

NITIJELA OF THE MARSHALL ISLANDS

21<sup>ST</sup> CONSTITUTIONAL REGULAR SESSION, 2000

BILL NO. 7

P.L. 2000-14

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An Act

5 To provide for certain amendments to the Limited Liability Company Act.

6 BE IT ENACTED BY THE NITIJELA OF THE MARSHALL ISLANDS:

7 Section 1. Short Title.

8 This Act may be cited as the Limited Liability Company (Amendments) Act of 2000.

9 Section 2. Amendments.

10 The Limited Liability Company Act is hereby amended to read as follows:

11 1. Section 2. DEFINITIONS.

12 The following three definitions should be added to this session:

13 A) "High Court" means the High Court of the Republic of the Marshall Islands

14 B) "Knowledge" means a person's actual knowledge of a fact, rather than the person's

15 Constructive knowledge of the fact.

16 C) "Personal representative" means, as to a natural person, the executor, administrator,

17 Guardian, conservator, or other legal representative thereof and, as to a person other than a

18 Natural person, the legal representative or successor thereof.

19 The definition for "Limited liability company agreement" should read:

20 (6) "Limited liability company agreement" means **any agreement, written or oral, of the**  
21 **member or members as to the affairs of a limited liability company and the conduct of its**  
22 **business. A written limited liability company agreement or another written agreement or**  
23 **writing:**

24 (a) May provide that a person shall be admitted as a member of a limited liability  
25 company, or shall become an assignee of a limited liability company interest or other rights or

1 powers of a member to the extent assigned, shall become bound by the limited liability  
2 company agreement: (i) if such person (a representative authorized by such person orally, in  
3 writing or by other action such as payment for a limited liability company interest) executes the  
4 limited liability company agreement or any other writing evidencing the intent of such person to  
5 become a member or assignee; or (ii) without such execution, if such person (or a representative  
6 authorized by such person orally, in writing or by other action such as payment for a limited  
7 liability company interest) complies with the conditions for becoming a member or assignee as  
8 set forth in the limited liability company agreement or any other writing

9 2. A new Section 83, entitled "Reserved," is hereby added.

10 3. A new Section 73, entitled "Contested Matters Relating To Managers: Contested Votes," is  
11 hereby added to read as follows:

12 **Section 73. CONTESTED MATTERS RELATING TO MANAGERS CONTESTED**  
13 **VOTES.**

14 (a) Upon application of a member or manager, the High Court may hear and determine the  
15 validity of any admission, election, appointment, removal or resignation of a manager of a  
16 limited liability company, and the right of any person to become or continue to be a  
17 manager of limited liability company, and, in case the right to serve as a manager is  
18 claimed by more than 1 person, may determine the person or persons entitled to serve as  
19 managers; and to that end make such order or decree in any such case as may be just and  
20 proper, with power to enforce the production of any books, papers and records of the  
21 limited liability company relating to the issue. In any such application, the limited liability  
22 company shall be named as a party and service of copies of the application upon the  
23 registered agent of the limited liability company shall be deemed to be service upon the  
24 limited liability company and upon the person or persons whose right to serve as a  
25 manager is contested and upon the person or persons, if any, claiming to be a manager or  
26 limited liability company and upon the person or persons whose right to serve as a  
27 manager is contested and upon the person or persons, if any, claiming to be a manager or

1 claiming the right to be a manager, and the registered agent shall forward immediately a  
2 copy of the application to the limited liability company and to the person or persons whose  
3 right to serve as a manager is contested and to the person or persons, if any, claiming to be  
4 a manager or the right to be a manager, in a postpaid, sealed, registered letter addressed to  
5 such limited liability company and such person or persons at their post-office addresses last  
6 known to the registered agent or furnished to the registered agent by the applicant member  
7 or manager. The High Court may make such order respecting further or other notice of  
8 such application as it deems proper under these circumstances.

9 (b) Upon application of a member or manager, the High Court may hear and determine the  
10 result of any vote of members or managers upon matters as to which the members or  
11 managers of the limited liability company, or any class or group of members or managers,  
12 have the right to vote pursuant to the limited liability company agreement or other  
13 agreement or this chapter (other than the admission, election, appointment, removal, or  
14 resignation of managers). In any such application, the limited liability company shall be  
15 named as a party and service of the application upon the registered agent of the limited  
16 liability company shall be deemed to be service upon the limited liability company, and no  
17 other party need be joined in order for the High Court to adjudicate the result of the vote.  
18 The High Court may make such order respecting further or other notice of such  
19 Application as it deems propre under the circumstances.

20 4. A new Section 74, entitled "Interpretation and Enforcement of Limited Liability Company  
21 Agreement," is hereby added to read as follows:

22 **Section 74. INTERPRETATION AND ENFORCEMENT OF LIMITED LIABILITY**  
23 **COMPANY AGREEMENT.**

24 Any action to interpret, apply or enforce the provisions of a limited liability company  
25 Agreement, or the duties, obligations or liabilities of a limited liability company to the  
26 Members or managers of the limited liability company, or the duties, obligations or  
27 Liabilities among members of managers and of members or managers to the limited

1 liability company, or the rights or powers of, or restrictions on, the limited liability  
2 company, members or manager, may be brought in the High Court.

3 5. Section 11, entitled "Cancellation of Certificate," is hereby amended to read as follows:

4 **Section 11. CANCELLATION OF CERTIFICATE.**

5 A certificate of formation shall be canceled upon the dissolution and the completion of winding  
6 up of a limited liability company, or at any time there are no members, or as provided in Section  
7 5 of this chapter or upon the filing of a certificate of merger or consolidation if the limited  
8 liability company is not the surviving or resulting entity in a merger or consolidation, **or upon**  
9 **the conversion of a domestic limited liability company approved in accordance with**  
10 **Section 80 of this title.** A certificate of cancellation shall be filed in the Officer of the Registrar  
11 of Corporations to accomplish the cancellation of a certificate of formation upon the dissolution  
12 and the completion of winding up of a limited liability company or at any time there are no  
13 members **or upon the conversion of a domestic limited liability company approved in**  
14 **accordance with Section 80 of this title and shall set forth:**

- 15 (1) The name of the limited liability company;
- 16 (2) The date of filing of its certificate of formation;
- 17 (3) The reason for filing the certificate of cancellation;
- 18 (4) The future effective date or time (which shall be a date or time certain) of  
19 cancellation if it is not to be effective upon the filing of the certificate;
- 20 (5) **In the case of the conversion of a domestic limited liability company, the**  
21 **name of the entity to which the domestic limited liability company has been**  
22 **converted; and,**
- 23 (6) Any other information the person filing the certificate of cancellation  
24 determines.

25 6. Section 14, entitled "Filing," is hereby amended to read as follows:

26 **Section 14. FILING.**

1 (a) The original signed copy of the certificate of formation and of any certificates of  
2 amendment, **correction, amendment of a certificate of merger or consolidation, termination**  
3 **of a merger or consolidation** or cancellation (or of any judicial decree of amendments or  
4 cancellation), and of any certificate of merger or consolidation, any restated certificate, any  
5 **certificate of conversion to limited liability company, any certificate of transfer, and of any**  
6 **certificate of limited liability company domestication** shall be delivered to the Registrar of  
7 Corporations. A person who executes a certificate as an agent or fiduciary need not exhibit  
8 Evidence of his authority as a prerequisite to filing. Any signature on any certificate authorized  
9 to be filed with the Registrar of Corporations under any provision of this chapter may be a  
10 facsimile. Unless the Registrar of Corporations finds that any certificate does not conform to  
11 law, upon receipt of all filing fees required by law he shall:

12 (1) Certify that the certificate of formation, the certificate of amendments, **the certificate**  
13 **of correction, the certificate of amendment of a certificate of merger or**  
14 **consolidation**, the certificate of cancellation (or of any judicial decree of amendment or  
15 cancellation) the certificate of merger or consolidation, the restated certificate, **the**  
16 **certificate of conversion to limited liability company, the certificate of transfer, or**  
17 **the certificate of limited liability company domestication** has been filed in the  
18 Registrar's office by endorsing upon the original certificate the word "Filed". **This**  
19 **endorsement is conclusive of the date of its filing in the absence of actual fraud.**

20 (b) Upon the filing of a certificate of amendment (or judicial decree of amendment) **a certificate**  
21 **of correction** or restated certificate in the Office of the Registrar of Corporations, or upon the  
22 future effective date or time of a certificate of amendment (or judicial decree thereof) or restated  
23 certificate, as provided for therein, the certificate of formation shall be amended or restated as set  
24 forth therein. Upon the filing of a certificate of cancellation (or a judicial decree thereof), or a  
25 certificate of merger or consolidation which acts as a certificate of cancellation or upon the  
26 future effective date or time of a certificate of cancellation (or a judicial decree thereof) or of a  
27 certificate of merger or consolidation which acts as a certificate of cancellation., **or a certificate**

1 of transfer as provided for therein, the certificate of formation is canceled. Upon the filing of a  
2 certificate of limited liability company domestication or upon the future effective date or  
3 time of a certificate of limited liability company domestication, the entity filing the  
4 certificate of limited liability company domestication is domesticated as a limited liability  
5 company with the effect provided in 876 of this title. Upon the filing of a certificate of  
6 conversion to limited liability company or upon the future effective date or time of a  
7 certificate of conversion to limited liability company, the entity filing the certificate of  
8 conversion to limited liability company is converted to a limited liability company with the  
9 effect provided in 878 of the title. Upon the filing of a certificate of amendments of a  
10 certificate of merger or consolidation, the certificate of merger or consolidation identified  
11 in the certificate of a amendment of a certificate of merger of consolidation is amended.  
12 Upon the filing of a certificate of termination of a merger or consolidation, the certificate of  
13 Merger or consolidation identified in the certificate of termination of a merger or  
14 Consolidation is terminated.

15 (c) A fee as set forth in Section 68 of this title, shall be paid at the time of the filing of a  
16 certificate of formation, a certificate of amendment, a certificate of correction, a certificate of  
17 amendment of a certificate of merger or consolidation, a certificate of termination of a merger or  
18 consolidation, a certificate of cancellation, a certificate of merger or consolidation, a restated  
19 certificate, a certificate of conversion to limited liability company, a certificate of transfer,  
20 or a certificate of limited liability company domestication.

21 (d) A fee as set forth in Section 68 of this title shall be paid of a certified copy of **any document**  
22 **on file as provided for by this chapter.**

23 (e) Correction of filed instruments. Any instrument relating to a domestic or foreign limited  
24 liability company and filed with the Registrar of Corporations under this Act may be corrected  
25 with respect to any error apparent on the face or defect in the execution thereof by filing with the  
26 Registrar of Corporations a certificate of correction, executed thereof by filing with the Registrar  
27 of Corporations a certificate of correction, executed and acknowledge in the manner required

1 for the original instrument. The certificate of correction shall specify the error or defect to be  
2 corrected and shall set forth the portion of the instrument in correct form. The corrected  
3 instrument when filed shall be effective as of the date the original instrument was filed. **In lieu**  
4 **of filing a certificate of correction, a certificate may be corrected by filing with the**  
5 **Registrar or Corporations a corrected certificate which shall be executed and filed as if the**  
6 **corrected certificate were the certificate being corrected, and a fee equal to the fee payable**  
7 **to the Registrar of Corporations if the certificate being corrected were then being filed**  
8 **shall be paid and collected by the Registrar of Corporations for use of the Marshall Islands**  
9 **in connection with the filing of the corrected certificate. The correct certificate shall be**  
10 **specifically designated as such in its heading, shall specify the inaccuracy or defect to be**  
11 **corrected and shall set forth the entire certificate in corrected form. A certificate corrected**  
12 **in accordance with this section shall be effective as of the date the original certificate was**  
13 **filed, except as to those persons who are substantially and adversely affected by the**  
14 **correction and as to those persons the certificate as corrected shall be effective from the f**  
15 **filing date.**

16 7. Section 17, entitled "Merger and Consolidation," is hereby amended to read as follows:

17 **Section 17. MERGER AND CONSOLIDATION.**

18 (b) Pursuant to an agreement of merger or consolidation, **one or more** domestic limited liability  
19 **companies** may merge or consolidate with or into one or more domestic limited liability  
20 companies or **one or more other** business entities formed or organized under the laws of the  
21 Republic of the Marshall islands or any foreign country or other foreign jurisdiction **or any**  
22 **Combination thereof** with such domestic limited liability companies or other business entity as  
23 the agreement shall provide being the surviving or resulting domestic limited liability company  
24 or other business entity.

25 (c) if a domestic limited liability company is merging or consolidation under this section, the  
26 domestic limited liability company or other business entity surviving or resulting in or from the  
27 merger or consolidation shall file a certificate of merger or consolidation **executed by one or**

1 more authorized persons on behalf of the domestic limited liability company when it is the  
2 surviving or resulting entity in the Office of the Registrar of Corporations. The certificate of  
3 merger or consolidation shall state:

4 (2) That an agreement of merger or consolidation has been approved and  
5 executed by each of the domestic limited liability companies **and** other business  
6 entities which is to merge or consolidate;

7 (3) The name of the surviving or resulting domestic limited liability company **and**  
8 other business entity;

9 (d) Unless a future effective date or time is provided in a certificate of merger or consolidation,  
10 in which event a merger or consolidation shall be effective at any such future effective date or  
11 time, a merger or consolidation shall be effective upon the filing in the Office of the Registrar of  
12 Corporations of a certificate of merger or consolidation. **If a certificate of merger or**  
13 **consolidation provides for a future effective date or time and if an agreement of merger or**  
14 **consolidation is amended to change the future effective date or time, or if an agreement of**  
15 **merger or consolidation permits a certificate of merger or consolidation to be amended to**  
16 **change the future effective date or time without an amendment to the agreement of merger**  
17 **or consolidation, or if an agreement of merger or consolidation is amended to change any**  
18 **other matter described in the certificate of merger or consolidation so as to make the**  
19 **certificate of merger or consolidation false in any material respect, as permitted by Section**  
20 **17(b) of the title prior to the future effective date or time, the certificate of merger or**  
21 **consolidation shall be amended by the filing of a certificate of amendment of a certificate of**  
22 **merger or consolidation which shall identify the certificate of merger or consolidation and**  
23 **the agreement of merger or consolidation, if applicable, which has been amended and shall**  
24 **state that the agreement of merger or consolidation if applicable, has been amended and**  
25 **shall set forth the amendment to the certificate merger or consolidation. If a certificate**  
26 **of merger or consolidation provides for a future effective date or time, and if an agreement**  
27 **of merger or consolidation is terminated as permitted by subsection (b) of the section prior**

1 to the future effective date or time, the certificate or merger or consolidation shall be  
2 terminated by the filing of a certificate of termination of a merger or consolidation which  
3 shall identify the certificate of merger or consolidation and the agreement of merger or  
4 consolidation which has been terminated and shall state that the agreement of merger or  
5 consolidation has been terminated.

6 (e) A certificate of merger or consolidation shall act as a certificate of cancellation for a domestic  
7 limited liability company which is not the surviving or resulting entity in their merger or  
8 consolidation. **Whenever this section requires the filing of a certificate of merger or**  
9 **consolidation, such requirement shall be deemed satisfied by the filing of an agreement of**  
10 **merger or consolidation containing the information required by this section to be set forth**  
11 **in the certificate of merger or consolidation.**

12 8. A new Section 75, entitled "Contractual Appraisal Rights," is hereby added to read as  
13 follows:

14 **Section 75. CONTRACTUAL APPRAISAL RIGHTS.**

15 **A limited liability company agreement or an agreement of merger or consolidation may**  
16 **provide that contractual appraisal rights with respect to a limited liability company**  
17 **interest or another interest in a limited liability company shall be available for any class or**  
18 **group of members or limited liability company interests in connection with any amendment**  
19 **of a limited liability company agreement, any merger or consolidation in which the limited**  
20 **liability company is a constituent party to the merger or consolidation, or the sale of all or**  
21 **substantially all of the limited liability company's assets. The High Court shall have**  
22 **jurisdiction to hear and determine any matter relating to any such appraisal rights.**

23 9. A new Section 76, entitled "Domestication of Non Marshall Islands Entities," is hereby  
24 added to read as follows:

25 **Section 76. DOMESTICATION OF NON-MARSHALL ISLANDS ENTITIES.**

26 (a) As used in this section, "non-Marshall Islands entity" means a foreign limited liability  
27 company (other than one formed under the laws of the Marshall Islands) or a corporation,

1 a trust, or any other unincorporated business, including a partnership (whether general  
2 including a registered limited liability partnership) or limited partnership (including a  
3 registered limited liability partnership) formed, incorporated, created or that  
4 otherwise came into being under the laws of any foreign country or other foreign  
5 jurisdiction (other than the Marshall Islands).

6 (b) Any non-Marshall Islands entity may become domesticated as a limited liability  
7 company in the Marshall Islands by complying with subsection (g) of this section and filing  
8 in the office of the Registrar of Corporations in accordance with 814 of this title:

9 (1) A certificate of limited liability company domestication that has been executed  
10 by 1 or more authorized persons in accordance with 12 of the title; and

11 (2) A certificate of formation that complies with 9 of this title and has been  
12 executed by 1 or more authorized persons in accordance with 12 of the title.

13 (c) The certificate of limited liability company domestication shall state:

14 (1) The date on which and jurisdiction where the non-Marshall Islands entity was  
15 first formed, incorporated, created or otherwise came into being;

16 (2) The name of the non-Marshall Islands entity immediately prior to the filing of  
17 the certificate of limited liability company domestication;

18 (3) The name of the limited liability company as set forth in the certificate of  
19 formation filed in accordance with subsection (b) of this section;

20 (4) The future effective date or time (which shall be a date or time certain) of the  
21 domestication as a limited liability company if it is not to be effective upon the filing  
22 of the certificate of limited liability company domestication and the certificate of  
23 formation; and

24 (5) The jurisdiction that constituted the seat, siege social, or principal place of  
25 business or central administration of the non-Marshall Islands entity, or any other  
26 equivalent thereto under applicable law, immediately prior to the filing of the  
27 certificate of limited liability company domestication.

1 (d) Upon the filing in the office of the Registrar of Corporations of the certificate of limited  
2 liability company domestication and the certificate of formation or upon the future  
3 effective date or time of the certificate of limited liability company domestication and the  
4 certificate of formation, the non-Marshall Islands entity shall be domesticated as a limited  
5 liability company in the Marshall Islands and the limited liability company shall thereafter  
6 be subject to all of the provisions of this chapter, except that notwithstanding &9 of this  
7 title, the existence of the limited liability company shall be deemed to have commenced on  
8 the date the non-Marshall Islands entity commenced its existence in the jurisdiction in  
9 which the non-Marshall Islands entity was first formed, incorporated, created or otherwise  
10 came into being.

11 (e) The domestication of any non-Marshall Islands entity as a limited liability company in  
12 the Marshall Islands shall not be deemed to affect any obligations or liabilities of the  
13 non-Marshall Islands entity incurred prior to its domestication as a limited liability  
14 company in the Marshall Islands, or the personal liability of any person therefor.

15 (f) The filing of a certificate of limited liability company domestication shall not affect the  
16 choice of law applicable to the non-Marshall Islands entity, except that from the effective  
17 date or time of the domestication, the law of the Marshall Islands, including the provisions  
18 of this chapter, shall apply to the non-Marshall Islands entity to the same extent as if the  
19 non-Marshall Islands entity had been formed as a limited liability company on that date.

20 (g) Prior to filing a certificate of limited liability company domestication with the Office of  
21 the Registrar of Corporations, the domestication shall be approved in the manner provided  
22 for by the document, instrument, agreement or other writing, as the case may be,  
23 governing the internal affairs of the non-Marshall Islands entity and the conduct of its  
24 business or by applicable non-Marshall Islands law, as appropriate, and a limited liability  
25 company agreement shall be approved by the same authorization required to approve the  
26 domestication.

27 (h) When any domestication shall become effective under this section, for all purposes of  
28 the laws of the Marshall Islands, all of the rights, privileges and powers of the

1 non-Marshall Islands entity that has been domesticated, and all property, real, personal  
2 and mixed, and all debts due to such non-Marshall Islands entity, as well as all other things  
3 and causes of action belonging to such non-Marshall Islands entity, shall be vested in the  
4 domestic limited liability company and shall thereafter be the property of the domestic  
5 limited liability company as they were of the non-Marshall Islands entity immediately prior  
6 to its domestication, and the title to any real property vested by deed or otherwise in such  
7 non-Marshall Islands entity shall not revert or be in any way impaired by reason of this  
8 chapter, but all rights of creditors and all liens upon any property of such non-Marshall  
9 Islands entity shall be preserved unimpaired and all debts, liabilities and duties of the  
10 non-Marshall Islands entity that has been domesticated shall thenceforth attach to the  
11 domestic limited liability company and may be enforced against it to the same extent as if  
12 said debts, liabilities and duties had been incurred or contracted by the domestic limited  
13 liability company.

14 10. A new Section 77, entitled "Transfer of Domestic Limited Liability Companies," is hereby  
15 added to read as follows:

16 **Section 77. TRANSFER OF DOMESTIC LIMITED LIABILITY COMPANIES.**

17 (a) Upon compliance with this section, any limited liability company may transfer to or  
18 domesticate in any jurisdiction that permits the transfer to or domestication in such  
19 jurisdiction of a limited liability company.

20 (b) Unless otherwise provided in a limited liability company agreement, a transfer or  
21 domestication described in subsection (a) of this section shall be approved in writing by all  
22 of the managers and all of the members. If all of the managers and all of the members of  
23 the limited liability company or such other vote as may be stated in a limited liability  
24 company agreement shall approve the transfer or domestication described in subsection (a)  
25 of this section, a certificate of transfer, executed in accordance with &12 of this title, shall be  
26 filed in the office of the Registrar of Corporations in accordance with &14 of this title. The  
27 certificate of transfer shall state:

- 1 (1) The name of the limited liability company and, if it has been changed, the name
- 2 under which its certificate of formation was originally filed;
- 3 (2) The date of the filing of its original certificate of formation with the Registrar of
- 4 Corporation;
- 5 (3) The jurisdiction to which the limited liability company shall be transferred or in
- 6 which it shall be domesticated;
- 7 (4) The future effective date or time (which shall be a date or time certain) of the
- 8 transfer or domestication to the jurisdiction specified in subsection (b)(3) of this
- 9 section if it is not to be effective upon the filing of the certificate of transfer;
- 10 (5) That the transfer or domestication of the limited liability company has been
- 11 approved in accordance with this section;
- 12 (6) That the existence of the limited liability company as a limited liability company
- 13 of the Marshall Islands shall cease when the certificate of transfer becomes effective.
- 14 The agreement of the limited liability company that it may be served with process in
- 15 the Marshall Islands in any action, suit or proceeding for enforcement of any
- 16 obligation of the limited liability company arising while it was a limited liability
- 17 company of the Marshall Islands, and that it irrevocably appoints the Registrar of
- 18 Corporations as its agent to accept service of process in any such action, suit or
- 19 Proceeding; and,
- 20 (7) The address to which a copy of the process referred to in subsection (b)(6) of
- 21 this section shall be mailed to it by the Registrar of Corporations. In the event of
- 22 service hereunder upon the Registrar of Corporations, the procedures set forth in
- 23 this title shall be applicable, except that the plaintiff in any such action, suit or
- 24 proceeding shall furnish the Registrar of Corporations with the address specified in
- 25 this subsection and any other address that the plaintiff may elect to furnish, together
- 26 with copies of such process as required by the Registrar of Corporations, and the
- 27 Registrar of Corporations shall notify the limited liability company that has

1 Transferred or domesticated out of the Marshall Islands at all such addresses  
2 furnished by the plaintiff in accordance with the procedures set forth in this title  
3 © Upon the filing in the office of the Registrar of Corporations of the certificate of  
4 transfer or upon the future effective date or time of the certificate of transfer and payment  
5 to the Registrar of Corporations of all fees prescribed in this chapter, the Registrar of  
6 Corporations shall certify that the limited liability company has filed all documents and  
7 paid all fees required by this chapter, and thereupon the limited liability company shall  
8 cease to exist as a limited liability company of the Marshall Islands. Such certificate of the  
9 Registrar of Corporations shall be prima facie evidence of the transfer or domestication by  
10 such limited liability company out of the Marshall Islands.  
11 (d) The transfer or domestication of a limited liability company out of the Marshall Islands  
12 in accordance with this section and the resulting cessation of its existence as a limited  
13 liability company of the Marshall Islands pursuant to a certificate of transfer shall not be  
14 deemed to affect any obligations or liabilities of the limited liability company incurred  
15 prior to such transfer or domestication or the personal liability of any person incurred  
16 prior to such transfer or domestication, nor shall it be deemed to affect the choice of law  
17 applicable to the limited liability company with respect to matters arising prior to such  
18 transfer or domestication.  
19 11. A new Section 78, entitled "Conversion of Certain Entities to a Limited Liability Company."  
20 is hereby added to read as follows:  
21 Section 78. CONVERSION OF CERTAIN ENTITIES TO A LIMITED  
22 LIABILITY COMPANY.  
23 (a) As used in this section, the term, " other entity: means a trust or association or any  
24 other unincorporated business, including a partnership (whether general (including a  
25 registered limited liability partnership) or limited partnership (including a registered  
26 limited liability limited partnership)) or a foreign limited liability company.

1 (b) Any other entity may convert to a domestic limited liability company by complying with  
2 subsection (h) of this section and filing in the office of the Registrar of Corporation in  
3 accordance with 814 of the title;

4 (1) A certificate of conversion to limited liability company that has been executed  
5 by 1 or more authorized persons in accordance with 812 of this title; and

6 (2) A certificate of formation that complies with 89 of this title and has been  
7 executed by 1 or more authorized persons in accordance with 812 of this title.

8 © The certificate of conversion to limited liability company shall state:

9 (1) The date on which and jurisdiction where the other entity was first created,  
10 formed or otherwise came into being and, if it has changed, its jurisdiction  
11 immediately prior to its conversion to a domestic limited liability company;

12 (2) The name of the other entity immediately prior to the filing of the certificate of  
13 conversion to limited liability company;

14 (3) The name of the limited liability company as set forth in its certificate of  
15 formation filed in accordance with subsection (b) of this section; and

16 (4) The future effective date or time (which shall be a date or time certain) of the  
17 conversion to a limited liability company if it is not to be effective upon the filing of  
18 the certificate of conversion to limited liability company and the certificate of  
19 formation.

20 (d) Upon the filing in the office of the Registrar of Corporations of the certificate of  
21 conversion to limited liability company and the certificate of formation or upon the future  
22 effective date or time of the certificate of conversion to limited liability company and the  
23 certificate of formation, the other entity shall be converted into a domestic limited liability  
24 company and the limited liability company shall thereafter be subject to all of the  
25 provisions of this chapter, except that notwithstanding 89 of this title, the existence of the  
26 limited liability company shall be deemed to have commenced on the date the other entity  
27 commenced its existence in the jurisdiction in which the other entity was first created,  
28 formed, incorporated or otherwise came into being.

1 (e) The conversion of any other entity into a domestic limited liability company shall not be  
2 deemed to affect any obligations or liabilities of the other entity incurred prior to its  
3 conversion to a domestic limited liability company or the personal liability of any person  
4 incurred prior to such conversion.

5 (f) When any conversion shall have become effective under this section, for all purposes of  
6 the laws of the Marshall Islands, all of the rights, privileges and powers of the other entity  
7 that has converted, and all property, real, personal and mixed, and all debts due to such  
8 other entity, as well as all other things and causes of action belonging to such other entity,  
9 shall be vested in the domestic limited liability company and shall thereafter be the  
10 property of the domestic limited liability company as they were of the other entity that has  
11 converted, and the title to any real property vested by deed or otherwise in such other  
12 entity shall not revert or be in any way impaired by reason of this chapter, but all rights of  
13 creditors and all liens upon any property of such other entity shall be preserved  
14 unimpaired, and all debts, liabilities and duties of the other entity that has converted shall  
15 thenceforth attach to the domestic limited liability company and may be enforced against it  
16 to the same extent as if said debts, liabilities and duties had been incurred or contracted by  
17 it.

18 (g) Unless otherwise agreed, or as required under applicable non-Marshall Islands law, the  
19 converting other entity shall not be required to wind up its affairs or pay its liabilities and  
20 distribute its assets, and the conversion shall not be deemed to constitute a dissolution of  
21 such other entity and shall constitute a continuation of the existence of the converting  
22 other entity in the form of a domestic limited liability company.

23 (h) Prior to filing a certificate of conversion to limited liability company with the office of  
24 the Registrar of Corporations, the conversion shall be approved in the manner provided  
25 for by the document, instrument, agreement or other writing, as the case may be,  
26 governing the internal affairs of the other entity and the conduct of its business or by  
27 applicable law, as appropriate, and a limited liability company agreement shall be  
28 approved by the same authorization required to approve the conversion.

1 (i) The provisions of this section shall not be construed to limit the accomplishment of a  
2 change in the law governing, or the domicile of, an other entity to the Marshall Islands by  
3 any other means provided for in a limited liability company agreement or other agreement  
4 or as otherwise permitted by law, including by the amendments of a limited liability  
5 company agreement or other agreement.

6 12. A new Section 79, entitled "Series of Members, Managers or Limited Liability Company  
7 Interest," is hereby added to read as follows:

8 Section 79. SERIES OF MEMBERS, MANAGERS OR LIMITED  
9 LIABILITY COMPANY INTERESTS.

10 (a) A limited liability company agreement may establish or provide for the establishment of  
11 designated series of members, managers or limited liability company interests having  
12 separate rights, powers or duties with respect to specified property or obligations of the  
13 limited liability company or profits and losses associated with specified property or  
14 obligations, and, to the extent provided in the limited liability company agreement, any  
15 such series may have a separate business purpose or investment objective.

16 (b) Notwithstanding anything to the contrary set forth in this chapter or under other  
17 applicable law, in the event that a limited liability company agreement creates 1 or more  
18 series, and if separate and distinct records are maintained for any such series and the assets  
19 associated with any such series are held and accounted for separately from the other assets  
20 of the limited liability company, or any other series thereof, and if the limited liability  
21 company agreement so provides, and notice of the limitation on liabilities of a series as  
22 referenced in this subsection is set forth in the certificate of formation of the limited  
23 liability company, then the debts, liabilities and obligations incurred, contracted for or  
24 otherwise existing with respect to a particular series shall be enforceable against the assets  
25 of such series only, and not against the assets of the limited liability company generally or  
26 any other series thereof, and unless otherwise provided in the limited liability company  
27 agreement none of the debts, liabilities, obligations and expenses incurred, contracted for  
28 or otherwise existing with respect to the limited liabilities company generally or any other

1 series thereof shall be enforceable against the assets of such series. The fact that a  
2 certificate of formation that contains the foregoing notice of the limitation on liabilities of a  
3 series is on file in the office of the Registrar of Corporations shall constitute notice of such  
4 limitation on liabilities of a series.

5 © Notwithstanding Section 20 of this title, under a limited liability company agreement or  
6 under another agreement, a member or manager may agree to be obligated personally for  
7 any or all of the debts, obligations and liabilities of one or more series.

8 (d) A limited liability company agreement may provide for classes or groups of members or  
9 managers associated with a series having such relative rights, powers and duties as the  
10 limited liability company agreement may provide, and may make provision for the future  
11 creation in the manner provided in the limited liability company agreement of additional  
12 classes or groups of members or managers associated with the series having such relative  
13 rights, powers and duties as may from time to time be established, including rights, powers  
14 and duties senior to existing classes and groups of members or managers associated with  
15 the series. A limited liability company agreement may provide for the taking of an action,  
16 including the amendment of the limited liability company agreement, without the vote or  
17 approval of any member or manager or class or group of members or managers, including  
18 an action to create under the provisions of the limited liability company agreement a class  
19 or group of the series of limited liability company interests that was not previously  
20 outstanding. A limited liability company agreement may provide that any member or class  
21 or group of members associated with a series shall have no voting rights.

22 (e) A limited liability company agreement may grant to all or certain identified members or  
23 managers or a specified class or group of the members or managers by members or  
24 managers associated with a series may be on a per capita, number, financial interest, class,  
25 group or any other basis.

26 (f) Unless otherwise provided in a limited liability company agreement, the management of  
27 a series shall be vested in the members associated with such series I proportion to the then  
28 current percentage or other interest of members in the profits of the series owned by all of

1 the members associated with such series, the decision of members owning more than 50  
2 percent of the said percentage or other interest in the profits controlling; provided,  
3 however, that if a limited liability company agreement provides for the management of the  
4 series, in whole or in part, by a manager, the management of the series, to the extent so  
5 provided, shall be vested in the manager who shall be chosen in the manner provided in the  
6 limited liability company agreement. The manager of the series shall also hold the offices  
7 and have the responsibilities accorded to the manager as set forth in a limited liability  
8 company agreement. A series may have more than 1 manager. Subject to 835 of the title,  
9 a manager shall cease to be a manager with respect to a series as provided in a limited  
10 liability company agreement. Except as otherwise provided in a limited liability company  
11 agreement, any event under this chapter or in a limited liability company agreement that  
12 causes a manager to cease to be a manager with respect to a series shall not, in itself, cause  
13 such manager to cease to be a manager of the limited liability company or with respect to  
14 any other series thereof.

15 (g) Notwithstanding 839 of this title, but subject to subsections (h) and (k) of this section,  
16 and unless otherwise provided in a limited liability company agreement, at the time a  
17 member associated with a series that has been established in accordance with subsection  
18 (b) of this section becomes entitled to receive a distribution with respect to such series, the  
19 member has the status of, and is entitled to all remedies available to, a creditor of the  
20 series, with respect to the distribution. A limited liability company agreement may provide  
21 for the establishment of a record date with respect to allocations and distributions with  
22 respect to a series.

23 (h) Notwithstanding 840 (a) of this title, a limited liability company may make a  
24 distribution with respect to a series that has been established in accordance with subsection  
25 (b) of this section; provided, that a limited liability company shall not make a distribution  
26 with respect to a series that has been established in accordance with subsection (b) of this  
27 section to a member to the extent that at the time of the distribution, after giving effect to  
28 the distribution, all liabilities of such series, other than liabilities to members on account of

1 their limited liability company interests with respect to such series and liabilities for which  
2 the resource of creditors is limited to specified property of such series, exceed the fair value  
3 of the assets associated with such series, except that the fair value of property of the series  
4 that is subject to a liability for which the resource of creditors is limited shall be included in  
5 the assets associated with such series only to the extent that the fair value of that property  
6 exceeds that liability. A member who receives a distribution in violation of this subsection,  
7 and who knew at the time of the distribution that the distribution violated this subsection,  
8 shall be liable to a series for the amount of the distribution. A member who receives a  
9 distribution in violation of this subsection, and who did not know at the time of the  
10 distribution that the distribution violated this subsection, shall not be liable for the amount  
11 of the distribution. Subject to 840 ( c ) of this title, which shall apply to any distribution  
12 made with respect to a series under this subsection, this subsection shall not affect any  
13 obligation or liability of a member under an agreement or other applicable law for the  
14 amount of a distribution.

15 (i) Unless otherwise provided in the limited liability company agreement, a member shall  
16 cease to be associated with a series and to have the power to exercise any rights or powers  
17 of a member with respect to such series upon the assignment of all of the member's limited  
18 liability company interest with respect to such series. Except as otherwise provided in a  
19 limited liability company agreement, any event under this chapter or a limited liability  
20 company agreement that causes a member to cease to be associated with a series shall not,  
21 in itself, cause such member to cease to be associated with any other series or terminate the  
22 continued membership of a member in the limited liability company or cause the  
23 termination of the series, regardless of whether such member was the last remaining  
24 member associated with such series.

25 (j) Subject to 846 of this title, except to the extent otherwise provided in the limited liability  
26 company agreement, a series may be terminated and its affairs wound up without causing  
27 the dissolution of the limited liability company. The termination of a series established in  
28 accordance with subsection (b) of this section shall not affect the limitation on liabilities of

1 such series provided by subsection (b) of this section. A series is terminated and its affairs  
2 shall be wound up upon the dissolution of the limited liability company under 846 of this  
3 title or otherwise upon the first to occur of the following:

- 4 (1) At the time specified in the limited liability company agreement;
- 5 (2) Upon the happening of events specified in the limited liability company  
6 agreement;
- 7 (3) Unless otherwise provided in the limited liability company agreement, upon the  
8 written consent of the members of the limited liability company associated with  
9 such series, or if there is more than 1 class or group of members associated with  
10 such series, then by each class or group of members associated with such series, in  
11 either case, by members associated with such series who own more than two-thirds  
12 of the then current percentage or other interest in the profits of the series of the  
13 limited liability company owned by all of the members associated with such series or  
14 by the members in each class or group of such series, as appropriate;
- 15 (4) At any time there are no members associated with the series, provided, that,  
16 unless otherwise provided in the limited liability company agreement, the series is  
17 not terminated and is not required to be wound up if, within 90 days or such other  
18 period as is provided for in the limited liability company agreement after the  
19 occurrence of the event that terminated the continued membership of the last  
20 remaining member associated with the series, the personal representative of the last  
21 member associated with the series agrees in writing to continue the business of the  
22 series and to the admission of a personal representative of such member or its  
23 nominee or designee to the limited liability company as a member associated with  
24 the series, effective as of the occurrence of the event that terminated the continued  
25 membership of the last remaining member associated with the series; or
- 26 (5) The termination of such series under subsection (1) of this section.
- 27 (k) Notwithstanding 848 (a) of this title, unless otherwise provided in the limited liability  
28 company agreement, a manager associated with a series who has not wrongfully

1 terminated the series or, if none, the members associated with the series or a person  
2 approved by the members associated with the series or, if there is more than 1 class or  
3 group of members associated with the series, then by each class or group of members  
4 associated with the series, in either case, by members who own more than 50 percent of the  
5 then current percentage or other interest in the profits of the series owned by all of the  
6 members associated with the series or by the members in each class or group associated  
7 with the series, as appropriate, may wind up the affairs of the series; but, if the series has  
8 been established in accordance with subsection (b) of this section, the High Court, upon  
9 cause shown, may wind up the affairs of the series upon application of any member  
10 associated with the series, the member's personal representative or assignee, and in  
11 connection therewith, may appoint a liquidating trustee. The persons winding up the  
12 affairs of a series may, in the name of the limited liability company and for and on behalf of  
13 the limited liability company and such series, take all actions with respect to the series as  
14 are permitted under 848 (b) of this title. The person winding up the affairs of a series shall  
15 provide for the claims and obligations of the series as provided in 849 (b) of this title and  
16 distribute the assets of the series as provided in 849 (a) of this title. Actions taken in  
17 accordance with this subsection shall not affect the liability of members and shall not  
18 impose liability on a liquidating trustee.

19 (l) On application by or for a member or manager associated with a series established in  
20 accordance with subsection (b) of this section, the High Court may decree termination of  
21 such series whenever it is not reasonably practicable to carry on the business of the series  
22 in conformity with a limited liability company agreement.

23 (m) If a foreign limited liability company that is registering to do business in the Marshall  
24 Islands in accordance with 851 of this title is governed by a limited liability company  
25 Agreement that establishes or provides for the establishment of designated series of  
26 members, managers, or limited liability company interests having separate rights, powers  
27 or duties with respect to specified property or obligations of the foreign limited liability  
28 company or profits and losses associated with specified property or obligations, that fact

1 shall be so stated on the application for registration as a foreign limited liability company.

2 In addition, the foreign limited liability company shall state on such application whether  
3 the debts, liabilities and obligations incurred, contracted for or otherwise existing with  
4 respect to a particular series, if any, shall be enforceable against the assets of such series  
5 only, and not against the assets of the foreign limited liability company generally or any  
6 other series thereof, and unless otherwise provided in the limited liability company  
7 agreement, none of the debts, liabilities, obligations and expenses incurred, contracted for  
8 or otherwise existing with respect to the foreign limited liability company generally or any  
9 other series thereof shall be enforceable against the assets of such series.

10 13. The following new section should follow "Series of Members, Managers or Limited  
11 Liability Company Interests." This new Section, entitled "Approval of Conversion of Limited  
12 Liability Company," is hereby added to read as follows:

13 **SECTION 80. APPROVAL OF CONVERSION OF LIMITED**

14 **LIABILITY COMPANY.**

15 A domestic limited liability company may convert to a trust, a general partnership or a  
16 Limited partnership organized, formed or created under the laws of the Marshall Islands,  
17 Upon the authorization of such conversion in accordance with this section. If the limited  
18 Liability company agreement specifies the manner of authorizing a conversion of the limited  
19 Liability company, the conversion shall be authorized as specified in the limited liability  
20 company agreement. If the limited liability company agreement does not specify the  
21 manner of authorizing a conversion of the limited liability company, and does not prohibit  
22 a conversion of the limited liability company, the conversion shall be authorized in the  
23 same manner as is specified in the limited liability agreement for authorizing a merger or  
24 consolidation that involves the limited liability company as a constituent party to the  
25 merger or consolidation. If the limited liability company agreement does not specify the  
26 manner of authorizing a conversion of the limited liability company or a merger or  
27 consolidation that involves the limited liability company as a constituent party and does not  
28 prohibit a conversion of the limited liability company, the conversion shall be authorized

1 by the approval of the members or, if there is more than 1 class or group of members, then  
2 by each class or group of members, in either case, by members who own more than 50  
3 percent of the then current percentage or other interest in the profits of the domestic  
4 limited liability company owned by all the members or by the members in each class or  
5 group as appropriate.

6 14. Section 18, entitled "Admission of Members," is hereby amended to add new sections

7 18. (b)(3), 18. (d) and amend section 18. ( c):

8 **Section 18. ADMISSION OF MEMBERS.**

9 (b)(3) Unless otherwise provided in an agreement of merger or consolidation, in the  
10 case of a person acquiring a limited liability company interest in a surviving or  
11 resulting limited liability company pursuant to a merger or consolidation approved  
12 in accordance with 817(b) of this title, at the time provided in and upon compliance  
13 with the limited liability company agreement of the surviving or resulting limited  
14 liability company.

15 (c ) A person may be admitted to limited liability company as a member and may receive an  
16 interest in the limited liability company without making a contribution or being obligated to  
17 make a contribution to the limited liability company. **In connection with the domestication of**  
18 **a non-Marshall Islands entity (as defined in 876 of this title) as a limited liability company**  
19 **in the Marshall Islands in accordance with 876 of this title or the conversion of an other**  
20 **entity (as defined in 878 of this title) to a domestic limited liability company in accordance**  
21 **with 878 of this title, a person is admitted as a member of the limited liability company at**  
22 **the time provided in and upon compliance with the limited liability company agreement.**

23 (d) A person may be admitted to limited liability company as a member of the limited  
24 liability company and may receive a limited liability company interest in the limited  
25 liability company without making a contribution or being obligated to make a contribution]  
26 to the limited liability company. Unless otherwise provided in a limited liability company  
27 agreement, a person may be admitted to a limited liability company as a member of the  
28 limited liability company without acquiring a limited liability company interest in the

1 limited liability company. Unless otherwise provided in a limited liability company  
2 agreement, a person may be admitted as the sole member of a limited liability company  
3 without making a contribution or being obligated to make a contribution to the limited  
4 liability company or without acquiring a limited liability company interest in the limited  
5 liability company.

6 15. Section 19, entitled "Classes and Voting," is hereby amended as follows:

7 **Section 19. CLASSES AND VOTING**

8 (c) A limited liability company agreement may set forth provisions  
9 relating to notice of the time, place or purpose of any meeting at which any matter is to be voted  
10 on by any members, waiver of any notice, action by consent without a meeting, the establishment  
11 of a record date, quorum requirements, voting in person or by proxy, or any other matter with  
12 respect to the exercise of any such right to vote.

13 (d) Unless otherwise provided in a limited liability company agreement, on any matter that  
14 is to be voted on by members, the members may take such action without a meeting,  
15 without prior notice and without a vote if a consent or consents in writing, setting forth the  
16 action so taken, shall be signed by the members having not less than the minimum number  
17 of votes that would be necessary to authorized or take such action at a meeting. Unless  
18 otherwise provided in a limited liability company agreement, on any matter that is to be  
19 voted on by members, the members may vote in person or by proxy.

20 16. Section 20, entitled "Liability to Third Parties," is hereby amended as follows:

21 **Section 20. LIABILITY TO THIRD PARTIES.**

22 (a) Except as otherwise provided by this chapter, the debts, obligations and liabilities of a limited  
23 liability company, whenever arising in contract, tort or otherwise, shall be solely the debts,  
24 obligations and liabilities of the limited liability company; and no member or manager of a  
25 limited liability company shall be obligated personally for any such debt, obligation or liability  
26 of the limited liability company solely by reason of being a member or acting as a manager of the  
27 limited liability company.

1 (b) Notwithstanding the provisions of subsection (a) of this section, under a limited liability  
2 company agreement or under another agreement, a member or manager may agree to be  
3 obligated personally for any or all of the debts, obligations and liabilities of the limited  
4 liability company.

5 17. Section 25, entitled "Management of Limited Liability Company," is hereby amended as  
6 follows:

7 **Section 25. MANAGEMENT OF LIMITED LIABILITY COMPANY.**

8 Unless otherwise provided in a limited liability company agreement, the management of a  
9 limited liability company shall be vested in its members in proportions to the then current  
10 percentage or other interest of members in the profits of the limited liability company owned by  
11 all of the members, the decision of members owning more than 50 percent of the said percentage  
12 of other interest in the profits controlling; provided, however, that if a limited liability company  
13 agreement provides for the management, in whole or in part, of a limited liability company by a  
14 manager, the management of the limited liability company, to the extent so provided, shall be  
15 vested in the manager who shall be chosen in the manner provided in the  
16 limited liability company agreement...

17 18. Section 27, entitled "Classes and Voting," is amended by deleting certain provisions  
18 and adding a new subsection (d) to read as follows:

19 **Section 27. CLASSES AND VOTING.**

20 (c) A limited liability company agreement may set forth provisions  
21 relating to notice of the time, place or purpose of any meeting at which any matter is to be voted  
22 on by any manager of class or group of managers, waiver of any such notice, action by consent  
23 without a meeting, the establishment of a record date, quorum requirements, voting in person or  
24 by proxy, or any other matter with respect to the exercise of any such right to vote.

25 (d) Unless otherwise provided in a limited liability company agreement, on any matter  
26 that is to be voted on by managers, the managers may take such action without a meeting,  
27 without prior notice and without a vote if a consents in writing, setting forth the  
28 action so taken, shall be signed by the managers having not less than the minimum number

1 of votes that would be necessary to authorize or take such action at a meeting. Unless  
2 otherwise provided in a limited liability company agreement, on any matter that is to be  
3 voted on by managers, the managers may vote in person or by proxy.

4 19. A new Section 81, entitled "Delegation of Rights and Powers to Manage," is hereby added  
5 to read as follows:

6 **Section 81. DELEGATION OF RIGHTS AND POWERS TO MANAGE.**

7 Unless otherwise provided in the limited liability company agreement, a member or  
8 manager of a limited liability company has the power and authority to delegate to 1 or  
9 more other persons the member's or manager's , as the case may be, rights and powers to  
10 manage and control the business and affairs of the limited liability company, including  
11 to delegate to agents, officers and employees of a member or manager or the limited  
12 liability company, and to delegate by a management agreement or another agreement with,  
13 or otherwise to, other persons. Unless otherwise provided in the limited liability company  
14 agreement, such delegation by a member or manager of a limited liability company shall  
15 not cause the member or manager to cease to be a member or manager, as the case may be,  
16 of the limited liability company.

17 20. A new Section 82, entitled "Defense of Usury Not Available," is hereby added to read as  
18 follows:

19 **Section 82. DEFENSE OF PROFIT USURY NOT AVAILABLE.**

20 No obligation of a member or manager of a limited liability company to the limited liability  
21 company arising under the limited liability company agreement or a separate agreement or  
22 writing, and no vote, instrument or other writing evidencing any such obligation of a  
23 member or manager shall be subject of the defense of usury, and no member or manager  
24 shall interpose the defense of usury with respect to any such obligation in any action.

25 21. Section 35, entitled "Resignation of Manager," is hereby amended as follows:

26 **Section 35. RESIGNATION OF MANAGER.**

27 A manager may resign as a manager of a limited liability company at the time or upon the  
28 Happening of events specified in a limited liability company agreement in accordance with the

1 limited liability company agreement. A limited liability company agreement may provide  
2 that a manager shall not have the right to resign as a manager of a limited liability  
3 company. Notwithstanding that a limited liability company agreement provides that a  
4 manager does not have the right to resign as a manager of a limited liability company, a  
5 manager may resign as a manager of a limited liability company at any time by giving  
6 written notice to the members and other managers. If the resignation of a manager violates  
7 a limited liability company agreement, in addition to any remedies otherwise available  
8 under applicable law, a limited liability company may recover from the resigning manager  
9 damages for breach of the limited liability company agreement and offset the damages  
10 against the amount otherwise distributable to the resigning manager.

11 22. Section 37, entitled "Distribution Upon Resignation," should be deleted in its entirety and  
12 substituting in lieu thereof the following:

13 **Section 37. DISTRIBUTION UPON RESIGNATION.**

14 Except as otherwise provided in this subchapter, a member who resigns or otherwise ceases  
15 for any reason to be a member is entitled to receive on the terms and conditions provided  
16 in a limited liability company agreement any distribution to which such member is entitled  
17 under the limited liability company agreement, and if not otherwise provided in the limited  
18 liability company agreement, such member is entitled to receive, within a reasonable time  
19 after the date on which such member resigned or otherwise ceased to be a member, the fair  
20 value of such member's interest in the limited liability company as of the date on which  
21 such member resigned or otherwise ceased to be a member based upon such member's  
22 right to share in distributions from the limited liability company.

23 23. Section 42, entitled "Assignment of Limited Liability Company Interest," is hereby  
24 amended by adding the following subsection (e) which reads as follows:

25 **Section 42. ASSIGNMENT OF LIMITED LIABILITY COMPANY INTEREST.**

26 (e) Unless otherwise provided in the limited liability company agreement, a limited liability  
27 company may acquire, by purchase, redemption or otherwise, any limited liability  
28 company interest or other interest of a member or manager in the limited liability

1 company. Unless otherwise provided in the limited liability company agreement, any such  
2 interest so acquired by the limited liability company shall deemed canceled.

3 24. Section 45, entitled "Powers of Estate of Deceased or Incompetent Member," is hereby  
4 amended as follows:

5 **Section 45. POWERS OF ESTATE OF DECEASED OR INCOMPETENT MEMBER.**

6 If a member who is an individual dies or a court of competent jurisdiction adjudges him to be  
7 incompetent to manage his person or his property, the member's executor, administrator,  
8 guardian, conservator or **the member's personal representative** may exercise all of the  
9 member's rights for the purpose of settling his estate or administering the member's property,  
10 including any power under a limited liability company agreement of an assignee to become a  
11 member. If a member is a corporation, trust or other entity and is dissolved or terminated, the  
12 powers of that member may be exercised by its legal representative or successor **or personal**  
13 **representative.**

14 **25. Section 46. DISSOLUTION.**

15 Section 46(1)3. should read:

16 3. The written consent of all members; or, **if there is more than 1 class or group of members,**  
17 **then by each class or group of members, in either case, by members who own more than**  
18 **two-thirds of the then current percentage or other interest in the profits of the limited**  
19 **liability company owned by all of the members or by the members in each class or group,**  
20 **as appropriate;**

21 Section 46(4) should be added to read:

22 **Unless otherwise provided in a limited liability company agreement, the death, retirement,**  
23 **Resignation, expulsion., bankruptcy or dissolution of any member or the occurrence of any**  
24 **other event that terminates the continued membership of any member shall not cause the**  
25 **limited liability company to be dissolved or its affairs to be wound up, and upon the**  
26 **occurrence of any such event, the limited liability company shall be continued without**  
27 **dissolution, unless within 90 days following the occurrence of such event, members of the**  
28 **limited liability company or, if there is more than 1 class or group or member, then each**

1 class or group of members, in either case, by members who own more than 50 percent of  
2 the then current percentage or other interest in the profits of the limited liability company  
3 owned by all of the members or by the members in each class or group, as appropriate,  
4 agree in writing to dissolve the limited liability company.

5 26. Section 48, entitled "Winding Up," is hereby amended as follows:

6 **Section 48. WINDING UP.**

7 (a) Unless otherwise provided in a limited liability company agreement, a manager who has not  
8 wrongfully dissolved a limited liability company or, if none, the members or a person approved  
9 by the members or, if there is more than one class or group of members, then by each class or  
10 group of members, in either case, by the members in each class or group, as appropriate, may  
11 wind up the limited liability company's affairs; but the High Court of the Republic, upon cause  
12 shown, may wind up the limited liability company's affairs upon application of any member or  
13 manager, **the member's or manager's personal representative** or assignee, and in connection  
14 therewith, may appoint a liquidating trustee.

15 27. Section 53, entitled "Name; Registered Agent," is hereby amended as follows:

16 **Section 53. NAME; REGISTERED AGENT.**

17 (a) A foreign limited liability company may register with the Registrar of Corporations under any  
18 name (whether or not it is the "name under which it is registered in the jurisdiction of its  
19 formation) that includes the words "Limited Liability Company" or the abbreviation "L.L.C."  
20 and that could be registered as a domestic limited liability company; provided, however that a  
21 foreign limited liability company may register under any name which is not such as to  
22 distinguish it upon the records in the Office of the Registrar of Corporations from the name of  
23 any domestic or foreign corporation, **trust**, limited liability company or limited partnership or  
24 partnership or foreign maritime entity reserved, registered or organized under the laws of the  
25 Republic of the Marshall Islands with the written consent of the other corporation, business trust,  
26 Limited liability company or limited partnership, which written consent shall be filed with the  
27 Registrar of Corporations.

28 28. Section 61, entitled "Right to Bring Action," is hereby amended as follows:

**Section 61. RIGHT TO BRING ACTION.**

A member or an assignee of a limited liability company interest may bring an action in the High Court of the Republic in the right of a limited company to recover a judgement in its favor if managers or members with authority to do so have refused to bring the action or if an effort to cause those managers or members to bring the action is not likely to succeed .

Section 62, entitled "Proper Plaintiff." is hereby amended as follows:

In a derivative action, the plaintiff must be a member or an assignee of a limited liability company interest at the time of bringing the action:

(1) At the time of the transaction of which he complains; or

(2) His status as a member or an assignee of a limited liability company interest had devolved upon him by operation of law or pursuant to the terms of a limited liability company agreement from a person who was a member or an assignee of a limited liability company interest at the time of the transaction.

**Section 3. Effective Date.**

This Act shall take effect on the date of certification in accordance with Article IV, Section 21 of the Constitution.

Certificate

I hereby certify:

(1) that the above Nitijela Bill No. 7 has been passed by the Nitijela of the Marshall Islands this 10<sup>th</sup> day of March, 2000; and

1 BILL NO. 7

2 \_\_\_\_\_  
3 P.L. 2000-14

4 (2) that I am satisfied that Nitijela Bill No. 7 has been passed in  
5 accordance with the Constitution of the Marshall Islands and the Rules of the Nitijela.

6 I hereby place my signature before the Clerk of the Nitijela this 22nd day of  
7 March, 2000.

8 ATTEST:

9   
10 \_\_\_\_\_  
11 Litokwa Tomeing, Speaker  
Nitijela of the Marshall Islands

12   
13 \_\_\_\_\_  
14 Joe Riklon, Clerk  
Nitijela of the Marshall Islands