

SECOND REGULAR SESSION

# SENATE BILL NO. 1142

103RD GENERAL ASSEMBLY

INTRODUCED BY SENATOR HUDSON.

5513S.011

KRISTINA MARTIN, Secretary

## AN ACT

To repeal section 347.186, RSMo, and to enact in lieu thereof one new section relating to series limited liability companies.

*Be it enacted by the General Assembly of the State of Missouri, as follows:*

Section A. Section 347.186, RSMo, is repealed and one new  
2 section enacted in lieu thereof, to be known as section 347.186,  
3 to read as follows:

347.186. 1. An operating agreement may establish or  
2 provide for the establishment of a designated series of  
3 members, managers, or limited liability company interests  
4 having separate rights, powers, or duties with respect to  
5 specified property or obligations of the limited liability  
6 company or profits and losses associated with specified  
7 property or obligations. To the extent provided in the  
8 operating agreement, any such series may have a separate  
9 business purpose or investment objective.

10 2. (1) Notwithstanding any other provisions of law to  
11 the contrary, the debts, liabilities, and obligations  
12 incurred, contracted for, or otherwise existing with respect  
13 to a particular series shall be enforceable against the  
14 assets of such series only, and not against the assets of  
15 the limited liability company generally or any other series  
16 thereof. Such particular series shall be deemed to have  
17 possession, custody, and control only of the books, records,

18 information, and documentation related to such series and  
19 not of the books, records, information, and documentation  
20 related to the limited liability company as a whole or any  
21 other series thereof if all of the following apply:

22 (a) The operating agreement creates one or more series;

23 (b) Separate and distinct records are maintained for  
24 or on behalf of any such series;

25 (c) The assets associated with any such series,  
26 whether held directly or indirectly, including through a  
27 nominee or otherwise, are accounted for separately from the  
28 other assets of the limited liability company or of any  
29 other series;

30 (d) The operating agreement provides for the  
31 limitations on liabilities of a series described in this  
32 subdivision;

33 (e) Notice of the limitation on liabilities of a  
34 series described in this subdivision is included in the  
35 limited liability company's articles of organization; and

36 (f) The limited liability company has filed articles  
37 of organization that separately identify each series which  
38 is to have limited liability under this section.

39 (2) With respect to a particular series, unless  
40 otherwise provided in the operating agreement, none of the  
41 debts, liabilities, obligations, and expenses incurred,  
42 contracted for or otherwise existing with respect to a  
43 limited liability company generally, or any other series  
44 thereof, shall be enforceable against the assets of such  
45 series, subject to the provisions of subdivision (1) of this  
46 subsection.

47 (3) Compliance with paragraphs (e) and (f) of  
48 subdivision (1) of this subsection shall constitute notice  
49 of such limitation of liability of a series.

(4) A series with limited liability shall be treated as a separate entity to the extent set forth in the articles of organization. Each series with limited liability may, in its own name, contract, hold title to assets, grant security interests, sue and be sued, and otherwise conduct business and exercise the powers of a limited liability company under this chapter. The limited liability company and any of its series may elect to consolidate its operations as a single taxpayer to the extent permitted under applicable law, elect to work cooperatively, elect to contract jointly, or elect to be treated as a single business for the purposes of qualification or authorization to do business in this or any other state. Such elections shall not affect the limitation of liability set forth in this section except to the extent that the series have specifically accepted joint liability by contract. **Each series shall be individually profiled, maintained, and searchable as a business entity on the website of the secretary of state in the same manner that a non-series entity is profiled, maintained, and searchable.**

3. Except in the case of a foreign limited liability company that has adopted a name that is not the name under which it is registered in its jurisdiction of organization, as permitted under sections 347.153 and 347.157, the name of the series with limited liability is required to contain the entire name of the limited liability company and be distinguishable from the names of the other series set forth in the articles of organization. In the case of a foreign limited liability company that has adopted a name that is not the name under which it is registered in its jurisdiction of organization, as permitted under sections 347.153 and 347.157, the name of the series with limited liability must contain the entire name under which the

foreign limited liability company has been admitted to transact business in this state.

4. (1) (a) Upon filing of articles of organization setting forth the name of each series with limited liability, in compliance with section 347.037 or amendments under section 347.041, the series' existence shall begin.

(b) Each copy of the articles of organization stamped "Filed" and marked with the filing date shall be conclusive evidence that all required conditions have been met and that the series has been or shall be legally organized and formed under this section and is notice for all purposes of all other facts required to be set forth therein.

(c) The name of a series with limited liability under this section may be changed by filing articles of amendment with the secretary of state pursuant to section 347.041, identifying the series whose name is being changed and the new name of such series. If not the same as the limited liability company, the names of the members of a member-managed series or of the managers of a manager-managed series may be changed by an amendment to the articles of organization with the secretary of state.

(d) A series with limited liability under this section may be dissolved by filing with the secretary of state articles of amendment pursuant to section 347.041 identifying the series being dissolved or by the dissolution of the limited liability company as provided in section 347.045. Except to the extent otherwise provided in the operating agreement, a series may be dissolved and its affairs wound up without causing the dissolution of the limited liability company. The dissolution of a series established in accordance with subsection 2 of this section shall not affect the limitation on liabilities of such

series provided by subsection 2 of this section. A series is terminated and its affairs shall be wound up upon the dissolution of the limited liability company under section 347.045.

(e) Articles of organization, amendment, or termination described under this subdivision may be executed by the limited liability company or any manager, person, or entity designated in the operating agreement for the limited liability company.

(2) If different from the limited liability company, the articles of organization shall list the names of the members for each series if the series is member-managed or the names of the managers if the series is manager-managed.

(3) A series of a limited liability company shall be deemed to be in good standing as long as the limited liability company is in good standing. **A series of a limited liability company that is in good standing shall be able to obtain a stand-alone certificate of good standing from the secretary of state in the name of the series in the same manner and form as a non-series business entity can obtain a certificate of good standing.**

(4) The registered agent and registered office for the limited liability company appointed under section 347.033 shall serve as the agent and office for service of process for each series in this state.

5. (1) An operating agreement may provide for classes or groups of members or managers associated with a series having such relative rights, powers, and duties as an operating agreement may provide and may make provision for the future creation of additional classes or groups of members or managers associated with the series having such relative rights, powers, and duties as may from time to time

146 be established, including rights, powers, and duties senior  
147 and subordinate to or different from existing classes and  
148 groups of members or managers associated with the series.

149 (2) A series may be managed either by the member or  
150 members associated with the series or by the manager or  
151 managers chosen by the members of such series, as provided  
152 in the operating agreement. Unless otherwise provided in an  
153 operating agreement, the management of a series shall be  
154 vested in the members associated with such series.

155 (3) An operating agreement may grant to all or certain  
156 identified members or managers, or to a specified class or  
157 group of the members or managers associated with a series,  
158 the right to vote separately or with all or any class or  
159 group of the members or managers associated with the series,  
160 on any matter. An operating agreement may provide that any  
161 member or class or group of members associated with a series  
162 shall have no voting rights or ability to otherwise  
163 participate in the management or governance of such series,  
164 but any such member or class or group of members are owners  
165 of the series.

166 (4) Except as modified in this section, the provisions  
167 of this chapter which are generally applicable to limited  
168 liability companies and their managers, members, and  
169 transferees shall be applicable to each particular series  
170 with respect to the operation of such series.

171 (5) Except as otherwise provided in an operating  
172 agreement, any event specified in this chapter or in an  
173 operating agreement that causes a manager to cease to be a  
174 manager with respect to a series shall not, in itself, cause  
175 such manager to cease to be a manager of the limited  
176 liability company or with respect to any other series  
177 thereof.

(6) Except as otherwise provided in an operating agreement, any event specified in this chapter or in an operating agreement that causes a member to cease to be associated with a series shall not, in itself, cause such member to cease to be associated with any other series, terminate the continued membership of a member in the limited liability company, or cause the termination of the series, regardless of whether such member was the last remaining member associated with such series.

(7) An operating agreement may impose restrictions, duties, and obligations on members of the limited liability company or any series thereof as a matter of internal governance, including, without limitation, those with regard to:

(a) Choice of law, forum selection, or consent to personal jurisdiction;

(b) Capital contributions;

(c) Restrictions on, or terms and conditions of, the transfer of membership interests;

(d) Restrictive covenants, including noncompetition, nonsolicitation, and confidentiality provisions;

(e) Fiduciary duties; and

(f) Restrictions, duties, or obligations to or for the benefit of the limited liability company, other series thereof, or their affiliates.

6. (1) If a limited liability company with the ability to establish series does not register to do business in a foreign jurisdiction for itself and its series, a series of a limited liability company may itself register to do business as a limited liability company in the foreign jurisdiction in accordance with the laws of the foreign jurisdiction.

(2) If a foreign limited liability company, as permitted in the jurisdiction of its organization, has established a series having separate rights, powers, or duties and has limited the liabilities of such series so that the debts, liabilities, and obligations incurred, contracted for, or otherwise existing with respect to a particular series are enforceable against the assets of such series only, and not against the assets of the limited liability company generally or any other series thereof, or so that the debts, liabilities, obligations, and expenses incurred, contracted for, or otherwise existing with respect to the limited liability company generally or any other series thereof are not enforceable against the assets of such series, then the limited liability company, on behalf of itself or any of its series, or any of its series on its own behalf may register to do business in this state in accordance with this chapter. The limitation of liability shall also be stated on the application for registration. As required under section 347.153, the registration application filed shall identify each series being registered to do business in the state by the limited liability company. Unless otherwise provided in the operating agreement, the debts, liabilities, and obligations incurred, contracted for, or otherwise existing with respect to a particular series of such a foreign limited liability company shall be enforceable against the assets of such series only and not against the assets of the foreign limited liability company generally or any other series thereof, and none of the debts, liabilities, obligations, and expenses incurred, contracted for, or otherwise existing with respect to such a foreign limited liability company



241 generally or any other series thereof shall be enforceable  
242 against the assets of such series.

243       7. Nothing in sections 347.039, 347.153, or 347.186  
244 shall be construed to alter existing Missouri statute or  
245 common law providing any cause of action for fraudulent  
246 conveyance, including but not limited to chapter 428, or any  
247 relief available under existing law that permits a challenge  
248 to limited liability.

✓