

11-14-16 Revision
When Domestic Law Applicable to Foreign Series LLCs and Foreign Protected Series
Sections 401, 601 and 603
new provisions and provisions otherwise noteworthy are in italics

1 **SECTION 401. LIMITATIONS ON LIABILITY.**

2 ¹(a) A person is not liable, directly or indirectly, by way of contribution or otherwise, for
3 a debt, obligation, or other liability of:

4 (A) a protected series solely by reason of being or acting as an associated
5 member of the protected series, a series manager of the protected series, a member of the series
6 limited liability company that established the protected series, or a person managing the
7 company or by having a series transferable interest in the protected series; or

8 (B) a series limited liability company solely by reason of being or acting
9 as an associated member or protected series manager of a protected series of the company.

10 (b) Subject to subsection (c) and Section 402:

11 ²(1) a debt, obligation, or other liability of a series limited liability company is
12 solely the debt, obligation, or other liability of the company;

13 (2) a debt, obligation, or other liability of a protected series is solely the debt,
14 obligation, or other liability of the protected series;

15 (3) a series limited liability company is not liable, directly or indirectly, by way of
16 contribution or otherwise, for a debt, obligation, or other liability of a protected series of the
17 company solely by reason of the company:

18 (A) having established the protected series;

¹ Vertical shields.

² Horizontal shields.

19 (B) being or acting as a protected series manager of the protected series;

20 (C) having the protected series manage the company; or

21 (D) owning a protected series transferable interest in the protected series;

22 and

23 (4) a protected series is not liable, directly or indirectly, by way of contribution or
24 otherwise, for a debt, obligation, or other liability of the series limited liability company that
25 established the protected series or another protected series of the company solely by reason of:

26 (A) being a protected series of the company;

27 (B) being or acting as a person managing the company or a protected

28 (c) A claim to disregard a limitation stated in subsection (b) is governed by the principles
29 of law and equity, including principles providing rights to creditors or holding a person liable for
30 a debt, obligation, or other liability of another person, which would apply if each protected series
31 of the series limited liability company were a limited liability company, organized separately
32 from the company that established the protected series and distinct from the company and any
33 other protected series of the company.

34 (d) *In a civil action in this state, subsection (c) applies to a claim to disregard a*
35 *limitation of liability applicable to a foreign series limited liability company or foreign protected*
36 *series which is comparable to a limitation stated in subsection (b), if:*

37 (1) *the claimant is a resident of this state or doing business or registered to do*
38 *business in this state; and*

39 (2) *the claim is to enforce a liability governed by the law of this state or arising*
40 *from an act or omission in this state.*

41 **SECTION 601. GOVERNING LAW.** The law of the jurisdiction of formation of a
42 foreign series limited liability company governs:

43 (1) the internal affairs of a foreign protected series of the company;

44 (2) relations between the protected series and:

45 (A) the company;

46 (B) another protected series of the company;

47 (C) a member of the company which is not an associated member of the protected
48 series;

49 (D) a protected series transferee of another protected series of the company;

50 (E) a transferee of a transferable interest of the company; and

51 (3) the liability of a person for a debt, obligation, or other liability of a foreign protected
52 series of a foreign series limited liability company if the debt, obligation, or other liability is
53 asserted solely by reason of the person being or acting as:

54 (A) an associated member, series transferee, or protected series manager of the
55 protected series;

56 (B) a member of the company not an associated member of the protected series;

57 (C) a series transferee of another protected series of the company;

58 (D) a protected series manager of another protected series of the company;

59 (E) a person managing the company; or

60 (F) a transferee of a transferable interest of the company;

61 (4) subject to sections 401(d) and 603:

62 (A) the liability of the company for a debt, obligation, or other liability of a
63 protected series if the debt, obligation, or other liability is asserted solely by reason of the
64 company:

- 65 (i) having established the protected series;
- 66 (ii) being or acting as a protected series manager of the protected series;
- 67 (iii) having the protected series manage the company; or
- 68 (iv) owning a protected series transferable interest in the protected series;

69 and

70 (B) the liability of a foreign protected series for a debt, obligation, or other
71 liability of the company or another protected series of the company if the debt, obligation, or
72 other liability is asserted solely by reason of the protected series:

- 73 (i) being a protected series of the company or having the company or
74 another protected series of the company be or act as protected series manager of the protected
75 series; or
- 76 (ii) managing the company or being or acting as a series manager of
77 another protected series of the company.

78 **SECTION 603. APPLICATION OF SECTION 402 TO FOREIGN SERIES**
79 **LIMITED LIABILITY COMPANY AND FOREIGN PROTECTED SERIES.** *Section 402*
80 *applies to an asset of a foreign series limited liability company or foreign protected series if:*
81 *(1) the asset is real or tangible property located in this state;*
82 *(2) the foreign company or foreign protected series is subject to the personal jurisdiction*
83 *of the courts of this state;*
84 *(3) the claimant is a resident of this State or doing business or registered to do business*
85 *in this state and the claim under Section 402 is to enforce a judgment arising from a liability*
86 *established under the law of this state or an act or omission in this state; and*
87 *(4) the asset is not identified in the records of the foreign company or foreign protected*
88 *series in a manner comparable to manner required by section 301 {{and the lack of such an*
89 *association has caused and will cause a material and inequitable prejudice to the judgment*
90 *creditor.}}.*