New D.C. Business Organizations Code: Major Overhaul for Better Business Climate - Part One

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This is the first of a two–part series.

On February 27, 2011, the District of Columbia enacted legislation that represents its first effort to fundamentally and comprehensively revise the District's existing entity statutes, which were enacted between 1870 and 1962. The District of Columbia Official Code Title 29 (Business Organizations) Enactment Act of 2010 replaces Title 29 of the D.C. Code. The new Title 29—known as the D.C. Business Organizations Code—adopts the concept of a unified entity code. The law takes effect for all existing entities, except existing limited liability companies (LLCs), on January 1, 2012, and for all entities formed after that date. The law takes effect for existing LLCs on January 1, 2013.

All of the substantive entity statutes are placed in Title 29 with a set of definitions, formation requirements, and administrative and transactional provisions that apply to all entities. This concept is referred to as the "hub and spoke" system: chapters 1 and 2 (hubs) contain provisions common to all entities, while provisions applicable only to specific entities are set forth in separate chapters (spokes). Although the Business Organizations Code does not change the fundamental concepts of entity law, it adds new definitions, new default provisions, and new entities.

The Business Organizations Code does not render illegal or invalid any entity, or any act or arrangement of any entity, under the current Title 29 law. However, the code adds new default provisions and enables greater flexibility. Entities formed under the existing Title 29 must review their agreements and arrangements to determine if they are subject to new default provisions or can be improved. The Business Organizations Code enacts existing model or uniform acts so that the practitioner can consult and be guided by the comments to those acts.

Chapter 1. General Provisions: Formation, Name, Registered Agent, Foreign Entities, Business Organizations Act—New and applies to all entities in Title 29.

Chapter 2. Entity Transactions: Model Entity Transactions Act—New and applies to all entities in Title 29.

Chapters 3–12—Set forth substantive entity laws for each entity.

Chapter 3. Business Corporations: American Bar Association (ABA) Model Business Corporation Act—New.

Chapter 4. Nonprofit Corporations: ABA Model Nonprofit Corporation Act—New.

Chapter 5. Professional Corporations—No substantive change from current law.

Chapter 6. General Partnerships: Revised Uniform Partnership Act—No substantive change from current law.

Chapter 7. Limited Partnerships: Uniform Limited Partnership Act—New.

Chapter 8. Limited Liability Companies: Revised Uniform Limited Liability Company Act—New.

Chapter 9. General Cooperative Associations—No substantive change from current law.

Chapter 10. Limited Cooperative Associations: Uniform
Limited Cooperative Association Act—New.

Chapter 11. Unincorporated Nonprofit Associations: Revised Uniform Unincorporated Nonprofit Association Act—New.

Chapter 12. Statutory Trust Entities: Uniform Statutory Trust Entity Act—New.

Except for corporations that were formed and continue to exist under the D.C. Business Corporation Act of 1901 and existing LLCs, there are no transitional provisions.

General Provisions (D.C. Code § 29-101.01)

Definitions

There are over 50 definitions of terms in the new Business Organizations Code that apply to each entity, except where the same concept is defined differently in the particular entity statute. Although many of the terms have commonly understood definitions, there are terms that are used or defined in a technical or specialized manner. Some of those terms are:

Governor—A generic term for any person or entity vested with the right to control the fundamental governance of an entity such as a director of a corporation, general partner of a partnership, or manager of an LLC.

Interest—A right of ownership in an entity such as a share in a corporation or membership interest in an LLC.

Interest Holder—A person or entity with a right of ownership in an entity such as a shareholder of a corporation or a member of an LLC.

Record—In noun form, information inscribed either on a tangible medium such as paper or stored in an electronic medium and can be retrieved in a perceivable form.

Sign—To intentionally authenticate or adopt a record using a tangible symbol, electronic symbol, sound, or process. A signing is an affirmation under penalties for making a false statement so that notarizations are not required.

Registered Agent

A registered agent is a commercial person, a noncommercial person, an officer or employee of the entity, or a member of the D.C. Bar who the entity appoints to receive service of any process permitted or required by law. Each domestic and foreign entity must appoint a registered agent, except the following:

- General partnership,
- Domestic limited liability partnership (LLP) that maintains an office in the District, and
- Uniform nonprofit association.

The registered agent must:

- Have a street address in the District, but need not independently consent to the appointment;
- Forward to the entity any process that it receives; and
- Maintain current its information.

Other Provisions
Chapter 1 has provisions on entity names and reservation of entity names; the registration process by which a foreign entity can qualify to do business in the District; biennial reporting requirement; fees; and administrative dissolution for failure to file a biennial report, pay fees, or maintain a registered agent.

Entity Transactions (D.C. Code § 29–201.01 *et seq.*)
Chapter 2 enacts the Model Entity Transactions Act of 2007 (META) of the ABA and the National Conference of Commissioners on Uniform State Laws (NCCUSL). The META establishes a comprehensive statutory framework by which an entity can change forms or change the law applicable to its internal affairs without having to dissolve the entity, cancel any interest in the entity, or discharge any obligation or liability of the entity. Entity forms can be changed by way of a merger, interest exchange, conversion, or domestication. The META enables and sets forth procedures by which same-type entities, as well as different types of entities, can combine. The act also governs the foregoing transactions as long as the particular entity statute does not expressly govern.

Merger
A merger is a transaction wherein two or more entities combine to form a surviving entity. The interest holders must approve a plan of merger and file the plan with the Corporations Division of the Department of Consumer and Regulatory Affairs (DCRA). Each of the entity statutes contains provisions on mergers that augment or supersede the merger provisions. The contents of the plan and the approval process by the interest holders are governed by the merger provisions of the entity statute. If the entity statute is silent on the merger issue, the merger provisions govern.

Interest Exchange
An interest exchange is a transaction wherein one entity acquires all of one or more classes or series of interests of another entity in exchange for any item of value such as cash, interests, or securities. The interest exchange provisions apply to all entities except business corporations and general partnerships, each of which has interest exchange provisions in their respective entity statutes. A plan of interest exchange must be approved by the interest holders and filed with the DCRA.

Conversion
A conversion is a transaction wherein an entity changes to another type of entity that is enabled under the new Business Organizations Code. A plan of conversion must be approved by the interest holders and a statement of conversion must be filed with the DCRA. The conversion provisions apply to all entities.

Domestication
Domestication is a transaction wherein an entity formed under the laws of a jurisdiction other than the District of Columbia, with its internal affairs governed by the laws of that other jurisdiction, subjects itself to the jurisdiction of the District so that its internal affairs are governed by District laws. A plan of domestication must be approved by the interest holders and a statement of domestication must be filed with the DCRA. The domestication provisions apply to all entities except for business corporations, nonprofit corporations, and LLCs, each of which has domestication provisions in their respective entity statutes.

Substantive Entity Statutes
The substantive entity statutes in the Business Organizations Code are drawn from the latest uniform acts promulgated by the NCCUSL or from model laws. Chapters 3 through 12 set forth the substantive statute for each form of entity available in the District. Each statute contains mandatory and default provisions.

Mandatory provisions contain rules or requirements with which members must comply for the entity to be legally created and operated. Mandatory provisions almost always contain the helping verb "shall" or "must." Default provisions, which are far more numerous, contain rules or requirements that govern the conduct of the interest holders or the internal affairs of the entity if the interest holders have not agreed as to matters covered by the default provisions. Default provisions usually contain the clause "unless otherwise agreed by the [members]" or "in the absence of agreement by the [members]." To avoid the legal effect of a default provision, the interest holders must manifest an agreement on any issue to which a default provision applies. If the interest holders do not desire to affirmatively develop and conclude an entity agreement, then the default provisions of the statute are the entity agreement.

Business Corporation (D.C. Code § 29-301 et seq.)
A business corporation is an entity separate and distinct from the shareholders, has free transferability of interests, has perpetual duration, and affords limited liability to the shareholders. Unless the shareholders otherwise agree, the corporation is managed by directors who are elected by the shareholders. The proprietary unit of a corporation is a share.

A business corporation is a taxable entity. If the corporation satisfies certain requirements, the shareholders can elect S corporation status under Internal Revenue Code (IRC) § 1361 *et seq*. An S corporation is a "pass–through tax entity" similar to, but not the same as, a partnership. Effective only for federal income tax purposes, some states and the District do not recognize the S corporation for state tax purposes.

A business corporation may either be a closely held or a publicly held corporation. In a closely held corporation, the shareholders acquire their shares through a private or limited offering, which is exempt from registration under federal and state securities laws. The statutory close corporation (SCC) is eliminated. In a publicly held corporation, the shareholders acquire their shares through a public offering, which is registered with federal and state securities authorities and traded either "over the counter" or on a stock exchange.

Articles of Incorporation
A corporation can be formed by one or more persons acting under the authority of state law or, at times, federal law that provides for the creation of business corporations. The articles of incorporation are deemed notice to the public of each item of information contained in the articles. A corporation is formed by filing the articles of incorporation with the DCRA.

The articles of incorporation *must* contain the following information:

- Name of the corporation,
- Number of authorized shares,
- Appointment of registered agent, and
- Name and address of each incorporator.

The articles of incorporation may but need not contain the following information:

- Business purpose;
- Definition or limitation of the powers of the corporation, its directors, or shareholders; and
- Par value for authorized shares or classes of shares.

The articles of incorporation *should* contain the following:

- Means of internal management of the corporation,
- Whether there are and the terms of any imposition of personal liability on the shareholders,
- Any limitation on the liability of a director,
- Any obligation of the corporation or shareholders to indemnify a director,
- Shareholder proposal for and approval of disposition of corporate assets, and
- Preemptive or anti–dilution rights of shareholders.

Governance and Management: Without Shareholder Agreement
The shareholders of a corporation must elect a board of directors that consists of at least one director to manage the business and govern the corporation. The directors adopt bylaws that set forth the rules and procedures for the board of directors and hire officers to operate the day–to–day business of the corporation. The shareholders must hold a meeting at least once a year.

Without a shareholder agreement, the only issues over which the shareholders have approval are the following:

- The disposition or sale, lease, exchange, or mortgage of all or substantially all of the assets of the corporation in the usual and regular course of business may be effected by the board of directors and does not require the consent of the shareholders.
- The disposition or sale, lease, or exchange of the assets of the corporation that would leave the corporation without significant business activity must be approved by a majority of the shares entitled to vote after the directors submit a proposal to the shareholders. The corporation is conclusively deemed to be without significant business activity if any disposition would represent more than 25 percent of its total assets and 25 percent of income or revenues determined as of the end
of the most recent fiscal year.
- The dissolution of a corporation requires the approval of a majority of the shares entitled to vote after the directors submit a proposal to the shareholders.

Governance and Management: With Shareholder Agreement
The shareholders can and should conclude an agreement that sets forth the terms and conditions of the shareholders to each other and to the corporation. A shareholder agreement is not the same as bylaws, which only govern the activities of the board of directors. The terms and conditions of the shareholder agreement are enforceable even if they are inconsistent with the provisions of the entity statute. The agreement:

- Eliminates the board of directors or restricts the discretion or powers of the board of directors;
- Governs the authorization or making of distributions whether or not in proportion to ownership of shares, subject to certain limitations;
- Establishes the appointment of directors or officers of the corporation, their terms of office, or the manner of their selection or removal;
- Governs general or specific matters and the exercise or division of voting power by or between the shareholders and directors, or by or among any of them;
- Sets the terms and conditions of any agreement for the transfer or use of property or the provision of services between the corporation and any shareholder, director, officer, or employee of the corporation, or among any of them;
- Transfers to one or more shareholders or other persons all or part of the authority to exercise the corporate powers or to manage the business and affairs of the corporation, including the resolution of any issue where there exists a deadlock among the directors or shareholders;
- Requires dissolution of the corporation at the request of one or more of the shareholders, or upon the occurrence of a specified event or contingency; or
- Otherwise governs the exercise of the corporate powers or the management of the business and affairs of the corporation, or the relationship among the shareholders, the directors, and the corporation, or among any of them, and are not contrary to public policy.

The shareholder agreement must be set forth either in the 1) articles of incorporation or bylaws or 2) in a separate written/record agreement signed by the shareholders and the corporation.

Unless the shareholders otherwise agree, the shareholder agreement is enforceable for no more than 10 years, and the existence of the shareholder agreement must be noted conspicuously on the front or back of each certificate for outstanding shares or on any required information statement. Failure to so note any shareholder agreement entitles the purchaser of the shares to certain rescission rights.

Shares and Transfer of Shares
A share of a corporation is a "piece" of the corporation. Shares can be divided into classes that have different rights and obligations. A share entitles the holder to a dividend, which is a share of the profits of the corporation; a right to elect directors to the board; and a right to share in the appreciation of corporate property. Shares are freely transferable unless the shareholders have agreed to restrict the transfer of

shares. The number and type of shares that a corporation is legally able to issue, referred to as "authorized shares," must be set forth in the articles of incorporation. The number and type of authorized shares that the corporation has "sold" to shareholders are referred to as "issued shares." The number of issued shares can never exceed the number of authorized shares.

Traditionally, shares of a corporation have been categorized as either common shares or preferred shares. Common shares are entitled to all of the benefits and rights of stock ownership, including voting and dividends, except to the extent that such benefits and rights are limited in the articles of incorporation or the shareholder agreement. Preferred shares are entitled only to a defined financial benefit such as a dividend or preference on liquidation, but not entitled to voting or any voice in governance or management. The new Business Organizations Code eliminates the distinction between common shares and preferred shares. The substantive benefits and rights to which shares are entitled are set forth in the articles of incorporation or in the shareholder agreement. A shareholder may freely transfer its shares unless the shareholders have agreed to restrict such transfer.

The percentage ownership of issued shares can be "diluted" with each additional share that a corporation issues. Anti-dilution rights entitle a shareholder to be issued a sufficient number of shares to maintain its percentage ownership in the corporation every time the corporation issues shares to any other shareholder. The shareholder with anti–dilution rights does not pay any additional consideration for the shares, but rather the capital stock structure of the corporation is adjusted to maintain the percentage that existed before the new shares were issued. Anti–dilution rights must be set forth in the articles of incorporation or they do not exist.

Preemptive rights seek to achieve the same objective as anti–dilution rights, but the mechanism differs. A shareholder with preemptive rights is entitled to purchase for consideration a sufficient number of shares to maintain its percentage, usually but not necessarily at a discount, whenever the corporation issues new shares. Preemptive rights must be set forth in the articles of incorporation or they do not exist.

Nonprofit Corporation (D.C. Code § 29–401 *et seq.*)
The Business Organizations Code enacts the Model Nonprofit Corporation Act, which makes significant changes to the District's existing nonprofit corporation statute. A nonprofit corporation is an entity where no part of its income is distributed to its members, directors, or officers, although the entity may compensate such persons for the reasonable value of services rendered. A nonprofit corporation does not have shareholders or shares. Persons participate in the management and governance of a nonprofit corporation by becoming members or by serving as directors or officers. Although a nonprofit corporation may carry out any lawful activity, such a corporation traditionally engages in activities like education, religion, trade and commercial relations, and charity. A nonprofit corporation is not to be confused with a tax–exempt corporation. A tax–exempt corporation is a nonprofit corporation that has qualified for tax–exempt status under IRC § 501 *et seq.*

Professional Corporation (D.C. Code § 29–501 *et seq.*)
The sole business purpose of a professional corporation (PC) is to render professional services through its shareholders, directors, or officers. A professional service is one that can be lawfully rendered by a person who holds a duly issued license to render such service. The corporate name must contain the words "professional corporation," "P.C.," or "chartered," but cannot contain the words "company," "incorporated," "corporation," or "limited," or any abbreviation of those words.

Articles of Incorporation
In addition to the items required in the articles of a business corporation, the articles of a PC must set forth:

- A description of the professional services to be rendered,
- Names and addresses of the original shareholders of the PC, and
- A statement that each original shareholder and director is licensed to render the service for which the PC was organized.

Governance and Management
A PC is managed by a board of directors and appointed officers like a C corporation. A PC can no longer elect to be an SCC. No person other than a licensed professional can be a shareholder, director, or officer of a PC.

Shares and Transfer of Shares
There are no restrictions on the types or classes of shares in a PC. Shareholder agreements contain the same provisions applicable to a C corporation or an SCC. Only a licensed professional can be a shareholder of a PC. Transfers of shares can be made only to a person who is a licensed professional.

General Partnership (D.C. Code § 29–601.01 *et seq.*)
As of January 1, 1998, all general partnerships in the District of Columbia are governed by the Revised Uniform Partnership Act (RUPA). The only change made by the new Business Organizations Code is to move the RUPA from Title 33 to Title 29. Under the old Uniform Partnership Act (UPA), which was the law of the District before 1998, a partnership was deemed to be merely the aggregate of its partners, but not an entity separate from its owners like a corporation. Consequently, under the UPA a partnership could neither sue or be sued in its own name nor own property in its own name. The RUPA rejects the aggregation theory and expressly adopts the entity theory for partnerships. A RUPA partnership is a legal entity that is separate and distinct from the partners.

A partnership is an unincorporated association that does not have perpetual duration but may exist forever. It can be formed by and exist only as long as it has two or more partners. A partner can be a natural person or an entity. Unlike shareholders of a corporation or members of an LLC, each partner is individually liable for any debts or obligations of the partnership that cannot be satisfied out of the assets of the partnership.

Definitions
Ownership Interest—The percentage of interests in the partnership owned by a partner at any particular time. All benefits, liabilities, and obligations contemplated by the partners flow to the partners according to their respective ownership interests. An ownership interest consists of governance rights, financial rights, and management rights.

Partner—A person who owns an interest in the partnership and is the functional equivalent of a member or shareholder.

Partnership Agreement—The contract made by the partners that governs the relationship between the partners and the partnership as well as the relationship among the partners. Serving the same purpose as an operating agreement or a shareholder agreement, the partnership agreement orders the affairs of the partnership and the manner by which business will be conducted.

Formation
A partnership is created by a contract between two or more persons to engage as co–owners in a business for profit. A partnership can be implied at law or be deemed to exist by estoppel. No document such as articles of organization or articles of incorporation need be filed with a state authority to create a partnership.

Governance and Management
A partnership is a highly flexible entity form that enables the partners to arrange the financial, management, and governance affairs of the partnership as they so choose. However, as a default statute, the RUPA governs those matters upon which the partners have not manifested an agreement. The partners cannot vary by agreement the matters below that are contained in a mandatory provision. The partners cannot agree to:

- Eliminate the duty of loyalty or unreasonably reduce the duty of care,
- Eliminate the obligation of good faith and fair dealing,
- Vary the power of a partner to dissociate,
- Vary the law applicable to LLPs, or

- Restrict the rights of third persons.

Ownership Interest and Transfer of Interest
An ownership interest is a right to participate in the distributable revenues, a right to participate in the governance and management of the partnership, and a right to share in the appreciation of partnership property. An ownership interest is calculated as the percentage that the contribution of a partner bears in relation to the sum total contributions of all of the partners. Unlike shares of stock, a partnership has a finite number of ownership interests (namely, 100 percent). An ownership interest is personal property. An ownership interest of a partner is reduced if a partner withdraws from its capital contributions, and is increased if a partner adds to its capital contributions.

A transfer of an ownership interest does not by itself cause a dissociation or dissolution. The transferee is not entitled to participate in governance or management unless the transferee is admitted as a partner. A court may issue a charging order in favor of a creditor of a partner. The creditor has the rights only of a transferee and not of a partner.

Dissociation, Dissolution, and Continuance
A partner dissociates from a partnership if the partner expresses its will to dissociate, either orally or in writing, to the partnership. The power to dissociate by express will is a mandatory provision, and the partners cannot agree to limit that power in any way. The partners may vary or eliminate by agreement any of the other statutory events in dissociation, including an event contained in the partnership agreement, the expulsion of a partner, and the death, dissolution, or bankruptcy of a partner.

Whether an event in dissociation causes a dissolution depends on whether the partnership is a partnership at will or a partnership for a definite term or undertaking. A partnership at will dissolves when a partner dissociates by express will. Unless otherwise agreed by the partners, no other statutory event in dissociation will dissolve a partnership at will.

A partnership for a definite term or undertaking dissolves when a partner dissociates by certain statutory events, including death, dissolution, or bankruptcy, unless a majority in interest of the partners agree to continue the partnership within 90 days after the date on which the event occurred. Unless otherwise agreed by the partners, neither dissociation by express will of a partner nor the expulsion of a partner dissolves a partnership for a definite term or undertaking.

When an event in dissociation occurs that does not cause a dissolution, the dissociated partner no longer possesses or exercises any financial, management, or governance rights. The partnership remains in existence and in business. Unless the partners otherwise agree, the partnership must purchase the ownership interest of the dissociated partner for essentially the value the ownership interest would have had if the partnership had dissolved and wound up.

When an event in dissociation occurs that causes a dissolution, the partnership ceases to conduct new business but continues only for the purpose of winding up. The winding–up process involves settling accounts and returning contributions. When the wind–up is complete, the partnership ceases to exist.

Indemnification and Contribution
The partners may agree as to whether to indemnify a malfeasant partner or compel the partners to contribute to a judgment against the partnership incurred by reason of the malfeasance of a partner. If no such agreement exists, the RUPA controls. A partner has a right to indemnification from the partnership for personal liabilities incurred in the ordinary course of business to preserve the business or property of the partnership. If the partnership incurs a judgment for malfeasance, a non–malfeasant partner cannot be compelled to contribute to any such judgment.

Litigation
A partnership is a distinct legal entity that can sue or be sued in its own name. For federal diversity subject matter jurisdiction purposes, the state citizenship of each partner must be completely diverse from the state

citizenship of each opposing party. *See* 28 U.S.C. §§ 1331, 1332; *Carden v. Arkoma Associates,* 494 U.S. 185 (1990).

Limited Liability Partnership
(D.C. Code §§ 29–601.02(6), 29–610.01)
The LLP is a special form of general partnership in which the principle that each partner is individually liable for the debts and obligations of the partnership, including judgments that arise from the malfeasance or nonfeasance of another partner, is altered. Upon the filing of a proper statement of qualification, a partner in an LLP is not personally liable for any debt or obligation of the partnership, whether grounded in tort or contract, which arises from any act or omission of the partnership or of any partner solely by reason of being or acting as a partner. The statement of qualification must contain:

The name of the partnership and deferred effective date, if any;

- The address of the chief executive office of the partnership and, if different, the address of the partnership in the District;
- If the partnership does not have a District office, the name and address of an agent to receive service of process;
- Affirmative statement of election to be an LLP; and
- Signatures of at least two partners.

Limited Partnership (D.C. Code § 29–701.01 *et seq.*)
The District enacted the Uniform Limited Partnership Act (ULPA) in 1987, two years after the NCCUSL amended the act for the second time by enacting the Revised Uniform Limited Partnership Act (RULPA). In 2001 the NCCUSL adopted a more flexible version of the act, known as the 2001 ULPA. The new D.C. Business Organizations Code enacts the 2001 ULPA and moves it from Title 33 to Title 29. The primary difference between the RULPA and the 2001 ULPA is that the RULPA defaulted to the Uniform Partnership Act (UPA), promulgated in 1914 and most recently revised in 1997, while the 2001 ULPA is a self–contained law and does not default to the Revised Uniform Partnership Act (RUPA).

An LP consists of two or more persons where at least one partner is a general partner and at least one partner is a limited partner. The general partner is subject to personal liability for the debts and obligations of the LP. The limited partner is not subject to personal liability for the debts and obligations of the LP. The only asset of the limited partner that is at risk is its contribution in the LP. In most other respects, an LP is similar in concept to or the same as a general partnership. Unlike a general partnership, an LP must maintain and make available to the limited partners certain organizational and financial information.

Definitions
Certificate of Limited Partnership—The document filed with the government authority that forms the LP.

General Partner—A person who holds an ownership interest in the LP, exercises full governance and management rights in the LP, and is personally liable for the debts and obligations of the LP.

Limited Partner—A person who holds an ownership interest in the LP and who is not liable for the debts and obligations of the LP solely by reason of being a limited partner.

Formation
An LP is formed by filing a certificate of limited partnership that states the following:

- Name of the LP,
- Registered agent,
- Name and address of each general partner, and
- Whether the LP is a limited liability limited partnership (LLLP).

Governance and Management
Traditionally, the limited partner had limited liability only as long as the limited partner did not participate in the governance and management of the LP. The ULPA modified this principle by enumerating certain functions that a limited partner could perform that would not be considered governance or management. The 2001 ULPA entirely eliminates this principle so that a limited partner can participate in governance and management without the risk of being subject to personal liability.

Like the RUPA, the 2001 ULPA is a default statute so that it governs those matters upon which the partners have not manifested an agreement. There are certain matters that the partners cannot vary by agreement. The partners cannot agree to:

- Vary the power of the LP to sue or be sued in its own name;
- Vary the applicability of District law to the LP;
- Vary the form, execution, and filing requirements of the LP;
- Vary the information that the LP must maintain, or restrict access to the information;
- Eliminate the duty of loyalty or unreasonably reduce the duty of care;
- Eliminate the obligation of good faith and fair dealing;
- Vary the power of a general partner to dissociate;
- Vary the requirement to wind up the LP upon dissolution;
- Unreasonably restrict the right of a partner to assert a derivative action;
- Restrict the right of a partner to approve a merger;
- Vary the law applicable to LLLPs; and
- Restrict the rights of third persons.

The RUPA concepts of ownership interest, transfer of ownership interest, dissolution, dissociation, continuance, and litigation are the same under the 2001 ULPA.

Limited Liability Limited Partnership
(D.C. Code § 29–701.02(7))
The LLLP is a special form of LP in which the principle that the general partner is personally liable for the debts and obligations of the LP is altered. As long as the certificate of limited partnership contains a statement that the LP is an LLLP, the general partner is not personally liable for any debt or obligation of the LP solely by reason of being or acting as the general partner. No statement of qualification is filed.

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