

TITLE 4: ECONOMIC RESOURCES
DIVISION 4: CORPORATIONS, PARTNERSHIPS AND ASSOCIATIONS

§ 4881. Events Causing Member's Dissociation.

A member is dissociated from a limited liability company upon the occurrence of any of the following events:

(1) The company's having notice of the member's express will to withdraw upon the date of notice or on a later date specified by the member;

(2) An event agreed to in the operating agreement as causing the member's dissociation;

(3) Upon transfer of all of a member's distributional interest, other than a transfer for security purposes or a court order charging the member's distributional interest which has not been foreclosed;

(4) The member's expulsion pursuant to the operating agreement;

(5) The member's expulsion by unanimous vote of the other members if:

(i) It is unlawful to carry on the company's business with the member;

(ii) There has been a transfer of substantially all of the member's distributional interest, other than a transfer for security purposes or a court order charging the member's distributional interest that has not been foreclosed;

(iii) Within 90 days after the company notifies a corporate member that it will be expelled because it has filed a certificate of dissolution or the equivalent, its charter has been revoked, or its right to conduct business has been suspended by the jurisdiction of its incorporation, the member fails to obtain a revocation of the certificate of dissolution or a reinstatement of its charter or its right to conduct business; or

(iv) A partnership or a limited liability company that is a member has been dissolved and its business is being wound up;

(6) On application by the company or another member, the member's expulsion by judicial determination because the member:

(i) Engaged in wrongful conduct that adversely and materially affected the company's business;

(ii) Willfully or persistently committed a material breach of the operating agreement or of a duty owed to the company or the other members under section 4859; or

(iii) Engaged in conduct relating to the company's business that makes it not reasonably practicable to carry on the business with the member;

(7) The member's:

(i) Becoming a debtor in bankruptcy;

(ii) Executing an assignment for the benefit of creditors;

(iii) Seeking, consenting to, or acquiescing in the appointment of a trustee, receiver, or liquidator of the member or of all or substantially all of the member's property; or

(iv) Failing, within 90 days after the appointment, to have vacated or stayed the appointment of a trustee, receiver, or liquidator of the member or of all or substantially all of the member's property obtained without the member's consent or acquiescence, or failing within 90 days after the expiration of a stay to have the appointment vacated;

(8) In the case of a member who is an individual:

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- (i) The member's death;
 - (ii) The appointment of a guardian or general conservator for the member; or
 - (iii) A judicial determination that the member has otherwise become incapable of performing the member's duties under the operating agreement;
- (9) In the case of a member that is a trust or is acting as a member by virtue of being a trustee of a trust, distribution of the trust's entire rights to receive distributions from the company, but not merely by reason of the substitution of a successor trustee;
- (10) In the case of a member that is an estate or is acting as a member by virtue of being a personal representative of an estate, distribution of the estate's entire rights to receive distributions from the company, but not merely the substitution of a successor personal representative; or
- (11) Termination of the existence of a member if the member is not an individual, estate, or trust other than a business trust.

Source: PL 14-11, § 2 (601), modified.

Commission Comment: See the comment to 4 CMC § 4801 regarding PL 14-11.