

STATE OF OKLAHOMA

1st Session of the 43rd Legislature (1991)

SENATE BILL NO. 456

BY: DOUGLASS

AS INTRODUCED

AN ACT RELATING TO PARTNERSHIP; CREATING THE OKLAHOMA LIMITED LIABILITY COMPANY ACT; PROVIDING SHORT TITLE; DEFINING TERMS; ALLOWING CONDUCT OF CERTAIN BUSINESS; STATING POWERS; PROVIDING PENALTY FOR UNAUTHORIZED ASSUMPTION OF POWER; PROVIDING FOR TRANSACTION OF BUSINESS OUTSIDE OF STATE; AUTHORIZING APPLICATION OF CERTAIN CASE LAW IN CERTAIN CIRCUMSTANCES; PROVIDING FOR COMPANY NAME AND SETTING CERTAIN RESTRICTIONS; PROVIDING FOR RESERVATION OF NAME; PROVIDING FOR FORMATION OF LIMITED LIABILITY COMPANY; STATING INFORMATION TO BE INCLUDED IN ARTICLES OF ORGANIZATION AND PROVIDING FOR FILING OF ARTICLES WITH SECRETARY OF STATE; PROVIDING FOR APPEAL IF SECRETARY FAILS TO APPROVE ARTICLES; STATING EFFECT OF FILING AND CONDITIONS UNDER WHICH ARTICLES MAY BE WITHDRAWN, CANCELED, REVOKED OR DISSOLVED; MAKING FILING NOTICE OF EXISTENCE OF COMPANY; STATING CONDITIONS FOR AMENDING ARTICLES AND REQUIRING FILING; REQUIRING REGISTERED AGENT; PROVIDING FOR CHANGE OF NAME OR BUSINESS ADDRESS OF REGISTERED AGENT; REQUIRING CERTAIN REPORTS AND PROVIDING FOR FILING; REQUIRING SUSPENSION OF COMPANY FOR FAILING TO PAY

CERTAIN FEES AND FILE CERTAIN REPORTS; PROVIDING FOR REINSTATEMENT; PROVIDING FOR SERVICE OF PROCESS; AUTHORIZING SECRETARY TO CHARGE AND COLLECT CERTAIN FEES; REQUIRING SECRETARY TO PROVIDE FORMS AND STATING POWER OF SECRETARY; PROVIDING FOR MANAGERS OF LIMITED LIABILITY COMPANY AND FOR ELECTION, TERM OF OFFICE, CLASSIFICATION, VACANCIES AND REMOVAL OF MANAGERS; PROVIDING FOR DUTIES; PROHIBITING CONTRACTING OF DEBT EXCEPT BY MANAGER; MAKING INSTRUMENTS RELATING TO REAL AND PERSONAL PROPERTY VALID AND BINDING IF EXECUTED BY MANAGER; ALLOWING CERTAIN BUSINESS TRANSACTIONS; PROVIDING FOR INDEMNIFICATION OF MANAGERS, EMPLOYEES AND AGENTS; REQUIRING CERTAIN RECORDS AND MAKING RECORDS OPEN TO INSPECTION; STATING FORMS OF CONTRIBUTIONS AND STATING LIABILITY OF MEMBER FOR CONTRIBUTION; PROVIDING FOR ALLOCATION OF PROFITS AND LOSSES AND SHARING OF DISTRIBUTIONS; PROVIDING FOR RESIGNATION OF MEMBER AND DISTRIBUTION; PROVIDING FOR INTERIM DISTRIBUTION AND DISTRIBUTION IN KIND; STATING RIGHT OF MEMBER TO DISTRIBUTION AND LIMITATION; STATING LIABILITY OF MEMBER FOR RETURN OF CONTRIBUTION UNDER CERTAIN CONDITIONS; ALLOWING ADMITTANCE OF ADDITIONAL MEMBERS UPON WRITTEN CONSENT; PROVIDING FOR ASSIGNMENT AND TRANSFER OF INTEREST OF MEMBER; STATING RIGHTS OF CREDITOR AGAINST MEMBER; PROVIDING FOR EXERCISE OF RIGHTS OF MEMBER UNDER CERTAIN CIRCUMSTANCES; LIMITING LIABILITY OF MEMBERS AND MANAGERS UNDER CERTAIN CIRCUMSTANCES; STATING VOTING RIGHTS; PROVIDING FOR MEETINGS, QUORUM AND NOTICE OF MEETING; STATING EFFECTS OF WAIVER OF NOTICE AND OF

ATTENDING MEETING WITH LACK OF NOTICE OR DEFECTIVE
NOTICE; PROVIDING FOR ACTION BY MEMBERS WITHOUT
MEETING; GRANTING MEMBERS CERTAIN RIGHTS; PROVIDING
FOR DISSOLUTION OF LIMITED LIABILITY COMPANY;
PROVIDING FOR DISSOLUTION BY ORDER OF COURT;
REQUIRING STATEMENT OF INTENT TO DISSOLVE BE FILED;
STATING EFFECT OF SUCH FILING; PROVIDING FOR
DISTRIBUTION OF ASSETS; REQUIRING EXECUTION OF
ARTICLES OF DISSOLUTION; REQUIRING FILING OF
ARTICLES; PROVIDING FOR INVOLUNTARY DISSOLUTION;
REQUIRING NOTIFICATION OF ATTORNEY GENERAL;
PROVIDING CERTAIN PROCEDURE RELATED THERETO;
REQUIRING CANCELLATION OF ARTICLES OF ORGANIZATION;
PROVIDING FOR FOREIGN LIMITED LIABILITY COMPANIES;
PROVIDING FOR NAME APPLICATION AND PROCEDURES
RELATED THERETO; REQUIRING CERTIFICATE OF AUTHORITY
AND STATING PROCEDURES RELATED THERETO; PROVIDING
FOR AMENDMENTS TO APPLICATION; REQUIRING REGISTERED
AGENT AND CERTAIN REPORTS; PROVIDING FOR
CERTIFICATE OF WITHDRAWAL; PROHIBITING TRANSACTION
OF BUSINESS WITHOUT CERTIFICATE OF AUTHORITY AND
STATING LIABILITY AND PENALTIES; AUTHORIZING ACTION
TO RESTRAIN COMPANY IN VIOLATION OF ACT; PROVIDING
FOR SERVICE OF PROCESS; MAKING EXECUTION OF
APPLICATION SUBJECT TO PENALTIES OF PERJURY;
PROVIDING FOR CODIFICATION; AND PROVIDING AN
EFFECTIVE DATE.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 401 of Title 54, unless there is created a duplication in numbering, reads as follows:

This act shall be known and may be cited as the "Oklahoma Limited Liability Company Act".

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 402 of Title 54, unless there is created a duplication in numbering, reads as follows:

As used in this act:

1. "Articles of organization" means the articles of organization filed with the Secretary of State for the purpose of forming a limited liability company as specified in Sections 10 through 12 of this act;

2. "Bankrupt" means bankrupt or a debtor under the federal bankruptcy code of 1978, Title 11 of the United States Code, as amended, or an insolvent under any state insolvency act;

3. "Business" means any trade, occupation, profession, or other commercial activity engaged in for gain, profit, or livelihood;

4. "Contribution" means anything of value which a person contributes to the limited liability company as a prerequisite for or in connection with membership, including cash, property, or services rendered or a promissory note or other binding obligation to contribute cash or property or to perform services;

5. "Court" includes every court and judge having jurisdiction in a case;

6. "Foreign limited liability company" means a limited liability company formed under the laws of any jurisdiction other than this jurisdiction;

7. "Limited liability company" or "company" means a limited liability company organized and existing under this article and having two or more members;

8. "Manager" means a person elected by the members of a limited liability company to manage the company pursuant to Section 26 of this act;

9. "Member" means a person with an ownership interest in a limited liability company with the rights and obligations specified under this act;

10. "Membership interest" means a member's share of the profits and losses of a limited liability company and the right to receive distributions of such company's assets;

11. "Operating agreement" means any valid written agreement of the members as to the affairs of a limited liability company and the conduct of its business. The operating agreement may contain any provisions for the affairs of a limited liability company and the conduct of its business to the extent that such provisions are not inconsistent with law or the articles of organization;

12. "Person" has the same meaning as specified in Section 26 of this act; and

13. "Registered office" means the business address of the registered agent on file with the Secretary of State.

SECTION 3. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 403 of Title 54, unless there is created a duplication in numbering, reads as follows:

A limited liability company may conduct any business that a partnership with limited partners may lawfully conduct any may not conduct any business that is prohibited by law to such partnership.

SECTION 4. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 404 of Title 54, unless there is created a duplication in numbering, reads as follows:

Each limited liability company organized and existing under this act may:

1. Sue and be sued, complain and defend, and participate in administrative or other proceedings, in its name;

2. Purchase, take, receive, lease or otherwise acquire, own, hold, improve, use, and otherwise deal in and with real or personal property, or an interest in it, wherever situated;

3. Sell, convey, assign, encumber, mortgage, pledge, lease, exchange, transfer, and otherwise dispose of all or any part of its property and assets;

4. Lend money to and otherwise assist its members and employees, except as otherwise provided in the operating agreement;

5. Purchase, take, receive, subscribe for or otherwise acquire, own, hold, vote, use, employ, sell, mortgage, lend, pledge, or otherwise dispose of, and otherwise use and deal in and with, shares or other interest in or obligations of other limited liability companies, domestic or foreign corporations, associations, general or limited partnerships, or individuals or direct or indirect obligations of the United States or of any government, state, territory, governmental district, or municipality or of any instrumentality of any of them;

6. Make contracts and guarantees and incur liabilities, borrow money at such rates of interest as the limited liability company may determine, issue its notes, bonds, and other obligations, and secure any of its obligations by mortgage or pledge of all or any part of its property, franchises, and income;

7. Lend money for its proper purposes, invest and reinvest its funds, and take and hold real property and personal property for the payment of funds so loaned or invested;

8. Conduct its business, carry on its operations, and have and exercise the powers granted by this article in any state, territory, district, or possession of the United States or in any foreign country;

9. Elect managers and appoint agents of the limited liability company and define their duties and fix their compensation;

10. Make and alter operating agreements, not inconsistent with its articles of organization or with the laws of this state, for the administration and regulation of the affairs of the limited liability company;

11. Indemnify a member or manager or former member or manager of the limited liability company as provided in Section ___ of this act;

12. Cease its activities and surrender its certificate of organization;

13. Have an exercise all powers necessary or convenient to effect any or all of the purposes for which the limited liability company is organized;

14. Become a member of a general partnership, limited partnership, joint venture, or similar association or any other limited liability company.

SECTION 5. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 405 of Title 54, unless there is created a duplication in numbering, reads as follows:

All persons who assume to act as a limited liability company without authority to do so and without good faith belief that they have such authority shall be jointly and severally liable for all debts and liabilities incurred by such persons so acting.

SECTION 6. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 406 of Title 54, unless there is created a duplication in numbering, reads as follows:

It is the intention of the Oklahoma State Legislature by the enactment of this act that the legal existence of limited liability companies formed under this act be recognized beyond the limits of this state and that, subject to any reasonable registration requirements, any such limited liability company transacting business outside this state be granted the protection of full faith

and credit under Section 1 of Article IV of the Constitution of the United States.

SECTION 7. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 407 of Title 54, unless there is created a duplication in numbering, reads as follows:

In any case in which a party seeks to hold the members of a limited liability company personally responsible for the alleged improper actions of the limited liability company, the court shall apply the case law which interprets the conditions and circumstances under which the corporation veil of a corporation may be pierced under Oklahoma Law.

SECTION 8. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 411 of Title 54, unless there is created a duplication in numbering, reads as follows:

A. The words "limited liability company" shall be included in the name of every limited liability company formed under the provisions of this article, though the word "limited" may be abbreviated as "Ltd.", and the word "company" may be abbreviated as "Co."

B. Such name shall not contain any word or phrase which indicates or implies that it is organized for any purposes other than those permitted by this act and as limited by its articles of organization.

C. Such name shall not be the same as or deceptively similar to the name of any of the following:

1. Any domestic corporation;
2. Any limited partnership which has a certificate of limited partnership filed with the Secretary of State;
3. Any limited liability company which has articles of organization filed with the Secretary of State pursuant to Section 12 of this act.

4. Any foreign corporation, limited partnership, or limited liability company authorized to transact business in this state; or

5. A foreign corporation which has in effect a registration of its corporate name as provided in this title.

D. Such name shall not be the same as, or deceptively similar to:

1. Any name which is registered or for which an exclusive right has been reserved in the office of the Secretary of State; or

2. Any trade or assumed name which is registered with the Secretary of State or for which application for registration is pending.

E. The provisions of subsections C and D of this section shall not apply if the organizer files with the secretary of state either:

1. The written consent of such other corporation or holder of a reserved or registered name to use the same or a deceptively similar name if one or more words are added, altered, or deleted to make the name distinguishable from the reserved or registered name; or

2. A certified copy of a final decree of a court of competent jurisdiction establishing the prior right of the applicant to the use of such name in this state.

F. A limited liability company which acquires, upon a sale, lease, or other disposition to or exchange with a domestic limited liability company, all or substantially all the assets of another domestic or foreign limited liability company, including its name, may have a deceptively similar name if one or more words are added, altered, or deleted to make such name distinguishable from such other name as that used in this state by any of such limited liability companies if such other limited liability company was organized under the laws of, or is authorized to transact business in, this state.

SECTION 9. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 412 of Title 54, unless there is created a duplication in numbering, reads as follows:

A. The exclusive right to the use of a name may be reserved by:

1. Any person intending to organize a limited liability company under this article and to adopt that name;

2. Any domestic limited liability company or any foreign limited liability company registered in this state which, in either case, intends to adopt that name;

3. Any foreign limited liability company intending to register in this state and adopt that name; and

4. Any person intending to organize a foreign limited liability company and intending to have it registered in this state and adopt that name.

B. To reserve a specified name, a person shall submit an application to the Secretary of State, in the form and manner he shall designate. If the Secretary of State finds that the name is available for use by a domestic or foreign limited liability company, he shall reserve the name for the exclusive use of the applicant for a period of one hundred twenty (120) days. Such reservation may be renewed for additional periods not to exceed one hundred twenty (120) days from the date of such renewals. The right to the exclusive use of a reserved name may be transferred to any other person by delivering to the office of the Secretary of State a notice of the transfer, executed by the applicant for whom the name was reserved and specifying the name and address of the transferee.

SECTION 10. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 413 of Title 54, unless there is created a duplication in numbering, reads as follows:

A. One or more natural persons eighteen (18) years of age or older may organize a limited liability company by executing and delivering articles of organization to the Secretary of State as

specified in Sections 11 and 12 of this act. Such person or persons need not be members of the limited liability company after formation has occurred. The execution of the articles of organization constitutes an affirmation by any such person, under penalty of perjury, that the facts stated therein are true. A person may sign the articles of organization by an attorney-in-fact duly authorized by a written power of attorney.

B. A limited liability company shall have two (2) or more members at the time of its formation.

SECTION 11. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 414 of Title 54, unless there is created a duplication in numbering, reads as follows:

The articles of organization shall set forth:

1. The name of the limited liability company and, if known, its principal place of business;

2. The period of its duration, which may not exceed thirty (30) years from the date of filing with the Secretary of State;

3. The name and business address of the registered agent for service of process as required by Section 17 of this act;

4. The names and business addresses of the initial manager or managers who are to serve as manager or managers until the first annual meeting of members or until their successors are elected and qualified;

5. Any other provision, not inconsistent with law, which the members elect to set out in the articles of organization for the regulation of the internal affairs of the limited liability company, including any provisions which under this act are required or permitted to be set out in the operating agreement of the limited liability company.

SECTION 12. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 415 of Title 54, unless there is created a duplication in numbering, reads as follows:

A. The organizers shall execute and deliver duplicate originals of the articles of organization to the Secretary of State with a filing fee in an amount to be determined by the Secretary of State.

B. The Secretary of State shall review the articles of organization, and, if he finds they conform to law, he shall:

1. Endorse each of the duplicate originals with the word "Filed" and the date of the filing;
2. File one duplicate original in his office; and
3. Return one duplicate copy to the principal place of business of the limited liability company or to its representative.

SECTION 13. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 416 of Title 54, unless there is created a duplication in numbering, reads as follows:

A. If the Secretary of State fails to approve any articles of organization, amendment, or dissolution or any other document required by this act and declines to file it, he shall, within ten (10) days of its delivery to him, give written notice of his disapproval to the person or limited liability company delivering the same, specifying the reasons therefor.

B. Such person or limited liability company may appeal the disapproval to the district court of Oklahoma County by filing with the clerk of such court a petition setting forth a copy of the articles or other documents sought to be filed and a copy of the written disapproval thereof by the Secretary of State; whereupon, the matter shall be tried de novo by the court, and the court shall either sustain the action of the Secretary of State or direct him to take such action as the court deems proper.

C. Appeals from all final orders and judgments entered by the district court pursuant to this section in review of any ruling or decision of the Secretary of State may be taken as in other civil actions.

SECTION 14. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 417 of Title 54, unless there is created a duplication in numbering, reads as follows:

A. 1. A limited liability company is formed upon the filing of articles of organization, or, as specified in such articles, upon a later date, not more than ninety (90) days after the date of filing with the Secretary of State; except that, if the Secretary of State reviews the articles of organization as delivered and finds that they conform to law, the date of filing shall relate back to the date of delivery, unless the said articles specify a later date. If, for any reason, the Secretary of State finds that the delivered articles do not conform to law, including, but not limited to a failure to enclose the filing fee, there shall be no relation back to the date of delivery. The earliest filing date shall be the date that the articles are delivered to the Secretary of State in a form which conforms to law;

2. Each of the duplicate copies stamped "Filed" and marked with the filing date shall be conclusive evidence that all conditions precedent required to be performed by the organizers have been complied with and that the limited liability company has been or shall be, on such later date as specified in the articles, legally organized and formed under this article.

B. If such later date is specified, such article may be prevented from becoming effective by a certificate of withdrawal, executed in the same manner as the articles of organization and filed with the Secretary of State on or before the specified effective date.

C. Nothing in this section shall affect the right of this state to institute a proceeding to cancel or revoke the articles of organization or for involuntary dissolution of the limited liability company or the right of any aggrieved person to maintain an action to enjoin or obtain other relief for a violation of or failure to

comply with the provisions of subsections C and D of Section 8 of this act.

SECTION 15. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 418 of Title 54, unless there is created a duplication in numbering, reads as follows:

The fact that the articles of organization are on file in the Office of the Secretary of State is notice that the limited liability company is a limited liability company and is notice of all other facts set forth therein which have required to be set forth in the articles of organization.

SECTION 16. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 419 of Title 54, unless there is created a duplication in numbering, reads as follows:

A. The articles of organization shall be amended when:

1. There is a change in the name of the limited liability company;

2. There is a false or erroneous statement in the articles of organization;

3. There is a change in the time as stated in the articles of organization for the dissolution of the limited liability company; or

4. The members desire to make a change in any other statement in the articles of organization in order that it shall accurately represent the agreement between them.

B. An amendment to the articles of organization of a limited liability company shall be in the form and manner designated by the Secretary of State. The amendment shall be signed by a manager and may be signed on his behalf by an attorney-in-fact, duly authorized by a written power of attorney. Duplicate originals of the amendment shall be delivered to the Secretary of State for filing accompanied by the requisite filing fee. The execution of an

amendment constitutes an affirmation under the penalties of perjury that the facts stated therein are true.

C. Unless the Secretary of State finds that any amendment does not conform to law, upon receipt of all filing fees required by law, he shall:

1. Endorse on each duplicate original the word "Filed" and the date of the filing;

2. File one duplicate original in his office; and

3. Return the other duplicate original to the person who filed it or his representative.

D. Upon the filing of an amendment in the Office of the Secretary of State, the articles of organization shall be amended as set forth therein.

SECTION 17. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 421 of Title 54, unless there is created a duplication in numbering, reads as follows:

Each limited liability company shall appoint and continuously maintain in this state a registered agent for service of process on the limited liability company. The limited liability company shall register the name and business address of the registered agent with the Secretary of State in the form and manner he shall designate.

SECTION 18. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 422 of Title 54, unless there is created a duplication in numbering, reads as follows:

A. Within fifteen (15) days of any change in the name or business address of the registered agent, a limited liability company shall file a report of such change with the Secretary of State, in the form and manner he shall designate.

B. Such report shall be executed by a manager and delivered to the Secretary of State. If the Secretary of State finds that the report conforms to the provisions of this act and if the filing fee

is paid, he shall file the report in his office, and, upon such filing, any change specified in the report shall become effective.

C. Any registered agent of a limited liability company may resign as agent by delivering an original and one copy of a written notice thereof to the Secretary of State. The Secretary of State shall transmit one copy to the principal office of the limited liability company. The appointment of the agent shall terminate upon the expiration of thirty (30) days after receipt of the notice by the Secretary of State. Upon the expiration of thirty (30) days after the mailing by the Secretary of State of such notice to the limited liability company, any limited liability company that has not filed a report replacing the registered agent who resigned shall be deemed suspended and inoperative and subjected to the provisions of subsection E of this section and Section 21 of this act. In addition to any other obligations under this act, reinstatement after action under this section shall include filing such a report to designate a new registered agent.

D. If a registered agent changes his registered business address, he shall, within fifteen (15) days of such change, file a report with the Secretary of State in the form and manner the Secretary shall designate and shall pay a fee in an amount to be determined by the Secretary. He shall submit such a report for each limited liability company for which he is a registered agent and shall mail a copy of the appropriate report to each limited liability company so affected. If a registered agent provides such a report to the Secretary of State as provided in this subsection, the limited liability company need not file such a report to indicate the change in the business address of the registered agent; except that nothing in this section shall relieve the limited liability company from the responsibility of assuring that such a report is filed.

E. Limited liability companies which have been suspended for the preceding three-year period under the provisions of this section and Section 21 of this act shall be dissolved by operation of law without the necessity of any other action under the provisions of Sections 68 and 69 of this act.

SECTION 19. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 423 of Title 54, unless there is created a duplication in numbering, reads as follows:

A. Each domestic limited liability company and each foreign limited liability company authorized to transact business in this state shall file, within the time prescribed by this section, a limited liability company report setting forth:

1. The name of the limited liability company and, if a foreign limited liability company, the state where it is organized;

2. The name and business address of the registered agent of the limited liability company in this state, and, in the case of a foreign liability company, the address of its principal office in the state where it is organized; and

3. The name and address of each manager of the limited liability company.

B. 1. The report process shall be initiated by the Secretary of State issuing a report form to the limited liability company in a designated year on or before the last day of the month in which the limited liability company was organized. The limited liability company shall return the report to the Secretary of State, hand-delivered or post-marked on or before the sixtieth day from the last day of the month in which the report form was mailed to the limited liability company by the Secretary of State.

2. The information required shall be given as of the date of the execution of the report, and it shall be executed by a manager of the limited liability company, or, for a foreign limited liability company without a manager, by an authorized agent, or, if

the limited liability company is in the hands of a receiver or trustee, by the receiver or trustee on behalf of the limited liability company. This report shall be accompanied by a written declaration that it is made under the penalties of perjury.

SECTION 20. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 424 of Title 54, unless there is created a duplication in numbering, reads as follows:

If the Secretary of State finds that report conforms to the requirements of this act, he shall file the same. If he finds that it does not so conform, he shall promptly return the same to the limited liability company for any necessary corrections. No penalty fee for late filing shall be assessed if such report was timely delivered, is corrected to conform to the requirements of this act, and is returned to the Secretary of State no later than thirty (30) days from the date the report was mailed back to the limited liability company.

SECTION 21. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 425 of Title 54, unless there is created a duplication in numbering, reads as follows:

A. If any domestic limited liability company has failed to pay the fees required by law or to file any report or statement required by law, the Secretary of State shall give notice by first-class mail to the limited liability company of such failure to pay or file, or both. Thirty (30) days after the date of mailing of such notice, unless the report or statement with the fee and penalty, if due, has been delivered and paid to the Secretary of State, such limited liability company shall be suspended.

B. Any domestic limited liability company which is suspended under the provisions of this section or subsection C of Section 18 of this act shall be inoperative and no longer competent to transact business in this state; except that the members of such limited liability company may hold their annual or special meetings of

members for the election of managers, and such limited liability company may hold or continue to hold, encumber, sell, or convey real estate and make such reports as are required by the laws of the United States and this state. The suspension of such limited liability company shall not take away any remedy against such limited liability company, its members, or its managers for any liability incurred prior thereto.

C. If the members' meetings have been regularly called and due notice has been given to the members, as required by law, of any such suspended limited liability company and a quorum is not present at any members' meeting, an election of managers may be held pursuant to the provisions of the operating agreement, or, if the operating agreement does not so provide, by a majority vote of the members present and entitled to vote at such meeting, if not less than thirty percent (30%) of all members entitled to vote for the election of such managers is present at said meeting in person or by written proxy.

D. Until dissolved pursuant to subsection E of Section 18 of this act or otherwise, any suspended domestic limited liability company may become reinstated, revived, and operative by:

1. Paying a reinstatement fee as determined by the Secretary of State;
2. Making and delivering a limited liability company report and paying the fee due upon filing such report for the year in which it is to be reinstated;
3. Paying a late filing penalty for the current year's report if filed after the required reporting date;
4. Paying an amount equal to the fee charged and collected for filing of corporate reports for domestic limited liability companies plus a late filing penalty for each year a required limited liability report was not filed; and

5. If the limited liability company has been suspended under subsection C of Section 18 of this act, making and delivering the report replacing a registered agent and paying the fee due upon filing such report.

E. Upon the filing of any such required report, and the payment of all such sums due, such suspended and inoperative limited liability company shall thereupon become reinstated, revived and operative.

SECTION 22. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 426 of Title 54, unless there is created a duplication in numbering, reads as follows:

A. Any process, notice or demand required or permitted by law may be served upon any domestic or foreign limited liability company by delivering a copy thereof to the registered agent.

B. If a limited liability company fails to appoint or maintain a registered agent in this state, or if, having been appointed, the agent's authority has been revoked, or if the agent cannot, with reasonable diligence, be found at the registered office, the Secretary of State shall be the agent of the limited liability company upon whom any such process, notice or demand may be served. Service on the Secretary of State of any such process, notice or demand shall be made by:

1. Personally serving the Secretary of State or any deputy or any employee designated by the Secretary to accept such process, notice or demand or by mailing a copy of the process, notice or demand, by prepaid registered or certified mail, return receipt requested, addressed to the Secretary of State; and

2. Mailing a notice of such service to the Secretary of State and a copy of such process, notice or demand by prepaid registered or certified mail, return receipt requested, addressed to the limited liability company at its office or, if it has no office, to such other address, if any, as may be known to such person.

C. The service on the limited liability company by service upon the Secretary of State shall be complete upon the later of:

1. Personal service upon the Secretary of State or any deputy or any employee designated by the Secretary of State to accept such process, notice or demand or receipt of the return receipt requested of the mailing to the Secretary of State; or

2. Receipt of the return receipt requested of the mailing to the limited liability company, whether or not the receipt is signed.

D. The Secretary of State shall keep a record of all processes, notices and demands served upon him under this section and shall record therein the time of such service and his action with reference thereto.

E. Nothing contained in this section shall limit or affect the right to serve any process, notice or demand required or permitted by law to be served upon the limited liability company in any other manner now or hereafter permitted by law or applicable rules of procedure.

SECTION 23. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 427 of Title 54, unless there is created a duplication in numbering, reads as follows:

A. The Secretary of State shall charge and collect fees and other charges, which shall be set by the Secretary at a rate equal to similar charges and fees collected by the Secretary, for:

1. Issuing a certificate for any purpose whatsoever;

2. Furnishing written information on any limited liability company;

3. Furnishing a copy of any document or instrument and certifying the copy of such document or instrument;

4. Any service of notice, demand or process upon the Secretary of State as resident agent of a limited liability company, which amount may be recovered as taxable costs by the party to the suit,

action or proceeding causing such service to be made if such party prevails therein; and

5. Filing any document required or permitted to be filed under this act.

B. The Secretary of State shall charge and collect, at the time of service of any subpoena upon the Secretary of State or any deputy or employee of the Office of the Secretary of State, a fee of Fifty Dollars (\$50.00) and an allowance of Ten Dollars (\$10.00) for meals and a charge for mileage at the rate prescribed by the State Travel Reimbursement Act, Section 500.1 et seq. of Title 74 of the Oklahoma Statutes, for each mile from the State Capitol to the place named in the subpoena. The fee is to be paid to the Secretary of State; the meal allowance and mileage charge are to be paid to the person named in the subpoena. If the person named in the subpoena is required to appear at the place named in the subpoena for more than one (1) day, he shall be paid in advance a per diem allowance of Forty-four Dollars (\$44.00) for each day of attendance in addition to the other fees, allowances and charges.

SECTION 24. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 428 of Title 54, unless there is created a duplication in numbering, reads as follows:

All fillings and reports required by this act to be filed in the Office of the Secretary of State shall be typewritten on forms which shall be prescribed and furnished by the Secretary of State.

SECTION 25. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 429 of Title 54, unless there is created a duplication in numbering, reads as follows:

The Secretary of State shall have the power reasonably necessary to enable him to administer this act efficiently and to perform the duties imposed upon him.

SECTION 26. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 431 of Title 54, unless there is created a duplication in numbering, reads as follows:

A. Except as provided in this act, management of the limited liability company's business and affairs shall be vested in a manager or managers. The articles of organization or the operating agreement of the limited liability company may apportion management responsibility or voting power among the several managers, if there are two (2) or more, in any manner or upon any basis not inconsistent with this act.

B. Managers shall be natural persons eighteen (18) years of age or older but need not be residents of this state or members of the limited liability company unless the articles of organization or the operating agreement so requires. The articles of organization or the operating agreement may prescribe other qualifications for managers. Nothing in this act shall prohibit members who are natural persons eighteen (18) years of age or older from serving as managers if they are so elected pursuant to Section 27 of this act.

SECTION 27. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 432 of Title 54, unless there is created a duplication in numbering, reads as follows:

A. The number of managers shall be fixed by or in the manner provided in the articles of organization or the operating agreement, except as to the number constituting the initial manager or group of managers, which number shall be fixed by the articles of organization. The number of managers may be increased or decreased by amendment to or in the manner provided in the articles of organization or the operating agreement, but no decrease shall have the effect of shortening the term of any incumbent manager. In the absence of an operating agreement provision providing for the number of managers, the number shall be the same as that provided for in the articles of organization. The initial managers shall hold

office until the first annual meeting of members and until their successors have been elected and qualified. In the absence of a provision in the operating agreement with respect to the rights of members to vote for managers, managers shall be elected by a majority of the members.

B. At the first annual meeting of members and at each annual meeting thereafter, the members shall elect managers to hold office until the next succeeding annual meeting, except as provided in Section 28 of this act in the case of classification of managers. Each member shall hold office for the term for which he is elected and until his successor has been elected and qualified.

SECTION 28. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 433 of Title 54, unless there is created a duplication in numbering, reads as follows:

When there are six (6) or more managers, in lieu of electing all the managers annually, the articles of organization may provide that the managers be divided into either two or three classes, each class to be as nearly equal in number as possible, the term of office of managers of the first class to expire at the first annual meeting of members after their election, that of managers of the second class to expire at the second annual meeting after their election, and that of managers of the third class, if any, to expire at the third annual meeting after their election. At each annual meeting after such classification, the number of managers equal to the number of the class whose term expires at the time of such meeting shall be elected to hold office until the second succeeding annual meeting, if there are two classes, or until the third succeeding annual meeting, if there are three classes. No classification of managers shall be effective prior to the first annual meeting of members.

SECTION 29. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 434 of Title 54, unless there is created a duplication in numbering, reads as follows:

Any vacancies occurring in the group of managers may be filled by written agreement of a majority of the remaining managers. A manager chosen to fill a vacancy shall serve the unexpired term of his predecessor in office. Any manager's position to be filled by reason of an increase in the number of managers shall be filled by written agreement of a majority of the managers then in office or by election at an annual meeting or at a special meeting of members called for that purpose. A manager chosen to fill a position resulting from an increase in the number of managers shall hold office until the next annual meeting of members and until his successor has been elected and qualified.

SECTION 30. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 435 of Title 54, unless there is created a duplication in numbering, reads as follows:

At a meeting called expressly for that purpose, all managers or any lesser number may be removed, with or without cause, in the manner provided in the operating agreement. If the operating agreement does not provide for the removal of managers with or without cause, then all managers or any lesser number may be removed with or without cause by a vote of the majority of the members then entitled to vote at an election of managers.

SECTION 31. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 436 of Title 54, unless there is created a duplication in numbering, reads as follows:

A. A manager elected pursuant to the provisions of this act and as prescribed in the operating agreement of the limited liability company shall perform his duties as a manager in good faith, in a manner he reasonably believes to be in the best interests of the limited liability company, and with such care as an ordinarily prudent person in a like position would use under similar circumstances. A person who so performs his duties shall not have

any liability by reason of being or having been a manager of the limited liability company.

B. In performing his duties, a manager shall be entitled to rely on information, opinions, reports or statements of the following persons or groups unless he has knowledge concerning the matter in question that would cause such reliance to be unwarranted:

1. One or more employees or other agents of the limited liability company whom the manager reasonably believes to be reliable and competent in the matters presented;

2. Any attorney, public accountant or other person as to matters which the manager reasonably believes to be within such person's professional or expert competence; or

3. A committee upon which he does not serve, duly designated in accordance with a provision of the articles of organization or the operating agreement, as to matters within its designated authority, which committee the manager reasonably believes to merit confidence.

C. A manager shall have no authority to do any act in contravention of either the articles of organization or the operating agreement.

D. Every manager is an agent of the limited liability company for the purpose of its business, and the act of every manager, including the execution in the limited liability company name of any instrument for apparently carrying on in the usual way the business of the limited liability company of which he is a manager, binds the limited liability company, unless such act is in contravention of the articles of organization or the operating agreement or unless the manager so acting otherwise lacks the authority to act for the limited liability company and the person with whom he is dealing has knowledge of the fact that he has no such authority.

SECTION 32. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 437 of Title 54, unless there is created a duplication in numbering, reads as follows:

Except as otherwise provided in this act, the articles of organization or the operating agreement, no debt shall be contracted or liability incurred by or on behalf of a limited liability company, except by one or more of its managers.

SECTION 33. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 438 of Title 54, unless there is created a duplication in numbering, reads as follows:

Real and personal property owned or purchased by a limited liability company shall be held and owned, and conveyance made, in the limited liability company name. Instruments and documents providing for the acquisition, mortgage or disposition of property of the limited liability company shall be valid and binding upon the limited liability company if executed by one or more managers of a limited liability company.

SECTION 34. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 439 of Title 54, unless there is created a duplication in numbering, reads as follows:

Except as provided in the operating agreement, a member or a manager may lend money to, act as surety for, and transact other business with the limited liability company and, subject to other applicable law, has the same rights and obligations with respect thereto as a person who is not a member or manager; except that this section shall not be construed to relieve a manager from any of his duties as specified in Section 31 of this act.

SECTION 35. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440 of Title 54, unless there is created a duplication in numbering, reads as follows:

A. As used in this section:

1. "Expenses" includes attorney fees;
2. "Liability" means the obligation to pay a judgment, settlement, penalty, fine, including an excise tax assessed with

respect to an employee benefit plan, or reasonable expense incurred with respect to a proceeding;

3. "Official capacity", when used with respect to a manager, means the office of manager in the limited liability company and, when used with respect to a person other than a manager, means the employment or agency relationship undertaken by the employee or agent on behalf of the limited liability company. Official capacity does not include service for any other foreign or domestic limited liability company or for any corporation, partnership, joint venture, trust, other enterprise, or employee benefit plan;

4. "Party" includes an individual who was, is, or is threatened to be made a named defendant or respondent in a proceeding; and

5. "Proceeding" means any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative or investigative and whether formal or informal.

B. 1. Except as provided in paragraph 4 of this subsection, a limited liability company may indemnify against liability incurred in any proceeding an individual made a party to the proceeding because he is or was a manager if:

a. he conducted himself in good faith,

b. he reasonably believed:

(1) in the case of conduct in his official capacity, that his conduct was in the limited liability company's best interests, or

(2) in all other cases, that his conduct was at least not opposed to the limited liability company's best interests, and

c. in the case of any criminal proceeding, he had no reasonable cause to believe his conduct was unlawful.

2. The termination of any proceeding by judgment, order, settlement, or conviction, or upon a plea of nolo contendere or its equivalent, is not of itself determinative that the individual did

not meet the standard of conduct set forth in paragraph 1 of this subsection.

3. A limited liability company may not indemnify a manager under this subsection either:

- a. in connection with a proceeding by or in the right of the limited liability company in which the manager was adjudged liable to the limited liability company, or
- b. in connection with any proceeding charging improper personal benefit to the manager, whether or not involving action in his official capacity, in which he was adjudged liable on the basis that personal benefit was improperly received by him.

4. Indemnification permitted under this subsection in connection with a proceeding by or in the right of a limited liability company is limited to reasonable expenses incurred in connection with the proceeding.

C. Unless limited by the articles of organization, a limited liability company shall be required to indemnify a manager of the limited liability company who was wholly successful, on the merits or otherwise, in defense of any proceeding to which he was a party, against reasonable expenses incurred by him in connection with the proceeding.

D. Unless limited by the articles of organization, a manager who is or was a party to a proceeding may apply for indemnification to the court conducting the proceeding or to another court of competent jurisdiction. On receipt of an application, the court, after giving any notice the court considers necessary, may order indemnification in the following manner:

1. If it determines the manager is entitled to mandatory indemnification under subsection C of this section, the court shall order indemnification, in which case the court shall also order the

limited liability company to pay the manager's reasonable expenses incurred to obtain court-ordered indemnification.

2. If it determines that the manager is fairly and reasonably entitled to indemnification in view of all the relevant circumstances, whether or not he met the standard of conduct set forth in paragraph 1 of subsection B of this section or was adjudged liable in the circumstances described in paragraph 3 of subsection B of this section, the court may order such indemnification as the court deems proper; except that the indemnification with respect to any proceeding in which liability shall have been adjudged in the circumstances described in paragraph 3 of subsection B of this section is limited to reasonable expenses incurred.

E. 1. A limited liability company may not indemnify a manager under subsection B of this section unless authorized in the specific case after a determination has been made that indemnification of the manager is permissible in the circumstances because he has met the standard of conduct set forth in paragraph 1 of subsection B of this section.

2. The determination required to be made by paragraph 1 of this subsection shall be made by the members by a majority vote; except that such vote shall not include members who are parties to the proceedings.

3. Authorization of indemnification and evaluation as to reasonableness of expenses shall be made in the same manner as the determination that indemnification is permissible.

F. 1. A limited liability company may pay for or reimburse the reasonable expenses incurred by a manager who is a party to a proceeding in advance of the final disposition of the proceeding if:

- a. the manager furnishes the limited liability company a written affirmation of his good-faith belief that he has met the standard of conduct described in

subparagraph a of paragraph 1 of subsection B of this section,

- b. the manager furnishes the limited liability company a written undertaking, executed personally or on his behalf, to repay the advance if it is determined that he did not meet such standard of conduct, and
- c. a determination is made that the facts then known to those making the determination would not preclude indemnification under this subsection.

2. The undertaking required by subparagraph b of paragraph 1 of this subsection shall be an unlimited general obligation of the manager but need not be secured and may be accepted without reference to financial ability to make repayment.

3. Determinations and authorizations of payments under this subsection shall be made in the manner specified in subsection E of this section.

G. 1. A provision concerning a limited liability company's indemnification of or advance for expenses to managers contained in its articles of organization, its operating agreement, or in a contract, except for insurance policies, shall be valid only if and to the extent the provision is consistent with this section and, if indemnification is limited by the articles of organization, is consistent with said articles.

2. This subsection shall not limit a limited liability company's power to pay or reimburse expenses incurred by a manager in connection with his appearance as a witness in a proceeding at a time when he has not been made a named defendant or respondent in the proceeding.

H. Unless limited by the articles of organization:

1. A limited liability company may indemnify and advance expenses pursuant to subsection F of this section to an employee or

agent of the limited liability company who is not a manager to the same extent as a manager; and

2. A limited liability company may indemnify and advance expenses to an employee or agent of the limited liability company who is not a manager to a greater extent if consistent with law and if provided for by its articles of organization, its operating agreement, or in a contract.

I. A limited liability company may purchase and maintain insurance on behalf of a person who is or was a manager, employee, fiduciary, or agent of the limited liability company or who, while a manager, employee, fiduciary, or agent of the limited liability company, is or was serving at the request of the limited liability company as manager, officer, partner, trustee, employee, fiduciary, or agent of any other foreign or domestic limited liability company or any corporation, partnership, joint venture, trust, other enterprise, or employee benefit plan against any liability asserted against or incurred by him in any such capacity or arising out of his status as such, whether or not the limited liability company would have the power to indemnify him against such liability under the provisions of this section. Any such insurance may be procured from any insurance company designated by the members of the limited liability company, whether such insurance company is formed under the laws of this state or any other jurisdiction of the United States or elsewhere.

J. Any indemnification of or advance of expenses to a manager in accordance with this section, if arising out of a proceeding by or on behalf of the limited liability company, shall be reported in writing to the members with or before the notice of the next members' meeting.

SECTION 36. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 441 of Title 54, unless there is created a duplication in numbering, reads as follows:

A. Each limited liability company shall keep at an office specified in the manner provided in the operating agreement or, if none, at the registered office, the following:

1. A current list of the full name and last-known business, residence, or mailing address of each member and manager, both past and present;

2. A copy of the articles of organization and all amendments thereto, together with executed copies of any powers of attorney pursuant to which any amendment has been executed;

3. Copies of the limited liability company's federal, state and local income tax returns and reports, if any, for the three (3) most recent years;

4. Copies of any currently effective written operating agreements, copies of any writings permitted or required under Section 38 of this act, and copies of any financial statements of the limited liability company for the three (3) most recent years;

5. Minutes of every annual and special meeting and any meeting ordered pursuant to Section 54 of this act;

6. Unless contained in a written operating agreement or in a writing permitted or required under Section 38 of this act, a statement prepared and certified as accurate by a manager of the limited liability company which describes:

- a. the amount of cash and a description and statement of the agreed value of the other property or services contributed by each member and which each member has agreed to contribute in the future,
- b. the times at which or events of the happening of which any additional contributions agreed to be made by each member are to be made,
- c. if agreed upon, the time at which or the events on the happening of which a member may terminate his membership in the limited liability company and the

amount of, or the method of determining, the distribution to which he may be entitled respecting his membership interest and the terms and conditions of the termination and distribution, and

- d. any right of a member to receive distributions which include a return of all or any part of a member's contribution; and

7. Any written consents obtained from members pursuant to Section 58 of this act.

B. Such records are subject to inspection and copying at the reasonable request, and at the expense, of any member during ordinary business hours.

SECTION 37. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 451 of Title 54, unless there is created a duplication in numbering, reads as follows:

The contribution of a member may be in cash, property or services rendered or a promissory note or other obligation to contribute cash or property or to perform services.

SECTION 38. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 452 of Title 54, unless there is created a duplication in numbering, reads as follows:

A. Except as provided in the operating agreement, a member is obligated to the limited liability company to perform any enforceable promise to contribute cash or property or to perform services, even if he is unable to perform because of death, disability, or any other reason. If a member does not make the required contribution of property or services, he is obligated at the option of the limited liability company to contribute cash equal to that portion of the value, as stated in the limited liability records required to be kept by Section 36 of this act, of such contribution that has not been made.

B. Unless otherwise provided in the operating agreement, the obligation of a member to make a contribution or return money or other property paid or distributed in violation of this act may be compromised only by consent in writing of all the members.

Notwithstanding the compromise, a creditor of a limited liability company who extends credit or otherwise acts in reliance on the original obligation may enforce the original obligation.

C. No promise by a member to contribute to the limited liability company is enforceable unless set out in a writing signed by the member.

SECTION 39. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 453 of Title 54, unless there is created a duplication in numbering, reads as follows:

The profits and losses of a limited liability company shall be allocated among the members, and among classes of members, in the manner provided in writing in the operating agreement. If the operating agreement does not so provide in writing, profits and losses shall be allocated on the basis of the value, as stated in the limited liability company records required to be kept pursuant to Section 36 of this act, of the contributions made by each member.

SECTION 40. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 454 of Title 54, unless there is created a duplication in numbering, reads as follows:

Distributions of cash or other assets of a limited liability company shall be allocated among the members, and among classes of members, in the manner provided in writing in the operating agreement. If the operating agreement does not so provide in writing, distributions shall be made on the basis of the value, as stated in the limited liability company records required to be kept pursuant to Section 36 of this act, of the contributions made by each member.

SECTION 41. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 461 of Title 54, unless there is created a duplication in numbering, reads as follows:

Except as provided in Sections 41 through 47 of this act, a member is entitled to receive distributions from a limited liability company before his resignation from the limited liability company and before the dissolution and winding up thereof to the extent and at the times or upon the happening of the events specified in the operating agreement.

SECTION 42. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 462 of Title 54, unless there is created a duplication in numbering, reads as follows:

A member may resign from a limited liability company at any time by giving written notice to the other members, but, if the resignation violates the operating agreement, the limited liability company may recover from the resigning member damages for breach of the operating agreement and offset the damages against the amount otherwise distributable to him.

SECTION 43. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 463 of Title 54, unless there is created a duplication in numbering, reads as follows:

Except as otherwise provided in this act, upon resignation, any resigning member is entitled to receive any distribution to which he is entitled under the operating agreement, and, if not otherwise provided in the operating agreement, he is entitled to receive, within a reasonable time after resignation, the fair value of his membership interest in the limited liability company as of the date of resignation based upon his right to share in distributions from the limited liability company.

SECTION 44. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 464 of Title 54, unless there is created a duplication in numbering, reads as follows:

Except as provided in writing in the operating agreement, a member, regardless of the nature of his contribution, has no right to demand and receive any distribution from a limited liability company in any form other than cash. Except as provided in writing in the operating agreement, a member may not be compelled to accept a distribution of any asset in kind from a limited liability company to the extent that the percentage of the asset distributed to him exceeds a percentage of that asset which is equal to the percentage in which he shares in distributions from the limited liability company.

SECTION 45. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 465 of Title 54, unless there is created a duplication in numbering, reads as follows:

At the time a member becomes entitled to receive a distribution, he has the status of and is entitled to all remedies available to a creditor of the limited liability company with respect to the distribution.

SECTION 46. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 466 of Title 54, unless there is created a duplication in numbering, reads as follows:

A member may not receive a distribution from a limited liability company to the extent that, after giving effect to the distribution, all liabilities of the limited liability company, other than liabilities to members on account of their membership interests, would exceed the fair value of the limited liability company assets.

SECTION 47. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 467 of Title 54, unless there is created a duplication in numbering, reads as follows:

A. If a member has received the return of any part of his contribution without violation of the operating agreement or this article, he is liable to the limited liability company for a period of six (6) years thereafter for the amount of the returned

contribution, but only to the extent necessary to discharge the limited liability company's liability to creditors who extended credit to the limited liability company during the period the contribution was held by the limited liability company.

B. If a member has received the return of any part of his contribution in violation of the operating agreement or this act, he is liable to the limited liability company for a period of six (6) years thereafter for the amount of the contribution wrongfully returned.

C. A member receives a return of his contribution to the extent that a distribution to him reduces his share of the fair value of the net assets of the limited liability company below the value, as set forth in the records required to be kept pursuant to Section 36 of this act, of his contribution which has not been distributed to him.

SECTION 48. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 471 of Title 54, unless there is created a duplication in numbering, reads as follows:

After the filing of a limited liability company's original articles of organization, a person may be admitted as an additional member upon the written consent of all members.

SECTION 49. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 472 of Title 54, unless there is created a duplication in numbering, reads as follows:

A. The interest of each member in a limited liability company constitutes the personal property of the member and may be transferred or assigned as provided in the operating agreement. However, if all of the other members of the limited liability company other than the member proposing to dispose of his or its interest do not approve of the proposed transfer or assignment by unanimous written consent, the transferee of the member's interest shall have no right to participate in the management of the business

and affairs of the limited liability company or to become a member. The transferee shall only be entitled to receive the share of profits or other compensation by way of income and the return of contributions, to which that member would otherwise be entitled.

B. A substituted member is a person admitted to all the rights of a member who has died or has assigned his interest in a limited liability company with the approval of all the members of the limited liability company by unanimous written consent. The substituted member has all the rights and powers and is subject to all the restrictions and liabilities of his assignor; except that the substitution of the assignee does not release the assignor from liability to the limited liability company under Section 38 of this act.

SECTION 50. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 473 of Title 54, unless there is created a duplication in numbering, reads as follows:

On application to a court of competent jurisdiction by any judgment creditor of a member, the court may charge the membership interest of the member with payment of the unsatisfied amount of the judgment with interest. To the extent so charged, the judgment creditor has only the rights of an assignee of the membership interest. This act shall not deprive any member of the benefit of any exemption laws applicable to his membership interest.

SECTION 51. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 474 of Title 54, unless there is created a duplication in numbering, reads as follows:

A. If a member who is an individual dies or a court of competent jurisdiction adjudges him to be incompetent to manage his person or his property, the member's executor, administrator, guardian, conservator, or other legal representative may exercise all of the member's rights for the purpose of settling his estate or administering his property.

B. If a member is a corporation, trust or other entity and is dissolved or terminated, the powers of that member may be exercised by its legal representative or successor.

SECTION 52. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 475 of Title 54, unless there is created a duplication in numbering, reads as follows:

Members and managers of limited liability companies are not liable under a judgment, decree or order of a court, or in any other manner, for a debt, obligation or liability of the limited liability company.

SECTION 53. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 476 of Title 54, unless there is created a duplication in numbering, reads as follows:

A. Subject to the provisions of this act which require majority or unanimous consent, vote, or agreement of the members, the operating agreement may grant to all or a specified group of the members the right to consent, vote, or agree, on a per capita or other basis, upon any matter.

B. Unless the operating agreement provides otherwise, any member may vote in person or by proxy.

SECTION 54. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 477 Title 54, unless there is created a duplication in numbering, reads as follows:

A. Meetings of members may be held at such place, either within or without this state, as may be stated in or fixed in accordance with the operating agreement. If no other place is stated or so fixed, all meetings shall be held at the registered office of the limited liability company.

B. An annual meeting of the members shall be held at such time as may be stated or fixed in accordance with the operating agreement. Failure to hold the annual meeting at the designated

time shall not work a forfeiture or dissolution of the limited liability company.

C. Special meetings of the members may be called by any manager or managers, by not less than one-tenth (1/10) of all the members entitled to vote at the meeting, or by such other persons as may be provided in the articles of organization or the operating agreement.

D. 1. Any court of competent jurisdiction in the State of Oklahoma may summarily order a meeting to be held:

a. on application of any member of the limited liability company, if an annual meeting was not held within six (6) months after the end of the limited liability company's fiscal year or fifteen (15) months after its last annual meeting, whichever is earlier, or

b. on application of a member who participated in a proper call for a special meeting, if:

(1) notice of the special meeting was not given within thirty (30) days after the date the demand was delivered to the manager or managers of the limited liability company, or

(2) the special meeting was not held in accordance with the notice.

2. The court may fix the time and place of the meeting, specify a date for determining members entitled to notice of and to vote at the meeting, prescribe the form and content of the meeting notice, fix the quorum required for a meeting or direct that the interests represented at the meeting constitute a quorum for the meeting, and enter other orders necessary to permit the meeting to be held.

SECTION 55. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 478 of Title 54, unless there is created a duplication in numbering, reads as follows:

Unless otherwise provided in the articles of organization or in the operating agreement, a majority of the members entitled to vote

shall constitute a quorum at the meeting of members. If a quorum is present, the affirmative vote of the majority of the members represented at the meeting and entitled to vote on the subject matter shall be the act of the members, unless the vote of a greater proportion or number or voting by classes is required by this act, the articles of organization or the operating agreement. If a quorum is not represented at any meeting of the members, such meeting may be adjourned for a period not to exceed sixty (60) days at any one adjournment.

SECTION 56. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 479 of Title 54, unless there is created a duplication in numbering, reads as follows:

A. Written notice stating the place, day and hour of the meeting and, in case of a special meeting, the purpose for which the meeting is called shall be delivered not less than ten (10) days nor more than fifty (50) days before the date of the meeting, either personally or by mail, by or at the direction of any manager or person calling the meeting to each member of record entitled to vote at such meeting.

B. Notice to members, if mailed, shall be deemed delivered as to any member when deposited in the United States mail, addressed to the member, with postage prepaid, but, if three successive letters mailed to the last-known address of any member are returned as undeliverable, no further notices to such member shall be necessary until another address for such member is made known to the limited liability company.

C. When a meeting is adjourned to another time or place, unless the operating agreement otherwise requires, notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting the limited liability company may transact any business which might have been transacted at the original meeting. If the

adjournment is for more than thirty (30) days, a notice of the adjourned meeting shall be given to each member entitled to vote at the meeting.

SECTION 57. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 480 of Title 54, unless there is created a duplication in numbering, reads as follows:

A. When any notice is required to be given to any member of a limited liability company under the provisions of this act or under the provisions of the articles of organization or the operating agreement of the limited liability company, a waiver thereof in writing signed by the person entitled to such notice, whether before, at, or after the time stated therein, shall be equivalent to the giving of such notice.

B. By attending a meeting, a member:

1. Waives objection to lack of notice or defective notice of such meeting unless the member, at the beginning of the meeting, objects to the holding of the meeting or the transacting of business at the meeting; and

2. Waives objection to consideration at such meeting of a particular matter not within the purpose or purposes described in the meeting notice unless the member objects to considering the matter when it is presented.

SECTION 58. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 481 of Title 54, unless there is created a duplication in numbering, reads as follows:

A. Unless the articles of organization or the operating agreement provide otherwise, action required or permitted by this act to be taken at a members' meeting may be taken without a meeting if the action is evidenced by one or more written consents describing the action taken, signed by each member entitled to vote. Action taken under this subsection is effective when all members

entitled to vote have signed the consent, unless the consent specifies a different effective date.

B. Written consent of the members entitled to vote has the same force and effect as a unanimous vote of such members and may be stated as such in any document.

SECTION 59. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 482 of Title 54, unless there is created a duplication in numbering, reads as follows:

A member of a limited liability company shall have the right to:

1. Inspect and copy limited liability company records, as provided by Section 36 of this act;

2. Obtain from the manager or managers from time to time, subject to such reasonable standards as may be set forth in the operating agreement or otherwise established by the manager or managers, upon reasonable demand for any purpose reasonably related to the member's interest as a member:

- a. true and full information regarding the state of the business and financial condition of the limited liability company and any other information regarding the affairs of the limited liability company, and
- b. promptly after becoming available, a copy of the limited liability company's federal, state, and local income tax returns for each year; and

3. Have a formal accounting of limited liability company affairs whenever circumstances render it just and reasonable.

SECTION 60. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 491 of Title 54, unless there is created a duplication in numbering, reads as follows:

A. A limited liability company organized under this act shall be dissolved upon the occurrence of any of the following events:

1. When the period fixed for the duration of the limited liability company expires;

2. By the unanimous written agreement of all members; or

3. Upon the death, retirement, resignation, expulsion, bankruptcy, or dissolution of a member or the occurrence of any other event which terminates the continued membership of a member in the limited liability company, unless there are at least two remaining members and the business of the limited liability company is continued by the consent of all the remaining members under a right to do so stated in the articles of organization of the limited liability company within ninety (90) days after the termination.

B. As soon as possible following the occurrence of any of the events specified in this section effecting the dissolution of the limited liability company, the limited liability company shall execute a statement of intent to dissolve in such form as shall be prescribed by the Secretary of State. The statement of intent to dissolve shall be executed by a manager of the limited liability company.

SECTION 61. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 492 of Title 54, unless there is created a duplication in numbering, reads as follows:

Any person who is adversely affected by the failure or refusal of any limited liability company to execute and file any amendment, statement of intent to dissolve, or other document to be filed under this act may petition the district court in the county where the registered office of the limited liability company is located or, if no such address is on file with the Secretary of State, in Oklahoma County, to direct the execution and filing of the amendment, statement of intent to dissolve, or other document to be executed and filed and that there has been a failure or refusal to execute and file such document, it shall order the Secretary of State to record an appropriate amendment, statement of intent to dissolve, or other document.

SECTION 62. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 493 of Title 54, unless there is created a duplication in numbering, reads as follows:

A. Duplicate originals of the statement of intent to dissolve shall be delivered to the Secretary of State. If the Secretary of State finds that such statement conforms to law, he shall, when all required fees have been paid:

1. Endorse on each duplicate original the word "Filed" and the month, day, and year of the filing thereof;
2. File one duplicate original in his office; and
3. Return the other duplicate original to the limited liability company or its representative.

B. The filing of the statement of intent to dissolve shall not affect the limited liability of the members.

SECTION 63. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 494 of Title 54, unless there is created a duplication in numbering, reads as follows:

Upon the filing with the Secretary of State of a statement of intent to dissolve, the limited liability company shall cease to carry on its business, except insofar as may be necessary for the winding up of its business, but its separate existence shall continue until articles of dissolution have been filed with the Secretary of State or until a decree dissolving the limited liability company has been entered by a court of competent jurisdiction.

SECTION 64. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 495 of Title 54, unless there is created a duplication in numbering, reads as follows:

In settling accounts after dissolution, the assets of the limited liability company shall be distributed as follows:

1. To creditors, including members who are creditors, to the extent otherwise permitted by law, in satisfaction of liabilities of

the limited liability company other than liabilities for distributions to members under Section 41 or 43 of this act;

2. Except as provided in the operating agreement, to members and former members of the limited liability company in satisfaction of liabilities for distributions under Sections 41 and 43 of this act; and

3. Except as provided in the operating agreement, to members of the limited liability company for the return of their contributions and respecting their membership interests in the proportions in which the members share in distributions.

SECTION 65. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 496 of Title 54, unless there is created a duplication in numbering, reads as follows:

When all debts, liabilities and obligations have been paid and discharged or adequate provision has been made therefor and all of the remaining property and assets have been distributed to the members, articles of dissolution shall be executed in duplicate and verified by the person signing the statement, which statement shall set forth:

1. The name of the limited liability company;

2. That a statement of intent to dissolve the company has been filed with the Secretary of State and the date on which such statement was filed;

3. That all debts, obligations, and liabilities have been paid and discharged or that adequate provision has been made therefor;

4. That all the remaining property and assets have been distributed among its members in accordance with their respective rights and interests; and

5. That there are no suits pending against the company in any court or that adequate provision has been made for the satisfaction of any judgment, order, or decree which may be entered against it in any pending suit.

SECTION 66. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 497 of Title 54, unless there is created a duplication in numbering, reads as follows:

A. Duplicate originals of such articles of dissolution shall be delivered to the Secretary of State. If the Secretary of State finds that such articles of dissolution conform to law, he shall, when all required fees have been paid:

1. Endorse on each duplicate original the word "Filed" and the date of the filing thereof; and

2. File one duplicate original in his office.

B. A duplicate original of the articles of dissolution, together with a certificate of dissolution issued by the Secretary of State, shall be returned to the representative of the dissolved limited liability company. Upon the filing of such articles of dissolution, the existence of the company shall cease, except for the purpose of suits, other proceedings, and appropriate action as provided in this act. The manager or managers in office at the time of dissolution, or those which remain, shall thereafter be trustees for the members and creditors of the dissolved limited liability company and as such shall have authority to distribute any company property discovered after dissolution, convey real estate, and take such other action as may be necessary on behalf of and in the name of such dissolved limited liability company.

SECTION 67. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 498 of Title 54, unless there is created a duplication in numbering, reads as follows:

A. A limited liability company may be dissolved involuntarily by a decree of the district court in an action filed by the Attorney General when it is established that;

1. The limited liability company procured its articles of organization through fraud;

2. The limited liability company has continued to exceed or abuse the authority conferred upon it by law;

3. The limited liability company has failed for thirty (30) days to appoint and maintain a registered agent in this state; or

4. The limited liability company has failed for thirty (30) days after change of its registered office or registered agent to file in the office of the Secretary of State a statement of such change.

B. District courts shall have full power to liquidate the assets and business of a limited liability company:

1. In an action by a creditor:

a. when the claim of the creditor has been reduced to judgment and an execution thereon returned unsatisfied and it is established that the limited liability company is insolvent, or

b. when the limited liability company has admitted in writing that the claim of the creditor is due and owing and it is established that the limited liability company is insolvent;

2. Upon application by a limited liability company, which has filed a statement of intent to dissolve as provided in this act, to have its liquidation continued under the supervision of the court;

3. When an action has been filed by the Attorney General to dissolve a limited liability company and it is established that liquidation of its business and affairs should precede the entry of a decree of dissolution; and

4. Proceedings under paragraphs 1 and 2 of this subsection shall be brought in the district court of the county in which the registered office of the limited liability company is located.

SECTION 68. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 499 of Title 54, unless there is created a duplication in numbering, reads as follows:

A. The Secretary of State may certify to the Attorney General the name of any limited liability company which has given cause for dissolution as provided in this act, together with the facts pertinent thereto.

B. When the Secretary of State certifies the name of a limited liability company to the Attorney General as having given any cause for dissolution, the Secretary of State shall concurrently mail to the limited liability company at its registered office a notice that the certification has been made. Not less than thirty (30) days after the receipt of such certification, the Attorney General shall file an action in the name of the state against the limited liability company for its dissolution.

C. If, before action is filed, the limited liability company appoints or maintains a registered agent as provided in this act or files with the Secretary of State the required statement of change of registered office or registered agent, this article shall be forthwith certified by the Secretary of State to the Attorney General, and he shall not file an action against the limited liability company for such cause.

D. If, after action is filed, the limited liability company appoints or maintains a registered agent as provided in this act or files with the Secretary of State the required statement of change of registered office or registered agent and pays the cost of the action and a penalty of Fifty Dollars (\$50.00), the action for such cause shall abate.

SECTION 69. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500 of Title 54, unless there is created a duplication in numbering, reads as follows:

A. Every action for the involuntary dissolution of a limited liability company brought by the Attorney General shall be commenced either in the district court of the county in which the registered office of the limited liability company is located or in the

district court of Oklahoma County. Summons shall issue and be served as in other civil actions.

B. If process is returned not found, the Attorney General shall cause publication to be made as in other civil cases in a newspaper of general circulation published in the county where the registered office of the limited liability company is located, containing a notice of the pendency of the action, the title of the court, the title of the action, and the date on or after which default may be entered. The Attorney General may include in one notice the names of any number of limited liability companies against which actions are then pending in the same court. The Attorney General shall cause a copy of such notice to be mailed to the registered agent of the limited liability company within ten (10) days after the first publication thereof.

C. The certificate of the Attorney General of the mailing of the notice shall be prima facie evidence thereof. Such notice shall be published at least once each week for two (2) successive weeks, and the first publication may begin at any time after the summons has been returned. Unless a limited liability company has been served with summons, no default shall be taken against it earlier than thirty (30) days after the first publication of the notice.

SECTION 70. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 501 of Title 54, unless there is created a duplication in numbering, reads as follows:

The articles of organization shall be canceled by the Secretary of State upon filing the articles of dissolution.

SECTION 71. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 511 of Title 54, unless there is created a duplication in numbering, reads as follows:

Subject to the Constitution of this state, the laws of the jurisdiction under which a foreign limited liability company is organized govern its organization and internal affairs and the

liability of its members, and a foreign limited liability company may not be denied a certificate of authority to transact business in this state by reason of any difference between those laws and the laws of this state.

SECTION 72. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 512 of Title 54, unless there is created a duplication in numbering, reads as follows:

A foreign limited liability company may apply for a certificate of authority under any name that would be available to a domestic limited liability company, whether or not such name is the name under which it is authorized in its jurisdiction of organization.

SECTION 73. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 513 of Title 54, unless there is created a duplication in numbering, reads as follows:

A. Any limited liability company organized and existing under laws other than the laws of this state may register its company name pursuant to the provisions of this act, if such name would be available to a domestic limited liability company pursuant to Section 8 of this act.

B. Such registration shall be made by delivering to the Secretary of State an application for registration executed by an officer of the limited liability company, setting forth:

1. The name of such limited liability company;
2. The jurisdiction under the laws of which it is organized;
3. The date of its organization;
4. A statement that it is carrying on or doing business and a brief statement of the business in which it is engaged; and
5. A certificate stating that the corporation is in good standing under the laws of the jurisdiction wherein it is organized, executed by the Secretary of State of such jurisdiction or by such other official as may have custody of the records pertaining to limited liability companies.

C. The applicant shall also pay to the Secretary of State a registration fee in the amount of One Dollar (\$1.00) for each month, or fraction thereof, between the date of filing the application and December 31 of the calendar year in which the application is filed.

D. Such registration shall be effective until the close of the calendar year in which the application for registration is filed.

SECTION 74. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 514 of Title 54, unless there is created a duplication in numbering, reads as follows:

Before transacting business in this state, a foreign limited liability company shall obtain a certificate of authority. An applicant for such a certificate shall pay a filing fee in an amount determined by the Secretary of State and shall submit to the Secretary of State, in duplicate, an application executed by a manager, member, or other authorized agent and setting forth:

1. The name of the foreign limited liability company and, if different, the name under which it proposes to transact business in this state;

2. The jurisdiction and date of its formation;

3. The name and business address of the proposed registered agent in this state, which agent shall be an individual resident of this state, a domestic corporation, or a foreign corporation having a place of business in, and authorized to do business in, this state;

4. The address of the office required to be maintained in the jurisdiction of its organization by the laws of that jurisdiction or, if not so required, of the principal place of business of the foreign limited liability company; and

5. Such additional information as may be necessary or appropriate in order to enable the Secretary of State to determine whether such limited liability company is entitled to transact business in this state.

SECTION 75. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 515 of Title 54, unless there is created a duplication in numbering, reads as follows:

If the Secretary of State finds that an application or amended application for a certificate of authority conforms to law and all requisite fees have been paid, he shall:

1. Endorse on the application or the amended application the word "Filed " and the date of the filing thereof;
2. File in his office one duplicate original of the application or the amended application; and
3. Return the other duplicate original of the application or the amended application to the person who filed it or to his representative with a certificate of authority issued by the Secretary of State.

SECTION 76. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 516 of Title 54, unless there is created a duplication in numbering, reads as follows:

If any statement in the application for a certificate of authority by a foreign limited liability company was false when made or any arrangements or other facts described have changed, making the application inaccurate in any respect, including but not limited to a change in the name or address of the registered agent required to be maintained by Section 77 of this act, the foreign limited liability company shall promptly submit to the Secretary of State, in duplicate, an amended application for a certificate of authority, executed by a manager, member, or other authorized agent correcting such statement.

SECTION 77. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 517 of Title 54, unless there is created a duplication in numbering, reads as follows:

A foreign limited liability company authorized to transact business in this state shall:

1. Appoint and continuously maintain a registered agent in the same manner as provided in Section 17 of this act;

2. File a report upon any change in the name or business address of its registered agent in the same manner as provided in Section 18 of this act; and

3. File limited liability company reports as provided in Section 19 of this act.

SECTION 78. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 518 of Title 54, unless there is created a duplication in numbering, reads as follows:

A. The certificate of authority of a foreign limited liability company to transact business in this state may be revoked by the Secretary of State upon the occurrence of any of these events:

1. The foreign limited company has failed to:

- a. file its limited liability company report within the time required by this act or has failed to pay any fees or penalties prescribed by this act,
- b. appoint and maintain a registered agent as required by this act,
- c. file a report upon any change in the name or business address of the registered agent, or
- d. file in the office of the Secretary of State any amendment to its application for a certificate of authority as specified in Section 76 of this act; or

2. A misrepresentation has been made of any material matter in any application, report, affidavit, or other document submitted by such foreign limited liability company pursuant to this act.

B. No certificate of authority of a foreign limited liability company shall be revoked by the Secretary of State unless:

1. He has given the foreign limited liability company not less than sixty (60) days' notice thereof by mail addressed to its registered office in this state or, if said foreign limited

liability company fails to appoint and maintain a registered agent in this state, addressed to the office required to be maintained pursuant to Section 74 of this act; and

2. During such sixty-day period, the foreign limited liability company has failed to file such limited liability company report, to pay such fees or penalties, to file such report of change regarding the registered agent, to file any such amendment, or to correct such misrepresentation.

C. Upon the expiration of sixty (60) days after the mailing of such notice, the authority of the foreign limited liability company to transact business in this state shall cease.

SECTION 79. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 519 of Title 54, unless there is created a duplication in numbering, reads as follows:

A. A foreign limited liability company authorized to transact business in this state may withdraw from this state upon procuring from the Secretary of State a certificate of withdrawal. In order to procure such certificate, the foreign limited liability company shall deliver to the Secretary of State an application for withdrawal, which shall set forth:

1. The name of the limited liability company and the state or country under the laws of which it is incorporated;

2. That the limited liability company is not transacting business in this state;

3. That the limited liability company surrenders its authority to transact business in this state;

4. That the limited liability company revokes the authority of its registered agent in this state to accept service of process and consents that service of process in any action, suit, or proceeding based upon any cause of action arising in this state during the time the limited liability company was authorized to transact business in

this state may thereafter be made on such limited liability company by service thereof upon the Secretary of State;

5. A post-office address to which a person may mail a copy of any process against the limited liability company; and

6. Such additional information as is necessary or appropriate in order to enable the Secretary of State to determine and assess any unpaid fees payable by such limited liability company as prescribed in this act.

B. The application for withdrawal shall be in the form and manner designated by the Secretary of State and shall be executed by the limited liability company by one of its managers, or, if the limited liability company does not have a manager, by an authorized agent, or, if the limited liability company is in the hands of a receiver or trustee, by such receiver or trustee on behalf of the limited liability company. This report shall be accompanied by a written declaration that it is made under the penalties of perjury.

SECTION 80. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 520 of Title 54, unless there is created a duplication in numbering, reads as follows:

A. A foreign limited liability company transacting business in this state may not maintain any action, suit, or proceeding in any court of this state until it possesses a certificate of authority.

B. The failure of a foreign limited liability company to obtain a certificate of authority does not impair the validity of any contract or act of the foreign limited liability company or prevent the foreign limited liability company from defending any action, suit, or proceeding in any court of this state.

C. A foreign limited liability company, by transacting business in this state without a certificate of authority, appoints the Secretary of State as its agent upon whom any notice, process, or demand may be served.

D. A foreign limited liability company which transacts business in this state without a valid certificate of authority shall be liable to the state for the years or parts thereof during which it transacted business in this state without such certificate in an amount equal to all fees which would have been imposed by this act upon that limited liability company had it duly obtained such certificate, filed all reports required by this act, and paid all penalties imposed by this act. The Attorney General shall bring proceedings to recover all amounts due this state under the provisions of this section.

E. A foreign limited liability company which transacts business in this state without a valid certificate of authority shall be subject to a civil penalty, payable to the state, not to exceed Five Thousand Dollars (\$5,000.00). Each manager or, in the absence of managers, each member or agent who authorizes, directs, or participates in the transaction of business in this state on behalf of a foreign limited liability company which does not have such certificate shall be subject to a civil penalty, payable to the state, not to exceed One Thousand Dollars (\$1,000.00).

F. The civil penalties set forth in subsection E of this section may be recovered in an action brought within the district court in and for the county of Oklahoma County by the Attorney General. Upon a finding by the court that a foreign limited liability company or any of its members, managers, or agents have transacted business in this state in violation of this act, the court shall issue, in addition to the imposition of a civil penalty, an injunction restraining the further transaction of the business of the foreign limited liability company and the further exercise of any limited liability company's rights and privileges in this state. The foreign limited liability company shall be enjoined from transacting business in this state until all civil penalties plus any interest and court costs which the court may assess have been

paid and until the foreign limited liability company has otherwise complied with the provisions of this act.

G. A member of a foreign limited liability company is not liable for the debts and obligations of the limited liability company solely by reason of such company having transacted business in this state without a valid certificate of authority.

SECTION 81. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 521 of Title 54, unless there is created a duplication in numbering, reads as follows:

The Attorney General may bring an action to restrain a foreign limited liability company from transacting business in this state in violation of Sections 71 through 80 of this act.

SECTION 82. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 522 of Title 54, unless there is created a duplication in numbering, reads as follows:

Service of process on a foreign limited liability company shall be as provided in Section 22 of this act.

SECTION 83. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 523 of Title 54, unless there is created a duplication in numbering, reads as follows:

The execution of an application constitutes an affirmation under the penalties of perjury that the facts stated therein are true.

SECTION 84. This act shall become effective September 1, 1991.

43-1-400

JY