

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

§ 4883. Effect of Member's Dissociation.

(a) Upon a member's dissociation:

(1) In an at-will company, the company must cause the dissociated member's distributional interest to be purchased under Chapter 7; and

(2) In a term company:

(i) If the company dissolves and winds up its business on or before the expiration of its specified term, Chapter 8 applies to determine the dissociated member's rights to distributions; and

(ii) If the company does not dissolve and wind up its business on or before the expiration of its specified term, the company must cause the dissociated member's distributional interest to be purchased under Chapter 7 on the date of the expiration of the term specified at the time of the member's dissociation.

(b) Upon a member's dissociation from a limited liability company:

(1) The member's right to participate in the management and conduct of the company's business terminates, except as otherwise provided in section 4903, and the member ceases to be a member and is treated the same as a transferee of a member;

(2) The member's duty of loyalty under section 4859(b)(3) terminates; and

(3) The member's duty of loyalty under section 4859(b)(1) and (2) and duty of care under section 4859(c) continue only with regard to matters arising and events occurring before the member's dissociation, unless the member participates in winding up the company's business pursuant to section 4903.

Source: PL 14-11, § 2 (603), modified.

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