

**322C.0406 LIABILITY FOR IMPROPER DISTRIBUTIONS.**

Subdivision 1. **Personal liability for decision makers.** Except as otherwise provided in subdivision 2, if a member of a member-managed limited liability company, manager of a manager-managed limited liability company, or governor of a board-managed limited liability company consents to a distribution made in violation of section 322C.0405 and in consenting to the distribution fails to comply with section 322C.0409, the member, manager, or governor is personally liable to the company for the amount of the distribution that exceeds the amount that could have been distributed without the violation of section 322C.0405.

Subd. 2. **Liability exception.** To the extent the operating agreement of a member-managed limited liability company expressly relieves a member of the authority and responsibility to consent to distributions and imposes that authority and responsibility on one or more other members, the liability stated in subdivision 1 applies to the other members and not the member that the operating agreement relieves of authority and responsibility.

Subd. 3. **Liability of recipients.** A person that receives a distribution knowing that the distribution to that person was made in violation of section 322C.0405 is personally liable to the limited liability company but only to the extent that the distribution received by the person exceeded the amount that could have been properly paid under section 322C.0405.

Subd. 4. **Impleading.** A person against which an action is commenced because the person is liable under subdivision 1 may:

- (1) implead any other person that is subject to liability under subdivision 1 and seek to compel pro rata contribution from the person in that action to the extent of the person's liability as provided in subdivision 1; and
- (2) implead any person that received a distribution in violation of section 322C.0405 and seek to compel contribution from the person in the amount by which the distribution received by the person exceeded the amount that could have been properly paid under section 322C.0405.

Subd. 5. **Statute of limitations.** An action under this section is barred if not commenced within two years after the distribution.

**History:** 2014 c 157 art 1 s 35