

2020 Regular Session

SENATE BILL NO. 315

BY SENATOR ROBERT MILLS

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

1 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**

Proposed law provides for the following exemptions:

- (1) Obligations or liabilities expressly authorized in present law.
- (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)