

HOUSE BILL NO. 420

**IN THE LEGISLATURE OF THE STATE OF ALASKA
EIGHTEENTH LEGISLATURE - SECOND SESSION**

BY REPRESENTATIVE THERRIALT

Introduced: 1/31/94

Referred: Labor & Commerce, Judiciary, State Affairs

A BILL

FOR AN ACT ENTITLED

**1 "An Act relating to limited liability companies; amending Alaska Rules of Civil
2 Procedure 20 and 24; and providing for an effective date."**

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

4 * Section 1. AS 10 is amended by adding a new chapter to read:

5 CHAPTER 50. LIMITED LIABILITY COMPANY ACT.

6 ARTICLE 1. PURPOSES AND ACTIVITIES.

**7 Sec. 10.50.010. AUTHORIZED PURPOSES. A limited liability company may
8 be organized under this chapter for any lawful purpose.**

**9 Sec. 10.50.015. COMPLIANCE WITH OTHER LAWS. If an activity of a
10 limited liability company or the purpose for which a limited liability company is
11 organized is subject to another provision of law, the company shall also comply with
12 the other provision of law.**

13 ARTICLE 2. NAME; REGISTERED OFFICE AND AGENT.

14 Sec. 10.50.020. LIMITED LIABILITY COMPANY NAME. The name of a

1 limited liability company stated in the company's articles of organization must contain
2 the words "limited liability company" or "limited company" or the abbreviation
3 "L.L.C.," "L.C.," "LLC," or "LC." The word "limited" may be abbreviated as "Ltd.,"
4 and the word "company" may be abbreviated as "Co."

5 Sec. 10.50.025. SAME OR DECEPTIVELY SIMILAR NAMES. (a) The
6 name of a limited liability company may not be the same as or deceptively similar to

7 (1) the name of a limited liability company, limited partnership, or
8 corporation organized under the laws of this state;

9 (2) the name of a foreign limited liability company that is registered
10 under this chapter;

11 (3) the name of a foreign corporation that is authorized to transact
12 business in this state; or

13 (4) a name reserved or registered under AS 10.06.110 - 10.06.145; or

14 (5) a name reserved under AS 10.35 or AS 10.50.030.

15 (b) Notwithstanding AS 10.06.130 and AS 10.35.040, a limited liability
16 company may use a name that is deceptively similar to a name described under (a) of
17 this section if the company obtains the written consent of the holder of the name and
18 if words are added, altered, or deleted to make the requested name distinguishable
19 from the name described under (a) of this section.

20 (c) Notwithstanding AS 10.06.130 and AS 10.35.040, a limited liability
21 company may use a name that is described under (a) of this section if the company
22 obtains a final judgment of the superior court that establishes the right of the company
23 to the use of the name in this state.

24 (d) To obtain the benefit of (b) or (c) of this section, the limited liability
25 company that is requesting the name shall file the written consent or a certified copy
26 of the judgment with the department.

27 Sec. 10.50.030. RIGHT TO RESERVE NAME. The exclusive right to use a
28 name may be reserved by a

29 (1) person intending to organize a limited liability company or a foreign
30 limited liability company and to adopt the name;

31 (2) limited liability company, or a foreign limited liability company

1 registered under this chapter, that intends to adopt the name; or

2 (3) foreign limited liability company that intends to register under this
3 chapter and to adopt the name.

4 Sec. 10.50.035. PROCEDURE FOR RESERVING NAME. To reserve a
5 name, a person shall file an application, signed by the person, with the department to
6 reserve the name. If the department finds that the person qualifies under AS 10.50.030
7 to reserve a name and that the name is available for use by a limited liability company
8 or a foreign limited liability company, the department shall reserve the name for the
9 exclusive use of the person for a period of 120 days from and after the date the
10 application is filed with the department.

11 Sec. 10.50.040. RENEWAL OF RESERVED NAME. The holder of the right
12 to the exclusive use of a name reserved under AS 10.50.030 may renew the reservation
13 for successive periods of 120 days from the date of each renewal.

14 Sec. 10.50.045. TRANSFER OF RESERVED NAME. The holder of a right
15 to the exclusive use of a name reserved under AS 10.50.030 may transfer the right to
16 use the name to another person by filing with the department a notice of the transfer.
17 The transfer shall be signed by the holder and must give the name and address of the
18 transferee. The transfer may not extend the term for the reservation of the name.

19 Sec. 10.50.050. REGISTERED OFFICE AND REGISTERED AGENT. (a)
20 A limited liability company shall continuously maintain in this state a registered office.
21 The office may be the same as the place of business of the company.

22 (b) A limited liability company shall continuously maintain in this state an
23 agent for the service of process on the company. The agent must be an individual
24 resident of this state, a limited liability company, a foreign limited liability company
25 registered under this chapter, a corporation organized under the laws of this state, or
26 a foreign corporation authorized under the laws of this state to transact business in this
27 state.

28 Sec. 10.50.055. AGENT'S ACCEPTANCE OF APPOINTMENT REQUIRED.
29 Unless the registered agent of the company signs the document making the
30 appointment, the appointment of a registered agent or a successor registered agent for
31 a limited liability company is not effective until the agent accepts the appointment in

1 writing and the written acceptance is delivered to the department.

2 **Sec. 10.50.060. CHANGE OF REGISTERED OFFICE, AGENT, OR AGENT**
3 **ADDRESS.** (a) A limited liability company may change its registered office or

4 agent, or both, by delivering to the department a document stating the

5 (1) name of the company;

6 (2) address of the company's current registered office;

7 (3) address of the company's new registered office if the address is to
8 be changed;

9 (4) name and address of the company's current registered agent;

10 (5) name and address of the company's successor registered agent or
11 the registered agent's new address if the registered agent or the registered agent's
12 address is to be changed.

13 (b) A registered agent may change the agent's address by delivering a
14 statement to the department as required by (a) of this section. Only the registered
15 agent's signature is required for the statement authorized by this subsection. The
16 statement must state that a copy of the statement has been mailed to the limited
17 liability company.

18 **Sec. 10.50.065. EFFECTIVE DATE OF CHANGE.** (a) A change of the
19 address of the registered office of a limited liability company or of the address of the
20 registered agent of the company is effective when the statement required under
21 AS 10.50.060 is filed with the department.

22 (b) The appointment of a new registered agent is effective when both of the
23 following events have occurred:

24 (1) the statement required under AS 10.50.060 is filed with the
25 department; and

26 (2) when the agent's written acceptance of the appointment required
27 under AS 10.50.055 is filed with the department.

28 **Sec. 10.50.070. RESIGNATION OF REGISTERED AGENT.** The registered
29 agent of a limited liability company may resign as registered agent by delivering a
30 written notice of the resignation, signed in duplicate, to the department. The
31 department shall mail a copy of the notice to the company at its registered office. The

1 appointment of the registered agent terminates 30 days after the department receives
2 the notice of resignation. Unless the company appoints a successor registered agent
3 within the 30 days, the company is considered to have appointed the department as its
4 agent for service of process until the company appoints a successor registered agent.

5 **ARTICLE 3. ORGANIZATION.**

6 **Sec. 10.50.075. ORGANIZERS.** One or more persons may organize a limited
7 liability company by signing articles of organization and delivering the signed articles
8 to the department for filing. A person who organizes a limited liability company may
9 be a person who is not a member of the company when the company is organized or
10 after the company is organized.

11 **Sec. 10.50.080. CONTENTS OF ARTICLES OF ORGANIZATION.** The
12 articles of organization must state

13 (1) the name of the limited liability company;

14 (2) the street and mailing addresses of the company's registered office
15 and the name and business, residence, or mailing address of the company's registered
16 agent;

17 (3) the latest date when the company will dissolve; and

18 (4) if applicable, that the company will be managed by the persons
19 named as managers in the articles.

20 **Sec. 10.50.085. EFFECTIVE DATE OF ORGANIZATION.** (a) A limited
21 liability company is organized when the articles of organization are delivered to the
22 department for filing under AS 10.50.840 even if the department is not able at the time
23 of delivery to make the determination required under AS 10.50.840(a) for filing.

24 (b) If the articles of organization, as delivered to the department, do not
25 conform to the requirements of this chapter and are not brought into conformity within
26 the time period established by AS 10.50.840(b)(2), the existence of the limited liability
27 company terminates at the end of the time period for conformity.

28 **Sec. 10.50.090. CONCLUSIVE EVIDENCE OF COMPLIANCE.** A copy of
29 the articles of organization that is stamped "filed" and marked with the filing date is
30 conclusive evidence that the organizers of the limited liability company have complied
31 with all conditions precedent required to be performed by the organizers and that the

1 company has been organized under this chapter.

2 **ARTICLE 4. AMENDMENT OF ARTICLES.**

3 **Sec. 10.50.100. AMENDMENT OF ARTICLES.** (a) A limited liability
4 company may amend its articles of organization at any time and in any respect if the
5 articles as amended contain only the provisions that are required or permitted by this
6 chapter to be included in the original articles of organization at the time of the
7 amendment.

8 (b) A limited liability company may amend its articles of organization by filing
9 articles of amendment with the department. The articles of amendment must state the

- 10 (1) name of the company;
11 (2) date the articles of organization were filed; and
12 (3) amendment adopted by the company.

13 **Sec. 10.50.105. RESTATEMENT OF ARTICLES.** A limited liability
14 company may restate its articles of organization at any time. The company shall file
15 its restated articles with the department. The restated articles of organization must be
16 specifically designated as restated articles in the title to the restated articles and must
17 state, either in the title or in an introductory paragraph, the

- 18 (1) company's present and, if the name is changed, all of the
19 company's former names; and
20 (2) date of the filing of the company's original articles of organization.

21 **ARTICLE 5. MANAGEMENT.**

22 **Sec. 10.50.110. MANAGEMENT GENERALLY.** (a) Except as otherwise
23 provided by this chapter, the members of a limited liability company manage the
24 affairs and make the decisions of the company unless an operating agreement of the
25 company names a manager for the company.

26 (b) If an operating agreement of a limited liability company names a manager
27 for the company, the manager has the exclusive power to manage the affairs of the
28 company to the extent authorized by the operating agreement.

29 **Sec. 10.50.115. APPOINTMENT, REMOVAL, AND REPLACEMENT OF**
30 **MANAGERS.** Except as otherwise provided in an operating agreement of a limited
31 liability company, a manager of the company may not be appointed, removed, or

1 replaced, unless more than one-half of all of the members of the company authorize
2 the appointment, removal, or replacement.

3 **Sec. 10.50.120. MANAGER ELIGIBILITY.** Unless otherwise provided in an
4 operating agreement of the company, a manager of a limited liability company may
5 be other than an individual or a member of the company.

6 **Sec. 10.50.125. TENURE OF MANAGER.** Unless otherwise provided in an
7 operating agreement of the company, a manager of a limited liability company holds
8 office until the manager's successor is elected and qualified, unless the manager
9 resigns or is removed earlier.

10 **Sec. 10.50.130. LIMITATION OF MEMBER FIDUCIARY DUTY.** Unless
11 otherwise provided in an operating agreement of the company, if a person is a member
12 of a limited liability company that is managed by a manager and if the person is not
13 a manager, the person does not have the fiduciary duty of a manager to the company
14 or to the other members of the company when the person acts solely in the capacity
15 of a member.

16 **Sec. 10.50.140. DUTY OF MANAGERS AND MANAGING MEMBERS TO**
17 **ACCOUNT.** (a) Unless otherwise provided in an operating agreement of the
18 company, a manager or member of a limited liability company shall account to the
19 company for, and hold as trustee for the company, a profit or other benefit that the
20 manager or member derives without the consent described in (b) of this section if the
21 profit or benefit results from a

22 (1) use by the manager or member of the property of the company,
23 including confidential or proprietary information of the company or other matters
24 entrusted to the manager or member as a result of being a manager or member of the
25 company; or

26 (2) transaction connected with the conduct or winding up of the
27 company.

28 (b) The consent required by (a) of this section is the consent of more than
29 one-half of all of the

30 (1) disinterested managers if an operating agreement of the company
31 names a manager for the company;

1 (2) other members of the company if an operating agreement of the
2 company does not name a manager for the company; or

3 (3) other persons participating in the management or winding up of the
4 company.

5 Sec. 10.50.145. AUTHORIZATION OF COMPANY AFFAIRS. (a) Unless
6 otherwise provided in an operating agreement of the company or by this chapter, if an
7 operating agreement does not name a manager for the company, the consent of more
8 than one-half of all of the members of a limited liability company is required to decide
9 the affairs of the company.

10 (b) Unless otherwise provided in an operating agreement of the company or
11 by this chapter, if an operating agreement of the company names more than one
12 manager for the company, the consent of more than one-half of the number of
13 managers of a limited liability company is required to decide the affairs of the
14 company.

15 (c) Notwithstanding (a) and (b) of this section, and unless otherwise provided
16 in writing in an operating agreement of the company, the consent of all of the
17 members of a limited liability company is required to

18 (1) amend a written operating agreement of the company; or

19 (2) authorize a manager or member to perform an act on behalf of the
20 company that contravenes a written operating agreement of the company, including an
21 act that contravenes a provision of the written operating agreement that expressly limits
22 the purposes, affairs, or conduct of the affairs of the company.

23 ARTICLE 6. ADMISSION AND WITHDRAWAL OF MEMBERS.

24 Sec. 10.50.155. ADMISSION OF MEMBERS. A person may become a
25 member in a limited liability company if the person acquires a limited liability
26 company interest

27 (1) directly from the limited liability company

28 (A) in compliance with an operating agreement of the company;

29 or

30 (B) with the written consent of all of the members of the
31 company if an operating agreement of the company does not provide in writing

1 for acquiring an interest directly from the company; or

2 (2) by assignment of the interest by a company member in compliance
3 with AS 10.50.165.

4 **Sec. 10.50.160. EFFECTIVE DATE OF ADMISSION.** The effective date of
5 the admission of a member to a limited liability company is the later of the date

6 (1) when the company is organized;

7 (2) established in an operating agreement of the company; or

8 (3) when the person's admission is reflected in the records of the
9 company if an operating agreement of the company does not establish an effective
10 date.

11 **Sec. 10.50.165. AUTHORIZATION FOR ASSIGNEE TO BECOME**
12 **MEMBER.** (a) Unless otherwise provided in writing in an operating agreement of the
13 company, an assignee of a limited liability company interest may not become a
14 member unless all other members consent.

15 (b) An operating agreement of the company may specify the manner for
16 evidencing the consent required by (a) of this section. If an operating agreement does
17 not specify in writing the manner for evidencing the consent, the consent is evidenced
18 by a written instrument that is dated and signed by the members.

19 **Sec. 10.50.170. RIGHTS, POWERS, AND LIABILITIES OF ASSIGNEE**
20 **WHO BECOMES A MEMBER.** (a) An assignee who becomes a member has, to the
21 extent assigned, the rights and powers of a member under the articles of organization,
22 an operating agreement, and this chapter, and is subject to the restrictions and
23 liabilities of a member under the articles of organization, an operating agreement, and
24 this chapter.

25 (b) In addition to the liabilities imposed under (a) of this section, an assignee
26 of a limited liability company interest who becomes a member of the company is liable
27 for an obligation of the assignor to make a contribution under AS 10.50.280 that is not
28 imposed by the articles of organization, an operating agreement, or otherwise by this
29 chapter.

30 (c) Notwithstanding (a) and (b) of this section, an assignee who becomes a
31 member is not liable for liabilities that are unknown to the assignee when the assignee

1 becomes a member and that cannot be determined from the written records of the
2 company maintained under AS 10.50.870.

3 **Sec. 10.50.180. RIGHTS OF ASSIGNOR WHEN ASSIGNEE BECOMES A**
4 **MEMBER.** Unless otherwise provided in writing in an operating agreement of the
5 company, when an assignee of a member's limited liability company interest becomes
6 a member of the company with respect to the assignor's entire interest, the assignor
7 ceases to be a member or to have the power to exercise the rights of a member.

8 **Sec. 10.50.185. VOLUNTARY TERMINATION OF MEMBERSHIP.** (a) A
9 person's membership in a limited liability company terminates if the person withdraws
10 voluntarily from the company.

11 (b) Unless a written operating agreement of the company provides that a
12 member may not withdraw voluntarily from the company, a member of a limited
13 liability company may withdraw as a member voluntarily at any time by giving 30
14 days' written notice to the other members, or by giving other notice that is established
15 by an operating agreement of the company in writing.

16 **Sec. 10.50.190. WITHDRAWAL BEFORE END OF TERM OR**
17 **UNDERTAKING.** Unless otherwise provided in an operating agreement of the
18 company, if a limited liability company has a definite term or particular undertaking,
19 the withdrawal of a member of the company under AS 10.50.185 before the end of the
20 term or the accomplishment of the undertaking is a breach of the operating agreement.

21 **Sec. 10.50.195. REMEDIES FOR WRONGFUL WITHDRAWAL.** (a) If the
22 voluntary withdrawal of a member from the company breaches an operating agreement
23 of the company, or if the withdrawal occurs as a result of otherwise wrongful conduct
24 of the member, a limited liability company may recover from the withdrawing member
25 damages that are for the breach of the operating agreement or that result from the
26 wrongful conduct, including the reasonable costs of obtaining replacement of any
27 services the withdrawn member was obligated to perform.

28 (b) A limited liability company may offset the damages authorized under (a)
29 of this section against the amount that is otherwise distributable to the withdrawing
30 member, and may pursue other remedies allowed in an operating agreement of the
31 company or otherwise available under applicable law.

1 **Sec. 10.50.205. REMOVAL OF MEMBER.** (a) Except as provided in (b)
2 of this section, a person's membership in a limited liability company terminates if the
3 person assigns all of the person's interest in the company and if a majority of the
4 members who have not assigned their interests in the company authorize the removal
5 of the person as a member.

6 (b) If an operating agreement of the company provides in writing for the
7 removal of a member, a person's membership in a limited liability company terminates
8 if the person is removed as a member in the manner and under the circumstances
9 provided in the agreement.

10 **Sec. 10.50.210. EFFECT OF DEATH OR INCOMPETENCY ON**
11 **MEMBERSHIP.** Unless otherwise provided in writing in an operating agreement or
12 by the written consent of all of the members at the time, the membership of a member
13 of a limited liability company who is an individual terminates if the member dies, or
14 if a court of competent jurisdiction enters an order adjudicating the member
15 incompetent to manage the member's person or property.

16 **Sec. 10.50.215. TERMINATION OF TRUST OR DISTRIBUTION OF**
17 **INTEREST BY ESTATE MEMBERSHIP.** (a) Unless otherwise provided in writing
18 in an operating agreement of the company or by the written consent of all of the
19 members of the company at the time, the limited liability company membership held
20 by a trust or trustee terminates when the trust terminates. In this subsection,
21 "terminates" does not include the substitution of a new trustee.

22 (b) Unless otherwise provided in writing in an operating agreement of the
23 company or by the written consent of all of the members of the company at the time,
24 the limited liability company membership held by an estate terminates when the
25 limited liability company interest is distributed by the fiduciary of the estate.

26 **Sec. 10.50.220. TERMINATION ON DISSOLUTION OF MEMBER.** (a)
27 Unless otherwise provided in writing in an operating agreement of the company or by
28 the written consent of all of the members of the company at the time, a limited
29 liability company membership of a member that is a separate limited liability company
30 terminates when the member dissolves and begins to wind up its affairs.

31 (b) Unless otherwise provided in writing in an operating agreement of the

1 company or by the written consent of all of the members of the company at the time,
2 a limited liability company membership of a member that is a corporation terminates
3 when the corporation is dissolved.

4 **Sec. 10.50.225. OTHER EVENTS TERMINATING MEMBERSHIP. (a)**

5 Unless otherwise provided in writing in an operating agreement of the company or
6 authorized by the written consent of all of the members of the company at the time,
7 a person's membership in a limited liability company terminates when the person

8 (1) makes an assignment for the benefit of creditors;

9 (2) files a voluntary petition in bankruptcy;

10 (3) is adjudicated a bankrupt or insolvent;

11 (4) files a petition or answer seeking for the person a reorganization,
12 arrangement, composition, readjustment, liquidation, dissolution, or similar relief under
13 law;

14 (5) files an answer or other pleading admitting or failing to contest the
15 material allegations of a petition filed against the member in a proceeding in the nature
16 of (1) - (4) of this subsection; or

17 (6) seeks, consents to, or acquiesces in the appointment of a trustee,
18 receiver, or liquidator of the person or of all or a substantial part of the person's
19 property.

20 (b) Unless otherwise provided in writing in an operating agreement of the
21 company or consented to in writing by all of the members of the company at the time,
22 a person's membership in a limited liability company terminates when

23 (1) a proceeding against the person seeking reorganization,
24 arrangement, composition, readjustment, liquidation, dissolution, or similar relief is not
25 dismissed within 120 days after the commencement of the proceeding; or

26 (2) an appointment, without the member's consent, of a trustee,
27 receiver, or liquidator of the person or of all or a substantial part of the person's
28 property is not vacated or stayed within 120 days after the appointment or after the
29 expiration of the stay.

30 (c) The members of a limited liability company may provide in writing in an
31 operating agreement that other events terminate a membership.

1 **ARTICLE 7. RELATIONSHIP TO THIRD PARTIES.**

2 **Sec. 10.50.250. AGENCY POWER OF MEMBERS AND MANAGERS. (a)**
3 **Except as provided in (b) and (c) of this section, a member of a limited liability**
4 **company is an agent of the company for the purpose of conducting the company's**
5 **affairs. A member's act, including the execution of an instrument in the name of the**
6 **company, that appears to be performed in the usual way of conducting the affairs of**
7 **the company, binds the company, unless the member does not in fact have the**
8 **authority to act for the company in the particular matter and the person with whom the**
9 **member is dealing knows that the member does not have the authority to act for the**
10 **company in the particular matter.**

11 (b) If the articles of organization of a limited liability company name a
12 manager for the company, a member is not, solely by reason of being a member, an
13 agent of the company.

14 (c) If the articles of organization of the limited liability company name a
15 manager for the company, a manager is an agent of a limited liability company for the
16 purpose of conducting its affairs, and a manager's act, including the execution of an
17 instrument in the name of the company, that appears to be performed in the usual way
18 of conducting the affairs of the company binds the company, unless the manager does
19 not in fact have the authority to act for the company in the particular matter and the
20 person with whom the manager is dealing knows that the manager does not have the
21 authority to act for the company in the particular matter.

22 (d) A limited liability company manager's or member's act that does not
23 appear to be performed in the usual way of conducting the affairs of the company does
24 not bind the company, unless the act is authorized by an operating agreement of the
25 company when the act is performed or at another time.

26 (e) A limited liability company manager's or member's act that contravenes
27 a restriction on the manager's or member's authority does not bind the company with
28 regard to persons who know about the restriction.

29 **Sec. 10.50.255. ADMISSIONS OF MEMBERS AND MANAGERS. (a)**
30 **Except as provided in (b) of this section, an admission or representation made by a**
31 **member of a limited liability company about the affairs of the company is evidence**

1 against the company if the admission or representation is within the scope of the
2 member's authority under this chapter.

3 (b) If the articles of organization of a limited liability company name a
4 manager for the company, an admission or representation made by a

5 (1) manager about the affairs of the company is evidence against the
6 company if the admission or representation is within the scope of the manager's
7 authority under this chapter; and

8 (2) member, acting solely in the capacity of a member, is not evidence
9 against the company.

10 Sec. 10.50.260. LIMITED LIABILITY COMPANY CHARGED WITH
11 KNOWLEDGE OF OR NOTICE TO MEMBER OR MANAGER. (a) Except as
12 provided in (b) and (c) of this section, and except for a fraud on the company
13 committed by or with the consent of the member who has the knowledge or receives
14 the notice, the following operate as notice to or knowledge of a limited liability
15 company:

16 (1) notice given to a company member of a matter relating to the
17 affairs of the company;

18 (2) the knowledge of a company member acting in the particular matter,
19 whether acquired while a member or known at the time of becoming a member; and

20 (3) the knowledge of a company member who reasonably could and
21 should have communicated the knowledge to a member acting in the particular matter.

22 (b) If the articles of organization of the company name a manager for the
23 company, the following operate as notice to or knowledge of a limited liability
24 company, except for a fraud on the company committed by or with the consent of the
25 manager who has the knowledge or receives the notice:

26 (1) notice given to a manager of a matter relating to the business or
27 affairs of the limited liability company;

28 (2) the knowledge of the manager acting in the particular matter,
29 acquired while a manager or known at the time of becoming a manager; and

30 (3) the knowledge of a company manager who reasonably could and
31 should have communicated the knowledge to the manager acting in the particular

1 matter.

2 (c) If the articles of organization of the company name a manager for the
3 company, notice to, or the knowledge of, a member of a limited liability company
4 while the member is acting solely in the capacity of a member does not operate as
5 notice to or knowledge of the company.

6 Sec. 10.50.265. LIABILITY OF MEMBERS TO THIRD PARTIES. A person
7 who is a member of a limited liability company is not liable, solely by reason of being
8 a member, under a judgment, decree, or order of a court, or in another manner, for a
9 liability of the company, whether the liability arises in contract, tort, or another form,
10 or for the acts or omissions of another member, manager, agent, or employee of the
11 company.

12 ARTICLE 8. CONTRIBUTIONS.

13 Sec. 10.50.275. CONSIDERATION FOR COMPANY INTERESTS. An
14 interest in a limited liability company may be issued for property, services rendered,
15 or a promissory note or other obligation to contribute property or services.

16 Sec. 10.50.280. LIABILITY FOR CONTRIBUTIONS. (a) Notwithstanding
17 AS 09.25.010 - 09.25.020, a promise by a member of a limited liability company to
18 contribute property or services to the company is not enforceable unless the promise
19 is stated in a writing signed by the member.

20 (b) Unless otherwise provided in an operating agreement of the company, a
21 member of a limited liability company is liable for performing an enforceable promise
22 made to the company to contribute property or services, even if the member is unable
23 to perform because of death, disability, or another reason.

24 (c) If a member of a limited liability company does not make the member's
25 required contribution of property or services, the member shall, at the option of the
26 company, contribute cash equal to that portion of value of the required contribution
27 that has not been made.

28 (d) Unless otherwise provided in writing in an operating agreement of the
29 company, an assignor of a limited liability company interest is not released from the
30 assignor's liability to the company under this section, even if the assignee becomes a
31 member with respect to the assigned interest.

1 **Sec. 10.50.285. COMPROMISE OF CONTRIBUTION.** Unless otherwise
2 provided in an operating agreement of the company, the obligation of a member to
3 make a contribution to a limited liability company may not be compromised, unless
4 all of the other members consent to the compromise.

5 **ARTICLE 9. DISTRIBUTIONS.**

6 **Sec. 10.50.300. SHARING OF PROFITS.** Unless otherwise provided in
7 writing in an operating agreement of the company, a member of a limited liability
8 company shares equally in the profits and other assets of the company remaining after
9 all liabilities, including liabilities to members, are satisfied.

10 **Sec. 10.50.305. INTERIM DISTRIBUTIONS UNDER OPERATING**
11 **AGREEMENT.** If a limited liability company makes an interim distribution of its
12 assets to its members, the company shall make the distribution to the members in the
13 manner provided in writing in an operating agreement of the company. The operating
14 agreement of the company may authorize different interim distributions for different
15 classes of members.

16 **Sec. 10.50.310. INTERIM DISTRIBUTIONS WITHOUT OPERATING**
17 **AGREEMENT.** If a written operating agreement of the company does not provide for
18 the interim distribution of the assets of the company, when a limited liability company
19 makes an interim distribution of its assets, the interim distributions to each member of
20 the company shall be equal.

21 **Sec. 10.50.315. TIME FOR INTERIM DISTRIBUTIONS.** A member of a
22 limited liability company is entitled to receive interim distributions under AS 10.50.305
23 - 10.50.310 at the times or upon the happening of the events specified in an operating
24 agreement of the company, or at the times determined by the members or managers
25 under AS 10.50.145.

26 **Sec. 10.50.320. DISTRIBUTIONS WHEN A PERSON CEASES TO BE A**
27 **MEMBER.** (a) Except for termination under AS 10.50.205, when the limited liability
28 company membership of a person terminates and the termination does not cause
29 dissolution of the company, the company shall distribute to the person the distribution
30 that the person was entitled to receive before the person's membership terminated.

31 (b) If an operating agreement of the company does not provide the amount of

1 the distribution under (a) of this section or a method for determining the amount of the
2 distribution under (a) of this section, a limited liability company shall distribute to the
3 terminating member within a reasonable time after termination the fair value of the
4 member's limited liability company interest. The interest shall be calculated as of the
5 date the membership terminates.

6 Sec. 10.50.325. DISTRIBUTION IN KIND. (a) Unless otherwise provided
7 in an operating agreement of the company, a member, regardless of the nature of the
8 member's contribution, may not demand and receive a distribution from a limited
9 liability company in a form other than cash.

10 (b) Unless otherwise provided in an operating agreement of the company, a
11 limited liability company may not compel a member of the company to accept from
12 the company a distribution of a company asset in a form other than cash to the extent
13 that the percentage of the asset distributed to the member exceeds the percentage that
14 the member would have shared in a cash distribution equal to the value of the asset
15 at the time of distribution.

16 Sec. 10.50.330. RIGHT TO DISTRIBUTION. When a member of a limited
17 liability company is entitled to receive a distribution from the company, the member
18 is a creditor of the company with respect to the distribution, and is entitled to all
19 remedies available to a creditor of the company.

20 ARTICLE 10. OWNERSHIP AND TRANSFER OF PROPERTY.

21 Sec. 10.50.350. OWNERSHIP OF COMPANY PROPERTY. (a) Property
22 transferred to or otherwise acquired by a limited liability company is the property of
23 the company and is not the property of the members individually.

24 (b) A limited liability company may acquire, hold, and convey property,
25 including real property, in the name of the company. If a limited liability company
26 acquires an interest in real property, the company may acquire the interest in the name
27 of the company. If a limited liability company acquires an interest in real property in
28 the name of the company, the company holds the title to the interest and not the
29 members individually.

30 Sec. 10.50.355. TRANSFER OF PROPERTY. (a) Except as provided in (c)
31 of this section, a limited liability company may transfer the property of the company

1 that is held in its name if the company uses an instrument of transfer signed by a
2 member of the company in the name of the company.

3 (b) The property of a limited liability company that is held in the name of a
4 member or manager may be transferred by an instrument of transfer signed by the
5 member or manager in whose name the title is held, if the instrument transferring the
6 property to the member or manager indicates that the member or manager is a member
7 or manager of the company, or, if the name of the company is not indicated on the
8 instrument, that the limited liability company exists.

9 (c) If the articles of organization of the company name a manager for the
10 company,

11 (1) title to limited liability company property that is held in the name
12 of the company may be transferred by an instrument of transfer signed by a manager
13 of the company in the name of the company; and

14 (2) a member, solely by reason of being a member, does not have the
15 authority to transfer the property of a limited liability company.

16 Sec. 10.50.360. RECOVERY OF PROPERTY. A limited liability company
17 may recover property transferred under AS 10.50.355 if the company proves that the
18 execution of the instrument of transfer did not bind the company under AS 10.50.250,
19 unless the property has been transferred by the initial transferee, or by a person
20 claiming through the initial transferee, to a subsequent transferee who gives value
21 without having notice that the person who signed the instrument of initial transfer
22 lacked authority to bind the company.

23 Sec. 10.50.365. TRANSFER FREE OF COMPANY CLAIMS. The property
24 of a limited liability company held in the name of a person other than the company
25 may be transferred by the person free of the claims of the company or the company's
26 members if the transfer is made to a transferee who gives value without having notice
27 that the property is property of the company and the instrument that transfers title to
28 the property to the transferee does not indicate the transferor's capacity as a member
29 or manager of the company or the existence of the company.

30 Sec. 10.50.370. NATURE OF INTEREST IN COMPANY. A limited liability
31 company interest is personal property.

1 **Sec. 10.50.375. ASSIGNMENT OF INTEREST IN COMPANY. (a) A**
2 **person may assign a limited liability company interest in whole or in part.**

3 **(b) The assignment of a limited liability company interest entitles the assignee**
4 **to receive, to the extent assigned, only the distributions to which the assignor is**
5 **entitled.**

6 **(c) The assignment of a limited liability company interest does not dissolve**
7 **the company or entitle the assignee to participate in the management and affairs of the**
8 **company, to become a member, or to exercise the rights of a member. Unless the**
9 **assignee of the interest becomes a member with respect to the interest, the assignor**
10 **continues to be a member and may exercise the rights of a member, subject to the**
11 **members' right to remove the assignor under AS 10.50.205.**

12 **(d) Unless the assignee becomes a member, an assignee of a limited liability**
13 **company interest is not liable as a member solely as a result of the assignment.**

14 **(e) The assignor of a limited liability company interest is not released, solely**
15 **as a result of the assignment, from the assignor's liability as a member.**

16 **(f) A written operating agreement may establish terms different from those in**
17 **(a) - (e) of this section.**

18 **(g) Unless otherwise provided in an operating agreement of the company, the**
19 **pledge of, or granting of a security interest, lien, or other encumbrance in or against,**
20 **a part or all of a member's limited liability company interest is not an assignment**
21 **under this section and does not terminate the membership or the rights and powers of**
22 **the member.**

23 **Sec. 10.50.380. RIGHTS OF JUDGMENT CREDITORS. (a) If a judgment**
24 **creditor of a limited liability company member applies to a court of competent**
25 **jurisdiction, the court may charge the member's limited liability company interest for**
26 **payment of the unsatisfied amount of the judgment.**

27 **(b) To the extent a limited liability company interest is charged under (a) of**
28 **this section, the judgment creditor has only the rights of an assignee of the member's**
29 **interest.**

30 **(c) This section is not intended to deprive a member of a limited liability**
31 **company of the benefit of an exemption available to the member under another**

1 provision of law and applicable to the member's limited liability company interest.

2 **Sec. 10.50.385. POWERS OF ESTATE OF A DECEASED OR**
3 **INCOMPETENT MEMBER.** If a member who is an individual dies or if a court of
4 competent jurisdiction determines the member to be incompetent to manage the
5 member's person or property, the member's executor, administrator, guardian,
6 conservator, or other legal representative has the rights of an assignee of the member's
7 interest.

8 **ARTICLE 11. DISSOLUTION.**

9 **Sec. 10.50.400. DISSOLUTION.** A limited liability company is dissolved and
10 its affairs shall be wound up if

11 (1) an event occurs that is identified in writing in the articles of
12 organization or an operating agreement as causing dissolution;

13 (2) all of the members of the company consent in writing;

14 (3) a person's membership in the company terminates, unless

15 (A) the business of the company is continued by the consent of
16 all of the remaining members on or before the 90th day following the
17 termination of the membership; or

18 (B) a written operating agreement provides otherwise; or

19 (4) the superior court enters a decree for judicial dissolution of the
20 company under AS 10.50.405.

21 **Sec. 10.50.405. DISSOLUTION BY COURT.** On application by or for a
22 member of a limited liability company, the superior court may order the company
23 dissolved if the court determines that it is not reasonably practicable for the company
24 to conduct its affairs in conformity with an operating agreement of the company.

25 **Sec. 10.50.410. AUTHORITY TO WIND UP.** Unless otherwise provided in
26 writing in an operating agreement, the affairs of a limited liability company may be
27 wound up by the

28 (1) members or managers who have authority under AS 10.50.110 to
29 manage the company before dissolution; or

30 (2) superior court on the application of a member of the company or
31 the member's legal representative or assignee if

1 (A) a member or manager identified in (1) of this subsection
2 has engaged in wrongful conduct; or

3 (B) other cause is shown.

4 Sec. 10.50.415. ACTS OF WINDING UP. Unless otherwise provided in
5 writing in an operating agreement of the company, a person winding up the affairs of
6 a limited liability company may, in the name of, and for and on behalf of, the
7 company,

8 (1) prosecute and defend court actions;

9 (2) settle and close the affairs of the company;

10 (3) dispose of and transfer the property of the company;

11 (4) discharge the liabilities of the company; and

12 (5) distribute to the members the assets of the company that remain
13 after (1) - (4) of this subsection have been performed.

14 Sec. 10.50.420. AGENCY POWER OF MANAGER OR MEMBER AFTER
15 DISSOLUTION. (a) Except as provided in (b) - (d) of this section, after dissolution
16 of a limited liability company, a member having authority to wind up the company's
17 affairs can bind the company by an act that

18 (1) is appropriate for winding up the company's affairs or completing
19 transactions unfinished at dissolution; or

20 (2) would have bound the company if the company had not been
21 dissolved, if the other party to the transaction does not have notice of the dissolution;
22 in this paragraph, filing the articles of dissolution is presumed to constitute notice of
23 the dissolution.

24 (b) A member's act that is not binding on the limited liability company under
25 (a) of this section binds the company if the act is otherwise authorized by the
26 company.

27 (c) A member's act that violates a restriction on the member's authority does
28 not bind the member's limited liability company with regard to another person who
29 knows about the restriction, even if the member's act is binding under (a) of this
30 section or is otherwise authorized.

31 (d) If the articles of organization of a limited liability company name a

1 manager to manage the company, a member does not have the authority to bind the
2 company if the member is acting solely in the capacity of a member, and a manager
3 of the company can bind the company by an act that

4 (1) is appropriate for winding up the company's affairs or completing
5 transactions unfinished at dissolution; or

6 (2) would have bound the company if the company had not been
7 dissolved if the other party to the transaction does not have notice of the dissolution;
8 in this paragraph, filing the articles of dissolution is presumed to constitute notice of
9 the dissolution.

10 Sec. 10.50.425. DISTRIBUTION OF ASSETS. Upon the winding up of a
11 limited liability company, the assets of the company shall be distributed in the
12 following manner and order of priority:

13 (1) payment, or adequate provision for payment, to creditors, including,
14 to the extent permitted by law, members who are creditors and not covered by (2) of
15 this section, in satisfaction of the liabilities of the company;

16 (2) unless otherwise provided in writing in an operating agreement of
17 the company, payment to members or former members in satisfaction of the company's
18 liabilities for distributions under AS 10.50.305 - 10.50.320;

19 (3) unless otherwise provided in writing in an operating agreement of
20 the company, to members and former members in the following order of priority:

21 (A) for the return of their contributions; and

22 (B) in proportion to the members' respective rights to share in
23 distributions from the company before dissolution.

24 Sec. 10.50.430. ARTICLES OF DISSOLUTION. After the dissolution of a
25 limited liability company under AS 10.50.400, the limited liability company may file
26 articles of dissolution with the department. The articles must state

27 (1) the name of the company;

28 (2) the date of filing of the company's articles of organization and of
29 any amendments to the articles of organization;

30 (3) the reason for filing the articles of dissolution;

31 (4) the effective date, which must be a specific date, of the articles of

1 dissolution if the articles of dissolution are not to be effective when filed; and

2 (5) other information determined appropriate by the members or
3 managers filing the articles.

4 Sec. 10.50.435. KNOWN CLAIMS AGAINST DISSOLVED LIMITED
5 LIABILITY COMPANY. (a) Upon dissolution, a limited liability company may
6 dispose of the known claims against it by filing articles of dissolution under
7 AS 10.50.430 and following the procedures described in this section.

8 (b) A dissolved limited liability company shall notify its known claimants in
9 writing of the dissolution at any time after the effective date of dissolution. The written
10 notice must

11 (1) describe the information that must be included in the claim;

12 (2) provide a mailing address where the claim may be sent;

13 (3) state the deadline, which may not be fewer than 120 days after the
14 later of the date of the written notice or the filing of articles of dissolution under
15 AS 10.50.430, for the company to receive the claim; and

16 (4) state that the claim is barred if it is not received by the company
17 by the deadline.

18 (c) A claim against a limited liability company is barred if a claimant

19 (1) who was given written notice under (b) of this section does not
20 deliver the claim to the company by the deadline; or

21 (2) whose claim is rejected by the company does not begin a
22 proceeding to enforce the claim within 90 days after the date of the rejection notice.

23 (d) In this section, "claim" does not include a contingent liability or a claim
24 based on an event occurring after the effective date of dissolution.

25 Sec. 10.50.440. UNKNOWN CLAIMS AGAINST DISSOLVED LIMITED
26 LIABILITY COMPANY. (a) If a limited liability company publishes a newspaper
27 notice in accordance with (b) of this section and files articles of dissolution under
28 AS 10.50.430, the following claims are barred unless the claimant commences a
29 proceeding to enforce the claim against the company within five years after the later
30 of the publication date of the newspaper notice or the filing of the articles of
31 dissolution:

1 (1) a claim by a claimant who did not receive written notice under
2 AS 10.50.435;

3 (2) a claim filed within the time allowed if the company does not act
4 on the claim;

5 (3) a claim that is contingent or based on an event occurring after the
6 effective date of dissolution.

7 (b) The notice published under (a) of this section shall be published once in
8 a newspaper of general circulation in the judicial district where the company's
9 principal office, or its registered office if it does not have a principal office in this
10 state, is located in this state, and must

11 (1) describe the information that must be included in a claim;

12 (2) provide a mailing address where the claim may be sent;

13 (3) state that a claim against the company is barred unless a proceeding
14 to enforce the claim is begun within five years after the publication of the notice; and

15 (4) request that persons with claims against the company present them
16 to the company as provided in the notice.

17 (c) A claim may be enforced under this section

18 (1) against the company to the extent of the company's undistributed
19 assets; or

20 (2) if the company's assets have been distributed in liquidation, against
21 a member of the company to the extent of the member's pro rata share of the claim
22 or of the assets of the company distributed to the member in liquidation, whichever is
23 less; a member's total liability for all claims under this section may not exceed the
24 total amount of assets of the company that are distributed to the member.

25 ARTICLE 12. MERGER AND CONSOLIDATION.

26 Sec. 10.50.500. AUTHORITY FOR MERGER OR CONSOLIDATION.

27 Unless otherwise provided in writing in an operating agreement of the company, and
28 subject to the law applicable to the other entity, a limited liability company may merge
29 or consolidate with or into another entities. The limited liability company or the other
30 entity may be the surviving or resulting entity.

31 Sec. 10.50.505. CONVERSION OF RIGHTS, SECURITIES, AND

1 INTERESTS. The rights or securities of or interests in an entity that is a party to a
2 merger or consolidation may be exchanged for or converted into cash, property,
3 obligations, rights or securities of, or interests in the surviving or resulting entity or
4 of another entity.

5 Sec. 10.50.510. APPROVAL OF MERGER OR CONSOLIDATION. (a)
6 Unless otherwise provided in writing in an operating agreement of the company, a
7 limited liability company may not approve a proposed merger or consolidation unless
8 the merger or consolidation is approved by more than one-half of all of the members
9 of the company.

10 (b) A corporation or a foreign limited liability company that is a party to a
11 proposed merger or consolidation may not approve the merger or consolidation unless
12 the merger or consolidation is approved as required by the law applicable to the
13 corporation or foreign limited liability company.

14 (c) A party to a merger or consolidation under this chapter may abandon the
15 merger or consolidation as provided in the merger or consolidation agreement or by
16 the law applicable to the entity.

17 Sec. 10.50.515. DELIVERY OF ARTICLES OF MERGER OR
18 CONSOLIDATION. The entity surviving or resulting from a merger or consolidation
19 under this chapter shall file with the department articles of merger or consolidation
20 signed by each business entity that is a party to the merger or consolidation.

21 Sec. 10.50.520. CONTENTS OF ARTICLES OF MERGER OR
22 CONSOLIDATION. The articles of merger or consolidation required by AS 10.50.515
23 must state

24 (1) the name of each entity that is a party to the merger or
25 consolidation;

26 (2) the jurisdiction where each entity that is a party to the merger or
27 consolidation was organized;

28 (3) that an agreement of merger or consolidation has been approved and
29 signed by each entity that is a party to the merger or consolidation;

30 (4) the name of the surviving or resulting entity;

31 (5) the future effective date, which must be a specific date, of the

1 merger or consolidation if the merger or consolidation is not effective when the articles
2 are filed;

3 (6) that the agreement of merger or consolidation is on file at a place
4 of business of the surviving or resulting entity;

5 (7) the address of the place of business of the surviving or resulting
6 entity;

7 (8) that a copy of the agreement of merger or consolidation will be
8 furnished by the surviving or resulting entity on request and without cost to a person
9 holding an interest in an entity that is a party to the merger or consolidation;

10 (9) if the surviving or resulting entity is not organized under the laws
11 of this state, a statement that the surviving or resulting entity

12 (A) agrees that it may be served with process in this state in a
13 proceeding to enforce an obligation of an entity that is a party to the merger
14 or consolidation and that was organized under the laws of this state, and to
15 enforce an obligation of the surviving or resulting business entity;

16 (B) appoints the department as its agent for service of process
17 in an enforcement proceeding under (A) of this paragraph; and

18 (C) the address to which a copy of the process may be mailed
19 to the surviving or resulting entity by the department.

20 Sec. 10.50.525. EXECUTION OF ARTICLES OF MERGER OR
21 CONSOLIDATION. Articles of merger or consolidation shall be signed by a limited
22 liability company that is a party to the merger or consolidation.

23 Sec. 10.50.530. EQUIVALENT TO ARTICLES OF DISSOLUTION. Articles
24 of merger or consolidation constitute articles of dissolution for a limited liability
25 company that is not the surviving or resulting business entity in the merger or
26 consolidation.

27 Sec. 10.50.535. EFFECTIVE DATE OF MERGER OR CONSOLIDATION.
28 A merger or consolidation under AS 10.50.500 - 10.50.565 takes effect upon the later
29 of the effective date of the filing of the articles of merger or consolidation or an
30 effective date stated in the articles of merger or consolidation.

31 Sec. 10.50.540. USE OF MERGER OR CONSOLIDATION AGREEMENT

1 TO AMEND OR ADOPT OPERATING AGREEMENT. (a) An agreement of merger
2 or consolidation approved under AS 10.50.510 may amend an operating agreement of
3 a limited liability company or adopt a new operating agreement for the company if the
4 company is the surviving or resulting entity in the merger or consolidation.

5 (b) An approved agreement of merger or consolidation may provide that the
6 operating agreement of a limited liability company that is a party to the merger or
7 consolidation, including a limited liability company organized for the purpose of
8 consummating a merger or consolidation, is the operating agreement of a limited
9 liability company that is the surviving or resulting entity.

10 (c) An amendment to an operating agreement or the adoption of a new
11 operating agreement under this section is effective when the merger or consolidation
12 is effective.

13 (d) This subsection is not intended to limit the accomplishment of a merger
14 or of a matter referred to in this section by other means provided for in an operating
15 agreement or in another agreement or as otherwise permitted by law.

16 Sec. 10.50.545. GENERAL EFFECTS OF MERGER OR CONSOLIDATION.

17 (a) When a merger or consolidation becomes effective, the entities that are parties to
18 a merger or consolidation agreement become a single entity that, in the case of a
19 merger, is the entity named in the plan of merger as the surviving entity, and, in the
20 case of a consolidation, is the entity named in the plan of consolidation as the resulting
21 entity.

22 (b) When a merger or consolidation becomes effective, an entity that is a party
23 to the merger or consolidation agreement and that is not the surviving or resulting
24 entity ceases to exist.

25 (c) The surviving entity of a merger or the entity resulting from a
26 consolidation possess all the rights, privileges, immunities, and powers of each entity
27 that is a party to the merger or consolidation agreement and is subject to all the
28 restrictions, disabilities, and duties of each entity that is a party to the merger or
29 consolidation to the extent the rights, privileges, immunities, powers, franchises,
30 restrictions, disabilities, and duties apply to the type of entity that is the surviving
31 entity or the resulting entity.

1 **Sec. 10.50.550. EFFECT OF MERGER OR CONSOLIDATION ON**
2 **PROPERTY OF ENTITIES. (a) The real and personal property, the debts due,**
3 **including promises to make capital contributions and subscriptions for shares, other**
4 **choses in action, and the other interests of the entities that are parties to a merger or**
5 **consolidation belong to the surviving entity or the resulting entity without further**
6 **action by the entities.**

7 (b) The title to real property, including interests in real property, that belongs
8 to an entity that is a party to a merger or consolidation does not revert and is not in
9 any way impaired because of the merger or consolidation.

10 **Sec. 10.50.555. EFFECT OF MERGER OR CONSOLIDATION ON**
11 **LIABILITIES. (a) The surviving entity or the resulting entity in a merger or**
12 **consolidation is liable for the liabilities of the entities that are parties to the merger or**
13 **consolidation.**

14 (b) A claim or action that exists at the time of the merger or consolidation and
15 that is pending by or against an entity that is a party to a merger or consolidation may
16 be pursued as if the merger or consolidation had not taken place, or the surviving or
17 resulting entity may be substituted in the claim or action.

18 **Sec. 10.50.560. RIGHTS OF CREDITORS. The rights of creditors and liens**
19 **on the property of an entity that is a party to a merger or consolidation are not**
20 **impaired by the merger or consolidation.**

21 **Sec. 10.50.565. CONVERSION AT MERGER OR CONSOLIDATION. (a)**
22 **Upon a merger or consolidation, the limited liability company interests and corporate**
23 **shares or other interests that are to be converted or exchanged into interests, shares,**
24 **or other securities, or cash, obligations, or other property under the terms of a merger**
25 **or consolidation agreement are converted as provided by the merger or consolidation**
26 **agreement.**

27 (b) Upon a merger or consolidation, the former holders of interests converted
28 under (a) of this section have the rights provided in the merger or consolidation
29 agreement or otherwise provided by law.

30 **ARTICLE 13. FOREIGN LIMITED LIABILITY COMPANIES.**

31 **Sec. 10.50.600. GOVERNING LAW. (a) Subject to the constitution of this**

1 state, the law of the state or other jurisdiction under which a foreign limited liability
2 company is organized governs the organization and internal affairs of the company and
3 the liability and authority of its managers and members.

4 (b) The department may not deny registration to a foreign limited liability
5 company because of differences between the law of this state and the law of the state
6 or other jurisdiction under which the foreign limited liability company is organized.

7 Sec. 10.50.605. REGISTRATION REQUIRED. Before conducting affairs in
8 this state, a foreign limited liability company shall register with the department. To
9 register, the company shall deliver to the department an application for registration as
10 a foreign limited liability company.

11 Sec. 10.50.610. EXECUTION OF REGISTRATION APPLICATION. An
12 application for registration filed by a foreign limited liability company under
13 AS 10.50.605 shall be signed by a person who is authorized by the law of the state or
14 other jurisdiction where the company was organized to sign the application.

15 Sec. 10.50.615. CONTENTS OF REGISTRATION APPLICATION. An
16 application for the registration of a foreign limited liability company must state

17 (1) the name of the foreign limited liability company and, if different,
18 the name the company proposes to use in this state;

19 (2) the state or other jurisdiction where the company was organized,
20 and date of its organization;

21 (3) the name and address of the company's registered agent;

22 (4) that the department is appointed the agent of the company for
23 service of process if the foreign limited liability company fails to appoint or maintain
24 a registered agent under AS 10.50.640;

25 (5) the address of the office required by the state or other jurisdiction
26 of the company's organization to be maintained in that state or other jurisdiction, or,
27 if the state or other jurisdiction does not require an office to be maintained in that state
28 or other jurisdiction, the principal office of the company; and

29 (6) that the company is a foreign limited liability company.

30 Sec. 10.50.620. EFFECT OF DELIVERY OF APPLICATION FOR
31 REGISTRATION. (a) A foreign limited liability company is registered when the

1 application for registration required by AS 10.50.605 is delivered to the department,
2 even if the department is unable at the time of delivery to make the determination
3 required for filing by AS 10.50.840.

4 (b) If the application for registration, as delivered to the department, does not
5 conform to the requirements of AS 10.50.610 - 10.50.615 and is not brought into
6 conformity within the time period established by AS 10.50.840(b)(2), the registration
7 of the foreign limited liability company terminates at the end of the time period for
8 conformity.

9 Sec. 10.50.625. NAME. The department may not file the application for
10 registration of a foreign limited liability company unless the name of the company
11 satisfies the requirements of AS 10.50.020 - 10.50.025. If the name under which a
12 foreign limited liability is organized in the state or other jurisdiction of its organization
13 does not satisfy the requirements of AS 10.50.020 - 10.50.025, the company may
14 register under AS 10.50.605 if the company uses a name that is available to the
15 company under this chapter and that satisfies the requirements of AS 10.50.020 -
16 10.50.025.

17 Sec. 10.50.630. AMENDMENT OF REGISTRATION. A foreign limited
18 liability company may amend its registration by filing articles of amendment with the
19 department that are signed by a person who has the authority to sign them under the
20 law of the state or other jurisdiction of the company's organization.

21 Sec. 10.50.635. CONTENTS OF ARTICLES OF AMENDMENT. (a) The
22 articles of amendment filed by a foreign limited liability company must state the

- 23 (1) name of the company;
24 (2) date the original application for registration was filed; and
25 (3) amendment.

26 (b) The application for registration may be amended in any way if the
27 application for registration as amended contains only provisions that this chapter allows
28 to be contained in an application for registration at the time of amendment.

29 Sec. 10.50.640. REGISTERED AGENT. A foreign limited liability company
30 shall continuously maintain in this state an agent for the service of process on the
31 company. The agent must be an individual resident of this state, a limited liability

1 company, a foreign limited liability company registered under this chapter, a
2 corporation organized under the laws of this state, or a foreign corporation authorized
3 to transact business in this state.

4 Sec. 10.50.645. EFFECTIVE DATE OF APPOINTMENT. Unless the
5 registered agent signed the document making the appointment, the appointment of a
6 registered agent or a successor registered agent is not effective until the agent delivers
7 to the department the agent's written acceptance of the appointment.

8 Sec. 10.50.650. CHANGE OF REGISTERED AGENT OR AGENT
9 ADDRESS. (a) A foreign limited liability company may change its registered agent
10 or the agent's address by delivering to the department a document stating the

11 (1) name of the company;

12 (2) name and address of the company's current registered agent; and

13 (3) name and address of the company's successor registered agent or
14 the registered agent's new address if the registered agent or the registered agent's
15 address is to be changed.

16 (b) The registered agent of a foreign limited liability company may change its
17 address by delivering a statement to the department as required by (a) of this section,
18 except that only the registered agent's signature is required. The statement must state
19 that a copy of the statement has been mailed to the foreign limited liability company.

20 Sec. 10.50.655. EFFECTIVE DATE OF CHANGE. (a) A change of the
21 address of the registered agent is effective when the statement required under
22 AS 10.50.650 is filed with the department.

23 (b) The appointment of a new registered agent is effective when both of the
24 following events have occurred:

25 (1) the statement required under AS 10.50.645 is filed with the
26 department; and

27 (2) the agent's written acceptance of the appointment is filed with the
28 department.

29 Sec. 10.50.660. RESIGNATION OF REGISTERED AGENT. The registered
30 agent of a foreign limited liability company may resign as the registered agent by
31 delivering a written notice of the resignation, signed in duplicate, to the department.

1 The department shall mail a copy of the notice to the company at its registered office.
2 The appointment of the registered agent terminates 30 days after the registered agent
3 receives the notice of resignation. Unless the company appoints a successor registered
4 agent within the 30 days, the company is considered to have appointed the department
5 as its agent for service of process until the company appoints a successor registered
6 agent.

7 Sec. 10.50.665. **AUTHORITY TO CANCEL REGISTRATION.** A foreign
8 limited liability company registered in this state may cancel its registration by filing
9 an application for cancellation with the department.

10 Sec. 10.50.670. **CONTENTS OF APPLICATION FOR CANCELLATION.**
11 An application for cancellation filed by a foreign limited liability company must state

12 (1) the name of the company and the state or other jurisdiction where
13 the company was organized;

14 (2) that the company is not conducting affairs in this state;

15 (3) that the company cancels its registration in this state;

16 (4) that the company revokes the authority of its registered agent for
17 service of process in this state and consents that service of process may subsequently
18 be made on the company by service on the department for a cause of action arising in
19 this state during the time the company was registered in this state; and

20 (5) an address for mailing a copy of a process to the company.

21 Sec. 10.50.675. **FORM, MANNER, AND EXECUTION OF APPLICATION**
22 **FOR CANCELLATION.** The application for cancellation must be in the form and
23 manner designated by the department and shall be signed on behalf of the foreign
24 limited liability company by

25 (1) a person with authority to sign the application under the law of the
26 state or other jurisdiction of its organization; or

27 (2) if the company is controlled by a receiver, trustee, or other
28 court-appointed fiduciary, by the receiver, trustee, or other fiduciary.

29 Sec. 10.50.680. **EFFECT OF CANCELLATION OF REGISTRATION.** The
30 cancellation of a registration under this chapter does not terminate the authority of the
31 department to accept service of process on the foreign limited liability company with

1 respect to causes of action arising out of the company's conduct of affairs in this state.

2 **Sec. 10.50.685. CONDUCTING AFFAIRS WITHOUT REGISTRATION. (a)**

3 A foreign limited liability company conducting affairs in this state may not maintain
4 an action or other proceeding in a court of this state until it has registered in this state.

5 (b) The failure of a foreign limited liability company to register in this state
6 does not

7 (1) impair the validity of a contract or act of the company;

8 (2) affect the right of another party to a contract of the company to
9 maintain an action or proceeding on the contract; or

10 (3) prevent the company from defending an action or other proceeding
11 in a court of this state.

12 **Sec. 10.50.690. APPOINTMENT OF DEPARTMENT FOR SERVICE OF**
13 **PROCESS.** A foreign limited liability company that conducts affairs in this state
14 without registration appoints the department as its agent for service of process with
15 respect to a cause of action arising out of conducting affairs in this state.

16 **Sec. 10.50.695. LIABILITY FOR FEES AND PENALTIES. (a)** A foreign
17 limited liability company that conducts affairs in this state without registration is liable
18 to the department for the following fees and penalties for the full or partial years when
19 it conducts affairs in this state without registration:

20 (1) the fees that would have been imposed by this chapter on the
21 company if the company had been registered under this chapter; or

22 (2) the penalties imposed by this chapter.

23 (b) The attorney general may bring an action in court or other proceedings to
24 recover the amounts due this state under AS 10.50.705 or this section or to enjoin a
25 foreign limited liability company under (a) of this section.

26 **Sec. 10.50.705. CIVIL PENALTY. (a)** A foreign limited liability company
27 that conducts affairs in this state without registration is subject to a civil penalty
28 payable to the state not to exceed \$1,000 for each year, including a partial year, the
29 company conducts affairs in this state without being registered under this chapter.

30 (b) The civil penalty imposed in (a) of this section may be recovered in an
31 action brought in the superior court by the attorney general.

1 **Sec. 10.50.710. INJUNCTIVE RELIEF.** (a) Upon application to the court,
2 if a court finds that a foreign limited liability company has conducted affairs in this
3 state in violation of this chapter, the court may issue, in addition to imposing a civil
4 penalty, an injunction restraining the company from conducting further affairs in this
5 state and from further exercising the company's rights and privileges in this state.

6 (b) An injunction issued under (a) of this section may continue until the civil
7 penalties, interest, and court costs assessed by the court have been paid and until the
8 foreign limited liability company otherwise complies with this chapter.

9 **Sec. 10.50.715. NONLIABILITY OF MEMBER OR MANAGER.** A member
10 or manager of a foreign limited liability company is not liable for the debts and
11 obligations of the company solely because the company conducts affairs in this state
12 without registration.

13 **Sec. 10.50.720. TRANSACTIONS NOT CONSTITUTING CONDUCTING**
14 **AFFAIRS.** (a) The activities of a foreign limited liability company that are not
15 considered to be conducting affairs in this state for the purposes of AS 10.50.600 -
16 10.50.720 include

17 (1) maintaining, defending, or settling a court action or other
18 proceeding;

19 (2) holding meetings of members or managers or conducting other
20 activities concerning internal affairs;

21 (3) maintaining bank accounts;

22 (4) maintaining offices or agencies for the transfer, exchange, or
23 registration of a foreign limited liability company's own securities or interests or
24 maintaining trustees or depositories related to the securities or interests;

25 (5) selling through independent contractors;

26 (6) soliciting or obtaining orders, whether by mail or through
27 employees, agents, or other methods, if the orders require acceptance outside this state
28 before the orders become contracts;

29 (7) creating or acquiring indebtedness, mortgages, and security interests
30 in real or personal property;

31 (8) securing or collecting debts or enforcing mortgages and security

1 interests in property securing the debts of the company;

2 (9) owning real or personal property;

3 (10) conducting an isolated transaction that is completed within 30 days
4 and that is not part of a course of repeated transactions of a similar nature; or

5 (11) conducting affairs in interstate commerce.

6 (b) A foreign limited liability company is not considered to be conducting
7 affairs solely because it

8 (1) owns a controlling interest in a corporation that is conducting
9 affairs;

10 (2) is a limited partner of a limited partnership that is conducting
11 affairs; or

12 (3) is a member or manager of a limited liability company or foreign
13 limited liability company that is conducting affairs.

14 (c) This section does not apply when determining the contracts or activities
15 that may subject a foreign limited liability company to service of process or taxation
16 in this state or to regulation under another law of this state.

17 ARTICLE 14. SUITS BY AND AGAINST LIMITED
18 LIABILITY COMPANIES.

19 Sec. 10.50.730. USE OF COMPANY NAME IN COURT ACTIONS. When
20 a court action is brought by or against a limited liability company, the court action
21 may be brought by or against the company in the name of the company.

22 Sec. 10.50.735. AUTHORITY TO SUE ON BEHALF OF COMPANY. (a)
23 Unless otherwise provided in an operating agreement of the company, a person may
24 not bring a court action on behalf of a limited liability company in the name of the
25 company unless the person is authorized under (b) or (c) or this section to bring the
26 action.

27 (b) Whether or not an operating agreement names a manager for the company,
28 a member of a limited liability company may bring a court action on behalf of the
29 company in the name of the company if the member is authorized to bring the action
30 by more than one-half of all of the members of the company who are eligible to
31 consent to the authorization, unless all of the members are required under

1 AS 10.50.145(c) for the authorization. When determining whether all members
2 consent under AS 10.50.145, the total number of all members does not include a
3 member who has an interest in the outcome of the action that is adverse to the interest
4 of the company and the member with the adverse interest is excluded from determining
5 the authorization.

6 (c) A manager of a limited liability company may bring a court action on
7 behalf of the company in the name of the company if the manager is authorized to
8 bring the action by the consent required under AS 10.50.145 of the members eligible
9 to consent to the authorization. When determining the number of managers required
10 to consent under AS 10.50.145, the number does not include a manager who has an
11 interest in the outcome of the action that is adverse to the interest of the company and
12 the manager with the adverse interest is excluded from determining the authorization.

13 Sec. 10.50.740. EFFECT OF LACK OF AUTHORITY TO SUE. The lack of
14 authority of a member or manager of a limited liability company to bring a court
15 action on behalf of a limited liability company may not be asserted by the company
16 as a defense to the action or basis for bringing a subsequent action on the same cause
17 of action.

18 ARTICLE 15. MISCELLANEOUS PROVISIONS.

19 Sec. 10.50.800. LIABILITY OF MANAGERS AND MEMBERS. Unless
20 otherwise provided in an operating agreement of the company, a member or manager
21 of a limited liability company is not liable to the company or to the members of the
22 company for damages or other relief for an act or a failure to act on behalf of the
23 company unless the act or failure to act amounts to gross negligence or wilful
24 misconduct.

25 Sec. 10.50.805. INDEMNIFICATION OF MEMBERS AND MANAGERS.
26 An operating agreement of a limited liability company may authorize the company to
27 indemnify a person who is a member or manager of the company for judgments,
28 settlements, penalties, fines, or expenses incurred by the person in a proceeding if the
29 person is made a party to the proceeding because of the person's status as a member
30 or manager of the company.

31 Sec. 10.50.810. MEMBERS AS PARTIES TO ACTIONS. A member of a

1 limited liability company is not a proper party to a proceeding by or against the
2 company solely because the member is a member of the company, unless otherwise
3 provided in an operating agreement of the company or unless the object of the
4 proceeding is to enforce the member's right against or liability to the company.

5 Sec. 10.50.820. COMPANY CERTIFICATES. An operating agreement of a
6 limited liability company may authorize the company to issue a certificate as evidence
7 of a limited liability company interest. An operating agreement may also authorize
8 and provide for the assignment or transfer of the interest represented by the certificate.

9 Sec. 10.50.830. SUBMISSION OF DOCUMENTS TO DEPARTMENT.
10 When a document is required or allowed to be delivered to the department under this
11 chapter, the person delivering the document shall deliver to the department the required
12 fee and the original signed copy and a duplicate copy, which may be signed,
13 photocopied, or conformed, of the document.

14 Sec. 10.50.840. FILING OF DOCUMENTS BY DEPARTMENT. (a) If the
15 department determines that a document filed under this chapter conforms to the filing
16 requirements of this chapter, the department shall

17 (1) mark on the original signed copy and on the duplicate copy the
18 word "filed" and the date and time of the document's acceptance for filing;

19 (2) retain the original signed copy in the department's files; and

20 (3) return the duplicate copy to the person who filed the document or
21 to the person's representative.

22 (b) Except as otherwise provided in this chapter, if the department is unable
23 to determine that a document conforms to the filing requirements of this chapter when
24 the document is delivered to the department for filing, the department shall file the
25 document and the document is considered to have been filed at the time of delivery
26 if the department subsequently determines that the document

27 (1) as delivered conforms to the filing requirements of this chapter; or

28 (2) has been brought into conformity with the filing requirements of
29 this chapter within 20 days after the department notifies the person who filed the
30 document, or the person's representative.

31 (c) The department may not file a document if the requirements of this section

1 are not met.

2 **Sec. 10.50.850. EXECUTION OF DOCUMENTS.** (a) Unless otherwise
3 provided in this chapter, a document required by this chapter to be filed with the
4 department by or for a limited liability company shall be signed by

5 (1) a manager of the company if an operating agreement of the
6 company names a manager for the company;

7 (2) a member of the company if an operating agreement does not name
8 a manager for the company;

9 (3) a person organizing the company if the company is not organized;

10 (4) the fiduciary if the company is controlled by a receiver, trustee, or
11 other court-appointed fiduciary.

12 (b) A person signing a document filed with the department under this chapter
13 shall state beneath or opposite the signature the person's name and the capacity in
14 which the person signs.

15 (c) A person signing a document filed with the department under this chapter
16 may sign as an attorney-in-fact, but is not required to provide or file with the
17 department a document authorizing the person to act as attorney-in-fact for the signing
18 of a document.

19 **Sec. 10.50.855. EXECUTION BY JUDICIAL ACT.** A person who is
20 adversely affected by the failure or refusal of a person to sign articles or other
21 documents to be filed under this chapter, to file with the department articles or other
22 documents to be filed with the department under this chapter, or to file articles or other
23 documents may petition the superior court in the judicial district where the registered
24 office of the limited liability company or foreign limited liability company is located
25 to direct the signing or filing of the articles or other documents. If the court finds that
26 it is proper for the articles or other documents to be signed or filed and that there has
27 been failure or refusal to sign or file the documents, the court shall order the
28 department to file the appropriate articles or other documents.

29 **Sec. 10.50.860. FILING AND OTHER FEES.** The department shall charge
30 fees established by the department by regulation adopted under AS 44.62
31 (Administrative Procedure Act) for

- 1 (1) filing the original articles of organization;
- 2 (2) filing articles of amendment;
- 3 (3) filing articles of merger or consolidation;
- 4 (4) filing articles of dissolution;
- 5 (5) issuing a document not otherwise covered by this section;
- 6 (6) furnishing a copy of a document;
- 7 (7) accepting an application for reservation of a name, or filing a notice
- 8 of the transfer or cancellation of a name reservation;
- 9 (8) filing a statement of change of address for a registered office or
- 10 registered agent;
- 11 (9) accepting service of a notice, demand, or process upon the
- 12 department;
- 13 (10) filing the application for registration of a foreign limited liability
- 14 company; or
- 15 (11) filing another document allowed or required under this chapter.

16 Sec. 10.50.870. MAINTENANCE OF RECORDS. Unless otherwise provided
17 in writing in an operating agreement, a limited liability company shall keep at its
18 principal place of business

- 19 (1) current and past lists that state in alphabetical order the full name
- 20 and last known mailing address of every member and manager of the company;
- 21 (2) a copy of the company's articles of organization and amendments
- 22 to the articles, including a signed copy of a power of attorney used by a person who
- 23 signed articles of amendment for the company;
- 24 (3) a copy of the company's federal, state, and local income tax returns
- 25 and financial statements, if any, for the three most recent years or, if the returns and
- 26 statements are not prepared, a copy of the information and statements provided to, or
- 27 that should have been provided to, the members to enable the members to prepare their
- 28 federal, state, and local tax returns for the three-year period;
- 29 (4) a copy of any effective written operating agreement of the company,
- 30 amendments to the agreement, and former written operating agreements;
- 31 (5) unless contained in writing in an operating agreement,

1 (A) a document stating the amount of cash contributed by a
2 member of the company, the agreed value of other property or services
3 contributed by a member, and when a member is to make additional
4 contributions;

5 (B) a document stating the events, if any, that cause the
6 company to be dissolved and its affairs wound up; and

7 (C) other documents that an operating agreement requires the
8 company to prepare.

9 Sec. 10.50.875. INSPECTION OF RECORDS. If a member of a limited
10 liability company makes a reasonable request to inspect or copy the records of the
11 company, the member may, at the member's own expense, inspect and copy the
12 records during ordinary business hours.

13 Sec. 10.50.880. DISCLOSURE OF INFORMATION. The members of a
14 limited liability company, if an operating agreement of the company names a manager
15 for the company, or the manager of the company shall provide, to the extent just and
16 reasonable under the circumstances, true and full information of all matters that affect
17 the members of a company to a member or to the legal representative of a deceased
18 member or a member under a legal disability.

19 Sec. 10.50.890. FAILURE TO MAINTAIN RECORDS OR INFORMATION.
20 The failure of a limited liability company to maintain a record or information required
21 to be maintained under this chapter does not make a member or manager liable for the
22 debts or other obligations of the company.

23 ARTICLE 16. GENERAL PROVISIONS.

24 Sec. 10.50.900. REGULATIONS. In addition to the regulations the
25 department is required to adopt under this chapter, the department may adopt other
26 regulations under AS 44.62 (Administrative Procedure Act) to implement this chapter.

27 Sec. 10.50.910. INTERSTATE APPLICATION. A limited liability company
28 that is organized and existing under this chapter may conduct its affairs and exercise
29 the powers granted by this chapter in another jurisdiction, subject to the laws of that
30 jurisdiction.

31 Sec. 10.50.920. RULES OF CONSTRUCTION. (a) It is the policy of this

1 chapter to give maximum effect to the principle of freedom of contract and to the
2 enforceability of operating agreements.

3 (b) The rule that statutes in derogation of the common law are to be strictly
4 construed does not apply to this chapter.

5 Sec. 10.50.990. DEFINITIONS. In this chapter, unless the context indicates
6 otherwise,

7 (1) "articles of organization" means the articles of organization filed
8 under AS 10.50.075 and the articles as amended or restated;

9 (2) "corporation" means a corporation organized under the laws of this
10 or another state, or of this or another country;

11 (3) "department" means the Department of Commerce and Economic
12 Development;

13 (4) "entity" means a limited liability company, a foreign limited
14 liability company, or a corporation;

15 (5) "foreign limited liability company" means an organization that is

16 (A) not incorporated;

17 (B) organized under the law of a state other than this state, or
18 under the law of a foreign country;

19 (C) organized under a statute that affords to each of its
20 members limited liability regarding the liabilities of the organization; and

21 (D) not required to be registered under a statute of this state
22 other than this chapter;

23 (6) "interim distribution" means a distribution of the assets of a limited
24 liability company to the company's members, except as provided under AS 10.50.320
25 and 10.50.425;

26 (7) "know" means to have actual knowledge or to know other facts that
27 demonstrate bad faith in the circumstances; this definition applies also to the
28 derivatives of "know," including "known," "unknown," and "knowledge";

29 (8) "limited liability company" or "domestic limited liability company"
30 means an organization organized under this chapter;

31 (9) "limited liability company interest" means an interest in a limited

1 liability company issued under ~~AS 10.50.275~~;

2 (10) "limited partnership" means a limited partnership organized under
3 AS 32.11 or under the law of another state or a foreign country;

4 (11) "manager" means a person named in an operating agreement of
5 a limited liability company to manage the company;

6 (12) "member" means a person who has been admitted to membership
7 in a limited liability company under AS 10.50.155 - 10.50.160 and whose membership
8 has not terminated under AS 10.50.180 - 10.50.185 or 10.50.205 - 10.50.225;

9 (13) "operating agreement" means a written or oral agreement among
10 all of the members of a limited liability company about conducting the affairs of the
11 company;

12 (14) "property" includes cash;

13 (15) "state" means a state, territory, or possession of the United States,
14 and includes the District of Columbia and the Commonwealth of Puerto Rico.

15 * Sec. 2. AS 10.06.105(c) is amended to read:

16 (c) A person may not adopt a name that contains the word "corporation",
17 "incorporated", or "limited", or an abbreviation of one of these words, unless the
18 person has been issued a certificate of incorporation, or, in the case of a foreign
19 corporation, a certificate of authority, by the commissioner. This subsection does not
20 prohibit a limited liability company or a limited partnership from using the word
21 "limited" or an abbreviation of "limited" in its name.

22 * Sec. 3. AMENDMENT OF COURT RULES. AS 10.50.810, enacted by sec. 1 of this
23 Act, amends

24 (1) Alaska Rule of Civil Procedure 20 because it effectively prohibits the
25 joinder of limited liability company members as parties in certain civil actions; and

26 (2) Alaska Rule of Civil Procedure 24 because it effectively prohibits the
27 intervention of limited liability company members as parties in certain civil actions.

28 * Sec. 4. This Act takes effect January 1, 1995.