

SENATE BILL 70

C1

8lr0719

(PRE-FILED)

By: **Senator Norman**

Requested: October 2, 2017

Introduced and read first time: January 10, 2018

Assigned to: Judicial Proceedings

A BILL ENTITLED

1 AN ACT concerning

2 **Corporations – Limited Liability Companies – Member-Trustees –**
3 **Establishment**

4 FOR the purpose of requiring the articles of organization for a limited liability company to
5 include certain information about each member of the limited liability company;
6 providing that if the State Department of Assessments and Taxation issues a certain
7 proclamation declaring that a limited liability company has forfeited certain rights,
8 the members of the limited liability company become the trustees of its assets for
9 certain purposes; providing that the member-trustees are vested in their capacity as
10 trustees with certain title to certain assets of the limited liability company;
11 establishing certain responsibilities and powers of the member-trustees; providing
12 that the member-trustees govern by a majority vote; and generally relating to
13 limited liability companies and member-trustees.

14 BY repealing and reenacting, with amendments,
15 Article – Corporations and Associations
16 Section 4A-204 and 4A-904
17 Annotated Code of Maryland
18 (2014 Replacement Volume and 2017 Supplement)

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

21 **Article – Corporations and Associations**

22 4A-204.

23 (a) The articles of organization shall set forth:

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (2) The address of its principal office in this State and the name and
2 address of its resident agent;

3 **(3) THE NAME AND ADDRESS OF EACH MEMBER OF THE LIMITED**
4 **LIABILITY COMPANY; and**

5 ~~[(3)]~~ (4) Any other provision, not inconsistent with law, which the
6 members elect to set out in the articles, including, but not limited to, a statement that the
7 authority of members to act for the limited liability company solely by virtue of their being
8 members is limited.

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

11 (c) An amendment to the articles of organization shall be:

12 (1) In writing;

13 (2) Unless otherwise agreed, approved by unanimous consent of the
14 members;

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

16 (4) Filed for record with the Department.

17 4A-904.

18 (a) Unless otherwise agreed, the remaining members of a limited liability
19 company may wind up the affairs of the limited liability company.

20 (b) Notwithstanding the provisions of subsection (a) of this section, the circuit
21 court of the county in which the principal office of the limited liability company is located,
22 on cause shown after dissolution, may wind up the limited liability company's affairs on
23 application of any member.

24 **(C) (1) NOTWITHSTANDING THE PROVISIONS OF SUBSECTION (A) OF THIS**
25 **SECTION, IF THE DEPARTMENT ISSUES A PROCLAMATION UNDER § 4A-911 OF THIS**
26 **SUBTITLE DECLARING THAT A LIMITED LIABILITY COMPANY'S RIGHT TO DO**
27 **BUSINESS IN MARYLAND AND RIGHT TO THE USE OF ITS NAME HAVE BEEN**
28 **FORFEITED, THE MEMBERS OF THE LIMITED LIABILITY COMPANY SHALL BECOME**
29 **THE TRUSTEES OF ITS ASSETS FOR PURPOSES OF LIQUIDATION.**

30 **(2) THE MEMBER-TRUSTEES:**

31 **(I) ARE VESTED IN THEIR CAPACITY AS TRUSTEES WITH FULL**

1 TITLE TO ALL THE ASSETS OF THE LIMITED LIABILITY COMPANY;

2 (II) SHALL:

3 1. COLLECT AND DISTRIBUTE THE ASSETS, APPLYING
4 THEM TO THE PAYMENT, SATISFACTION, AND DISCHARGE OF EXISTING DEBTS AND
5 OBLIGATIONS OF THE LIMITED LIABILITY COMPANY, INCLUDING NECESSARY
6 EXPENSES OF LIQUIDATION; AND

7 2. DISTRIBUTE THE REMAINING ASSETS AMONG THE
8 MEMBERS; AND

9 (III) MAY:

10 1. CARRY OUT THE CONTRACTS OF THE LIMITED
11 LIABILITY COMPANY;

12 2. SELL ALL OR ANY PART OF THE ASSETS OF THE
13 LIMITED LIABILITY COMPANY AT PUBLIC OR PRIVATE SALE;

14 3. SUE OR BE SUED IN THEIR OWN NAMES AS TRUSTEES
15 OR IN THE NAME OF THE LIMITED LIABILITY COMPANY; AND

16 4. DO ALL OTHER ACTS CONSISTENT WITH LAW AND THE
17 ARTICLES OF ORGANIZATION OF THE LIMITED LIABILITY COMPANY NECESSARY OR
18 PROPER TO LIQUIDATE THE LIMITED LIABILITY COMPANY AND WIND UP ITS
19 AFFAIRS.

20 (3) THE MEMBER-TRUSTEES GOVERN BY MAJORITY VOTE.

21 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
22 October 1, 2018.