

§957. Effect of entity conversion

1. Conversion to domestic business corporation or domestic other entity. When a conversion under this subchapter in which the surviving entity is a domestic business corporation or domestic unincorporated entity becomes effective:

A. The title to all real and personal property, both tangible and intangible, of the converting entity remains in the surviving entity without reversion or impairment; [PL 2001, c. 640, Pt. A, §2 (NEW); PL 2001, c. 640, Pt. B, §7 (AFF).]

B. The liabilities of the converting entity remain the liabilities of the surviving entity; [PL 2001, c. 640, Pt. A, §2 (NEW); PL 2001, c. 640, Pt. B, §7 (AFF).]

C. An action or proceeding pending against the converting entity continues against the surviving entity as if the conversion had not occurred; [PL 2001, c. 640, Pt. A, §2 (NEW); PL 2001, c. 640, Pt. B, §7 (AFF).]

D. In the case of a surviving entity that is a filing entity, the articles of conversion or the articles of incorporation or public organic document attached to the articles of conversion constitute the articles of incorporation or public organic document of the surviving entity; [PL 2001, c. 640, Pt. A, §2 (NEW); PL 2001, c. 640, Pt. B, §7 (AFF).]

E. In the case of a surviving entity that is a nonfiling entity, the private organic document provided for in the plan of entity conversion constitutes the private organic document of the surviving entity; [PL 2001, c. 640, Pt. A, §2 (NEW); PL 2001, c. 640, Pt. B, §7 (AFF).]

F. The shares or interests of the converting entity are reclassified into shares, interests, other securities, obligations, rights to acquire shares, interests or other securities or into cash or other property in accordance with the plan of entity conversion; and the shareholders or interest holders of the converting entity are entitled only to the rights provided in the plan of entity conversion and to any rights they may have under chapter 13; and [PL 2001, c. 640, Pt. A, §2 (NEW); PL 2001, c. 640, Pt. B, §7 (AFF).]

G. The surviving entity is deemed to:

(1) Be a domestic business corporation or domestic unincorporated entity for all purposes;

(2) Be the same corporation or unincorporated entity without interruption as the converting entity; and

(3) Have been incorporated or otherwise organized on the date that the converting entity was originally incorporated or organized. [PL 2001, c. 640, Pt. A, §2 (NEW); PL 2001, c. 640, Pt. B, §7 (AFF).]

[PL 2001, c. 640, Pt. A, §2 (NEW); PL 2001, c. 640, Pt. B, §7 (AFF).]

2. Conversion to a foreign other entity. When a conversion of a domestic business corporation to a foreign unincorporated entity becomes effective, the surviving entity is deemed to:

A. Appoint the Secretary of State as its agent for service of process in a proceeding to enforce the rights of shareholders who exercise appraisal rights in connection with the conversion and shall provide a mailing address to which the Secretary of State may mail a copy of any process served on the Secretary of State; and [PL 2001, c. 640, Pt. A, §2 (NEW); PL 2001, c. 640, Pt. B, §7 (AFF).]

B. Agree to promptly pay the amount, if any, to which the shareholders are entitled under chapter 13. [PL 2001, c. 640, Pt. A, §2 (NEW); PL 2001, c. 640, Pt. B, §7 (AFF).]
[PL 2001, c. 640, Pt. A, §2 (NEW); PL 2001, c. 640, Pt. B, §7 (AFF).]

3. Owner liability; shareholder. A shareholder who becomes subject to owner liability for some or all of the debts, obligations or liabilities of the surviving entity is personally liable only for those debts, obligations or liabilities of the surviving entity that arise after the effective time of the articles of entity conversion.

[PL 2001, c. 640, Pt. A, §2 (NEW); PL 2001, c. 640, Pt. B, §7 (AFF).]

4. Interest holder; owner liability. The owner liability of an interest holder in an unincorporated entity that converts to a domestic business corporation is as provided in this subsection.

A. The conversion does not discharge any owner liability under the organic law of the unincorporated entity to the extent any owner liability arose before the effective time of the articles of entity conversion. [PL 2001, c. 640, Pt. A, §2 (NEW); PL 2001, c. 640, Pt. B, §7 (AFF).]

B. The interest holder does not have owner liability under the organic law of the unincorporated entity for any debt, obligation or liability of the domestic business corporation that arises after the effective time of the articles of entity conversion. [PL 2001, c. 640, Pt. A, §2 (NEW); PL 2001, c. 640, Pt. B, §7 (AFF).]

C. The provisions of the organic law of the unincorporated entity continue to apply to the collection or discharge of any owner liability preserved by paragraph A as if the conversion had not occurred and the surviving entity were still the converting entity. [PL 2001, c. 640, Pt. A, §2 (NEW); PL 2001, c. 640, Pt. B, §7 (AFF).]

D. The interest holder has whatever rights of contribution from other interest holders are provided by the organic law of the unincorporated entity with respect to any owner liability preserved by paragraph A as if the conversion had not occurred and the surviving entity were still the converting entity. [PL 2001, c. 640, Pt. A, §2 (NEW); PL 2001, c. 640, Pt. B, §7 (AFF).]

[PL 2001, c. 640, Pt. A, §2 (NEW); PL 2001, c. 640, Pt. B, §7 (AFF).]

SECTION HISTORY

PL 2001, c. 640, §A2 (NEW). PL 2001, c. 640, §B7 (AFF).

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