

**CONFLICTS OF INTEREST,
DISQUALIFICATION RISKS, AND
ATTORNEY-CLIENT PRIVILEGE
CONSIDERATIONS IN
LIMITED LIABILITY COMPANY
MEMBER DISPUTES**

August 5, 2022

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Typical issues to consider

- **Successive representation: May counsel for the LLC subsequently represent the then-controlling members in a derivative action?**
- **Must the LLC engage independent counsel to represent the business itself in a derivative action by a minority member?**
- **Must a waiver of any conflict or approval of permissive indemnification be made only by a majority vote of disinterested members?**

- **Does representation of the LLC impose duties on counsel to individual LLC members?**

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Typical fact patterns

- **LLC's regular outside counsel represents LLC in various transactions, provides advice, prepares organizational documents (e.g., buy-sell agreement).**
- **Minority member files suit, alleging some type of improper self-dealing or oppression.**
 - **Failure to follow company agreement**

- **Excluding minority member from management of the company**
- **Fraud or waste of the assets of the business**
- **Termination of minority member's employment in conjunction with required book value or other low-dollar buyout**
- **Denying minority member information about the business**

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- **Suit asserts claims both individually on behalf of the minority member, and derivatively on behalf of the company.**
- **Controlling members engage regular outside counsel to represent them individually in the suit**
 - **Regular outside counsel has confidence of controlling members, historical experience with the company.**

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Title search: Conflict and Privilege Issues in LLC Member Disputes

First appeared as part of the conference materials for the
2022 First Friday Ethics (August 2022) session
"Conflict and Privilege Issues in LLC Member Disputes"