



101ST GENERAL ASSEMBLY

State of Illinois

2019 and 2020

SB1495

Introduced 2/13/2019, by Sen. John G. Mulroe

SYNOPSIS AS INTRODUCED:

805 ILCS 180/1-5
805 ILCS 180/1-40
805 ILCS 180/10-1
805 ILCS 180/10-10
805 ILCS 180/10-15
805 ILCS 180/13-15
805 ILCS 180/15-5
805 ILCS 180/15-20
805 ILCS 180/30-1
805 ILCS 180/35-1
805 ILCS 180/35-45

Amends the Limited Liability Company Act. Provides that if a company fails to permit the inspection of records as required under the Act, a person making a request or demand may file an action to compel the company to permit the inspection and copying and obtain other legal or equitable relief, including (if the court finds that the company acted unreasonably) costs and attorney's fees. Provides that specified provisions do not limit the personal liability of a member or manager imposed under a law other than the Act, including agency, contract, and tort law. Makes various changes concerning: definitions; admission of members; statements of authority; operating agreements; actions by members; transfer of interests; and dissociation of members.

LRB101 08080 JLS 53143 b

1 AN ACT concerning business.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Limited Liability Company Act is amended by
5 changing Sections 1-5, 1-40, 10-1, 10-10, 10-15, 13-15, 15-5,
6 15-20, 30-1, 35-1, and 35-45 as follows:

7 (805 ILCS 180/1-5)

8 Sec. 1-5. Definitions. As used in this Act, unless the
9 context otherwise requires:

10 "Anniversary" means that day every year exactly one or more
11 years after: (i) the date the articles of organization filed
12 under Section 5-5 of this Act were filed by the Office of the
13 Secretary of State, in the case of a limited liability company;
14 or (ii) the date the application for admission to transact
15 business filed under Section 45-5 of this Act was filed by the
16 Office of the Secretary of State, in the case of a foreign
17 limited liability company.

18 "Anniversary month" means the month in which the
19 anniversary of the limited liability company occurs.

20 "Articles of organization" means the articles of
21 organization filed by the Secretary of State for the purpose of
22 forming a limited liability company as specified in Article 5
23 and all amendments thereto, whether evidenced by articles of

1 amendment, articles of merger, or a statement of correction
2 affecting the articles.

3 "Assumed limited liability company name" means any limited
4 liability company name other than the true limited liability
5 company name, except that the identification by a limited
6 liability company of its business with a trademark or service
7 mark of which it is the owner or licensed user shall not
8 constitute the use of an assumed name under this Act.

9 "Bankruptcy" means bankruptcy under the Federal Bankruptcy
10 Code of 1978, Title 11, Chapter 7 of the United States Code, as
11 amended from time to time, or any successor statute.

12 "Business" includes every trade, occupation, profession,
13 and other lawful purpose, whether or not carried on for profit.

14 "Company" means a limited liability company.

15 "Contribution" means any cash, property, services
16 rendered, or other benefit, or a promissory note or other
17 binding obligation to contribute cash or property, perform
18 services, or provide any other benefit, that a person
19 contributes to the limited liability company in that person's
20 capacity as a member or in order to become a member.

21 "Court" includes every court and judge having jurisdiction
22 in a case.

23 "Debtor in bankruptcy" means a person who is the subject of
24 an order for relief under Title 11 of the United States Code, a
25 comparable order under a successor statute of general
26 application, or a comparable order under federal, state, or

1 foreign law governing insolvency.

2 "Distribution" means a transfer of money, property, or
3 other benefit from a limited liability company to a member in
4 the member's capacity as a member or to a transferee of the
5 member's distributional interest.

6 "Distributional interest" means a member's right to
7 receive distributions of the limited liability company's
8 assets, but no other rights or interests of a member.

9 "Entity" means a person other than an individual.

10 ~~"Federal employer identification number" means either (i)~~
11 ~~the federal employer identification number assigned by the~~
12 ~~Internal Revenue Service to the limited liability company or~~
13 ~~foreign limited liability company or (ii) in the case of a~~
14 ~~limited liability company or foreign limited liability company~~
15 ~~not required to have a federal employer identification number,~~
16 ~~any other number that may be assigned by the Internal Revenue~~
17 ~~Service for purposes of identification.~~

18 "Foreign limited liability company" means an
19 unincorporated entity organized under laws other than the laws
20 of this State that afford limited liability to its owners
21 comparable to the liability under Section 10-10 and is not
22 required to register to transact business under any law of this
23 State other than this Act.

24 "Insolvent" means that a limited liability company is
25 unable to pay its debts as they become due in the usual course
26 of its business.

1 "Legal representative" means, without limitation, an
2 executor, administrator, guardian, personal representative and
3 agent, including an appointee under a power of attorney.

4 "Limited liability company" means a limited liability
5 company organized under this Act.

6 "L3C" or "low-profit limited liability company" means a
7 for-profit limited liability company which satisfies the
8 requirements of Section 1-26 of this Act and does not have as a
9 significant purpose the production of income or the
10 appreciation of property.

11 "Manager" means a person, whether or not a member of a
12 manager-managed company, who is vested with authority in an
13 operating agreement as provided in Section 15-1.

14 "Manager-managed company" means a limited liability
15 company that vests authority in a manager or managers in an
16 operating agreement as provided in Section 15-1.

17 "Member" means a person who becomes a member of the limited
18 liability company upon formation of the company or in the
19 manner and at the time provided in the operating agreement or,
20 if the operating agreement does not so provide, in the manner
21 and at the time provided in this Act.

22 "Member-managed company" means a limited liability company
23 other than a manager-managed company.

24 ~~"Membership interest" means all of a member's rights in the~~
25 ~~limited liability company, including the member's right to~~
26 ~~receive distributions of the limited liability company's~~

1 ~~assets.~~

2 "Operating agreement" means the agreement under Section
3 15-5, whether or not referred to as an operating agreement and
4 whether oral, in a record, implied, or in any combination
5 thereof, of all of the members of a limited liability company,
6 including a sole member, concerning the relations among the
7 members, managers, and limited liability company. The term
8 "operating agreement" includes amendments to the agreement.

9 "Organizer" means one of the signers of the original
10 articles of organization.

11 "Person" means an individual, partnership, domestic or
12 foreign limited partnership, limited liability company or
13 foreign limited liability company, trust, estate, association,
14 corporation, governmental body, or other juridical being.

15 "Professional limited liability company" means a limited
16 liability company that provides professional services licensed
17 by the Department of Financial and Professional Regulation and
18 that is organized under the Professional Limited Liability
19 Company Act and this Act.

20 "Record" means information that is inscribed on a tangible
21 medium or that is stored in an electronic or other medium and
22 is retrievable in perceivable form.

23 "Registered office" means that office maintained by the
24 limited liability company in this State, the address, including
25 street, number, city and county, of which is on file in the
26 office of the Secretary of State, at which, any process,

1 notice, or demand required or permitted by law may be served
2 upon the registered agent of the limited liability company.

3 "Registered agent" means a person who is an agent for
4 service of process on the limited liability company who is
5 appointed by the limited liability company and whose address is
6 the registered office of the limited liability company.

7 "Restated articles of organization" means the articles of
8 organization restated as provided in Section 5-30.

9 "Sign" means, with the present intent to authenticate or
10 adopt a record:

11 (1) to execute or adopt a tangible symbol; or

12 (2) to attach to or logically associate with the record
13 an electronic symbol, sound, or process.

14 "State" means a state, territory, or possession of the
15 United States, the District of Columbia, or the Commonwealth of
16 Puerto Rico.

17 "Transfer" includes an assignment, conveyance, deed, bill
18 of sale, lease, mortgage, security interest, encumbrance, and
19 gift.

20 (Source: P.A. 99-637, eff. 7-1-17; 100-894, eff. 8-14-18.)

21 (805 ILCS 180/1-40)

22 Sec. 1-40. Records to be kept.

23 (a) Each limited liability company shall keep at the
24 principal place of business of the company named in the
25 articles of organization or other reasonable locations

1 specified in the operating agreement all of the following:

2 (1) A list of the full name and last known address of
3 each member setting forth the amount of cash each member
4 has contributed, a description and statement of the agreed
5 value of the other property or services each member has
6 contributed or has agreed to contribute in the future, and
7 the date on which each became a member.

8 (2) A copy of the articles of organization, as amended
9 or restated, together with executed copies of any powers of
10 attorney under which any articles, application, or
11 certificate has been executed.

12 (3) Copies of the limited liability company's federal,
13 State, and local income tax returns and reports, if any,
14 for the 3 most recent years.

15 (4) Copies of any then effective written operating
16 agreement and any amendments thereto and of any financial
17 statements of the limited liability company for the 3 most
18 recent years.

19 (b) Records kept under this Section may be inspected and
20 copied at the request and expense of any member or legal
21 representative of a deceased member or member under legal
22 disability during ordinary business hours.

23 (c) The rights under subsection (b) of this Section also
24 extend to a transferee of a distributional interest, but only
25 for a proper purpose. In order to exercise this right, a
26 transferee must make written demand upon the limited liability

1 company, stating with particularity the records sought to be
2 inspected and the purpose of the demand.

3 (d) Within 10 days after receiving a demand pursuant to
4 subsection (c):

5 (1) the company shall provide the information demanded
6 or, in a record, a description of the information the
7 company will provide, stating a reasonable time within
8 which it will be provided and the place where it will be
9 provided; and

10 (2) if the company declines to provide any demanded
11 information, the company shall state its reasons for
12 declining to the transferee in a record.

13 A transferee may exercise the rights under this subsection
14 through a legal representative.

15 (e) If the company fails to comply with this Section, the
16 person making a request or demand may file an action to compel
17 the company to permit the inspection and copying and to obtain
18 such other legal or equitable relief as may be proper. If the
19 court finds that the company failed to comply with the
20 requirements of this Section and, in the case of subsection (c)
21 or (d), the company acted unreasonably, the court may award the
22 plaintiff its reasonable costs and attorney's fees incurred in
23 bringing and prosecuting the action.

24 (Source: P.A. 99-637, eff. 7-1-17.)

25 (805 ILCS 180/10-1)

1 Sec. 10-1. Admission of members.

2 (a) A person becomes a member of a limited liability
3 company:

4 (1) upon formation of the company, as provided in an
5 agreement between the organizer and the initial member if
6 there is only one member, or as provided in an agreement
7 among initial members if there is more than one member;

8 (2) after the formation of the company,

9 (A) as provided in the operating agreement;

10 (B) as the result of a transaction effective under
11 Article 37;

12 (C) with the consent of all the members; or

13 (D) if, within 180 consecutive days after the
14 company ceases to have any members:

15 (i) the last person to have been a member, or
16 the legal representative of that person,
17 designates a person to become a member; and

18 (ii) the designated person consents to become
19 a member.

20 More than one person may be designated to become a
21 member under this clause (D).

22 (b) A person that acquires a distributional interest, but
23 that does not become a member, has merely the rights of a
24 transferee under Sections 30-5 and 30-10.

25 (c) A person may become a member without acquiring a
26 distributional interest and without making or being obligated

1 to make a contribution to the limited liability company.

2 (Source: P.A. 99-637, eff. 7-1-17.)

3 (805 ILCS 180/10-10)

4 Sec. 10-10. Liability of members and managers.

5 (a) Except as otherwise provided in subsection (d) of this
6 Section, the debts, obligations, and liabilities of a limited
7 liability company, whether arising in contract, tort, or
8 otherwise, are solely the debts, obligations, and liabilities
9 of the company. A member or manager is not personally liable
10 for a debt, obligation, or liability of the company solely by
11 reason of being or acting as a member or manager.

12 (a-5) Nothing in subsection (a) limits the personal
13 liability of a member or manager imposed under law other than
14 this Act, including, but not limited to, agency, contract, and
15 tort law. The purpose of this subsection (a-5) is to clarify
16 that under existing law a member or manager of a limited
17 liability company may be liable under law other than this Act
18 for its own wrongful acts or omissions, even when acting or
19 purporting to act on behalf of a limited liability company.
20 This subsection is therefore intended to be applicable to
21 actions with respect to which all timely appeals have not
22 exhausted before the effective date of this amendatory Act of
23 the 101st General Assembly as well as to all actions commenced
24 on or after the effective date of this amendatory Act of the
25 101st General Assembly.

1 (b) (Blank).

2 (c) The failure of a limited liability company to observe
3 the usual company formalities or requirements relating to the
4 exercise of its company powers or management of its business is
5 not a ground for imposing personal liability on the members or
6 managers for liabilities of the company.

7 (d) All or specified members of a limited liability company
8 are liable in their capacity as members for all or specified
9 debts, obligations, or liabilities of the company if:

10 (1) a provision to that effect is contained in the
11 articles of organization; and

12 (2) a member so liable has consented in writing to the
13 adoption of the provision or to be bound by the provision.

14 (Source: P.A. 90-424, eff. 1-1-98.)

15 (805 ILCS 180/10-15)

16 Sec. 10-15. Right of members and dissociated members to
17 information.

18 (a) A company shall furnish information when any member
19 demands it in a record concerning the company's activities,
20 financial condition, and other circumstances of the company's
21 business necessary to the proper exercise of a member's rights
22 and duties under the operating agreement or this Act or that is
23 otherwise material to the member's membership interest in the
24 company ~~of a member~~, unless the company knows that the member
25 already knows that information.

1 (b) The following rules apply when a member makes a demand
2 for information under this Section:

3 (1) During regular business hours and at a reasonable
4 location and time specified by the company, a member may
5 obtain from the company, inspect, and copy information for
6 a purpose consistent with subsection (a).

7 (2) Within 10 days after receiving a demand pursuant to
8 subsection (a):

9 (A) the company shall provide the information
10 demanded or, in a record, a description of the
11 information the company will provide, stating a
12 reasonable time within which it will be provided and
13 the place where it will be provided; and

14 (B) if the company declines to provide any demanded
15 information, the company shall state its reasons for
16 declining to the member in a record.

17 (c) Whenever this Act or an operating agreement provides
18 for a member to give or withhold consent to a matter, before
19 the consent is given or withheld, the company shall, without
20 demand, provide the member with all information that is known
21 to the company that is material to the member's decision.

22 (d) Within 10 days after a demand made in a record received
23 by the limited liability company, a dissociated member may have
24 access to information to which the person was entitled while a
25 member if the information pertains to the period during which
26 the person was a member, and the person seeks the information

1 in good faith for a purpose consistent with subsection (a). The
2 company shall respond to a demand made pursuant to this
3 subsection in the manner provided in subdivisions (A) and (B)
4 of paragraph (2) of subsection (b).

5 (e) A limited liability company may charge a person that
6 makes a demand under this Section the reasonable costs of
7 copying, limited to the costs of labor and material.

8 (f) A member or dissociated member may exercise rights
9 under this Section through an agent or, in the case of an
10 individual under legal disability, a legal representative. Any
11 restriction or condition imposed by the operating agreement or
12 under subsection (h) applies both to the agent or legal
13 representative and the member or dissociated member.

14 (g) The rights under this Section do not extend to a person
15 as transferee.

16 (h) In addition to any restriction or condition stated in
17 its operating agreement, the limited liability company, as a
18 matter within the ordinary course of its activities, may impose
19 reasonable restrictions and conditions on access to and use of
20 information to be furnished under this Section including, but
21 not limited to, the designation of information such as trade
22 secrets or information subject to confidentiality agreements
23 with third parties as confidential with appropriate
24 nondisclosure and safeguarding obligations. In a dispute
25 concerning the reasonableness of a restriction or designation
26 under this subsection, the company has the burden of proving

1 reasonableness.

2 (i) This Section does not limit or restrict the right to
3 inspect and copy records as provided in subsection (b) of
4 Section 1-40.

5 (j) If the company fails to provide any information
6 required to be provided by this Section, the person entitled to
7 the information may file an action to compel the company to
8 provide the information and to obtain such other legal or
9 equitable relief as may be proper. If the court finds that the
10 company failed to comply with the requirements of this Section,
11 the court may award the plaintiff its reasonable costs and
12 attorney's fees incurred in bringing and prosecuting the
13 action. The court may, in connection with any information
14 described in subsection (h), impose such restrictions and
15 conditions on access to and use of such information as it deems
16 appropriate based on the reasonable needs of the company and
17 the member in question.

18 (Source: P.A. 99-637, eff. 7-1-17.)

19 (805 ILCS 180/13-15)

20 Sec. 13-15. Statement of authority.

21 (a) A limited liability company may deliver to the
22 Secretary of State for filing a statement of authority. The
23 statement shall be executed and filed in accordance with
24 Section 5-45 of this Act and:

25 (1) must include the name of the company and the

1 address of its principal place of business; and

2 (2) may state the authority, or limitations on the
3 authority, of any member or manager of the company or any
4 other person to:

5 (A) execute an instrument transferring real
6 property held in the name of the company; or

7 (B) enter into other transactions on behalf of, or
8 otherwise act for or bind, the company.

9 (b) To amend or cancel a statement of authority, a limited
10 liability company must deliver to the Secretary of State for
11 filing a statement of amendment or cancellation. The statement
12 must include shall be executed and filed in accordance with
13 Section 5-45 of this Act and:

14 (1) the name of the limited liability company and the
15 address of its principal place of business;

16 (2) the date the statement of authority being amended
17 or cancelled became effective; and

18 (3) the contents of the amendment or a declaration that
19 the statement of authority is canceled.

20 (c) Except as otherwise provided in subsections (e) and
21 (f), a limitation on the authority of a member or manager of
22 the limited liability company contained in a statement of
23 authority is not by itself evidence of knowledge or notice of
24 the limitation by any person.

25 (d) A grant of authority not pertaining to transfers of
26 real property and contained in a statement of authority is

1 conclusive in favor of a person that is not a member and that
2 gives value in reliance on the grant, except to the extent that
3 when the person gives value, the person has knowledge to the
4 contrary.

5 (e) A certified copy of a statement of authority that
6 grants authority to transfer real property held in the name of
7 the limited liability company and that is recorded in the
8 office for recording transfers of the real property is
9 conclusive in favor of a person that is not a member and that
10 gives value in reliance on the grant without knowledge to the
11 contrary.

12 (f) If a certified copy of a statement of authority
13 containing a limitation on the authority to transfer real
14 property held in the name of a limited liability company is
15 recorded in the office for recording transfers of that real
16 property, all persons that are not members are deemed to know
17 of the limitation.

18 (g) Unless previously cancelled by a statement of
19 cancellation, a statement of authority expires as of the date,
20 if any, specified in the statement of authority.

21 (h) If the articles of organization state the authority or
22 limitations on the authority of any person on behalf of a
23 company, the authority stated or limited shall not bind any
24 person who is not a member or manager until that person
25 receives actual notice in a record from the company that agency
26 authority is stated or limited in the articles. If the

1 authority stated or limited in the articles of organization
2 conflicts with authority stated or limited in a statement of
3 authority filed with the Secretary of State under this Section
4 on behalf of the company, the statement of authority is the
5 effective statement and a person who is not a member or manager
6 may rely upon the terms of the filed statement of authority
7 notwithstanding conflicting terms in the articles of
8 organization.

9 (Source: P.A. 99-637, eff. 7-1-17.)

10 (805 ILCS 180/15-5)

11 Sec. 15-5. Operating agreement.

12 (a) All members of a limited liability company may enter
13 into an operating agreement to regulate the affairs of the
14 company and the conduct of its business and to govern relations
15 among the members, managers, and company. The operating
16 agreement may establish that a limited liability company is a
17 manager-managed limited liability company and the rights and
18 duties under this Act of a person in the capacity of a manager.
19 To the extent the operating agreement does not otherwise
20 provide, this Act governs relations among the members,
21 managers, and company. Except as provided in subsections (b),
22 (c), (d), and (e) of this Section, an operating agreement may
23 modify any provision or provisions of this Act governing
24 relations among the members, managers, and company.

25 (b) The operating agreement may not:

1 (1) unreasonably restrict a right to information or
2 access to records under Section 1-40 or Section 10-15;

3 (2) vary the right to expel a member in an event
4 specified in subdivision (6) of Section 35-45;

5 (3) vary the requirement to wind up the limited
6 liability company's business in a case specified in
7 subdivision (4), (5), or (6) of subsection (a) of Section
8 35-1;

9 (4) restrict rights of a person, other than a manager,
10 member, and transferee of a member's distributional
11 interest, under this Act;

12 (5) restrict the power of a member to dissociate under
13 Section 35-50, although an operating agreement may
14 determine whether a dissociation is wrongful under Section
15 35-50;

16 (6) (blank);

17 (6.5) eliminate or reduce the obligations or purposes a
18 low-profit limited liability company undertakes when
19 organized under Section 1-26;

20 (7) eliminate or reduce the obligation of good faith
21 and fair dealing under subsection (d) of Section 15-3, but
22 the operating agreement may determine the standards by
23 which the performance of the member's duties or the
24 exercise of the member's rights is to be measured;

25 (8) eliminate, vary, or restrict the priority of a
26 statement of authority over provisions in the articles of

1 organization as provided in subsection (h) of Section
2 13-15;

3 (9) vary the law applicable under Section 1-65;

4 (10) vary the power of the court under Section 5-50; or

5 (11) restrict the right to approve a merger,
6 conversion, or domestication under Article 37 or the Entity
7 Omnibus Act of a member that will have personal liability
8 with respect to a surviving, converted, or domesticated
9 organization.

10 (c) The operating agreement may:

11 (1) restrict or eliminate a fiduciary duty, other than
12 the duty of care described in subsection (c) of Section
13 15-3, but only to the extent the restriction or elimination
14 in the operating agreement is clear and unambiguous;

15 (2) identify specific types or categories of
16 activities that do not violate any fiduciary duty; and

17 (3) alter the duty of care, except to authorize
18 intentional misconduct or knowing violation of law.

19 (d) The operating agreement may specify the method by which
20 a specific act or transaction that would otherwise violate the
21 duty of loyalty may be authorized or ratified by one or more
22 members, disinterested managers, or other disinterested ~~and~~
23 ~~independent~~ persons after full disclosure of all material
24 facts.

25 (e) The operating agreement may alter or eliminate the
26 right to payment or reimbursement for a member or manager

1 provided by Section 15-7 and may eliminate or limit a member or
2 manager's liability to the limited liability company and
3 members for money damages, except for:

4 (1) subject to subsections (c) and (d) of this Section,
5 breach of the duties as required in subdivisions (1), (2),
6 and (3) of subsection (b) of Section 15-3 and subsection
7 (g) of Section 15-3;

8 (2) a financial benefit received by the member or
9 manager to which the member or manager is not entitled;

10 (3) a breach of a duty under Section 25-35;

11 (4) intentional infliction of harm on the company or a
12 member; or

13 (5) an intentional violation of criminal law.

14 (f) A limited liability company is bound by and may enforce
15 the operating agreement, whether or not the company has itself
16 manifested assent to the operating agreement.

17 (g) A person that becomes a member of a limited liability
18 company is deemed to assent to the operating agreement.

19 (h) An operating agreement may be entered into before,
20 after, or at the time of filing of articles of organization
21 and, whether entered into before, after, or at the time of the
22 filing, may be made effective as of the time of formation of
23 the limited liability company or as of the time or date
24 provided in the operating agreement.

25 (Source: P.A. 99-637, eff. 7-1-17; 100-561, eff. 7-1-18.)

1 (805 ILCS 180/15-20)

2 Sec. 15-20. Actions by members.

3 (a) A member may maintain an action against a limited
4 liability company, a manager, or another member for legal or
5 equitable relief, with or without an accounting as to the
6 company's business, to enforce all of the following:

7 (1) The member's rights under the operating agreement.

8 (2) The member's rights under this Act.

9 (3) The rights and otherwise protect the interests of
10 the member, including rights and interests arising
11 independently of the member's relationship to the company.

12 (b) The accrual, and any time limited for the assertion, of
13 a right of action for a remedy under this Section is governed
14 by other law. A right to an accounting upon a dissolution and
15 winding up does not revive a claim barred by law.

16 (Source: P.A. 90-424, eff. 1-1-98.)

17 (805 ILCS 180/30-1)

18 Sec. 30-1. Member's distributional interest.

19 (a) A member is not a co-owner of, and has no transferable
20 interest in, property of a limited liability company.

21 (b) A distributional interest in a limited liability
22 company is personal property and, subject to Sections 30-5 and
23 30-10, may be transferred in whole or in part.

24 (c) An operating agreement may provide that a
25 distributional interest may be evidenced by a certificate of

1 the interest issued by the limited liability company and,
2 subject to Section 30-10, may also provide for the transfer of
3 any interest represented by the certificate.

4 (d) Except as provided in subsection (b), the rights,
5 powers, and interest of a member, including a member described
6 in subsection (c) of Section 10-1, may not be transferred
7 except in accordance with authority described in the operating
8 agreement or if all other members consent.

9 (Source: P.A. 90-424, eff. 1-1-98.)

10 (805 ILCS 180/35-1)

11 Sec. 35-1. Events causing dissolution and winding up of
12 company's business.

13 (a) A limited liability company is dissolved and its
14 business must be wound up upon the occurrence of any of the
15 following events:

16 (1) An event or circumstance that causes the
17 dissolution of a company by the express terms of the
18 operating agreement.

19 (2) The consent of all members.

20 (3) The passage of 180 consecutive days during which
21 the company has no members.

22 (4) On application by a member or a dissociated member,
23 upon entry of a judicial decree that:

24 (A) the economic purpose of the company has been or
25 is likely to be unreasonably frustrated;

1 (B) the conduct of all or substantially all of the
2 company's activities is unlawful;

3 (C) it is not otherwise reasonably practicable to
4 carry on the company's business in conformity with the
5 articles of organization and the operating agreement.

6 (5) On application by a member or transferee of a
7 distributional interest, upon entry of a judicial decree
8 that the managers or those members in control of the
9 company:

10 (A) have acted, are acting, or will act in a manner
11 that is illegal or fraudulent; or

12 (B) have acted or are acting in a manner that is
13 oppressive and was, is, or will be directly harmful to
14 the applicant.

15 (6) Administrative dissolution under Section 35-25.

16 (b) In a proceeding under subdivision (4) or (5) of
17 subsection (a), the court may order a remedy other than
18 dissolution including, but not limited to, a buyout of the
19 applicant's distributional ~~membership~~ interest.

20 (Source: P.A. 99-637, eff. 7-1-17.)

21 (805 ILCS 180/35-45)

22 Sec. 35-45. Events causing member's dissociation. A member
23 is dissociated from a limited liability company upon the
24 occurrence of any of the following events:

25 (1) The company's having notice of the member's express

1 will to dissociate ~~withdraw~~ upon the date of notice or on a
2 later date specified by the member.

3 (2) An event agreed to in the operating agreement as
4 causing the member's dissociation.

5 (3) Upon transfer of all of a member's distributional
6 interest, other than a transfer for security purposes or a
7 court order charging the member's distributional interest
8 that has not been foreclosed.

9 (4) The member's expulsion pursuant to the operating
10 agreement.

11 (5) The member's expulsion by unanimous vote of the
12 other members if:

13 (A) it is unlawful to carry on the company's
14 business with the member;

15 (B) there has been a transfer of substantially all
16 of the member's distributional interest, other than a
17 transfer for security purposes or a court order
18 charging the member's distributional interest that has
19 not been foreclosed;

20 (C) within 90 days after the company notifies a
21 corporate member that it will be expelled because it
22 has filed a certificate of dissolution or the
23 equivalent, its charter has been revoked, or its right
24 to conduct business has been suspended by the
25 jurisdiction of its incorporation, the member fails to
26 obtain a revocation of the certificate of dissolution

1 or a reinstatement of its charter or its right to
2 conduct business; or

3 (D) a partnership or a limited liability company
4 that is a member has been dissolved and its business is
5 being wound up.

6 (6) On application by the company or another member,
7 the member's expulsion by judicial determination because
8 the member:

9 (A) engaged in wrongful conduct that adversely and
10 materially affected the company's business;

11 (B) willfully or persistently committed a material
12 breach of the operating agreement or of a duty owed to
13 the company or the other members under Section 15-3; or

14 (C) engaged in conduct relating to the company's
15 business that makes it not reasonably practicable to
16 carry on the business with the member.

17 (7) The member's:

18 (A) becoming a debtor in bankruptcy;

19 (B) executing an assignment for the benefit of
20 creditors;

21 (C) seeking, consenting to, or acquiescing in the
22 appointment of a trustee, receiver, or liquidator of
23 the member or of all or substantially all of the
24 member's property; or

25 (D) failing, within 90 days after the appointment,
26 to have vacated or stayed the appointment of a trustee,

1 receiver, or liquidator of the member or of all or
2 substantially all of the member's property obtained
3 without the member's consent or acquiescence, or
4 failing within 90 days after the expiration of a stay
5 to have the appointment vacated.

6 (8) In the case of a member who is an individual:

7 (A) the member's death;

8 (B) the appointment of a guardian or general
9 conservator for the member; or

10 (C) a judicial determination that the member has
11 otherwise become incapable of performing the member's
12 duties under the operating agreement.

13 (9) In the case of a member that is a trust or is
14 acting as a member by virtue of being a trustee of a trust,
15 distribution of the trust's entire rights to receive
16 distributions from the company, but not merely by reason of
17 the substitution of a successor trustee.

18 (10) In the case of a member that is an estate or is
19 acting as a member by virtue of being a personal
20 representative of an estate, distribution of the estate's
21 entire rights to receive distributions from the company,
22 but not merely the substitution of a successor personal
23 representative.

24 (11) Termination of the existence of a member if the
25 member is not an individual, estate, or trust other than a
26 business trust.

1 (12) In the case of a company that participates in a
2 merger under Article 37, if:

3 (A) the company is not the surviving entity; or

4 (B) otherwise as a result of the merger, the person
5 ceases to be a member.

6 (13) The company participates in a conversion under the
7 Entity Omnibus Act.

8 (14) The company participates in a domestication under
9 the Entity Omnibus Act, if, as a result, the person ceases
10 to be a member.

11 (Source: P.A. 99-637, eff. 7-1-17; 100-561, eff. 7-1-18.)