

**Effective 5/12/2015**

**48-3a-1046 Effect of conversion.**

- (1) When a conversion in which the converted entity is a subject entity or domestic limited liability company becomes effective:
  - (a) the converted entity is:
    - (i) organized under and subject to this chapter; and
    - (ii) the same entity without interruption as the converting entity;
  - (b) all property of the converting entity continues to be vested in the converted entity without transfer, reversion, or impairment;
  - (c) all debts, obligations, and other liabilities of the converting entity continue as debts, obligations, and other liabilities of the converted entity;
  - (d) except as otherwise provided by law or the plan of conversion, all the rights, privileges, immunities, powers, and purposes of the converting entity remain in the converted entity;
  - (e) the name of the converted entity may be substituted for the name of the converting entity in any pending action or proceeding;
  - (f) the provisions of the operating agreement of the converted entity that are to be in a record, if any, approved as part of the plan of conversion are effective; and
  - (g) the interests in the converting entity are converted, and the interest holders of the converting entity are entitled only to the rights provided to them under the plan of conversion and to any appraisal rights they have under Section 48-3a-1008 and the converting entity's organic law.
- (2) Except as otherwise provided in the operating agreement of a domestic converting limited liability company, the conversion does not give rise to any rights that a member, manager, or third party would have upon a dissolution, liquidation, or winding up of the converting entity.
- (3) When a conversion becomes effective, a person that did not have interest holder liability with respect to the converting entity and becomes subject to interest holder liability with respect to a domestic entity as a result of the conversion has interest holder liability only to the extent provided by the organic law of the entity and only for those debts, obligations, and other liabilities that arise after the conversion becomes effective.
- (4) When a conversion becomes effective, the interest holder liability of a person that ceases to hold an interest in a domestic limited liability company with respect to which the person had interest holder liability is as follows:
  - (a) the conversion does not discharge any interest holder liability to the extent the interest holder liability arose before the conversion became effective;
  - (b) the person does not have interest holder liability for any debt, obligation, or other liability that arises after the conversion becomes effective; and
  - (c) the person has whatever rights of contribution from any other person as are provided by law other than this chapter, this chapter, or the operating agreement of the converting entity with respect to any interest holder liability preserved under Subsection (4)(a) as if the conversion had not occurred.
- (5) When a conversion becomes effective, a foreign entity that is the converted entity may be served with process in this state for the collection and enforcement of any of its debts, obligations, and liabilities as provided in Section 16-17-301.
- (6) If the converting entity is a registered foreign entity, the registration to do business in this state of the converting entity is canceled when the conversion becomes effective.
- (7) A conversion does not require the entity to wind up its affairs and does not constitute or cause the dissolution of the entity.

Amended by Chapter 227, 2015 General Session

