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FOR APPROVAL

UNIFORM ASSET FREEZING ORDERS ACT

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ON UNIFORM STATE LAWS

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UNIFORM ASSET FREEZING ORDERS ACT

WITH PREFATORY NOTE AND COMMENTS

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By

NATIONAL CONFERENCE OF COMMISSIONERS
ON UNIFORM STATE LAWS

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May 30, 2012

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UNIFORM ASSET FREEZING ORDERS ACT

Prefatory Note

This uniform act relates to asset-freezing orders, which are in personam orders issued to freeze the assets of a defendant to prevent that defendant from dissipating its assets to defeat satisfaction of an existing or future judgment. English Courts and the courts in other common law countries have been using asset-freezing orders since 1975. Those courts view asset freezing orders as valuable tools, particularly in the modern world of technology, where assets can be transferred with the simple stroke of a computer key.

In the United States, the primary remedy against asset dissipation has traditionally been an in rem order prohibiting the transfer of assets. Nonetheless, some courts in this country have issued in personam asset freezing orders where those orders were necessary to prevent a defendant from dissipating assets where it appeared that no assets would be left to satisfy a potential judgment.

The viability of asset-freezing orders was the subject of the United States Supreme Court opinion in *Grupo Mexicano de Desarrollo v. Alliance Bond Fund, Inc.*, 527 U.S. 308 (1999). The *Grupo Mexicano* case is a classic case demonstrating the need for an asset-freezing order procedure. The plaintiffs were investment funds in the United States which had purchased 75 million dollars of notes issued by a Mexican holding company that operated toll roads in Mexico. The Mexican holding company suffered serious financial setbacks and began transferring the assets which secured the notes to pay other obligations. The assets were located in Mexico and consequently there was no possible in rem remedy.

The investment funds commenced an action in the United States District Court for the Southern District of New York seeking an asset-freezing order precluding the Mexican holding company from transferring or encumbering the assets. The district court issued an asset-freezing order restraining the Mexican holding company from dissipating the assets which were pledged to satisfy the note. The court found that the investment funds would suffer irreparable injury since the Mexican holding company's financial condition and dissipation of assets would frustrate any judgment recovered. The United States Court of Appeals for the Second Circuit affirmed the district court's issuance of an asset freezing order and the United States Supreme Court granted certiorari.

In 5-4 opinion authored by Justice Scalia, the Supreme noted that an asset-freezing procedure was a valuable procedural tool but concluded that federal courts lacked the jurisdiction to issue such orders because they were not part of the common law at the time the federal court system was created. Justice Scalia expressed no substantive concern with the asset-freezing order entered by this district court or the overall concept of asset-freezing orders but simply found that the district court lacked the jurisdiction to enter the order. He also remarked that the decision whether federal courts should have the power to issue asset-freezing orders should be left up to the legislature.

Although the *Grupo Mexicano* decision involved the jurisdiction of federal courts, it

caused confusion in the state court system over the propriety of asset-freezing orders. Some state supreme courts concluded, in the wake of that decision, that courts in their state lacked the authority to issue asset-freezing orders. At least one other state supreme court concluded the opposite – that courts in their state still had the power to issue asset freezing orders because the *Grupo Mexicano* decision involved federal court jurisdiction.

The Uniform Asset Freezing Orders Act remedies this lack of uniformity on the asset-freezing order issue by providing state legislatures with a Uniform Act that authorizes the issuance of asset-freezing orders and provides for the recognition and enforcement of asset-freezing orders issued by sister states and courts outside the United States.

ISSUES RELATING TO THIS ACT

A. Procedural Protections

While asset-freezing orders are valuable procedural tools to protect against the dissipation of assets to insure the enforceability of judgments, they can have a significant impact on the debtor whose assets are frozen and on nonparties who hold those assets. The drafting committee was acutely aware of the need to draft a uniform law which provided appropriate procedural safeguards to debtors and nonparties.

Section 4 provides a rigorous process for the issuance of an asset-freezing order with notice. It draws heavily on the currently existing American law concerning temporary restraining orders and preliminary injunctions and currently existing English and Canadian law concerning asset-freezing orders. Under the provisions of Section 4, a party can obtain an asset-freezing order only if it establishes that there is a substantial likelihood that the assets of a party against which the order is sought will be dissipated so that the party seeking the asset freezing order will be unable to receive satisfaction of the judgment.

Sections 4(c) and 4(d) provide additional safeguards. Section 4(c) authorizes a court to relieve a party of its obligations under an asset-freezing order by permitting that party to post a bond or other security. Section 4(d) entitles a party against which an asset freezing order is entered to an order from the court allowing the use of assets to meet normal living or business expenses and the cost of defending the action.

Section 5 allows for the issuance of an asset freezing order without notice. In order to obtain such an order, the party must meet the rigorous showing required by Section 4. It must also make the disclosures normally required for the issuance of a Temporary Restraining Order as well as one important additional disclosure. Section 5(b)(1) requires the party seeking the order to conduct a reasonable inquiry and disclose all material facts that weigh against the issuance of the order.

Since asset freezing orders also impact nonparties, it is important that the obligations of nonparties be set out with specificity. Those obligations are contained in Section 6(b). Under the provisions of this section, nonparties served with an asset-freezing order shall promptly freeze the assets held on behalf of the party against which the order is issued. The nonparty is provided

significant protection because a court, assessing the promptness of a nonparty's response to an asset-freezing order under this section, must take into account the manner, time of service and other factors that reasonably affect a nonparty's ability to comply. This language is intended to incorporate the spirit of UCC §4-303.

Section 6(b) is a self-executing provision which requires a nonparty in a state that has adopted the order to comply with the asset-freezing order without the need for further action. If the nonparty is in a state which has not adopted this uniform act, the nonparty is not required to comply with the order unless and until the party on whose behalf the asset-freezing order has been issued has obtained an order recognizing the asset-freezing order from the jurisdiction where the nonparty is located .

Section 6(b) also provides protection for nonparties whose actions in freezing assets could potentially violate foreign law. Section 6(d) makes clear that a nonparty violates an asset-freezing order only if it knowingly assists in or permits a violation of the order.

Section 7 authorizes a court to require security to protect a party against the wrongful issuance of an asset-freezing order. It also requires a party on whose behalf an asset-freezing order has been entered to indemnify a nonparty for the reasonable costs of compliance.

B. Recognition and Enforcement of Asset-Freezing Orders

Because asset-freezing orders are not final judgments, there is a lack of uniformity in the approach courts take to the recognition and enforcement of asset-freezing orders issued by other courts. This Act remedies that deficiency. The provisions for recognition and enforcement appear in Sections 8, 9 and 10 and authorize recognition and enforcement of judgments of sister states.

1 joint ownership interest in an asset with a party against which an asset freezing order has been
2 entered.

3 (7) “Party” means a person that brings an action or against which an action is brought,
4 whether or not service has been made or notice given to the person.

5 (8) “Person” means an individual, corporation, business trust, estate, trust, partnership,
6 limited liability company, association, joint venture, public corporation, government or
7 governmental subdivision, agency, or instrumentality, or any other legal or commercial entity.

8 (9) “Record” means information that is inscribed on a tangible medium or that is stored in
9 an electronic or other medium and is retrievable in perceivable form.

10 (10) “State” means a state of the United States, the District of Columbia, Puerto Rico, the
11 United States Virgin Islands, or any territory or insular possession subject to the jurisdiction of
12 the United States.

13 **SECTION 3. APPLICABILITY.**

14 (a) This [act] applies to a nonparty right accruing after the entry of an asset-freezing order
15 if:

16 (1) the nonparty has notice; or

17 (2) the party obtaining the order has filed, recorded, or docketed the order in the
18 same jurisdiction in which the party would be required under applicable law to give notice of,
19 establish, or perfect a lien, security interest, mortgage, or comparable interest:

20 (b) This [act] does not apply in an action:

21 (1) against an individual for a consumer debt; or

22 (2) that arises under the family or domestic relations law of this state.

23 (c) This [act] does not apply to or limit a right or remedy available to a party to the extent

1 that:

2 (1) a law, regulation, or treaty of the United States preempts this [act];

3 (2) the law of this state or another state, foreign country, or governmental unit of
4 another state or foreign country expressly governs the creation, perfection, priority, or
5 enforcement of a security interest, letter of credit, judgment lien, or lien on real or personal
6 property, wherever the property is located, or permits the exercise of a common-law right of set-
7 off or recoupment or right of another party pursuant to contract to the extent the party seeks to
8 enforce a right or remedy that existed before the date of the order.

9 (d) This [act] does not prevent recognition and enforcement of an asset-freezing order
10 under comity.

11 (e) This [act] does not prevent the exercise of other remedies not inconsistent with this
12 [act].

13 (f) [This [act] does not affect an exemption in this [state] based on tenancy by the
14 entirety.]

15 **Comment**

16 This section is designed to clarify the scope of this act and to make clear that an asset-
17 freezing order does not confer any proprietary rights on successful applicants or alter the law
18 relating to secured interests in any way. Under the provisions of section 3(a), however, the act
19 applies to nonparty rights accruing after the entry of an asset-freezing order under certain limited
20 circumstances.

21
22 Section 3(b) makes clear that this [act] does not apply to actions against consumer
23 debtors. Such actions would include actions relating to bankruptcy, collection and foreclosure
24 actions. For example, a party seeking to collect on a credit card debt could not use the provisions
25 of this act to attempt to freeze the assets of the debtor.

26
27 The [act] also does not apply in cases which arise under the family or domestic law of a
28 state. A wife in a divorce action, for example, could not use the provisions of this act to attempt
29 to freeze the assets of her husband. Likewise, this act could not be used to enforce an asset
30 freezing order in a divorce action issued by a court outside the United States. The decision to
31 exempt these kinds of cases from this [act] was made by the Scope and Programs Committee.

1 Section 3(c) reinforces the notion that this [act] is not intended to limit or supersede any
2 currently existing remedies that a secured creditor or lienholder may have. The asset freezing
3 order does not establish any liens, choate or inchoate, in the property which is the subject of the
4 asset freezing order. The purpose of the asset freezing order is the prevention of wrongful
5 voluntary conveyances of any interest in the subject property. Absent fraud or collusion with the
6 party against whom the asset freezing order is issued, it would not prevent other creditors of that
7 party from obtaining involuntary liens against the subject property.
8

9 The issuance of an asset freezing order would not prevent a secured creditor or lienholder
10 from commencing, continuing or completing any available remedies to realize its collateral. It
11 would not, for example, affect a creditor's right to foreclose on its mortgage or other security
12 interest. It would not prevent, inhibit or affect the validity of a subsequent sale of the property
13 which was the subject of the secured creditor's enforcement action. It would also not prevent an
14 unrelated person from initiating a lawsuit against a party which is the subject of an asset freezing
15 order and obtaining a judgment against that party's assets.
16

17 By way of example, it would not prevent involuntary seizures of the debtor's property to
18 the extent that a party wishes to pursue an action on contract, seek an attachment, seek to enforce
19 a judgment, or seek to enforce common law rights of set-off or recoupment, or their contractual
20 equivalent in certain circumstances such as "netting" in financial instruments. However, once the
21 asset freezing order is in place, any person with notice of the order could not cooperate with the
22 debtor to place a new mortgage on an asset, or enter into a new contract containing rights of set-
23 off. If the mortgage or contract were in place prior to [the date of the asset freezing order][the
24 commencement of the action in which the asset freezing order is obtained], then efforts to
25 enforce those rights, as involuntary acts against the debtor, are excluded.
26

27 **SECTION 4. ASSET-FREEZING ORDER ISSUED WITH NOTICE.**

28 (a) A court may issue an asset-freezing order on motion with notice to the party against
29 which the order is sought and an expedited opportunity to be heard if the court finds that:

30 (1) there is a substantial likelihood that the party seeking the order will prevail on
31 the merits of the action in which the order is sought;

32 (2) if the order is not granted, there is a substantial likelihood that the assets of the
33 party against which the order is sought will be dissipated so that the moving party will be unable
34 to receive satisfaction of a judgment because of the dissipation;

35 (3) any harm the party against which the order is sought may suffer through
36 having to comply with the order is clearly outweighed by the risk of harm to the moving party if

1 the order is not issued; and

2 (4) the order, if issued, would not be adverse to the public interest.

3 (b) An asset-freezing order issued with notice must be served in compliance with
4 [applicable law of this state for service appropriate to this type of order].

5 (c) A party against which an asset-freezing order is issued may apply for an order
6 relieving it of the obligations imposed by the order by posting a bond or other security in the
7 amount of the damages sought or in an amount determined by the court.

8 (d) On at least 24 hours' notice to a party that obtained an asset-freezing order, a party
9 against which the order is issued may apply for an order specifying the amount the party may
10 spend on ordinary living expenses, business expenses, and legal representation.

11 (e) The court may determine whether the asset-freezing order should be limited to a
12 certain amount or type of assets and may order appropriate accounting requirements.

13 (f) An asset-freezing order remains in effect until vacated by the court, dissolved by
14 agreement of the parties, or resolved by operation of law or satisfaction of a judgment entered
15 against the party against which the order was issued.

16 **Comment**

17 Section 4(a) mirrors the standard for the issuance of a preliminary injunction under
18 currently existing law. All of the requirements of section 4 must be met before asset freezing
19 order can be issued. Sections 4(c) and (d) provide a mechanism for a party against which an asset
20 freezing order has been issued to immediately obtain full or partial relief from the order. These
21 sections mitigate the potentially harmful effects of an asset freezing order.

22
23 Under Section 4(d), the party against which an asset freezing order is issued is entitled to
24 an order allowing the use of assets to meet normal living expenses and business expenses
25 including the payment of currently existing debts and the costs of defending the claim. That party
26 bears the burden of establishing the amount of those expenses.

27
28 An asset freezing order cannot normally be applied to assets which are owned by a
29 nonparty. However, where the assets are owned jointly by a nonparty and a party against which
30 an asset freezing order has been entered, the order also applies to the nonparty. In that situation,

1 the non-party may apply to the court for an order removing the asset from the scope of the order.

2
3 **SECTION 5. ASSET-FREEZING ORDER ISSUED WITHOUT NOTICE.**

4 (a) The court may issue an asset-freezing order on motion without the notice required by
5 Section 4(a) if the court finds that facts in an affidavit or verified pleading offered in support of
6 the motion establish that the moving party is entitled to the order under Section 4(a).

7 (b) A party moving for an asset-freezing order under subsection (a) shall:

8 (1) conduct a reasonable inquiry and disclose in an affidavit or verified pleading
9 all material facts that weigh against the issuance of the order; and

10 (2) disclose all efforts to give notice or the reasons why notice should not be
11 required.

12 (c) An asset-freezing order issued without notice expires on a date set by the court, not to
13 exceed 14 days after issuance of the order, unless before that time:

14 (1) the court, for good cause, extends the order and states in the order of extension
15 the reasons for the extension; or

16 (2) the nonmoving party consents in a record to an extension.

17 (d) If an asset-freezing order is issued without notice, the party against which the order is
18 issued may move to dissolve or modify the order after notice and may apply for the relief
19 provided by Section 4(c) and (d). The court shall hear and decide the motion on an expedited
20 basis.

21 **Comment**

22
23 This section provides for the issuance of an asset freezing order without notice. A party
24 seeking an asset freezing order without notice must satisfy the requirements for issuance of the
25 order contained in Section 4(a) and the additional requirements set forth in this section.

26
27 Sections 5 draws heavily from currently existing law relating to a temporary restraining
28 order issued without notice in both state and federal court. Section 5(b)(1) is an extremely

1 important provision drawn from English and Canadian law and reflects the heightened disclosure
2 obligation imposed on a party who seeks an asset-freezing order without notice. This section
3 imposes a duty on counsel to make reasonable inquiry to ascertain material facts and to disclose
4 to the court all material facts that weigh against the issuance of the order.

5
6 The English courts define this duty of disclosure as follows:

- 7
8 (a) the party seeking the order must make a full and fair disclosure of all of the
9 material facts;
10 (b) materiality is to be decided by the court, not by the movant or his legal
11 advisers;
12 (c) proper inquiries must be made before making the application and the duty of
13 disclosure applies not only to facts known by the claimant but to those which
14 he would have known if he had made proper inquiries;
15 (d) the extent of the inquiries which are necessary must depend on the nature of
16 the case, the probable effect of the order on the defendant, the degree of
17 legitimate urgency and the time available for making inquiries.

18
19 **SECTION 6. OBLIGATION OF NONPARTY SERVED WITH ASSET-**
20 **FREEZING ORDER.**

21 (a) An asset-freezing order may be served on a nonparty that holds assets of the party
22 against which the order is issued. If the party that obtained the order serves a nonparty with the
23 order, the party shall give notice to all parties in the action of the name and address of the
24 nonparty not later than [1] day after service.

25 (b) A nonparty served with an asset-freezing order promptly shall freeze the assets held
26 on behalf of the party against which the order is issued until further order of the court. The
27 nonparty shall act promptly to comply with this subsection, taking into account the manner, time
28 and place of service and other factors that reasonably affect the nonparty's ability to comply. If
29 the nonparty believes, in good faith, that complying with the asset-freezing order would violate
30 foreign law, create liability under a foreign legal system or violate an order issued by a foreign
31 sovereign or tribunal, the nonparty immediately may petition the court that issued the asset-
32 freezing order to dissolve or modify the order. If the court finds that the nonparty acted in good

1 faith, it may not find the nonparty in contempt of court for failing to comply with the order
2 during the pendency of the petition. The petition must be decided on an expedited basis. The
3 provisions of this paragraph do not displace those of section 6(e).

4 (c) If an asset-freezing order is vacated or modified, a party obtaining the order shall give
5 notice promptly to a nonparty that was served with the order.

6 (d) A nonparty served with an asset-freezing order may not knowingly assist in or permit
7 a violation of the order.

8 (e) A nonparty served with an asset-freezing order may move to dissolve or modify the
9 order. The court shall hear and decide the motion on an expedited basis.

10 **Comment**

11 This section recognizes that an asset freezing order applies in personam to the party
12 against whom it is issued but also has in rem aspects as it applies to nonparties who hold the
13 assets of that party.

14
15 Section 6(b) is a self-executing provision which requires a non-party in a state that has
16 adopted this [act] to comply with the asset freezing order without the need for further action. If
17 the nonparty is in a state which has not adopted this [act], the nonparty is not required to comply
18 with the order unless and until the party on whose behalf the asset freezing order has been issued
19 has obtained an order recognizing the asset freezing order from the jurisdiction where the
20 nonparty is located.

21
22 Section 6(b) requires prompt action to freeze the assets but also cautions that the
23 determination as to whether compliance with an asset freezing order was indeed prompt shall
24 take into account the manner time and place of service and other factors that reasonably affect
25 the nonparty's ability to comply. This language in Section 6(b) is modeled on §4-303 of the
26 Uniform Commercial Code and was added following a helpful comment made during the
27 discussion on this act at the 2011 annual meeting.

28
29 Section 6(b) also provides protection for a nonparty who has a good faith belief that
30 complying with an asset freezing order would violate foreign law. The provision was added
31 following discussions with lawyers for the Federal Reserve Board.

32
33 **SECTION 7. SECURITY.**

34 (a) The court shall determine whether security is required by a party on whose behalf an

1 asset-freezing order is issued. If the court determines that security is required, it shall require the
2 party to give security to pay for costs and damages sustained by the party against which the order
3 is issued if the order is later set aside.

4 (b) A party on whose behalf an asset-freezing order is issued shall indemnify a nonparty
5 for the reasonable costs of compliance with the order or compensate for any loss caused by the
6 order whether or not the motion for the order was granted properly.

7 **Comment**

8 This section authorizes a court to require a party on whose behalf an asset freezing order
9 has been issued to provide security for a party against which the order has been issued and any
10 nonparty served with the order. The security is for damages sustained as the result of an order
11 later found to have been improvidently granted. Section 7(b) also requires a party on whose
12 behalf an asset freezing order has been issued to indemnify a nonparty for the reasonable costs of
13 compliance. This section is intended to draw on currently existing law relating to the provision of
14 security. The court, for example, could accept a personal bond or surety bond as security.

15
16 **SECTION 8. RECOGNITION OF ASSET-FREEZING ORDER ISSUED BY**
17 **OTHER COURT.**

18 (a) A court of this state shall recognize an asset-freezing order issued by a court in
19 another state unless:

20 (1) recognition would violate the public policy of this state; or

21 (2) the order was issued without notice and the issuing court did not use

22 procedures substantially similar to those in Section 5.

23 (b) Except as otherwise provided in subsection (c) and subject to subsection (d), a court
24 of this state shall recognize an asset-freezing order issued by a court outside the United States.

25 (c) A court of this state may not recognize an asset-freezing order issued by a court
26 outside the United States if:

27 (1) the order was rendered under a judicial system that does not provide impartial

1 tribunals or procedures compatible with the requirements of due process of law;

2 (2) the issuing court did not have personal jurisdiction over the party against
3 which the order was issued; or

4 (3) the issuing court did not have jurisdiction over the subject matter.

5 (d) A court of this state need not recognize an asset-freezing order issued by a court
6 outside the United States if:

7 (1) the order was issued without notice to the party against which the order was
8 issued and the issuing court did not use procedures substantially similar to those in Section 5;

9 (2) the party against which the order was issued did not receive notice of the
10 proceeding in sufficient time to allow the order to be modified or dissolved and the interest of
11 justice requires a hearing to determine the issue;

12 (3) the order was obtained by fraud that deprived the losing party of an
13 opportunity to oppose the order;

14 (4) the order or the underlying claim for relief is repugnant to the public policy of
15 this state or the United States;

16 (5) the order conflicts with another order;

17 (6) the proceeding in the issuing court was contrary to an agreement of the parties
18 under which the dispute in question was to be determined otherwise than by proceedings in the
19 court outside the United States;

20 (7) in the case of jurisdiction based only on personal service, the court outside the
21 United States was a seriously inconvenient forum for the hearing regarding the order;

22 (8) the order was issued in circumstances that raise substantial doubt about the
23 integrity of the issuing court with respect to the order; or

1 (9) the specific proceedings in the issuing court leading to the issuance of the
2 order were not compatible with the requirements of due process of law.

3 (e) A party resisting recognition of an asset-freezing order issued by a court outside the
4 United States has the burden of proving that a ground for nonrecognition in subsection (c) or (d)
5 applies

6 **Comment**

7 This section relates to the recognition of asset-freezing orders issued by courts in other
8 states and countries. Because asset freezing orders are not final judgments, there is a lack of
9 uniformity in the present law concerning their recognition. Section 8(a) relates to the recognition
10 of asset freezing orders issued by courts in other states and 8(b) - (d) relate to the recognition of
11 asset freezing orders issued by courts outside the United States. Sections 8(b)-(d) borrow freely
12 from the architecture and language of section 4 of the Uniform Foreign-Country Money
13 Judgments Recognition Act.

14 **SECTION 9. PERSONAL JURISDICTION.**

15
16 (a) An asset-freezing order issued by a court outside the United States may not be refused
17 recognition for lack of personal jurisdiction if the party against which the order was entered:

18 (1) was served with process personally in a foreign country;

19 (2) voluntarily appeared in the proceeding other than for the purpose of protecting
20 property seized or threatened with seizure in the proceeding or of contesting the jurisdiction of
21 the court over the defendant.

22 (3) before the commencement of the proceeding, had agreed to submit to the
23 jurisdiction of the court outside the United States respect to the subject matter involved.

24 (4) was domiciled in the foreign country when the proceeding was instituted or
25 was a corporation or other form of business organization that had its principal place of business
26 in, or was organized under the laws of, the foreign country.

27 (5) had a business office in foreign country and the proceeding in the court

1 outside the United States involved a [cause of action][claim for relief] arising out of the business
2 done by the party through that office in the foreign country; or

3 (6) operated a motor vehicle or airplane in the foreign country and the proceeding
4 involved a [cause of action][claim for relief] arising out of that operation.

5 (b) The list of bases for personal jurisdiction in subsection (a) is not exclusive. The courts
6 of this state may recognize bases for personal jurisdiction other than those listed in subsection (a)
7 as sufficient to support an asset-freezing order issued by a court outside the United States.

8 **Comment**

9 This section, like the previous section, draws heavily on the language and concepts of the
10 Uniform Foreign-Country Money Judgments Recognition Act. The language of this section is
11 taken from Section 5 of that Act.

12
13 **SECTION 10. ENFORCEMENT OF ASSET-FREEZING ORDER.** An asset-
14 freezing order issued or recognized by a court of this state is valid and enforceable in the same
15 manner as a judgment.

16 **[SECTION 11. APPEAL.** The [insert name of appropriate appellate court] has
17 jurisdiction of all appeals, including interlocutory appeals, from an order granting, continuing,
18 modifying, refusing, or dissolving an asset-freezing order.]

19 *Legislative Note: This section may be adopted as a part of the statute or as a separate court*
20 *rule.*

21
22 **SECTION 12. UNIFORMITY OF APPLICATION AND CONSTRUCTION.** In
23 applying and construing this uniform act, consideration must be given to the need to promote
24 uniformity of the law with respect to its subject matter among the states that enact it.

25 **SECTION 13. RELATION TO ELECTRONIC SIGNATURES IN GLOBAL AND**
26 **NATIONAL COMMERCE ACT.** This [act] modifies, limits, and supersedes the federal
27 Electronic Signatures in Global and National Commerce Act, 15 U.S.C. Section 7001 et seq., but

1 does not modify, limit, or supersede Section 101(c) of that act, 15 U.S.C. Section 7001(c), or
2 authorize delivery of any of the notices described in Section 103(b) of that act, 15 U.S.C. Section
3 7003(b).

4 **[SECTION 14. SEVERABILITY.** If any provision of this [act] or its application to
5 any person or circumstance is held invalid, the invalidity does not affect other provisions or
6 applications of this [act] which can be given effect without the invalid provision or application,
7 and to this end, the provisions of this [act] are severable.]

8 *Legislative Note: Include this section only if this state lacks a general severability statute or a*
9 *decision by the highest court stating a general rule of severability.*

10

11

SECTION 15. EFFECTIVE DATE. This [act] takes effect...