# **Contents**

# PART I ORGANIZATION

CHA	PTER 1:	INTROD	UCTION	1-1	
1.1.	Californ	ia Revised U	niform Limited Liability Company Act	1-3	
	1.1.1.	Adoption a	and Effective Date	1-3	
	1.1.2.	Transition	Provisions in CRULLCA	1-3	
	1.1.3.	Comparsio	on of Defined Terms in the Act		
		and the Pri	or Act	1-7	
1.2.	Compari	ison of the Ll	LC with Other Entities	1-12	
1.3.	History	of the LLC .		1-17	
1.4.	Classific	ation of the I	LLC as a Partnership for Income Tax		
	Purposes	s and Miscell	aneous Tax Issues	1-17	
	1.4.1.	Introduction	on	1-17	
	1.4.2. th	ough 1.4.4.	[Reserved]	1-18	
	1.4.5.	The Check	t-the-Box Regulations	1-18	
		1.4.5.1.	Publicly Traded Partnership Rules	1-21	
	1.4.6.	Miscellane	eous Federal Income Tax Issues	1-22	
		1.4.6.1.	Self-Employment Tax	1-23	
		1.4.6.2.	Passive Loss Rules	1-25	
		1.4.6.3.	Method of Accounting	1-27	
		1.4.6.4.	Special Consideration for Non-U.S.		
			Members	1-28	
	1.4.7.		Tax Treatment of LLCs	1-28	
		1.4.7.1.	California Tax Classification	1-28	
		1.4.7.2.	California Taxation of LLCs	1-29	
		1.4.7.3.	Constitutionality of the California		
			Gross Receipts Fee	1-31	
1.5.			ed Liability Company Act —	1-33	
		The Prior Act			
	1.5.1.		California LLC Act,	1.00	
			anuary 1, 2014	1-33	
		1.5.1.1.	The Clean-Up Act (AB 506)	1-36.1	
	1.5.0	0	Adopted in 2015		
	1.5.2. 1.5.3.		of the Prior Act.	1-37	
			Amendments to the Prior Act	1-38	
	1.5.4.	1 ne 1999 <i>i</i>	Amendments to the Prior Act	1-40	

		greement
	_	ets Relating to Limited Liability
Compani		
1.7.1.		ecurities Law Applicability to LLC
	Membersh	ip Interests
	1.7.1.1.	Membership Interests and SEC
		Reporting Requirements
	1.7.1.2.	Tacking Holding Periods for Rule
		144 Purposes
1.7.2.		Securities Laws Regarding LLC
	Interests a	s Securities
	1.7.2.1.	Offer and Sale of Membership
		Interests, Generally
	1.7.2.2.	Mergers and Reorganizations
		Involving LLCs
	1.7.2.3.	Conversions of Entities
	1.7.2.4.	"Finders" Legislation
Use of L	LCs for Eme	erging Venture-Backed Companies
The S Co	orporation A	Iternative
Californi	a Alcoholic	Beverage Control Licensing of LLCs
Spousal 6	Consent	
Acquisiti	ion of an LL	C Interest by an Employee of the LLC
Litigation	n Issues	
1.13.1.		olving Jurisdictional Issues
	1.13.1.1.	Diversity Jurisdiction
	1.13.1.2.	In Personam Jurisdiction
	1.13.1.3.	Subject Matter Jurisdiction and
		Choice of Forum
1.13.2.	An LLC M	Iay Not Represent Itself in Court
1.13.3.		Standing to Sue Member
1.13.4.		ne Veil
	1.13.4.1.	Traditional Piercing the Veil
	1.13.4.2.	Reverse Piercing
1.13.5.		tion Activities
1.13.5A.		es for Member Liability
1.13.6.		Considerations
1.13.0.		Actions Required if Injury Was to
1.13.7.		Required it figury was to
1.13.8.		Client Privilege
1.15.0.	1 morney	entions

1.15.	Single-Member LLCs in California			
1.16.	The "Two Member" Single-Member LLC			
1.17.		Tax Act	1-76	
	1.17.1.	2017 Tax Act's Impact on the Choice of Entity	1-76	
	1.17.2.	Section 199A – Deduction for Qualified		
		Business Income	1-78	
	1.17.3.	Section 1061 – Carried Interests	1-82	
	1.17.4.	Section 163(j) – Limitation on Interest Deduction	1-83	
	1.17.5.	Section 708 – Repeal of Technical Termination of		
		Partnership	1-84	
	1.17.6.	Section 461(1) – Limitation on Excess		
		Business Losses of Non-Corporate Taxpayers	1-85	
CHAP'	TER 2:	FORMATION AND ORGANIZATION	2-1	
2.1.		on	2-2	
	2.1.1.	Sample Fee Agreement Between Law Firm and		
		LLC to Be Formed	2-2	
	2.1.2.	Legal Opinions Concerning California LLCs	2-4	
2.2.		ation Matters	2-5	
	Form 2-1.			
		Filing of Articles of Organization	2-6	
	Form 2-2.			
		Articles of Organization	2-7	
	Form 2-3.	8	2-8	
2.3.	Form LLC	C-1. Articles of Organization	2-8	
	2.3.1.	Basic Requirements	2-8	
	2.3.2.	Optional Provisions for the Articles or the		
		Operating Agreement	2-11	
		2.3.2.1. Provision Limiting Agency Authority		
		of Members	2-12	
		2.3.2.2. Operating Agreement	2-13	
2.4.	Form LLC	C-11. Certificate of Correction	2-13	
2.5.	Form LLC	C-2. Certificate of Amendment to		
	Articles of Organization			
	Form 2-4.			
		Articles of Organization	2-15	
	Form 2-5.			
		Organization Where Operating Agreement		
		Does Not Require Unanimity	2-16	
2.6.		C-10. Restated Articles of Organization	2-16	
27	Reservation of Name			

	Form 2-6. Application to Reserve Name	2-17 2-18		
2.8.	Statement of Information Filing Requirements			
2.9.	Change of Resident Agent or Change of Address of	2.40		
2.10	Resident Agent	2-19		
2.10.	Optional Recording in County Recorder's Office	2-19		
	PART II OPERATIONS			
CHAI	PTER 3: THE OPERATING AGREEMENT	3-1		
3.1.	In General	3-2		
3.2.	Use of Operating Agreement to Vary Terms of the Act	3-3		
	3.2.1. California Versus Delaware Treatment of			
	Certain Operating Agreement Provisions	3-5		
3.3.	Flexibility of LLC Form	3-9		
3.4.	Form of Operating Agreement	3-9		
3.5.	Formality of Adoption	3-10		
3.6.	Amendment	3-10		
	3.6.1. In General	3-10		
	3.6.2. Formality Required	3-10		
3.7.	Form Operating Agreements	3-11		
3.8.	Operating Protocols	3-11		
3.9.	An Alternative to a Series LLC	3-12		
CHAI	PTER 4: ORGANIZATION OF THE LLC	4-1		
4.1.	Drafting LLC Organization Provisions	4-3		
4.2.	Introductory Paragraph	4-3		
	Form 4-1. Introductory Paragraph — Names Parties	4-3		
	Form 4-2. Introductory Paragraph — Does Not			
	Name Parties	4-4		
4.3.	Background to Agreement.	4-4		
	Form 4-3. Explanatory Statement	4-4		
	4.3.1. A Later-Adopted Operating Agreement	4-4		
	Form 4-4. Recitals of History of LLC	4-5		
4.4.	Confirmation of Agreement.	4-5		
4.5.	Form 4-5. Confirmation of Agreement	4-5		
4.5.	Definitions	4-5		
	4.5.1. "Transferable Interest" Compared to "Membership Interest"	4-6		
	4.5.2. "Transferee" Compared to "Member"	4-0		
	Form 4-6. General Definitions	4-7		
4.6.	Agreement to Organize LLC	4-9		
	1.5. comen to organize blotter transfer to the contract of the	. ,		

	Form 4-7. Form 4-8.	General Agreement to Organize LLC Organizational Provision Confirming that Articles of Organization Have Been Filed
4.7.	Name	_
	Form 4-9.	Name Provision for Member-Managed LLC
	Form 4-10.	Name Provision for Manager-Managed LLC
4.8.	Purpose	
	Form 4-11.	Any Lawful Purpose
	Form 4-12.	Specific Purpose
	Form 4-13.	Purpose Limited to Real Estate
4.9.	Term	
	Form 4-14.	Term Commences on Date of Filing of
		Articles of Organization
	Form 4-15.	Term Commences upon Execution of
		Operating Agreement
4.10.	Office in Cal	lifornia
	Form 4-16.	Office in California of LLC Managed by
		Members
	Form 4-17.	Office for Records Only
	Form 4-18.	Office in California of LLC Managed by
		Managers
4.11.	Resident Age	ent
	Form 4-19.	Resident Agent
4.12.		
	Form 4-20.	Schedule of Members Set Forth in Exhibit
	Form 4-21.	Schedule of Members Set Forth in Text of
		Agreement
	Form 4-22.	Schedule of Members (without Percentages)
4.13.		
	Form 4-23.	Management of the LLC by Less than
		All Its Members
4.14.	Miscellaneo	us Provisions
	Form 4-24.	Miscellaneous Provisions
CILAT	OTED 5. I	IMITED I IADII ITV COMBANY CADITAI
		IMITED LIABILITY COMPANY CAPITAL.
5.1.		oital Provisions
5.2.	_	al Contributions
	Form 5-1.	Initial Capital Contributions in Cash
	Form 5-2.	Initial Capital Contributions — Partly in
	D 7.3	Cash and Partly in Services
	Form 5-3.	Initial Capital Contributions — Partly in
	D 7.4	Cash and Partly in Property
	Form 5-4.	Representation in Connection with
		Contribution of Property

	Form 5-5.	Capital Contributions Expressed by Reference	5.0	
		to Capital Units	5-6	
5.3.		apital Contributions	5-6	
	Form 5-6.	Additional Capital Contributions at		
		Discretion of Manager — Limit on		
		Amount	5-6	
	Form 5-7.	Additional Capital Contributions at		
		Discretion of Members — Limit on		
	T	Amount	5-7	
	Form 5-8.	No Liability Beyond Initial Capital	<b>.</b> 0	
	F 50	Contribution.	5-8	
	Form 5-9.	No Liability Beyond Additional Capital	<b>.</b> 0	
		Contributions	5-8	
5.4.		yment of Contributions	5-8	
	Form 5-10.	Remedy of Reduction of Member's Interest		
		in Event of Failure to Make Contribution to		
		Manager-Managed LLC	5-9	
	Form 5-11.	Remedy of Multiple Reduction of Member's		
		Interest in Event of Failure to Make		
		Contribution to Manager-Managed LLC	5-10	
		ompromise of Obligation to Make a		
		ontribution	5-10	
5.5.	Members' G	uarantee of LLC Obligations	5-11	
	Form 5-12.	Members' Guarantee of Company		
		Obligations	5-12	
5.6.	Interest on C	apital Contributions	5-13	
	Form 5-13.	No Interest on Capital Contributions	5-13	
	Form 5-14.	Interest on Capital Contributions	5-13	
5.7.	Return of Contributions			
	Form 5-15.	Return of Capital Contributions —		
		Unanimous Consent of Members and		
		Compliance with Act Required	5-15	
5.8.	Form of Distribution			
	Form 5-16.	Form of Distribution — No Right to Receive		
		Anything but Money	5-15	
	Form 5-17.	Form of Distribution — Form of Distribution		
		Is at Discretion of Manager in		
		Manager-Managed LLC	5-16	
5.9.	Capital Acco	ounts	5-16	
J.,.	Form 5-18.	Capital Accounts Maintained in Accordance	2 10	
	_ 01 <i>U</i> 10.	with Code Section 704	5-16	
5.10.	Loans and O	ther Business Transactions with Members	5-16	
J.1U.	Louis and O	mer Basiness riumactions with methods	2 10	

	Form 5-1	Borrow Money from and to Transact Other Business with Members on Terms to Be Agreed upon in Future	5-17 5-17
CHA	PTER 6:	ALLOCATION AND DISTRIBUTION PROVISIONS	6-1
6.1.	Tavation	of the LLC	6-3
6.2.		Allocation and Distribution Concepts	6-4
6.3.		ion Restrictions under the Act	6-5
6.4.		on Restrictions — IRC Section 704(b)	6-5
0.1.	6.4.1.	Overview	6-5
	6.4.2.	The Three Alternative Allocation Tests	6-6
	o <u>-</u> .	6.4.2.1. The First Test: Partners' Interests in	0 0
		the Partnership	6-6
		6.4.2.2. The Second Test: Substantial Economic Effect and Capital	
		Accounts	6-6.1
		6.4.2.3. The Third Test: Nonrecourse Debt	6-7
	6.4.3.	Allocations to Interest Holders	6-8
6.5.	Definitio	ns	6-9
	6.5.1.	Distribution-Related Definitions	6-9 6-10
	6.5.2.	Allocation-Related Definitions	6-11
		Form 6-2. Tax Definitions	6-11
6.6.	Basic Dis	stribution Provisions	6-14
	6.6.1.	In General	6-14
	6.6.2.	Cash Flow from Operations	6-15
		Form 6-3. Distributions of Cash Flow	6-15
		6.6.2.1. Minimum Tax Distribution Form 6-3A. Tax Distribution to	6-15
		Pay Taxes	6-16
	6.6.3.	Distribution of Capital Proceeds	6-16
		Form 6-4. Distribution of Capital Proceeds	6-16
	6.6.4.	Liquidation Proceeds	6-16.1
		Form 6-5. Liquidation and Dissolution  Form 6-6. Liquidation and Dissolution —	6-17
		Deficit Restoration Obligation	6-17

6.7.	Basic All	ocation Provisions	6-18
	6.7.1.	Basic Allocations of Income and Loss	6-18
		Form 6-7. Profit or Loss	6-18.1
	6.7.2.	Qualified Income Offset and Minimum Gain	
		Chargeback	6-19
		Form 6-8. Qualified Income Offset and	
		Minimum Gain Chargeback	6-20
	6.7.3.	Other Regulatory Allocations	6-21
		Form 6-9. Regulatory Allocations	6-23
		6.7.3.1. Simplified Allocation	
		Provisions	6-25
	6.7.4.	General Provisions	6-25
		Form 6-10. General Provisions	6-26
6.8.	Complex	and Disproportionate Distribution and Allocation	
	Provision	ıs	6-26.1
	6.8.1.	Distribution Preferences	6-26.1
		Form 6-11. Distribution Preference	6-27
	6.8.2.	Disproportionate Allocation of Losses	6-30
		Form 6-12. Disproportionate Allocation of	
		Loss	6-31
	6.8.3.	Flip-Flops	6-31
		Form 6-13. Flip-Flop on Sale	6-32
	6.8.4.	Targeted Allocations	6-34
		Form 6-14. Targeted Capital Account	
		Allocation	6-34
	6.8.5.	Distributions Tied to Internal Rate of Return	6-35
		Form 6-15. Internal Rate of Return	6-36
		Form 6-16. Internal Rate of Return	6-37
		Form 6-17. Distribution Tied to Internal	
		Rate of Return	6-38
CILAD	TED (A.		
СНАР	TER 6A:	LLCS ELECTING TO BE TAXED AS S CORPORATIONS	6A-1
6A.1.	C1 (		
0A.1.		Considerations	6A-3
	6A.1.1.	8.	6A-3
		Corp Status	
		6A.1.1.1. Reducing Self-Employment Taxes	6A-3
		6A.1.1.2. Corporate Financial and Tax	
		Accounting May be Less	6A-4
		Expensive	0A-4
		Tax Status	6A-5
		ian status	U/A-3

	6A.1.2.	Offsets to Pe	rceived Benefits of an	
		LLC Electing	g S Corp Status	6A-5
		6A.1.2.1.	Risk of Salary Being Challenged by	
			IRS as Unreasonable	6A-6
		6A.1.2.2.	Loss of Disregarded Entity Status	6A-6
		6A.1.2.3.	Prohibition on Multiple Classes of	
			Stock	6A-7
		6A.1.2.4.	Restriction on Certain Types of	
			Members (Shareholders)	6A-7
6A.2.			Status	6A-8
6A.3.	-		er Tax Results to Owners in an	
			p, and the Same Entity Taxed	
	as a Part			6A-8
	6A.3.1.	* *	Situation	6A-8
	6A.3.2.		ployment Taxes for the Year 2018	
				6A-10
	6A.3.3.		ax: Partnership vs. S Corp	6A-10
	6A.3.4.		tment Earnings	6A-11
	6A.3.5.		ve-the-Line Deduction for	
				6A-11
	6A.3.6.		California Taxes, Investment	
			Above-the-Line Deduction	C 4 11
		•		6A-11
6A.4.	-		Corp Treatment?	6A-12
	6A.4.1.			6A-12
	6A.4.2.		Associated with Using the	c
				6A-12
	6A.4.3.	_	es Associated with Using the	CA 14
c	D 1		·	6A-14
6A.5.			ecting S Corp Status	6A-15
	6A.5.1.		greement; Ownership Interests	6A-15
	6A.5.2.	_	e Election	6A-16
	6A.5.3.	_	Election	6A-16
	6A.5.4.	Operating Ag	greement	6A-17
СНАЕ	PTER 7:	MANAGEN	MENT PROVISIONS	7-1
7.1.	Drafting	LLC Manager	ment Provisions	7-4
	7.1.1.	General Flex	ibility under the Act	7-4
	7.1.2.	Typical Appr	roaches	7-4.1
	7.1.3.	Officers, Ma	nagers, and Authorized Persons	7-4.1
	7.1.4.	Tax Aspects.		7-5

7.2.	Member-M	anaged LLC P	rovisions	7-5
	Form 7-1.	Member-M	Ianagement Provision	7-6
	Form 7-2.	Member M	lanagement but with Appointment	
		of Minister	ial Manager	7-6
7.3.	Representative Management			7-6
	7.3.1. Management by a "Managing Partner"-			
	Like Manag			7-7
		_	Ianager with "Managing Partner"-	
			ike Authority	7-7
	]	Form 7-4. N	Ianager with "Managing Partner"-	
		L	ike Authority — Alternate	
		F	orm	7-10
	7.3.2.	Management by	y Management Committee	7-10
	]	Form 7-5. N	Ianagement Committee	7-11
	]	Form 7-6. B	oard of Directors	7-13
	]	Form 7-6A. M	Ianagement and Board of Directors;	
		O	officers and Managers	7-13
7.4.	Replaceme	nt of Managers	5	7-14.2
	Form 7-7.	Removal of	f Manager for Any Reason	7-14.3
	Form 7-8.	Removal of	f Manager for Only Specified	
		Reasons		7-14.3
7.5.	Meetings of Members (Section 17704.07(f))			7-14.3
	Form 7-9.		for Calling and Holding Meetings	
		of Member	'S	7-15
7.6.			ers; Form of Member Consents	7-16
	Form 7-10.		ctions	7-17
	Form 7-11.		onsent of Members	7-17
7.7.			1	7-18
	Form 7-12.		uirement for Major Decisions	7-19
7.8.				7-19
	Form 7-13.		of Deadlock	7-20
	Form 7-13.		of Deadlocks Regarding Major	
				7-20
	Form 7-14.		oulette in the Event of Deadlock	7-20.1
7.9.	-		ursement of Expenses	7-23
	Form 7-15.		ement for Compensation	7.0
	F 7.16		Managed)	7-24
	Form 7-16.		tion (Manager-Managed)	7-24
7.10	Form 7-17.		ary Compensation	7-25
7.10.			D.1.2 I.G.	7-26
			Relating to LLCs	7-26
	7		RULLCA Fiduciary Duty	
			ovisions as Compared to	7.26
		L/I		, ,,

	7.10.1.2.	Understanding CRULLCA	
		Fiduciary Duty Provisions and the	
		Ability to Modify or Eliminate	
		Them in the Operating	
		Agreement	7-28
	7.10.1.3.	Drafting Options Regarding	
		Fiduciary Duties	7-31
	7.10.1.4.	Requirements for Modifying the	
	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	Statutory Fiduciary Duties	7-32
	7.10.1.5.	Possible Elimination of Certain	, , ,
	7.10.1.5.	Fiduciary Duties in a Member-	
		Managed LLC	7-32
	7.10.1.6.	Modifications/Elimination of	7 32
	7.10.1.0.	Statutory Right to Indemnification	
		, ,	
		against Liability for Breach of	7-33
	7.10.1.7	Fiduciary Duty	1-33
	7.10.1.7.	Should the Operating Agreement of	
		a California LLC Attempt to	
		Modify or Eliminate any Fiduciary	7.04
		Duties?	7-34
7.10.2.	-	Outies under the Prior Act	7-35
7.10.3.		than All Members of a	
		LLC Modify the Fiduciary	
		e Manager?	7-40
7.10.4.	Delaware L	aw Relating to LLCs	7-41
7.10.5.	Sample For	ms for Fiduciary and Other Duties	7-45
	Form 7-18.	Standard of Care and Degree of	
		Loyalty	7-46
	Form 7-19.	Standard of Care and Degree of	
		Loyalty Tracking CALUPA-94	7-47
	Form 7-20.	Corporate Director Standard of	
		Fiduciary Duty	7-48
	Form 7-20.	1 Modification of Fiduciary Duties;	
		Real Estate LLC Allowing	
		Competition after Certain Specified	
		Date or Event	7-48
7.10.6.	Breach of F	iduciary Duty Claims against	
	Non-Manag	ging Members	7-49
	7.10.6.1.	Breach of Fiduciary Duty Claim	
		against Non-Managing Member	
		Based upon Jones v. Ahmanson	
		Abuse of Majority Control	7-50
	7.10.6.2.	Non-Managing Member as a	
		Fiduciary-in-Fact	7-51

		7.10.6.3. Aiding and Abetting Breach	= ==		
	<b>.</b> .	of Fiduciary Duty	7-52		
7.11.		fication	7-52.1		
	Form 7-2		7 51		
	Form 7-2	(Manager-Managed)	7-54		
	FOIIII /-2	(Member-Managed)	7-55		
		(ivicinoci-ivianageu)	7-33		
CHAI	PTER 8:	TRANSFER AND BUY SELL PROVISIONS	8-1		
8.1.	Default I	Rules to Transfer of Interests	8-4		
	8.1.1.	Important Definitions	8-4		
	8.1.2.	Separation of Transferable Interest from Other			
		Attributes of Membership	8-4		
	8.1.3.	Default Rules for Voluntary Assignment of			
		Transferable Interest	8-5		
8.2.	Tax Aspe	ects of Assignment Restrictions	8-5		
	8.2.1.	Partnership Classification	8-5		
	8.2.2.	Termination of the LLC	8-6		
	8.2.3.	Basis Issues	8-6		
8.3.	Prelimin	ary Drafting Considerations	8-7		
	Form 8-1		8-7		
	Form 8-2				
		Interest and Membership Interest	8-8		
8.4.	Drafting	Assignment Provisions That Follow the Act's			
	Default I	Rules	8-8		
	Form 8-3	$\varepsilon$			
		Default Rules	8-8		
8.5.	Drafting	Transfer Provisions That Permit Free Transferability			
		sts	8-9		
	Form 8-4	· · · · · · · · · · · · · · · · · · ·	8-9		
8.6.	Drafting Transfer Provisions That Absolutely Prohibit				
		s of Any Kind	8-9		
	Form 8-5		8-10		
8.7.		Transfer Provisions That Permit Transfers Only on			
		Conditions	8-10		
	8.7.1.	In General	8-10		
		Form 8-6. Transfer Permitted on Satisfaction			
		of Certain Conditions	8-11		
	8.7.2.	First Refusal Rights	8-12		
		Form 8-7. Company Right of First Refusal	8-12		
		Form 8-8. Subsequent Right of Refusal in	0.45		
		Members	8-13		

		Form 8-9.	Rights of Refusal Pertaining to Award to Member's Spouse or	0.17
		Form 8-10.	Bequest by Spouse	8-16 8-16
	8.7.3.	Admission of	of Transferee as a Member	8-17
		Form 8-11.	Transferee Not Admitted as Member	
			without Consent of Members	8-18
		Form 8-12.	Transferee Automatically Admitted	
			as Member	8-19
	8.7.4.	Transfers to	Members' Affiliates and Family	8-20
		Form 8-13.	Definitional Provision — Family	8-20
		Form 8-14.	Transfers to Affiliates and Family	8-20
8.8.	Dissociat	ion under the	Act	8-21
	8.8.1.	Voluntary D	issociation	8-21
		Form 8-15.	Voluntary Dissociation Defined	8-21
		Form 8-16.	Voluntary Dissociation — Not	
			Permitted	8-21
	8.8.2.	Involuntary	Dissociation	8-22
		Form 8-17.	Involuntary Dissociation Defined	
			(Long Form)	8-23
		Form 8-18.	Involuntary Dissociation Defined	
			(Short Form)	8-24
8.9.	Conseque	ences of Disso	ociation	8-25
	8.9.1.	General Cor	nsiderations	8-25
		Form 8-19.	Successor of Dissociated Member	
			Continues as a Transferee	8-25
	8.9.2.	Dissociated	Person's Rights as Transferee	8-25
8.10.	Creating 1	Buy-Out Rigl	nts	8-26.2
	Form 8-2		ll Buy-Out; Company Buys;	
			ırchase	8-26.2
	Form 8-2		ory Buy-Out; Members Buy;	
			nents Permitted	8-26.3
8.11.				8-27
	Form 8-2		Value with Appraisal Alternative	8-28
	Form 8-2		d Book Value	8-28
	Form 8-2		ed Value	8-30
8.12.			r Provisions	8-30
	Form 8-2		nent Buy-Outs	8-30
	Form 8-2		ncy	8-31
	Form 8-2		rs Not Required to Assume	0.00
0.12	CI :	_	ny's Obligation	8-32
8.13.				8-32
	8 13 1	Charoino Oi	ders and the Single-Member LLC	8-34

		8.13.1.1.	Olmstead v. Federal Trade Commission 40 So. 3d 76, 2010 WL 2518106	0.2
		0.10.1.0	(Fla. Jun 24, 2010)	8-34
		8.13.1.2.	The Bankruptcy Cases	8-30
		8.13.1.3.	California Statutory Provisions	8-39
8.14.	_	•	rest in a Membership Interest	8-4
8.15.	Buyout of	`a Member v	with a Covenant Not to Compete	8-44
CHAP	TER 8A:		NG FOR BUSINESS	0.4
0 4 1	C1 C		SION	8A-1
8A.1.			ns in Business Succession Planning	8A-2
8A.2.			spect to Repurchase of a Member	0.4
				8A-4
	8A.2.1.		les	8A-4
	8A.2.2.	Bankruptcy	Issues with Redemption Notes	8A-0
_	<b>TER 9:</b>		TION	9-1
9.1.			Dissolution	9-3
9.2.	Overview		Dissolution Provisions	9-3
	9.2.1.	Judicial Dis	ssolution	9-5
9.3.	Events of	Dissolution		9-8
	Form 9-1.	Dissolu	ıtion	9-9
	Form 9-2.	Dissolu	ution — Events of Withdrawal	
			in Dissolution	9-9
	Form 9-3.	Dissolu	ution — Refers to Limited Dissolution	
				9-9
9.4.			tinue after Event of Dissolution	9-10
	Form 9-4.		nous Vote Required to Continue after	
			ition	9-10
	Form 9-5.	_	e Resolutions Approving Continuation	
			iness after Dissolution	9-11
9.5.			ion	9-11
	Form 9-6.		cate of Dissolution	9-12
9.6.			ation	9-12
	Form 9-7.		cate of Continuation	9-13
9.7.	Procedure	for Winding	g Up and Distribution of Assets	9-13
	Form 9-8.		ure for Winding Up in Member-	
			ed LLC	9-15
	Form 9-9.		ure for Winding Up in Manager-	
	T 0.1		ed LLC	9-15
	Form 9-10		ure for Winding Up in Member-	
			ed LLC; Reference to Another	
			n of Operating Agreement for	0.1
		Manne	r of Distribution to Members	9-16

	Form 9-11.	Procedure for Winding Up in Manager- Managed LLC; Reference to Another Section of Operating Agreement for	
	Form 9-12.	Manner of Distribution to Members Procedure for Winding Up in a Manager-Managed LLC; Liquidation in Accordance	9-16
	Form 9-13.	with Cash Distribution Provisions  Procedure for Winding Up and Distribution of Assets in Manager-Managed LLC —	9-16
0.0	<b>m</b>	Manager Acts as Liquidating Trustee	9-17
9.8.		Certificate of Cancellation of Articles of	0.17
	•	Eiling of Contificate of Concellation of	9-17
	Form 9-14.	Filing of Certificate of Cancellation of	
		Articles of Organization —  Member-Managed LLC	9-19
	Form 9-15.	Filing of Certificate of Cancellation of	9-19
	10m 9-13.	Articles of Organization — Manager-	
		Managed LLC	9-19
	Form 9-16.	Certificate of Cancellation of Articles of	) 1)
	101117 10.	Organization	9-19
СНАІ		OOKS, RECORDS, ACCOUNTING AND IISCELLANEOUS PROVISIONS	10-1
10.1.		IISCELLANEOUS FROVISIONS	10-1
10.1.		of Books and Records	10-2.1
10.2.	Form 10-1.	Maintenance of Books and Records —	10-2.1
	F01111 10-1.	Member-Managed LLC	10-3
	Form 10-2.	Maintenance of Books and Records —	10-3
	10III 10-2.	Manager-Managed LLC	10-4
10.3.	Access to Bo	ooks and Records; Delivery of Reports	10-5
10.5.	Form 10-3.	Inspection of Books and Records; Receipt	10-3
	10111110-3.	of Information (Member-Managed LLC)	10-8
	Form 10-4.	Inspection of Books and Records; Receipt	10 0
	101111 10 1.	of Information (Manager-Managed LLC)	10-10
10.4.	Banking	·····	10-11
10.1.	Form 10-5.		10-12
10.5.		Period	10-12
10.5.	Form 10-6.	Calendar Year Accounting Period Specified	10-12
	Form 10-7.	Fiscal Year Accounting Period Specified	10-12
	Form 10-8.	Year to Be Determined by Members	10-13
	Form 10-9.	Annual Accounting Period Established by	10 10
		Managers	10-13
10.6.	Tax Matters 1	Partner	10-13
	Form 10-10		10-14

			tters Partner (Long Form)	10-14	
			Matters Partner	10-15	
10.6A.	T T				
			rer 2017	10-15	
	Form 10-1		Act Provision for		
		Partners	ship Representative	10-16.2	
10.7.	Tax Election			10-16.3	
	Form 10-12		ctions — Manager-Managed		
				10-16.3	
	Form 10-1.		ctions — Applies to IRC Section		
		754 On	ly	10-16.4	
10.7A.	Partnership	Tax Return	Due Date	10-16.4	
10.8.	Title to Pro	perty		10-16.5	
	Form 10-14	4. Title to	Property — In Company Name	10-16.5	
	Form 10-1:	5. Title to	Company Property — Use of		
		Nomine	ee Permitted	10-17	
10.9.	Penalties -	– Failure to	Maintain Books and Records	10-17	
10.10.	Miscellane	ous Provisio	ons	10-18	
	Form 10-10	6. Miscell	aneous Provisions	10-18	
			PART III		
		M	HISCELLANEOUS		
		141	IISCEEE/ANEOUS		
СНАВ	TER 11:	DEODCAR	NIZATION OF THE LLC	11-1	
11.1.				11-5	
11.2.			embers	11-5	
		-	of Membership Interest from		
				11-5	
		Form 11-1.	Simple Subscription Agreement for	11.7	
		F 11.0	LLC Membership Interest	11-7	
		Form 11-2.	Long Form Subscription Agreement	11.0	
		E 11 2	for LLC Membership Interest	11-8	
		Form 11-3.	8		
			Agreement Admitting Transferee	11 11	
	11.0.0		of Interest as a Member	11-11	
			of Interest from Another Member	11-13	
11.0		Form 11-4.	Joinder Agreement	11-15	
11.3.	_	-	ing Entity into an LLC	11-15	
				11-15	
		11.3.1.1.	Statutory Authority for Conversions		
			Involving LLCs	11-16	

	11.3.2.	Rec	rganizing	g a General Partnership into an LLC	11-16
		For	m 11-5.	Explanatory Statement —	
				Reorganization of General	
				Partnership into LLC	11-18
		For	m 11-6.	Term Is Continuation of Term	
				of Partnership	11-19
		For	m 11-7.	Initial Capital Contributions —	
				In Property Consisting of	
				Partnership Interests in LLC's	
				Predecessor	11-19
		For	m 11-8.	Assignment of General	
				Partnership Interests to LLC	11-20
		For	m 11-9.	Resolutions of Members	
				Approving Liquidation of	
				Partnership into LLC	11-21
	11.3.3.	Rec	rganizin	g a Limited Partnership into an LLC	11-21
	11.3.4.		-	g a Corporation into an LLC	11-22
	11.3.5.		-	of Corporation by an LLC	11-24
11.4.			_	nto a Corporation	11-24.3
11.4A.				gle-Member LLCs	11-24.4
11.7/1.	11.4A.1. Merger of a Single-Member LLC into an				
	Acquiring Corporation				
	11 44 2				11-24.4
	11.4A.2.		-	Target Corporation into a	11-24.5
11.5	D '4 - 1			ber LLC	11-24.5
11.5.				A mandar ant to On anoting	11-24.3
	Form 11-	10.		Amendment to Operating	11-25
11.6	<b>M</b>	r 1		ent	
11.6.	_		_	alifornia LLC	11-26
11.6A.				Mergers	11-28
11.7.			-		11-29 11-32
	Form 11-11. Merger of Two California LLCs				
	Form 11-	12.		of Three California LLCs with	
				t Classes of Interests	11-34
11.8.	Statutory				11-37
	11.8.1.	Cali	ifornia L	LC Conversion into Other	
		Bus	iness En	tity or a Foreign LLC	11-39
	11.8.2.	Oth	er Busine	ess Entity or Foreign	
		LLC	C Conver	sion into California LLC	11-41
		For	m 11-13.	Plan of Conversion of	
				Limited Partnership, a California	
				Limited Partnership, into	
				LLC, a California Limited Liability	
				Company	11-41
		For	m 11-14.	Resolutions Adopted by the	

		Unanimous Written Consent of the Partners of Limited Partnership, a California Limited	11-43
	11.8.3.	Partnership	11-43
	11.0.5.	Conversion	11-44
	11.8.4.	Effect of Conversion.	11-44
	11.8.5.	Chart of California Law Regarding	
		Merger/Conversion	11-45
CHAI	PTER 12:	FOREIGN LIMITED LIABILITY COMPANIES	12-1
12.1.	Foreign 1	LLCs Transacting Business in California	12-1
12.1.	12.1.1.	Governing Law	12-3
	12.11.11	12.1.1.1. Series LLCs	12-3
	12.1.2.	Definitions	12-4
		12.1.2.1. Transacting Intrastate Business	12-4
		12.1.2.2. Interstate, Intrastate, or Foreign	
		Business	12-4.1
	12.1.3.	Procedure for Registration	12-5
	12.1.4.	Filing Fee	12-6
	12.1.5.	Issuance and Cancellation of Registration	12-6
	12.1.6.	Transacting Business without Registration	12-6
	12.1.7.	Merger	12-8
12.2.		ion of the Internal Affairs Doctrine in California	12-9
12.3.	Series LI	LCs	12-14.1
	12.3.1	Tax Considerations Regarding Series LLCs	12-14.1
		12.3.1.1. Federal Tax Treatment of Series LLCs	12-14.2
		12.3.1.1.1. Federal Tax Significance	12-14.2
		of Classification	12-14.2
		12.3.1.1.1. Important	
		Definitions	12-15
		12.3.1.1.2. Overview of	
		Proposed	10 15
		Regulations 12.3.1.1.1.3. Proposed	12-15
		Regulations'	
		Treatment of	
		a Series as	
		a Juridical	

					Entity		12-17
				12.3.1.1.1.4.	Propos	sed	
					Regula	ations'	
					Treatn		
					of Seri	es	
					Organ	ization	12-17
				12.3.1.1.1.5.			
					Memb	ers and	
					Manag	gers	
					Associ		
					with a	Series	12-18
				12.3.1.1.1.6.	Classi	fication	
					of the		
					under	the	
					Check	-the-Box	
						ations	12-18
				12.3.1.1.1.7.			
						ssed in	
					Propos		
						ations	12-18
				12.3.1.1.		Non-U.S.	
						Series	12-19
				12.3.1.1.	1.7.2.	Employment	
						Taxes	12-19
				12.3.1.1.1.8.	Effecti	ve Date	12-19
				12.3.1.1.1.9.			
						nce	12-20
		12.3.1.2.	Californ	nia Franchise			
		12.3.1.2.		ent of Series			12-21
	12.3.2.	Litigation (		When Using			12 21
	12.3.2.	-		-Series State			12-21
12.4.	May a Fo			stered in Calif			12 21
12				It in a Califo		ourt?	12-24
	12.4.1.			Act Provide			
	12			Sovern the Lit			
					inguition.	•	12-25
	12.4.2.			ear, If Any, C	 Juidanc	e in	12 23
	12.1.2.			a California			
				Whether the			
				in the Califo			
							12-26
	12.4.3.			Act Provision			12 20
	12. f.J.	_		owers and Ri	-	-	
				gn LLC Will			
		Tion Quali	iiou i oici	5 222 11111	<sup>1</sup> rbbry	to the	

	12.4.4.	Subject Litigation, What Do Those Provisions Actually Mean?  Assuming the Old Act Provision Applies,	12-28
		What Does that Provision Actually Mean?	12-30
CHAI	PTER 13:	USE OF LLCS BY PROFESSIONALS IN	12.1
10.1	D 2004	CALIFORNIA	13-1
13.1.		History	13-2
13.2.		4 Attorney General's Opinion	13-5
13.3.		censed by the Contractors State License Board	13-6
13.4.		nvestigators Licenses	13-7
13.5.		occupations/Professions Required to Be	
		l under the Business and Professions Code y Be Conducted by a Licensed Limited Liability	
		yy	13-8
	Company	y	13-0
CHAI	PTER 14:	LIMITED LIABILITY PARTNERSHIPS	14-1
14.1.	Introduct	tion	14-3
14.2.	Californi	a's RLLP Statute	14-4
	14.2.1.	The Legislation.	14-4
	14.2.2.	California as Compared to Other RLLP Statutes	14-4.1
	14.2.3.	California's Uniform Partnership Act	14-6
14.3.	Requiren	nents for Becoming a California RLLP	14-8
	14.3.1.	Summary of Requirements	14-8
	14.3.2.	Type of Entity That May Become an RLLP	14-9
	14.3.3.	Name Requirements	14-9
	14.3.4.	Registration Form	14-10
	14.3.5.	Filing Fee	14-11
14.4.	Types of	Businesses That Can Become RLLPs	14-11
14.5.	Client Se	ecurity Requirements Generally	14-13
	14.5.1.	Security Requirements for Accountancy Firms	14-14
	14.5.2.	Security Requirements for Law Firms	14-15
	14.5.3.	Security Requirements for Architecture Firms	14-17
	14.5.4.	Security Requirements for Engineering and	
		Land Surveying Firms	14-18
	14.5.5.	Security Requirements' Effect on Liability	
14.6.		on of Domestic Partnership to an RLLP	14-18.2
14.7.	_	gistration Filing Requirements	14-20
	14.7.1.	Annual Returns	14-20
	14.7.2.	Accountancy Firms — Confirmation of Net Worth .	14-21
	14.7.3.	Amendments to Registration Form	14-21
14.8.	Foreign 1	Limited Liability Partnerships in California	14-22
	14.8.1.	Foreign LLP Filing Requirements	14-22

14.9.	Partner L	iability in Ca	ılifornia RLLP	14-23
14.10.	Litigation Issues			
	14.10.1.		nship in Federal Cases Based	
			sity Jurisdiction	14-24
	14.10.2.	_	demedies	14-25
	14.10.3.	LLPs as "S	uccessor in Interest" to the	
		Partnership		14-25
	14.10.4.	Members' I	Respective Contribution	
			for Illegal Distributions	14-25
	14.10.5.	Partners as	Employees	14-26
СНАР	TER 15:		SATION STRATEGIES FOR THE	
			•••••	15-1
15.1.				15-3
	15.1.1.		egulations — Partnership Interests	
			S	15-5
		15.1.1.1.	Overview	15-5
		15.1.1.2.	General Rules and Valuation	
			Principles	15-6.1
		15.1.1.3.	Section 83(b) Election	15-6.2
		15.1.1.4.	Scope of Liquidation Value Safe	
			Harbor	15-6.3
		15.1.1.5.	Procedural Requirements	15-6.4
		15.1.1.6.	Forfeiture of Unvested Compensatory	
			Interests Subject to Section 83(b)	
			Election	15-6.4
		15.1.1.7.	Conclusion	15-6.5
	15.1.2.	Guaranteed	Payments	15-6.5
15.2.	IRC Sect	ion 83		15-6.7
15.3.	Hypo, LI	_C		15-6.8
15.4.	LLC (Par	tnership) vs.	Corporation Compensation Methods	15-11
	15.4.1.	Corporation	n Context	15-11
		15.4.1.1.	Stock Grants	15-11
		15.4.1.2.	Stock Options	15-12
		15.4.1.3.	Phantom Stock Plans	15-14.1
	15.4.2.		ontext	15-14.1
		15.4.2.1.	Equity Interests	15-14.2
			15.4.2.1.1. "Full Equity Interest"	15-14.2
		15.4.2.2.	Point System Compensation	15-15
		15.4.2.3.	The Importance of Member	10 10
		10.1.2.0.	Involvement	15-16.1
		15.4.2.4.	Loss Allocation and Debt	
		-2 <b>-</b>	Guarantees	15-17

		15.4.2.5.	Equity Interest vs. Non-Equity	
			Incentive Compensation	15-17
		15.4.2.6.	Non-Equity Contingent Bonus	
			Agreement	15-19
	15.4.2A.		ting Employees with Stock of	
		a Corporat	e Member	15-20
	15.4.3.	Guarantee	d Payments	15-20
	15.4.4.	Compensa	tion Comparison Chart	15-21
15.5.	Phantom	Income and	Distributions	15-22.3
	15.5.1.	Tax Effect	ed Distributions	15-22.3
		15.5.1.1.	Separate Calculations for Each	
			Member	15-22.3
		15.5.1.2.	Standard Distribution Rate	15-23
		15.5.1.3.	Highest Incremental Tax Rate	15-24
	15.5.2.	Self-Empl	oyment Tax	15-26
		15.5.2.1.	Calculating Self-Employment	
			Income	15-27
		15.5.2.2.	Application of Self-Employment	
			Tax to LLC Members	15-27
15.6.	_		Employee Members	15-28
	15.6.1.	_	Soon-to-Be-Former)	
			ers: Stephenson v. Drever	15-28
	15.6.2.	•	Duties Enforced Even Though Little	
				15-31
	15.6.3.	•	Duties of Minority Shareholders	15.01
	~		to the Court Like Partners	15-31
15.7.			3	15-33
15.8.			mpete	15-34
15.9.		_	ies: Buyout Arrangements	15-35
15.10.	Profits In	iterest Grant	Agreements	15-35
СНАР	TER 16:	THE NE	VADA LLC ACT	16-1
16.1.	The Neva	ada Limited	Liability Company Act	16-4
	16.1.1.	Overview		16-4
	16.1.2.	The 1993	Amendments	16-6
	16.1.3.	The 1995	Amendments	16-6
	16.1.4.	The 1997	Amendments	16-7
	16.1.5.	The 1999	Amendments	16-7
	16.1.6.	The 2001	Amendments	16-8
	16.1.7.	The 2003	Amendments	16-8
	16.1.8.	The 2005	Amendments	16-9

	16.1.9.	The 2007 A	Amendments		16-9		
	16.1.10.				16-9		
	16.1.11.				16-10		
	16.1.12.				16-10		
	16.1.13.				16-10		
	16.1.14.				16-10.1		
16.2.				fornia LLC Acts	16-10.1		
10.2.	16.2.1.				16-10.2		
	16.2.2.				16-11		
	16.2.3.				16-11		
	16.2.4.		-	anagement	16-12		
	16.2.5.				16-12.1		
	16.2.6.				16-13		
	16.2.7.				16-13		
	16.2.8.				16-14		
	16.2.9.		-		16-14		
16.3.				tion	16-14		
10.0.	16.3.1.	Legal Opinions Regarding NLLCs					
	16.3.2.			nization	16-14 16-14		
		16.3.2.1.	•	rements	16-15		
			Form 16-1.	Secretary of State			
				Articles of Organization.	16-16		
			Form 16-2.	Order Instructions and			
				Fee Schedules	16-18		
		16.3.2.2.	Optional Pro	ovisions	16-30.1		
		16.3.2.3.	Certificate of	f Amendment	16-31		
			Form 16-3.				
				Articles of			
			<b>-</b>	Organization	16-32		
			Form 16-4.	Termination of			
				Amendment for a			
				Limited-Liability	16-33		
			Form 16-5.	Company	10-33		
			1 0HH 10-3.	Accompany Restated			
				Articles or Amended			
				and Restated Articles	16-34		
			Form 16-6.	Certificate of			
				Correction	16-35		
	16.3.3.	Acceptance	e of Registered	d Agent	16-36		
		Form 16-7. Registered Agent Acceptance					
	16.3.4.	Annual List of Managers or Members					

	Form 16-8.		ual List of Managers		
			g Members and		
			Agent of	16-38	
	Form 16-9.		of Eligibility for		
			ess License Exemption	16-40	
16.3.5.	Change of I	Registered Ag	ent	16-41	
	Form 16-10	. Statement of	_		
		by Comme	rcial Registered		
		_		16-41	
	Form 16-11		of Change by		
			ercial Registered		
		-		16-42	
	Form 16-12	. Statement of	_		
			ed Agent by		
			d Entity	16-43	
	Form 16-13		of Resignation of		
			Agent	16-45	
16.3.6.	Nevada Ope		ment	16-46	
	16.3.6.1.	Customary F	Provisions	16-46	
	16.3.6.2.	Optional Pro	ovisions	16-46	
	16.3.6.3.	Amendment	of Operating Agreement .	16-47	
16.3.7.	Books, Records and Accounting				
	16.3.7.1.	Records Rec	juired to Be Maintained	16-48	
	16.3.7.2. Access to Books and Records				
16.3.8.	Mergers, Conversions and Domestications				
	16.3.8.1.			16-48 16-48	
	16.3.8.2.	-		16-51	
	16.3.8.3.		on	16-53	
	10.5.0.5.		Agreement and Plan	10 33	
		10111110111	of Merger	16-53	
		Form 16-15.	Secretary of State	10 00	
			Articles of Merger	16-57	
		Form 16-16.	Secretary of State		
			Articles of Exchange	16-64	
		Form 16-17.	Secretary of State		
			Articles of		
			Conversion	16-69	
		Form 16-18.	Termination of		
			Merger, Exchange		
			or Conversion	16-72	
16.3.9.	Dissolution			16-72.1	
	Form 16-19	. Dissolution	of Limited		
		Liability Co	ompany	16-72.2	

		Form 16-20. Application for Reinstatement	16-72.3
	16.3.10.	Charging Order	16-73
	16.3.11.	Fiduciary Duty and Standard of Care	16-73
	16.3.12.	Professionals May Organize	16-73
СНАР	TER 17:	LLCS FORMED FOR SPECIFIC PURPOSES.	17-1
17.1.		on	17-2
17.2.	Special Pu	urpose LLCs ("SPEs")	17-2
	17.2.1.	Special Purpose LLC Example	17-2
СНАР	TER 18:	BANKRUPTCY ISSUES CONCERNING	
		LLCS	18-1
18.1.	Overview		18-3
18.2.	Eligibility	of LLCs for Voluntary Relief under the	
	Bankrupto	cy Code	18-4
18.3.	Property of	of the Estate	18-5
	Form 18-1	1. Operating Agreement Provision — Limitation	
		on Obligation to Make Additional Capital	
		Contributions	18-6
18.4.		ember Commence an Involuntary Case Against	
			18-6
18.5.	What Approval Is Needed to Approve the Filing of a		
	Voluntary Case by an LLC?		
	Form 18-2	1 6 6	
		Consent of Members to Filing Voluntary	10.0
	E 10.0	Case	18-9
	Form 18-3	1 6 6	
		Majority of Members to Filing a Voluntary	10.10
	E	Case	18-10
	Form 18-4	4. Operating Agreement Provision — Manager Vote Required for Filing of Voluntary Case	18-10
	Form 18-5		
	101111 10-2	Manager Vote Required for Filing a Voluntary	
		Case	18-11
	Form 18-6		10 11
	101111 10 (	LLC — Consenting to Filing a Voluntary Case	
		under Chapter 7	18-12
	Form 18-7	•	<del>-</del>
		Managed LLC — Consent to Filing a Voluntary	
		Case under Chapter 11	18-13
18.6.	Creating Limitations on the Ability of an LLC to		
	Commence a Voluntary Case — Single-Purpose		
		ev-Remote II Cs	18-14

	Form 18-8	B. Operating Agreement Provision — Purpose Clause for a SPBR LLC	18-16
	Form 18-9	-	10 10
		Management of Business and Affairs of	
		the Company	18-16
18.7.	Other Ban	kruptcy Issues from the LLC's Perspective	18-23
	Form 18-1	0. Operating Agreement Provision — Transfers	18-24
	Form 18-1	1 6 6	
		of the Company	18-25
	Form 18-1	2. Operating Agreement Provision — Special Amendment Provision	18-26
18.8.	Right of th	ne LLC or Remaining Members to Terminate	
		ent Rights of a Bankrupt Member	18-26
	Form 18-1		
		Economic Interests Versus Other Rights	
		and Interests	18-31
18.9.	Member's	Bankruptcy as an Event of Dissolution	18-32
18.10.	Buyout of	a Member's Interest in the Event of the	
	Member's	Bankruptcy	18-33
18.11.	Another A	application of Corporate-Like Characteristics	18-35
18.12.	Series LL	C	18-35
		PART IV	
		APPENDICES	
APPE	NDIX A:	GLOSSARY OF TERMS A	PP A-1
<u>APPE</u>	NDIX B: C	ALIFORNIA STATE LAWS AND FORMS	
APPE	NDIX B1:	BEVERLY-KILLEA LIMITED LIABILITY	
		COMPANY ACT ("PRIOR ACT") AP	P B1-1
APPE	NDIX B2:	CALIFORNIA REVISED UNIFORM	
		LIMITED LIABILITY COMPANY ACT	
		(EFFECTIVE JANUARY 1, 2014) AP	P B2-1
APPE	NDIX B3:	ATTORNEY GENERAL OPINION AP	P B3-1
APPE	NDIX B4:	SECRETARY OF STATE FORMS AP	P B4-1
<u>APPE</u>	NDIX C: F	FORMS FOR LAWYER USE WITH CLIENTS	
APPE	NDIX C1:	SAMPLE FEE AGREEMENT AP	P C1-1
APPE	NDIX C2:	LEGAL OPINIONS REGARDING	
		CALIFORNIA LLCS AP	P C2-1

APPENDIX C3:	LETTER TO NEW LLC REGARDING OPERATIONAL AND OTHER POST- FORMATION MATTERS AND LETTER RE \$800 TAX AND LLC-12 AND FORM FTB 3522
APPENDIX C4:	LLC ORGANIZATIONAL CHECKLIST AND LLC FORMATION ISSUES TO CONSIDER
APPENDIX C5:	A SIMPLE EXPLANATION OF PARTNERSHIP TAX APP C5-1
APPENDIX C6:	LETTER RELATING TO TAX MATTERS PARTNER AND IRS AUDITS APP C6-1
APPENDIX D: C	DPERATING AGREEMENT FORMS
APPENDIX D1:	SINGLE-MEMBER LLC OPERATING AGREEMENT APP D1-1
APPENDIX D2:	SHORT-FORM OPERATING AGREEMENT (STANDARD) APP D2-1
APPENDIX D3:	MEMBER-MANAGED OPERATING AGREEMENT APP D3-1
APPENDIX D4:	
APPENDIX D5:	
APPENDIX D6:	AMENDED AND RESTATED  OPERATING AGREEMENT APP D6-1
APPENDIX D7:	SPECIAL PURPOSE ENTITY FORMS APP D7-1
APPENDIX D8:	SHORT-FORM OPERATING AGREEMENT (FOR USE IF S CORPORATION TAX TREATMENT IS TO BE ELECTED) APP D8-1
APPENDIX D9:	LIMITED LIABILITY COMPANY OPERATING AGREEMENT WITH CLASSES OF MEMBERS
APPENDIX E: G	RANTS AND CERTIFICATES
APPENDIX E1:	SAMPLE MEMO TO BE GIVEN TO RECIPIENT OF PROFITS INTEREST GRANT

APPENDIX E2:	LLC MEMBER INTEREST	
	CERTIFICATE	<b>APP E2-1</b>
APPENDIX E3:	EMPLOYEE INCENTIVE	
	COMPENSATION PLAN	
APPENDIX E4:	CONTINGENT BONUS AGREEMENT	APP E4-1
A DDENIDIN E. TA	V DEL ATER MATTERS	
	X RELATED MATTERS	
APPENDIX F1:	CHECK-THE-BOX REGULATIONS	
APPENDIX F2:	IRS FORM 8832	APP F2-1
APPENDIX F3:	SPECIAL TAX CONSIDERATIONS FOR	
	FOREIGN INVESTORS IN U.S. LLCS AND LIMITED PARTNERSHIPS	APP F3-1
A DDENIDING E4.		A11 F3-1
APPENDIX F4:	SAMPLE LIQUIDATION VALUE SAFE HARBOR LANGUAGE	APP F4-1
APPENDIX F5:	PRE CHECK THE BOX RULES	
APPENDIX G: SA	AMPLE ANCILLARY AGREEMENTS	
APPENDIX G1:	MEMBERSHIP INTEREST GRANT	
	AGREEMENT	APP G1-1
APPENDIX G2:	PROFITS INTEREST GRANT	
	AGREEMENT	
APPENDIX G3:	INDEMNIFICATION AGREEMENT	APP G3-1
APPENDIX G4:	CONVERSION AGREEMENT	<b>APP G4-1</b>
APPENDIX G5:	AT-WILL EMPLOYMENT,	
	CONFIDENTIAL INFORMATION, INVENTION ASSIGNMENT, AND	
	ARBITRATION AGREEMENT	APP G5-1
APPENDIX G6:	PLEDGE AGREEMENT	
APPENDIX G7:	ASSIGNMENT OF COLLATERAL	APP G7-1
APPENDIX G8:	LLC PURCHASE & ACQUISITION	
	AGREEMENT (PRIVATE SHARES)	<b>APP G8-1</b>
APPENDIX G9:	LLC PURCHASE & ACQUISITION	
	AGREEMENT (PUBLIC SHARES)	APP G9-1
	REAL ESTATE OPERATING	
	PROTOCOL	APP C10-1

APPENDIX G11:	MARKETING OPERATING PROTOCOL APP G11-1
APPENDIX G12:	BUSINESS SUCCESSION OPERATING AGREEMENT APP G12-1
APPENDIX G13:	PLAN OF DISSOLUTION AND COMPLETE LIQUIDATION APP G13-1
APPENDIX H: LI	MITED LIABILITY PARTNERSHIPS
APPENDIX H1:	LIMITED LIABILITY PARTNERSHIP ACT APP H1-1
APPENDIX H2:	LIMITED LIABILITY PARTNERSHIP AGREEMENT APP H2-1
APPENDIX H3:	LIMITED LIABILITY PARTNERSHIP STATE FORMS APP H3-1
APPENDIX I:	[RESERVED] APP I-1
APPENDIX J:	[RESERVED] APP J-1
APPENDIX K:	[RESERVED] APP K-1
APPENDIX L:	[RESERVED] APP L-1
APPENDIX M:	[RESERVED] APP M-1
APPENDIX N: NI	EVADA RELATED MATERIALS
APPENDIX N1:	LEGAL OPINIONS REGARDING NEVADA LLCS APP N1-1
APPENDIX N2:	OPERATING AGREEMENT FOR A NEVADA LIMITED LIABILITY COMPANY
APPENDIX N3:	DECLARATION OF ELIGIBILITY FOR STATE BUSINESS LICENSE EXEMPTION
APPENDIX N4:	NEVADA LIMITED LIABILITY COMPANY ACT CHAPTER 86 – LIMITED LIABILITY COMPANIES APP N4-1
	PART V LLP AND LLC CASES
LLP and LLC Case	sLLC Cases-1

# PART VI INDICES

Cumulative Table of Internal Revenue Code Citations	INDEX-1
Cumulative Table of Bankruptcy Code Citations	INDEX-4
Cumulative Table of Treasury Regulations	INDEX-5
Cumulative Table of Revenue Procedures and Revenue Rulings	INDEX-8
Private Letter Rulings	INDEX-9
Cumulative Table of California Limited Liability Company	
Act Sections	INDEX-10
Cumulative Table of Nevada Limited Liability Company	
Act Sections	INDEX-22
Table of Cases	INDEX-25
References	INDEX-31
Subject Index	INDEX-33
Forms Index	INDEX-43