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1 AN ACT concerning business.

2 Be it enacted by the People of the State of Illinois, 3 represented in the General Assembly:

Section 5. The Limited Liability Company Act is amended by
changing Section 15-3 as follows:

6 (805 ILCS 180/15-3)

7 Sec. 15-3. General standards of member and manager's 8 conduct.

9 (a) The fiduciary duties a member owes to a member-managed 10 company and its other members include the duty of loyalty and 11 the duty of care referred to in subsections (b) and (c) of this 12 Section.

13 (b) A member's duty of loyalty to a member-managed company 14 and its other members includes the following:

15 (1) to account to the company and to hold as trustee 16 for it any property, profit, or benefit derived by the 17 member in the conduct or winding up of the company's 18 business or derived from a use by the member of the 19 company's property, including the appropriation of a 20 company's opportunity;

(2) to act fairly when a member deals with the company
in the conduct or winding up of the company's business as
or on behalf of a party having an interest adverse to the

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1 company; and

2 (3) to refrain from competing with the company in the
3 conduct of the company's business before the dissolution of
4 the company.

5 (c) A member's duty of care to a member-managed company and 6 its other members in the conduct of and winding up of the 7 company's business is limited to refraining from engaging in 8 grossly negligent or reckless conduct, intentional misconduct, 9 or a knowing violation of law.

10 (d) A member shall discharge his or her duties to a 11 member-managed company and its other members under this Act or 12 under the operating agreement and exercise any rights 13 consistent with the obligation of good faith and fair dealing.

14 (e) A member of a member-managed company does not violate a 15 duty or obligation under this Act or under the operating 16 agreement merely because the member's conduct furthers the 17 member's own interest.

(f) This Section applies to a person winding up the limited liability company's business as the personal or legal representative of the last surviving member as if the person were a member.

22

(g) In a manager-managed company:

(1) a member who is not also a manager owes no duties
to the company or to the other members solely by reason of
being a member;

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(2) a manager is held to the same standards of conduct

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1 prescribed for members in subsections (b), (c), (d), and 2 (e) of this Section;

(3) a member who pursuant to the operating agreement
exercises some or all of the authority of a manager in the
management and conduct of the company's business is held to
the standards of conduct in subsections (b), (c), (d), and
(e) of this Section to the extent that the member exercises
the managerial authority vested in a manager by this Act;
and

10 (4) a manager is relieved of liability imposed by law 11 for violations of the standards prescribed by subsections 12 (b), (c), (d), and (e) to the extent of the managerial 13 authority delegated to the members by the operating 14 agreement.

15 (Source: P.A. 95-331, eff. 8-21-07.)