

322B.306 TERMINATION OF A MEMBERSHIP INTEREST.

Subdivision 1. **Termination defined; member's power to terminate.** The continued membership of a member in a limited liability company is terminated by:

- (i) the member's death;
- (ii) the member's retirement;
- (iii) the member's resignation;
- (iv) redemption of the member's complete membership interest;
- (v) an assignment of the member's governance rights under section 322B.313 which leaves the assignor with no governance rights;
- (vi) a buyout of a member's membership interest under section 322B.833 that leaves that member with no governance rights;
- (vii) the member's expulsion;
- (viii) the member's bankruptcy;
- (ix) the dissolution of a member that is an organization;
- (x) a merger in which the limited liability company is not the surviving organization; or
- (xi) the occurrence of any other event that terminates the continued membership of a member in the limited liability company.

A member always has the power, though not necessarily the right, to terminate its membership by resigning or retiring at any time.

Subd. 2. **When expulsion permitted.** Unless otherwise provided in the articles of organization or a member control agreement, a member may not be expelled.

Subd. 3. **Effect of termination of membership on the rights of the terminated member.** If for any reason the continued membership of a member is terminated, then subject to the articles of organization and any member control agreement:

(1) if the termination does not result in the dissolution of the limited liability company, the member whose membership has terminated loses all governance rights and will be considered merely an assignee of the financial rights owned before the termination of membership; and

(2) if the termination results in the dissolution of the limited liability company, the member whose continued membership has terminated retains all governance rights and financial rights owned before the termination of the membership and may exercise those rights through the winding up and termination of the limited liability company.

Subd. 4. **Additional effects if termination of membership is wrongful.** If a member resigns or retires in contravention of the articles of organization or a member control agreement, the member who has wrongfully resigned or retired is liable to the limited liability company to the extent damaged by the wrongful resignation or retirement.

History: 1992 c 517 art 2 s 27; 1993 c 137 s 32-34; 1999 c 85 art 2 s 12