

SB2765



103RD GENERAL ASSEMBLY

State of Illinois

2023 and 2024

SB2765

Introduced 1/16/2024, by Sen. Robert F. Martwick

SYNOPSIS AS INTRODUCED:

805 ILCS 180/10-10

Amends the Limited Liability Company Act. Provides that specified provisions under the Act do not limit the personal liability of a member or manager imposed under law other than the Act, including, but not limited to, the law of agency, contracts, and torts, and, subject to specified provisions, court imposed equitable remedies, such as piercing the limited liability company veil. Provides that the provisions apply to all actions with respect to which all timely appeals have not been exhausted before the effective date of the amendatory Act and all future actions commenced on or after the effective date of the amendatory Act. Makes other changes.

LRB103 34462 SPS 64292 b

A BILL FOR

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 Section 10-10 as follows:

6 (805 ILCS 180/10-10)

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

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

16 (a-5) Nothing in subsection (a) or subsection (d) limits
17 the personal liability of a member or manager imposed under
18 law other than this Act, including, but not limited to, the law
19 of agency, contracts ~~contract~~, and torts, and, subject to
20 subsection (c), court-imposed equitable remedies, such as
21 piercing the limited liability company veil ~~tort law~~. The
22 purpose of this subsection (a-5) is to supersede ~~overrule~~ the
23 interpretation of subsections (a) and (d) set forth in *Dass v.*

1 Yale, 2013 IL App (1st) 122520, and Carollo v. Irwin, 2011 IL
2 App (1st) 102765, and clarify that under existing law a member
3 or manager of a limited liability company may be liable under
4 law other than this Act for his, her, or its own wrongful acts
5 or omissions, even when acting or purporting to act on behalf
6 of a limited liability company. ~~This subsection is therefore~~
7 ~~intended to be applicable to actions with respect to which all~~
8 ~~timely appeals have not exhausted before the effective date of~~
9 ~~this amendatory Act of the 101st General Assembly as well as to~~
10 ~~all actions commenced on or after the effective date of this~~
11 ~~amendatory Act of the 101st General Assembly.~~

12 (b) (Blank).

13 (c) The failure of a limited liability company to observe
14 the usual company formalities or requirements relating to the
15 exercise of its company powers or management of its business
16 is not a ground for imposing personal liability on the members
17 or managers for liabilities of the company.

18 (d) All or specified members of a limited liability
19 company are liable in their capacity as members for all or
20 specified debts, obligations, or liabilities of the company
21 if:

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

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

26 (e) This Section applies to all actions with respect to

1 which all timely appeals have not been exhausted before the
2 effective date of this amendatory Act of the 103rd General
3 Assembly and all future actions commenced on or after the
4 effective date of this amendatory Act of the 103rd General
5 Assembly.

6 (Source: P.A. 101-553, eff. 1-1-20.)