

Bill No.: SF0036

Effective: 3/4/2016

LSO No.: 16LSO-0097

Enrolled Act No.: SEA No. 0045

Chapter No.: 54

Prime Sponsor: Joint Corporations, Elections & Political Subdivisions Interim Committee

Catch Title: LLC member and manager liability.

Subject: Standards for individual liability for LLC members and managers

Summary/Major Elements:

- This bill establishes factors that a court can and cannot consider when determining if an individual member or manager of an LLC can be held liable for the LLC's debts and obligations.
- This bill was brought as a result of the Wyoming Supreme Court's decision in *Greenhunter Energy, Inc. v. Western Ecosystems Technology, Inc.*, 2014 WY 144, 337 P.3d 454 (2014). In that case, the Court held the owner of a single member/manger LLC liable for the LLC's debts.
- Pursuant to the bill, a court may only consider fraud, inadequate capitalization, the failure to observe required company formalities, and the intermingling of assets, operations and finances when determining whether to impose personal liability on a member or manager of an LLC.
- When determining whether to impose individual liability, a court cannot consider factors intrinsic to the character and operation of a limited liability company, including having a single member or manger, taxation as a disregarded or pass-through entity, flexible operation, or the protection of members' and managers' personal assets from the obligations of the LLC.

The above summary is not an official publication of the Wyoming Legislature and is not an official statement of legislative intent. While the Legislative Service Office endeavored to provide accurate information in this summary, it should not be relied upon as a comprehensive abstract of the bill.