

SECOND REGULAR SESSION

HOUSE BILL NO. 2508

103RD GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE BROWN.

6075H.01I

JOSEPH ENGLER, Chief Clerk

AN ACT

To repeal section 347.186, RSMo, and to enact in lieu thereof one new section relating to 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Section A. Section 347.186, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 347.186, to read as follows:

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

2. (1) Notwithstanding any other provisions of law to the contrary, the debts, liabilities, and obligations incurred, contracted for, or otherwise existing with respect to a particular series shall be enforceable against the assets of such series only, and not against the assets of the limited liability company generally or any other series thereof. Such particular series shall be deemed to have possession, custody, and control only of the books, records, information, and documentation related to such series and not of the books, records, information, and documentation related to the limited liability company as a whole or any other series thereof if all of the following apply:

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

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

EXPLANATION — Matter enclosed in bold-faced brackets **[thus]** in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

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

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

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

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

26 (2) With respect to a particular series, unless otherwise provided in the operating
27 agreement, none of the debts, liabilities, obligations, and expenses incurred, contracted for or
28 otherwise existing with respect to a limited liability company generally, or any other series
29 thereof, shall be enforceable against the assets of such series, subject to the provisions of
30 subdivision (1) of this subsection.

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

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

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

53 the name of the series with limited liability must contain the entire name under which the
54 foreign limited liability company has been admitted to transact business in this state.

55 4. (1) (a) Upon filing of articles of organization setting forth the name of each series
56 with limited liability, in compliance with section 347.037 or amendments under section
57 347.041, the series' existence shall begin.

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

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

68 (d) A series with limited liability under this section may be dissolved by filing with
69 the secretary of state articles of amendment pursuant to section 347.041 identifying the series
70 being dissolved or by the dissolution of the limited liability company as provided in section
71 347.045. Except to the extent otherwise provided in the operating agreement, a series may be
72 dissolved and its affairs wound up without causing the dissolution of the limited liability
73 company. The dissolution of a series established in accordance with subsection 2 of this
74 section shall not affect the limitation on liabilities of such series provided by subsection 2 of
75 this section. A series is terminated and its affairs shall be wound up upon the dissolution of
76 the limited liability company under section 347.045.

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

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

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

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

91 5. (1) An operating agreement may provide for classes or groups of members or
92 managers associated with a series having such relative rights, powers, and duties as an
93 operating agreement may provide and may make provision for the future creation of
94 additional classes or groups of members or managers associated with the series having such
95 relative rights, powers, and duties as may from time to time be established, including rights,
96 powers, and duties senior and subordinate to or different from existing classes and groups of
97 members or managers associated with the series.

98 (2) A series may be managed either by the member or members associated with the
99 series or by the manager or managers chosen by the members of such series, as provided in
100 the operating agreement. Unless otherwise provided in an operating agreement, the
101 management of a series shall be vested in the members associated with such series.

102 (3) An operating agreement may grant to all or certain identified members or
103 managers, or to a specified class or group of the members or managers associated with a
104 series, the right to vote separately or with all or any class or group of the members or
105 managers associated with the series, on any matter. An operating agreement may provide that
106 any member or class or group of members associated with a series shall have no voting rights
107 or ability to otherwise participate in the management or governance of such series, but any
108 such member or class or group of members are owners of the series.

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

113 (5) Except as otherwise provided in an operating agreement, any event specified in
114 this chapter or in an operating agreement that causes a manager to cease to be a manager with
115 respect to a series shall not, in itself, cause such manager to cease to be a manager of the
116 limited liability company or with respect to any other series thereof.

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

7. Nothing in sections 347.039, 347.153, or 347.186 shall be construed to alter existing Missouri statute or common law providing any cause of action for fraudulent

160 conveyance, including but not limited to chapter 428, or any relief available under existing
161 law that permits a challenge to limited liability.

✓