

Texas Series LLC's Pro's and Con's; Specific Applications

PHILIP R. LEHMBERG
SCHLANGER SILVER BARG & PAINE, LLP
109 NORTH POST OAK LANE, SUITE 300
HOUSTON, TEXAS 77024
(713) 735-8532

SHERYL T. DACSO, J.D., DR. P.H.
SEYFARTH SHAW LLP
700 MILAM ST., STE. 1400
HOUSTON, TEXAS 77002-2812
(713) 238-1810

ROBERT R. KEATINGE
HOLLAND & HART LLP
555 SEVENTEENTH STREET, STE. 3200
DENVER, COLORADO 80202-3979

Series LLC

- A Solution looking for a problem. Another tool in your “legal structure tool box” to use.
- Started in 1990's in Delaware.
- Series are sometimes referred to as “cells”.

Series LLC's

Series LLC Statutes now in:

Alabama
Delaware
Illinois
Indiana
Iowa
Kansas
Missouri
Montana
Nevada
Oklahoma
Tennessee
Texas
Utah
Washington, D.C.
Puerto Rico

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Series LLC's

1. Texas Business Organizations Code
Sections 101.601 – 101.622
 - First Effective September, 2009. Section 101.622 added in 2013.
2. National Conference of Commissioners on Uniform State Laws expected to discuss draft of the “Limited Liability Company Protected Series Act” in early July of 2016 at its National meeting. Language of draft differs in several respects, none of which would diminish the efficacy of the Texas Series LLC Statute. Model language recommendation perhaps may occur by 2018 although there is no assurance that will happen.

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Series LLC's (cont'd)

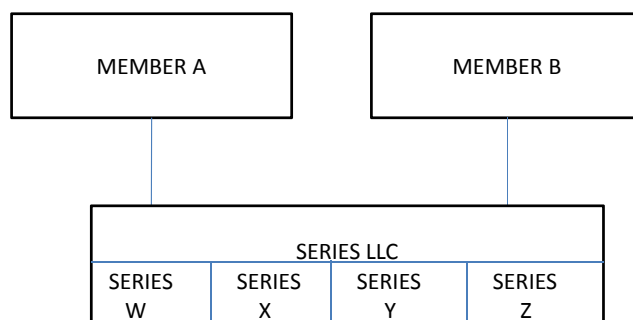
3. Nationwide acceptance of "Regular" LLC's took years and acceptance of Series LLC will take even longer.
4. Current Series LLC statutes of various states are not uniform. Some examples:
 - Texas Series LLC laws patterned after Delaware with some differences.
 - Iowa and Illinois allow for election by a Series to be treated as a separate entity.

California taxes a Series as a separate entity but has no Series LLC statute.

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Series LLC's

Example of
Typical Structure of
Series LLC



TBOC Section 101.602 provides:

- Lateral Series Liability Shield
- Upward Liability Shield
- Downward Liability Shield

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