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5 Strike everything after the enacting clause and insert the
6 following:

7 "NEW SECTION. **Sec. 1.** This subchapter applies to limited
8 liability partnerships. All other provisions of this chapter, not in
9 conflict with this subchapter, also apply.

10 NEW SECTION. **Sec. 2.** Unless the context clearly requires
11 otherwise, the definitions in this section apply throughout this
12 subchapter.

13 (1) "Limited liability partnership" or "partnership" means a
14 partnership formed pursuant to an agreement governed by the laws of
15 this state, registered under section 6 of this act.

16 (2) "Foreign limited liability partnership" means a limited
17 liability partnership formed pursuant to an agreement governed by the
18 laws of another jurisdiction.

19 NEW SECTION. **Sec. 3.** (1) To become and to continue as a limited
20 liability partnership, a partnership shall file with the secretary of
21 state an application stating the name of the partnership; the address
22 of its principal office; if the partnership's principal office is not
23 located in this state, the address of a registered office and the name
24 and address of a registered agent for service of process in this state
25 which the partnership will be required to maintain; the number of
26 partners; a brief statement of the business in which the partnership
27 engages; any other matters that the partnership determines to include;
28 and that the partnership thereby applies for status as a limited
29 liability partnership.

30 (2) The application shall be executed by a majority in interest of
31 the partners or by one or more partners authorized to execute an
32 application.

33 (3) The application shall be accompanied by a fee of one hundred
34 seventy-five dollars for each partnership.

1 (4) The secretary of state shall register as a limited liability
2 partnership any partnership that submits a completed application with
3 the required fee.

4 (5) A partnership registered under this section shall pay an annual
5 fee, in each year following the year in which its application is filed,
6 on a date and in an amount specified by the secretary of state. The
7 fee must be accompanied by a notice, on a form provided by the
8 secretary of state, of the number of partners currently in the
9 partnership and of any material changes in the information contained in
10 the partnership's application for registration.

11 (6) Registration is effective immediately after the date an
12 application is filed, and remains effective until: (a) It is
13 voluntarily withdrawn by filing with the secretary of state a written
14 withdrawal notice executed by a majority in interest of the partners or
15 by one or more partners authorized to execute a withdrawal notice; or
16 (b) thirty days after receipt by the partnership of a notice from the
17 secretary of state, which notice shall be sent by certified mail,
18 return receipt requested, that the partnership has failed to make
19 timely payment of the annual fee specified in subsection (5) of this
20 section, unless the fee is paid within such a thirty-day period.

21 (7) The status of a partnership as a limited liability partnership,
22 and the liability of the partners thereof, shall not be affected by:
23 (a) Errors in the information stated in an application under subsection
24 (1) of this section or a notice under subsection (5) of this section;
25 or (b) changes after the filing of such an application or notice in the
26 information stated in the application or notice.

27 (8) The secretary of state may provide forms for the application
28 under subsection (1) of this section or a notice under subsection (5)
29 of this section.

30 NEW SECTION. **Sec. 4.** The name of a limited liability partnership
31 shall contain the words "limited liability partnership" or the
32 abbreviation "L.L.P." or "LLP" as the last words or letters of its
33 name.

34 NEW SECTION. **Sec. 5.** A person or group of persons licensed or
35 otherwise legally authorized to render professional services, as
36 defined in RCW 18.100.030, within this state may organize and become a
37 member or members of a limited liability partnership under the

1 provisions of this chapter for the purposes of rendering professional
2 service. Nothing in this section prohibits a person duly licensed or
3 otherwise legally authorized to render professional services in any
4 jurisdiction other than this state from becoming a member of a limited
5 liability partnership organized for the purpose of rendering the same
6 professional services. Nothing in this section prohibits a limited
7 liability partnership from rendering professional services outside this
8 state through individuals who are not duly licensed or otherwise
9 legally authorized to render such professional services within this
10 state.

11 NEW SECTION. **Sec. 6.** (1) A limited liability partnership formed
12 and existing under this chapter, may conduct its business, carry on its
13 operations, and have and exercise the powers granted by this chapter in
14 any state, territory, district, or possession of the United States or
15 in any foreign country.

16 (2) It is the intent of the legislature that the legal existence of
17 a limited liability partnership formed and existing under this chapter
18 be recognized outside the boundaries of this state and that the laws of
19 this state governing a limited liability partnership transacting
20 business outside this state be granted the protection of full faith and
21 credit under the Constitution of the United States.

22 (3) The internal affairs of a partnership, including a limited
23 liability partnership formed and existing under this chapter, including
24 the liability of partners for debts, obligations, and liabilities of or
25 chargeable to the partnership, shall be subject to and governed by the
26 laws of this state.

27 (4) Subject to any statutes for the regulation and control of
28 specific types of business, a foreign limited liability partnership,
29 formed and existing under the laws of another jurisdiction, may do
30 business in this state provided it registers with the secretary of
31 state under this chapter in the same manner as a limited liability
32 partnership.

33 (5) It is the policy of this state that the internal affairs of a
34 foreign limited liability partnership, including the liability of
35 partners for debts, obligations, and liabilities of or chargeable to
36 partnerships, shall be subject to and governed by the laws of such
37 other jurisdiction. However, a foreign limited liability partnership
38 formed and existing under the laws of another jurisdiction is subject

1 to section 7 of this act if it renders professional services, as
2 defined in RCW 18.100.030, in this state.

3 NEW SECTION. **Sec. 7.** (1) Except as provided in subsection (2) of
4 this section, all partners are liable:

5 (a) Jointly and severally for everything chargeable to the
6 partnership under RCW 25.04.130 and 25.04.140; and

7 (b) Jointly for all other debts and obligations of the partnership;
8 but any partner may enter into a separate obligation to perform a
9 partnership contract;

10 (c) Except that:

11 (i) In no event shall a trustee or personal representative, a
12 fiduciary, acting as a partner have personal liability except as
13 provided in RCW 11.98.110 (2) and (4);

14 (ii) Any such liability under this section shall be satisfied first
15 from the partnership assets and second from the trust or estate; and

16 (iii) If a fiduciary is liable, the fiduciary is entitled to
17 indemnification first from the partnership assets and second from the
18 trust or estate.

19 (2) Subject to subsections (3) and (5) of this section, a partner
20 in a limited liability partnership is not liable directly or
21 indirectly, including by way of indemnification, contribution,
22 assessment, or otherwise for debts, obligations, and liabilities of or
23 chargeable to the partnership, whether in tort, contract or otherwise,
24 arising from omissions, negligence, wrongful acts, misconduct, or
25 malpractice committed in the course of the partnership business by
26 another partner or an employee, agent, or representative of the
27 partnership.

28 (3) Subsection (2) of this section shall not affect the liability
29 of a partner in a limited liability partnership for his or her own
30 omissions, negligence, wrongful acts, misconduct, or malpractice or
31 that of any person under his or her direct supervision and control.

32 (4) A partner in a limited liability partnership is not a proper
33 party to a proceeding by or against a limited liability partnership,
34 the object of which is to recover damages or enforce the obligations
35 arising from omissions, negligence, wrongful acts, misconduct, or
36 malpractice described in subsection (2) of this section, unless such
37 partner is personally liable under subsection (3) or (5) of this
38 section.

1 (5) If the partners of a limited liability partnership or foreign
2 limited liability partnership are required to be licensed to provide
3 professional services, as defined in RCW 18.100.030, and the
4 partnership fails to maintain for itself and for its members practicing
5 in this state a policy of professional liability insurance, bond,
6 deposit in trust, bank escrow of cash, bank certificates of deposit,
7 United States Treasury obligations, bank letter of credit, insurance
8 company bond, or other evidence of financial responsibility of a kind
9 designated by rule by the state insurance commissioner and in the
10 amount of at least one million dollars or such greater amount, not to
11 exceed three million dollars, as the state insurance commissioner may
12 establish by rule for a licensed profession or for any specialty within
13 a profession, taking into account the nature and size of the businesses
14 within the profession or specialty, then the partners shall be
15 personally liable to the extent that, had such insurance, bond, deposit
16 in trust, bank escrow of cash, bank certificates of deposit, United
17 States Treasury obligations, bank letter of credit, insurance company
18 bond, or other evidence of responsibility been maintained, it would
19 have covered the liability in question.

20 NEW SECTION. **Sec. 8.** The rights and duties of the partners in
21 relation to the partnership shall be determined, subject to any
22 agreement between them, by the following rules:

23 (1) Each partner shall be repaid his or her contributions, whether
24 by way of capital or advances to the partnership property and share
25 equally in the profits and surplus remaining after all liabilities,
26 including those to partners, are satisfied; and except as provided in
27 section 7(2) of this act, each partner must contribute toward the
28 losses, whether of capital or otherwise, sustained by the partnership
29 according to his or her share in the profits.

30 (2) The partnership must indemnify every partner in respect of
31 payments made and personal liabilities reasonably incurred by him or
32 her in the ordinary and proper conduct of its business, or for the
33 preservation of its business or property.

34 (3) A partner, who in aid of the partnership makes any payment or
35 advance beyond the amount of capital which he or she agreed to
36 contribute, shall be paid interest from the date of the payment or
37 advance.

1 (4) A partner shall receive interest on the capital contributed by
2 him or her only from the date when repayment should be made.

3 (5) All partners have equal rights in the management and conduct of
4 the partnership business.

5 (6) No partner is entitled to remuneration for acting in the
6 partnership business, except that a surviving partner is entitled to
7 reasonable compensation for his or her services in winding up the
8 partnership affairs.

9 (7) No person can become a member of a partnership without the
10 consent of all the partners.

11 (8) Any difference arising as to ordinary matters connected with
12 the partnership business may be decided by a majority of the partners;
13 but no act in contravention of any agreement between the partners may
14 be done rightfully without the consent of all the partners.

15 NEW SECTION. **Sec. 9.** Where a dissolution is caused by the act,
16 death, or bankruptcy of a partner, each partner is liable to his or her
17 copartners for his or her share of any liability created by any partner
18 acting for the partnership as if the partnership had not been dissolved
19 unless:

20 (1) The dissolution being by act of any partner, the partner acting
21 for the partnership had knowledge of the dissolution; or

22 (2) The dissolution being by the death or bankruptcy of a partner,
23 the partner acting for the partnership had knowledge or notice of the
24 death or bankruptcy; or

25 (3) The liability is for a debt, obligation, or liability for which
26 the partner is not liable as provided in section 7(2) of this act.

27 NEW SECTION. **Sec. 10.** (1) The dissolution of the partnership does
28 not of itself discharge the existing liability of any partner.

29 (2) A partner is discharged from any existing liability upon
30 dissolution of the partnership by an agreement to that effect between
31 himself or herself, the partnership creditor and the person or
32 partnership continuing the business; and such agreement may be inferred
33 from the course of dealing between the creditor having knowledge of the
34 dissolution and the person or partnership continuing the business.

35 (3) Where a person agrees to assume the existing obligations of a
36 dissolved partnership, the partners whose obligations have been assumed
37 shall be discharged from any liability to any creditor of the

1 partnership who, knowing of the agreement, consents to a material
2 alteration in the nature or time of payment of such obligations.

3 (4) The individual property of a deceased partner shall be liable
4 for those obligations of the partnership incurred while he or she was
5 a partner and for which he or she was liable under section 7 of this
6 act, but subject to the prior payment of his or her separate debts.

7 NEW SECTION. **Sec. 11.** In settling accounts between the partners
8 after dissolution, the following rules shall be observed, subject to
9 any agreement to the contrary:

10 (1) The assets of the partnership are:

11 (a) The partnership property;

12 (b) The contributions of the partners specified in subsection (4)
13 of this section.

14 (2) The liabilities of the partnership shall rank in order of
15 payment, as follows:

16 (a) Those owing to creditors other than partners;

17 (b) Those owing to partners other than for capital and profits;

18 (c) Those owing to partners in respect of capital;

19 (d) Those owing to partners in respect of profits.

20 (3) The assets shall be applied in the order of their declaration
21 in subsection (1) of this section to the satisfaction of the
22 liabilities.

23 (4) Except as provided in section 7(2) of this act: (a) The
24 partners shall contribute, as provided by section 8(1) of this act the
25 amount necessary to satisfy the liabilities; and (b) if any, but not
26 all, of the partners are insolvent, or, not being subject to process,
27 refuse to contribute, the other partners shall contribute their share
28 of the liabilities, and, in the relative proportions in which they
29 share the profits, the additional amount necessary to pay the
30 liabilities.

31 (5) An assignee for the benefit of creditors or any person
32 appointed by the court shall have the right to enforce the contribution
33 specified in subsection (4) of this section.

34 (6) Any partner or his or her legal representative shall have the
35 right to enforce the contributions specified in subsection (4) of this
36 section, to the extent of the amount which he or she has paid in excess
37 of his or her share of the liability.

1 (7) The individual property of a deceased partner shall be liable
2 for the contributions specified in subsection (4) of this section.

3 (8) When partnership property and the individual properties of the
4 partners are in possession of a court for distribution, partnership
5 creditors shall have priority on partnership property and separate
6 creditors on individual property, saving the rights of lien or secured
7 creditors as heretofore.

8 (9) Where a partner has become bankrupt or his or her estate is
9 insolvent the claims against his or her separate property shall rank in
10 the following order:

11 (a) Those owing to separate creditors;

12 (b) Those owing to partnership creditors;

13 (c) Those owing to partners by way of contribution.

14 NEW SECTION. Sec. 12. Sections 1 through 11 of this act are each
15 added to chapter 25.04 RCW and codified with the subchapter heading of
16 "limited liability partnerships."

17 **Sec. 13.** RCW 25.15.005 and 1994 c 211 s 101 are each amended to
18 read as follows:

19 As used in this chapter, unless the context otherwise requires:

20 (1) "Certificate of formation" means the certificate referred to in
21 RCW 25.15.070, and the certificate as amended.

22 (2) "Event of dissociation" means an event that causes a person to
23 cease to be a member as provided in RCW 25.15.130.

24 (3) "Foreign limited liability company" means an entity that is
25 formed under:

26 (a) ~~((An unincorporated enterprise;~~

27 ~~(b) Organized under the)) The limited liability company laws of
28 ~~((a)) any state other than ((the laws of)) this state, or ((under the))~~~~

29 ~~(b) The laws of any foreign country((;~~

30 ~~(c) Organized)) that is: (A) An unincorporated association, (B)
31 formed under a statute pursuant to which an ((enterprise)) association
32 may be formed that affords to each of its members limited liability
33 with respect to the liabilities of the entity((;))_L and ((-d) Is)) (C)
34 not required, in order to transact business or conduct affairs in this
35 state, to be registered or ((organized under any statute of this state
36 other than this chapter)) qualified under Title 23B or 24 RCW, or any
37 other chapter of the Revised Code of Washington authorizing the~~

1 formation of a domestic entity and the registration or qualification in
2 this state of similar entities formed under the laws of a jurisdiction
3 other than this state.

4 (4) "Limited liability company" and "domestic limited liability
5 company" means a limited liability company organized and existing under
6 this chapter.

7 (5) "Limited liability company agreement" means any written
8 agreement as to the affairs of a limited liability company and the
9 conduct of its business which is binding upon all of the members.

10 (6) "Limited liability company interest" means a member's share of
11 the profits and losses of a limited liability company and a member's
12 right to receive distributions of the limited liability company's
13 assets.

14 (7) "Manager" or "managers" means, with respect to a limited
15 liability company that has set forth in its certificate of formation
16 that it is to be managed by managers, the person, or persons designated
17 in accordance with RCW 25.15.150(2).

18 (8) "Member" means a person who has been admitted to a limited
19 liability company as a member as provided in RCW 25.15.115 and who has
20 not been dissociated from the limited liability company.

21 (9) "Person" means a natural person, partnership (whether general
22 or limited and whether domestic or foreign), limited liability company,
23 foreign limited liability company, trust, estate, association,
24 corporation, custodian, nominee, or any other individual or entity in
25 its own or any representative capacity.

26 (10) "Professional limited liability company" means a limited
27 liability company which is organized for the purpose of rendering
28 professional service and whose certificate of formation sets forth that
29 it is a professional limited liability company subject to RCW
30 25.15.045.

31 (11) "Professional service" means (~~any type of personal service to~~
32 ~~the public which requires as a condition precedent to the rendering of~~
33 ~~such service the obtaining of a license or other legal authorization,~~
34 ~~including, but not by way of limitation, certified public accountants,~~
35 ~~architects, veterinarians, attorneys at law, and health professions~~
36 ~~regulated under chapter 18.130 RCW)) the same as defined under RCW
37 18.100.030.~~

1 (12) "State" means the District of Columbia or the Commonwealth of
2 Puerto Rico or any state, territory, possession, or other jurisdiction
3 of the United States other than the state of Washington.

4 **Sec. 14.** RCW 25.15.045 and 1994 c 211 s 109 are each amended to
5 read as follows:

6 (1) A person or group of persons licensed or otherwise legally
7 authorized to render professional services within this state may
8 organize and become a member or members of a professional limited
9 liability company under the provisions of this chapter for the purposes
10 of rendering professional service. A "professional limited liability
11 company" is subject to all the provisions of chapter 18.100 RCW that
12 apply to a professional corporation, and its managers, members, agents,
13 and employees shall be subject to all the provisions of chapter 18.100
14 RCW that apply to the directors, officers, shareholders, agents, or
15 employees of a professional corporation, except as provided otherwise
16 in this section. Nothing in this section prohibits a person duly
17 licensed or otherwise legally authorized to render professional
18 services in any jurisdiction other than this state from becoming a
19 member of a professional limited liability company organized for the
20 purpose of rendering the same professional services. Nothing in this
21 section prohibits a professional limited liability company from
22 rendering professional services outside this state through individuals
23 who are not duly licensed or otherwise legally authorized to render
24 such professional services within this state. Notwithstanding RCW
25 18.100.065, persons engaged in a profession and otherwise meeting the
26 requirements of this chapter may operate under this chapter as a
27 professional limited liability company so long as each member
28 personally engaged in the practice of the profession in this state is
29 duly licensed or otherwise legally authorized to practice the
30 profession in this state and:

31 (a) At least one manager of the company is duly licensed or
32 otherwise legally authorized to practice the profession in this state;
33 ~~((and))~~ or

34 (b) Each ~~((resident manager or))~~ member in charge of an office of
35 the company in this state ~~((and each resident manager or member~~
36 ~~personally engaged in this state in the practice of the profession))~~ is
37 duly licensed or otherwise legally authorized to practice the
38 profession in this state.

1 (2) If the company's members are required to be licensed to
2 practice such profession, and the company fails to maintain for itself
3 and for its members practicing in this state a policy of professional
4 liability insurance, bond, or other evidence of financial
5 responsibility of a kind designated by rule by the state insurance
6 commissioner and in the amount of at least one million dollars or such
7 greater amount as the state insurance commissioner may establish by
8 rule for a licensed profession or for any specialty within a
9 profession, taking into account the nature and size of the business,
10 then the company's members shall be personally liable to the extent
11 that, had such insurance, bond, or other evidence of responsibility
12 been maintained, it would have covered the liability in question.

13 (3) For purposes of applying the provisions of chapter 18.100 RCW
14 to a professional limited liability company, the terms "director" or
15 "officer" shall mean manager, "shareholder" shall mean member,
16 "corporation" shall mean professional limited liability company,
17 "articles of incorporation" shall mean certificate of formation,
18 "shares" or "capital stock" shall mean a limited liability company
19 interest, "incorporator" shall mean the person who executes the
20 certificate of formation, and "bylaws" shall mean the limited liability
21 company agreement.

22 (4) The name of a professional limited liability company must
23 contain either the words "Professional Limited Liability Company," or
24 the words "Professional Limited Liability" and the abbreviation "Co.,"
25 or the abbreviation "P.L.L.C." provided that the name of a professional
26 limited liability company organized to render dental services shall
27 contain the full names or surnames of all members and no other word
28 than "chartered" or the words "professional services" or the
29 abbreviation "P.L.L.C."

30 (5) Subject to the provisions in article VII of this chapter, the
31 following may be a member of a professional limited liability company
32 and may be the transferee of the interest of an ineligible person or
33 deceased member of the professional limited liability company:

34 (a) A professional corporation, if its shareholders, directors, and
35 its officers other than the secretary and the treasurer, are licensed
36 or otherwise legally authorized to render the same specific
37 professional services as the professional limited liability company;
38 and

1 (b) Another professional limited liability company, if the managers
2 and members of both professional limited liability companies are
3 licensed or otherwise legally authorized to render the same specific
4 professional services.

5 **Sec. 15.** RCW 25.15.060 and 1994 c 211 s 112 are each amended to
6 read as follows:

7 Members of a limited liability company shall be personally liable
8 for any act, debt, obligation, or liability of the limited liability
9 company to the extent that shareholders of a Washington business
10 corporation would be liable in analogous circumstances. In this
11 regard, the court may consider the factors and policies set forth in
12 established case law with regard to piercing the corporate veil, except
13 that the failure to hold meetings of members or managers or the failure
14 to observe formalities pertaining to the calling or conduct of meetings
15 shall not be considered a factor tending to establish that the members
16 have personal liability for any act, debt, obligation, or liability of
17 the limited liability company if the certificate of formation and
18 limited liability company agreement do not expressly require the
19 holding of meetings of members or managers.

20 **Sec. 16.** RCW 25.15.085 and 1994 c 211 s 204 are each amended to
21 read as follows:

22 (1) Each document required by this chapter to be filed in the
23 office of the secretary of state shall be executed in the following
24 manner:

25 (a) Each original certificate of formation must be signed by the
26 person or persons forming the limited liability company;

27 (b) A reservation of name may be signed by any person;

28 (c) A transfer of reservation of name must be signed by, or on
29 behalf of, the applicant for the reserved name;

30 (d) A registration of name must be signed by any member or manager
31 of the foreign limited liability company;

32 (e) A certificate of amendment or restatement must be signed by at
33 least one manager, or by a member if management of the limited
34 liability company is reserved to the members;

35 (f) A certificate of cancellation must be signed by the person or
36 persons authorized to wind up the limited liability company's affairs
37 pursuant to RCW 25.15.295(1);

1 (g) If a surviving domestic limited liability company is filing
2 articles of merger, the articles of merger must be signed by at least
3 one manager, or by a member if management of the limited liability
4 company is reserved to the members, or if the articles of merger are
5 being filed by a surviving foreign limited liability company, limited
6 partnership, or corporation, the articles of merger must be signed by
7 a person authorized by such foreign limited liability company, limited
8 partnership, or corporation; and

9 (h) A foreign limited liability company's application for
10 registration as a foreign limited liability company doing business
11 within the state must be signed by any member or manager of the foreign
12 limited liability company.

13 (2) Any person may sign a certificate, articles of merger, ~~((or))~~
14 limited liability company agreement, or other document by an attorney-
15 in-fact or other person acting in a valid representative capacity, so
16 long as each document signed in such manner identifies the capacity in
17 which the signator signed.

18 (3) The person executing the document shall sign it and state
19 beneath or opposite the signature the name of the person and capacity
20 in which the person signs. The document must be typewritten or
21 printed, and must meet such legibility or other standards as may be
22 prescribed by the secretary of state.

23 (4) The execution of a certificate or articles of merger by any
24 person constitutes an affirmation under the penalties of perjury that
25 the facts stated therein are true.

26 **Sec. 17.** RCW 25.15.130 and 1994 c 211 s 304 are each amended to
27 read as follows:

28 (1) A person ceases to be a member of a limited liability company
29 upon the occurrence of one or more of the following events:

30 (a) The member dies or withdraws by voluntary act from the limited
31 liability company as provided in subsection (3) of this section;

32 (b) The member ceases to be a member as provided in RCW
33 25.15.250(2)(b) following an assignment of all the member's limited
34 liability company interest;

35 (c) The member is removed as a member in accordance with the
36 limited liability company agreement;

37 (d) Unless otherwise provided in the limited liability company
38 agreement, or with the written consent of all other members at the

1 time, the member (i) makes a general assignment for the benefit of
2 creditors; (ii) files a voluntary petition in bankruptcy; (iii) becomes
3 the subject of an order for relief in bankruptcy proceedings; (iv)
4 files a petition or answer seeking for himself or herself any
5 reorganization, arrangement, composition, readjustment, liquidation,
6 dissolution, or similar relief under any statute, law, or regulation;
7 (v) files an answer or other pleading admitting or failing to contest
8 the material allegations of a petition filed against him or her in any
9 proceeding of the nature described in (d) (i) through (iv) of this
10 subsection; or (vi) seeks, consents to, or acquiesces in the
11 appointment of a trustee, receiver, or liquidator of the member or of
12 all or any substantial part of the member's properties;

13 (e) Unless otherwise provided in the limited liability company
14 agreement, or with the consent of all other members at the time, one
15 hundred twenty days after the commencement of any proceeding against
16 the member seeking reorganization, arrangement, composition,
17 readjustment, liquidation, dissolution, or similar relief under any
18 statute, law, or regulation, the proceeding has not been dismissed, or
19 if within ninety days after the appointment without his or her consent
20 or acquiescence of a trustee, receiver, or liquidator of the member or
21 of all or any substantial part of the member's properties, the
22 appointment is not vacated or stayed, or within ninety days after the
23 expiration of any stay, the appointment is not vacated;

24 (f) Unless otherwise provided in the limited liability company
25 agreement, or with written consent of all other members at the time, in
26 the case of a member who is an individual, the entry of an order by a
27 court of competent jurisdiction adjudicating the member (~~incompetent~~
28 ~~to manage his or her person or estate~~) incapacitated, as used and
29 defined under chapter 11.88 RCW, as to his or her estate;

30 (g) Unless otherwise provided in the limited liability company
31 agreement, or with written consent of all other members at the time, in
32 the case of a member that is another limited liability company, the
33 dissolution and commencement of winding up of such limited liability
34 company;

35 (h) Unless otherwise provided in the limited liability company
36 agreement, or with written consent of all other members at the time, in
37 the case of a member that is a corporation, the filing of articles of
38 dissolution or the equivalent for the corporation or the administrative

1 dissolution of the corporation and the lapse of any period authorized
2 for application for reinstatement; or

3 (i) Unless otherwise provided in the limited liability company
4 agreement, or with written consent of all other members at the time, in
5 the case of a member that is a limited partnership, the dissolution and
6 commencement of winding up of such limited partnership.

7 (2) The limited liability company agreement may provide for other
8 events the occurrence of which result in a person ceasing to be a
9 member of the limited liability company.

10 (3) (~~Unless otherwise provided in the limited liability company~~
11 ~~agreement,~~) A member may withdraw from a limited liability company at
12 (~~any time by giving thirty days' written notice to the other members~~)
13 the time or upon the happening of events specified in and in accordance
14 with the limited liability company agreement. If the limited liability
15 company agreement does not specify the time or the events upon the
16 happening of which a member may withdraw, a member may not withdraw
17 prior to the time for the dissolution and commencement of winding up of
18 the limited liability company, without the written consent of all other
19 members at the time.

20 **Sec. 18.** RCW 25.15.220 and 1994 c 211 s 602 are each amended to
21 read as follows:

22 Unless otherwise provided in the limited liability company
23 agreement, upon the occurrence of an event of dissociation under RCW
24 25.15.130 which does not cause dissolution (other than an event of
25 dissociation specified in RCW 25.15.130(~~(+2)~~)) (1)(b) where the
26 dissociating member's assignee is admitted as a member), a dissociating
27 member (or the member's assignee) is entitled to receive any
28 distribution to which (~~the member (or assignee) is entitled under the~~
29 limited liability company agreement and, if not otherwise provided in
30 a limited liability company agreement, the member (or the member's
31 assignee) is entitled to receive, within a reasonable time after
32 dissociation, the fair value of the member's limited liability company
33 interest as of the date of the dissociation based upon the member's
34 right to share in distributions from the limited liability company)) an
35 assignee would be entitled.

36 **Sec. 19.** RCW 25.15.250 and 1994 c 211 s 702 are each amended to
37 read as follows:

1 (1) A limited liability company interest is assignable in whole or
2 in part except as provided in a limited liability company agreement.
3 The assignee of a member's limited liability company interest shall
4 have no right to participate in the management of the business and
5 affairs of a limited liability company except:

6 (a) Upon the approval of all of the members of the limited
7 liability company other than the member assigning his or her limited
8 liability company interest; or

9 (b) As provided in a limited liability company agreement.

10 (2) Unless otherwise provided in a limited liability company
11 agreement:

12 (a) An assignment entitles the assignee to share in such profits
13 and losses, to receive such distributions, and to receive such
14 allocation of income, gain, loss, deduction, or credit or similar item
15 to which the assignor was entitled, to the extent assigned; and

16 (b) A member ceases to be a member and to have the power to
17 exercise any rights or powers of a member upon assignment of all of his
18 or her limited liability company interest.

19 (3) For the purposes of this chapter, unless otherwise provided in
20 a limited liability company agreement:

21 (a) The pledge of, or granting of a security interest, lien, or
22 other encumbrance in or against, any or all of the limited liability
23 company interest of a member shall not be deemed to be an assignment of
24 the member's limited liability company interest, but a foreclosure or
25 execution sale or exercise of similar rights with respect to all of a
26 member's limited liability company interest shall be deemed to be an
27 assignment of the member's limited liability company interest to the
28 transferee pursuant to such foreclosure or execution sale or exercise
29 of similar rights;

30 (b) ~~((The death of a member who is an individual shall be deemed to
31 be an assignment of that member's entire limited liability company
32 interest to his or her personal representative;~~

33 ~~(e))~~ Where a limited liability company interest is held in a trust
34 or estate, or is held by a trustee, personal representative, or other
35 fiduciary, the transfer of the limited liability company interest,
36 whether to a beneficiary of the trust or estate or otherwise, shall be
37 deemed to be an assignment of such limited liability company interest,
38 but the mere substitution or replacement of the trustee, personal

1 representative, or other fiduciary shall not constitute an assignment
2 of any portion of such limited liability company interest.

3 (4) Unless otherwise provided in a limited liability company
4 agreement and except to the extent assumed by agreement, until an
5 assignee of a limited liability company interest becomes a member, the
6 assignee shall have no liability as a member solely as a result of the
7 assignment.

8 **Sec. 20.** RCW 25.15.280 and 1994 c 211 s 803 are each amended to
9 read as follows:

10 The secretary of state may commence a proceeding under RCW
11 25.15.285 to administratively dissolve a limited liability company if:

12 (1) The limited liability company does not pay any license fees or
13 penalties, imposed by this chapter, when they become due;

14 (2) The limited liability company does not deliver its completed
15 initial report or annual report to the secretary of state when it is
16 due;

17 (3) The limited liability company is without a registered agent or
18 registered office in this state for sixty days or more; or

19 ~~((+2))~~ (4) The limited liability company does not notify the
20 secretary of state within sixty days that its registered agent or
21 registered office has been changed, that its registered agent has
22 resigned, or that its registered office has been discontinued.

23 **Sec. 21.** RCW 25.15.310 and 1994 c 211 s 901 are each amended to
24 read as follows:

25 (1) Subject to the Constitution of the state of Washington:

26 (a) The laws of the state, territory, possession, or other
27 jurisdiction or country under which a foreign limited liability company
28 is organized govern its organization and internal affairs and the
29 liability of its members and managers; and

30 (b) A foreign limited liability company may not be denied
31 registration by reason of any difference between those laws and the
32 laws of this state.

33 (2) A foreign limited liability company is subject to RCW 25.15.030
34 and, notwithstanding subsection (1)(a) of this section, a foreign
35 limited liability company rendering professional services in this state
36 is also subject to RCW 25.15.045(2).

1 (3) A foreign limited liability company and its members and
2 managers doing business in this state thereby submit to personal
3 jurisdiction of the courts of this state and are subject to RCW
4 25.15.125.

5 **Sec. 22.** RCW 24.06.045 and 1994 c 211 s 1307 are each amended to
6 read as follows:

7 The corporate name:

8 (1) Shall not contain any word or phrase which indicates or implies
9 that it is organized for any purpose other than one or more of the
10 purposes contained in its articles of incorporation.

11 (2) Shall not be the same as, or deceptively similar to, the name
12 of any corporation existing under any act of this state, or any foreign
13 corporation authorized to transact business or conduct affairs in this
14 state under any act of this state, or the name of any limited liability
15 (~~corporation~~) company organized or authorized to transact business
16 under any act of this state, the name of a domestic or foreign limited
17 partnership on file with the secretary, or a corporate name reserved or
18 registered as permitted by the laws of this state. This subsection
19 shall not apply if the applicant files with the secretary of state
20 either of the following: (a) The written consent of the other
21 corporation, limited liability company, limited partnership, or holder
22 of a reserved name to use the same or deceptively similar name and one
23 or more words are added or deleted to make the name distinguishable
24 from the other name as determined by the secretary of state, or (b) a
25 certified copy of a final decree of a court of competent jurisdiction
26 establishing the prior right of the applicant to the use of the name in
27 this state.

28 (3) Shall be transliterated into letters of the English alphabet if
29 it is not in English.

30 (4) The name of any corporation formed under this section shall not
31 include nor end with "incorporated", "company", or "corporation" or any
32 abbreviation thereof, but may use "club", "league", "association",
33 "services", "committee", "fund", "society", "foundation", ". ,
34 a nonprofit mutual corporation", or any name of like import.

35 NEW SECTION. **Sec. 23.** This act is necessary for the immediate
36 preservation of the public peace, health, or safety, or support of the

1 state government and its existing public institutions, and shall take
2 effect July 1, 1995."

3 **SSB 5374** - H AMD

4 By Representative Appelwick

5

6 On page 1, line 1 of the title, after "partnerships;" strike the
7 remainder of the title and insert "amending RCW 25.15.005, 25.15.045,
8 25.15.060, 25.15.085, 25.15.130, 25.15.220, 25.15.250, 25.15.280,
9 25.15.310, and 24.06.045; adding new sections to chapter 25.04 RCW;
10 providing an effective date; and declaring an emergency."

--- END ---