

(name of LLC party)

\_\_\_\_\_  
(name of member)

\_\_\_\_\_  
(state of citizenship)

\_\_\_\_\_  
(name of member)

\_\_\_\_\_  
(state of citizenship)

\_\_\_\_\_  
(name of member)

\_\_\_\_\_  
(state of citizenship)

\_\_\_\_\_  
(name of member)

\_\_\_\_\_  
(state of citizenship)

Note: If there are additional LLC members, please provide their names and states of citizenship on a separate sheet of paper.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed name and bar number

\_\_\_\_\_  
Address

\_\_\_\_\_  
Email address

\_\_\_\_\_  
Telephone number

\_\_\_\_\_  
Fax number