



Ohio Legislative Service Commission

Synopsis of Senate Committee Amendments*

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Sub. H.B. 48

129th General Assembly
(Senate Judiciary)

The Senate Judiciary committee adopted amendments to do the following:

1. Require that the number of directors of a corporation fixed by the articles or regulations not be less than one and that the directors be natural persons of at least 18 years of age.

2. Provide that, unless the articles or regulations of a corporation fix the number of directors or provide the manner in which such number may be fixed or changed by the shareholders, the number may be fixed or changed by the share holders *to a number not less than one* at a meeting of the shareholders called for the purpose of electing directors.

3. Provide that an operating agreement of a limited liability company governs relations among members and between members, any managers, and the limited liability company and that the limited liability company is bound by the operating agreement of its member or members whether or not the limited liability company executes the operating agreement.

4. Provide that, upon a member's withdrawal from a limited liability company, the member's right to participate in the management and conduct of the limited liability company's business and the member's duty of loyalty under certain circumstances terminates and that the member's duty of loyalty under other certain circumstances and duty of care continue only with regard to matters arising and events occurring before the member's withdrawal.

5. Specify that an assignment of a membership interest in a limited liability company entitles the assignee *only* to receive, to the extent assigned, the distributions of cash and other property and the allocations of profits, losses, income, gains, deductions, credits, or similar items to the which the assignee's assignor would have been entitled.

* This synopsis does not address amendments that may have been adopted on the Senate Floor.

6. Provide that a substitute member of a limited liability company or an assignee of a membership interest in a limited liability company is bound by the operating agreement whether or not the substitute member or assignee executes the operating agreement.

7. Modify existing law by providing that, if a court charges a membership interest of a member of a limited liability company with payment of the unsatisfied amount of a creditor's judgment, the judgment creditor has only the rights of the assignee of the membership interest that are described in paragraph 5, above, and that the order is the sole and exclusive remedy that the judgment creditor has against the membership interest or the member's assignee.

8. Prohibit a creditor of a member of a limited liability company or a member's assignee from having any right to obtain possession of, or otherwise exercise legal or equitable remedies with respect to, the property of the limited liability company.

9. Provide that the only fiduciary duties a member owes to a limited liability company and the other members are the duty of loyalty and the duty of care and specify what those duties are.

10. Provide that a manager of a limited liability company who was appointed in writing and has agreed in writing to serve as a manager and who is also a member or who is serving as the representative of a member owes to the limited liability company and the other members the duties of a manager.

11. Provide that a tribunal may declare a limited liability company dissolved and specifies when the limited liability company's business must be wound up.

12. Specify that a certificate of dissolution be accompanied by specified information regarding the payment of all franchise, sales, use, highway use, personal property, and commercial activity taxes accruing up to the date of dissolution.

13. Provide that the statute of repose for an action brought by a person, before five years after the date of dissolution of a corporation or within the time limits established in the bill regarding claims against the dissolved corporation or any other provision of law, only applies to causes of action arising on or after the effective date of the bill.