

HB 1189.E - DIGEST

(AS OF HOUSE 2ND READING 3/7/2007)

Declares that a limited liability company and all of its affiliates are treated as a single person for contribution purposes. For purposes of this act: (1) An "affiliate" of a limited liability company is any person who directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the limited liability company; and

(2) "Control," including the terms "controlled by" and "under common control with" means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person whether through the ownership of voting securities, voting rights, by contract other than a commercial contract for goods, nonmanagement services, a debt obligation which is not convertible into a right to acquire a voting security, or otherwise, unless the power is the result of an official position with or corporate office held by the person. Control is presumed to exist if a person, directly or indirectly, owns, controls, holds with the power to vote, or holds proxies representing, ten percent or more of the voting securities of any other person.