SLS 20RS-570 **ORIGINAL**

2020 Regular Session

1

SENATE BILL NO. 315

BY SENATOR ROBERT MILLS

LIABILITY. Provides relative to liability to third parties of members and managers. (8/1/20)

AN ACT

2	To amend and reenact R.S. 12:1320(D) and to enact R.S. 12:1705, relative to business
3	organizations; to provide relative to limitations of liability; to provide for exceptions;
4	and to provide for related matters.
5	Be it enacted by the Legislature of Louisiana:
6	Section 1. R.S. 12:1320(D) is amended and reenacted and R.S. 12:1705 is enacted
7	to read as follows:
8	§1320. Liability to third parties of members and managers
9	* * *
10	D.(1) Nothing in this Chapter shall be construed as being in derogation of any
11	rights which any person may by law have against a member, manager, employee, or
12	agent of a limited liability company because of any fraud practiced upon him,
13	because of any breach of professional duty or other negligent or wrongful act by such
14	person, or in derogation of any right which the limited liability company may have
15	against any such person because of any fraud practiced upon it by him.
16	(2) For purposes of this Section, the term "professional" shall not include
17	any person solely because such person is licensed by the state, a parish, a

	municipality, or any agency, board, commission, or other governing authority.
	* * *
	§1705. Limitations on liability; business organizations
	A. No action for damages shall be brought against any business
	organization for the purpose of making that business organization responsible
	for the obligations or liabilities of another business organization.
	B. The provisions of Subsection A of this Section shall be subject to the
	following exceptions only:
	(1) Obligations or liabilities expressly authorized in another Section of
	this Title.
	(2) When a business organization agrees by conventional obligation to
	be responsible for the obligation or liability of another business organization.
	(3) When law justifies disregarding the separate juridical personality of
	a business organization as between the business organization and a natural
	person.
	(4) When a business organization uses another business organization as
	its instrumentality for the purpose of perpetrating, and did perpetrate, an
	actual fraud on a third party primarily for the direct benefit of that business
	organization.
	The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Margaret M. Corley.
QD 215	DIGEST Original 2020 Pagular Sassian Pobart Mills
	of the legislative instrument, were prepared by Margaret M. Corley.

Present law provides for exceptions.

determined solely and exclusively by present law.

<u>Proposed law</u> provides that for purposes of <u>present law</u>, the term "professional" shall not include any person solely because such person is licensed by the state, a parish, a municipality, or any agency, board, commission, or other governing authority.

<u>Present law</u> provides the liability of members, managers, employees, or agents, as such, of a limited liability company organized and existing under present law shall at all times be

<u>Proposed law</u> provides that no action for damages shall be brought against any business organization for the purpose of making that business organization responsible for the obligations or liabilities of another business organization.

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Coding: Words which are struck through are deletions from existing law; words in **boldface type and underscored** are additions.

Proposed law provides for the following exemptions:

- (1) Obligations or liabilities expressly authorized in <u>present law</u>.
- (2) When a business organization agrees by conventional obligation to be responsible for the obligation or liability of another business organization.
- (3) When existing law would justify disregarding the separate juridical personality of a business organization as between the business organization and a natural person.
- (4) When a business organization uses another business organization as its instrumentality for the purpose of perpetrating, and did perpetrate, an actual fraud on a third party primarily for the direct benefit of that business organization.

Effective August 1, 2020.

(Amends R.S. 12:1320(D); adds R.S. 12:1705)