

# Drafting Deadlock-Breaking Mechanisms

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**WINSTEAD**

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## When Deadlocks Arise in Decision Making

- What is a deadlock?
  - Inability to make material decisions regarding the underlying business
  - One-time (e.g., hiring/firing)
  - Fundamental (e.g., do we enter into a new line of business)

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## When Deadlocks Arise in Decision Making

- Required Vote to Take Action Can't Be Obtained
  - Unanimous/majority/supermajority consent requirements not met
  - Members have similar or equal ownership
  - Specific Member's consent is required to take specific action
- Owners have Fundamental Disagreement on Direction of the Business

## When Deadlocks Arise in Decision Making

- Consequences of a deadlock?
  - Operations suffer
  - Distracting for management
  - Can't take specific actions

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**"Drafting Deadlock-Breaking Mechanisms"**