

§1555. Limitations on distribution and liability for improper distributions

1. Improper distribution. A limited liability company may not make a distribution to the extent that at the time of the distribution, after giving effect to the distribution, all liabilities of the limited liability company, other than liabilities to members on account of their limited liability company interests and liabilities for which the recourse of creditors is limited to specific property of the limited liability company, exceed the fair value of the assets of the limited liability company, except that the fair value of the property that is subject to a liability for which recourse of creditors is limited must be included in the assets of the limited liability company only to the extent that the fair value of the property exceeds that liability.

[PL 2009, c. 629, Pt. A, §2 (NEW); PL 2009, c. 629, Pt. A, §3 (AFF).]

2. Liability for improper distribution. A person who receives a distribution in violation of subsection 1, and who knew at the time of the distribution that the distribution violated subsection 1, is liable to the limited liability company for the amount of the distribution. A person who receives a distribution in violation of subsection 1, and who did not know at the time of the distribution that the distribution violated subsection 1, is not liable for the amount of the distribution. Subject to subsection 4, this subsection does not affect any obligation or liability of a person under an agreement or other applicable law for the amount of a distribution.

[PL 2009, c. 629, Pt. A, §2 (NEW); PL 2009, c. 629, Pt. A, §3 (AFF).]

3. Action barred after 2 years. An action under this section is barred if not commenced within 2 years after the distribution.

[PL 2009, c. 629, Pt. A, §2 (NEW); PL 2009, c. 629, Pt. A, §3 (AFF).]

4. Distribution exclusions. For purposes of this section, "distribution" does not include amounts constituting reasonable compensation for present or past services or reasonable payments made in the ordinary course of business under a bona fide retirement plan or other benefits program.

[PL 2009, c. 629, Pt. A, §2 (NEW); PL 2009, c. 629, Pt. A, §3 (AFF).]

5. Distribution made in accordance with section 1601. This section does not apply to distributions made in accordance with section 1601.

[PL 2009, c. 629, Pt. A, §2 (NEW); PL 2009, c. 629, Pt. A, §3 (AFF).]

SECTION HISTORY

PL 2009, c. 629, Pt. A, §2 (NEW). PL 2009, c. 629, Pt. A, §3 (AFF).

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