

# STATE OF NEW YORK

8213

## IN SENATE

April 18, 2018

Introduced by Sen. HOYLMAN -- read twice and ordered printed, and when printed to be committed to the Committee on Corporations, Authorities and Commissions

AN ACT to amend the limited liability company law, in relation to requiring limited liability companies to amend their articles of organization to include a list of beneficial owners and provide certain information relating to each beneficial owner

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. Section 102 of the limited liability company law is amended  
2 by adding a new subdivision (d-1) to read as follows:

3 (d-1) (1) "Beneficial owner" means a natural person who, directly or  
4 indirectly, (A) holds a membership interest in a limited liability  
5 company or a foreign limited liability company; or (B) has been assigned  
6 a membership interest in a limited liability company or a foreign limit-  
7 ed liability company.

8 (2) The term "beneficial owner" shall not include: (A) a minor child;  
9 (B) a person acting as a nominee, intermediary, custodian, or agent on  
10 behalf of another person; (C) a person acting solely as an employee of a  
11 limited liability company and whose control over or economic benefits  
12 from the limited liability company derives solely from the employment  
13 status of the person; (D) a person whose only interest in a limited  
14 liability company is through a right of inheritance, unless the person  
15 also meets the requirements of paragraph one of this subdivision; or (E)  
16 a creditor of a limited liability company, unless the creditor also  
17 meets the requirements of paragraph one of this subdivision.

18 § 2. Paragraphs 6 and 7 of subdivision (e) of section 203 of the  
19 limited liability company law, as added by chapter 470 of the laws of  
20 1997, are amended to read as follows:

21 (6) if all or specified members are to be liable in their capacity as  
22 members for all or specified debts, obligations or liabilities of the  
23 limited liability company as authorized pursuant to section six hundred  
24 nine of this chapter, a statement that all or specified members are so  
25 liable for such debts, obligations or liabilities in their capacity as

EXPLANATION--Matter in italics (underscored) is new; matter in brackets  
[-] is old law to be omitted.

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1 members of the limited liability company as authorized pursuant to  
2 section six hundred nine of this chapter; [~~and~~]

3 (7) a list of the beneficial owners of the limited liability company  
4 that identifies each beneficial owner by (A) name; (B) current residen-  
5 tial or business street address; and (C) a unique identifying number  
6 from a non-expired passport issued by the United States or a non-expired  
7 driver's license or identification card issued by this or another state;  
8 and

9 (8) any other provisions, not inconsistent with law, that the members  
10 elect to include in the articles or organization for the regulation of  
11 the internal affairs of the limited liability company, including, but  
12 not limited to, (A) the business purpose for which the limited liability  
13 company is formed, (B) a statement of whether there are limitations on  
14 the authority of members or managers or a class or classes thereof to  
15 bind the limited liability company and (C) any provisions that are  
16 required or permitted to be included in the operating agreement of the  
17 limited liability company pursuant to section four hundred seventeen of  
18 this chapter.

19 § 3. Section 209 of the limited liability company law is amended to  
20 read as follows:

21 § 209. Filing with the department of state. A signed articles of  
22 organization and any signed certificate of amendment or other certif-  
23 icates filed pursuant to this chapter or of any judicial decree of  
24 amendment or cancellation shall be delivered to the department of state.  
25 If the instrument that is delivered to the department of state for  
26 filing complies as to form with the requirements of law and the filing  
27 fee required by any statute of this state in connection therewith has  
28 been paid, the instrument shall be filed and indexed by the department  
29 of state. The department of state shall not review such articles or  
30 certificates for legal sufficiency, except that it shall review such  
31 articles or certificates for legal sufficiency with regard to require-  
32 ments pertaining to beneficial owners pursuant to sections two hundred  
33 three and two hundred eleven of this article; its review shall be other-  
34 wise limited to determining that the form has been completed.

35 § 4. Paragraphs 8 and 9 of subdivision (d) of section 211 of the  
36 limited liability company law are amended to read as follows:

37 (8) the discovery of a materially false or inaccurate statement in the  
38 articles of organization; [~~and~~]

39 (9) a change in the list of beneficial owners or the information  
40 required to be provided relating to each beneficial owner pursuant to  
41 section two hundred three of this article; and

42 (10) the decision to change any other statement in the articles of  
43 organization.

44 § 5. The limited liability company law is amended by adding a new  
45 section 215 to read as follows:

46 § 215. Beneficial ownership disclosure. (a) A limited liability compa-  
47 ny whose original articles of organization were filed with the secretary  
48 of state and effective prior to the effective date of this section shall  
49 have one year from the effective date of this section to amend its arti-  
50 cles of organization to include a list of beneficial owners and the  
51 information required to be provided relating to each beneficial owner  
52 pursuant to section two hundred three of this article.

53 (b) Starting one year after the effective date of this section, each  
54 limited liability company organized in this state shall submit to the  
55 department of state an annual filing, in such format as the secretary of  
56 state shall require, containing the list of beneficial owners of the

1 limited liability company and the information required to be provided  
2 relating to each beneficial owner pursuant to section two hundred three  
3 of this article.

4 (c) The department of state shall establish and maintain a database  
5 identifying beneficial owners by name and current residential or busi-  
6 ness street address if they are the beneficial owners of two or more  
7 limited liability companies required by this article to report its bene-  
8 ficial owners to such department. Such database shall be made available  
9 to the public on the department of state's website no later than seven  
10 days after such information has been received by the secretary of state.  
11 Such department shall also establish, through regulations, procedures to  
12 allow beneficial owners with significant privacy interests to apply for  
13 a waiver from the requirements of this subdivision.

14 (d) Beneficial ownership information relating to each limited liabil-  
15 ity company formed under the laws of this state is required to be main-  
16 tained by the secretary of state until the end of the five year period  
17 beginning on the date that the limited liability company terminates  
18 pursuant to this chapter.

19 (e) Any person who: (1) knowingly provides false or fraudulent benefi-  
20 cial ownership information; (2) willfully fails to provide complete or  
21 updated information; or (3) discloses the existence of a subpoena,  
22 summons, or other request for beneficial ownership information shall be  
23 liable to the state for a civil penalty of not more than ten thousand  
24 dollars and may be imprisoned for not more than three years or both.

25 § 6. Paragraphs 7 and 8 of subdivision (a) of section 802 of the  
26 limited liability company law are amended and a new paragraph 9 is added  
27 to read as follows:

28 (7) a statement that the foreign limited liability company is in  
29 existence in the jurisdiction of its formation at the time of the filing  
30 of such application; [~~and~~]

31 (8) the name and address of the authorized officer in the jurisdiction  
32 of its formation where a copy of its articles of organization is filed  
33 or, if no public filing of its articles of organization is required by  
34 the law of the jurisdiction of formation, a statement that the foreign  
35 limited liability company shall provide, on request, a copy thereof with  
36 all amendments thereto (if such documents are in a foreign language, a  
37 translation in English thereof under oath of the translator shall be  
38 attached thereto), and the name and post office address of the person  
39 responsible for providing such copies[]; and

40 (9) a list of the beneficial owners of the foreign limited liability  
41 company that identifies each beneficial owner by (A) name; (B) current  
42 residential or business street address; and (C) a unique identifying  
43 number from a non-expired passport issued by the United States or a  
44 non-expired driver's license or identification card issued by this or  
45 another state.

46 § 7. Section 804 of the limited liability company law is amended by  
47 adding a new subdivision (c) to read as follows:

48 (c) Every foreign limited liability company that has received a filing  
49 receipt entitled "Certificate of authority of .... (name of foreign  
50 limited liability company) under section eight hundred five of the  
51 Limited Liability Company Law," evidencing authority as provided herein,  
52 shall amend its application for authority upon a change in the list of  
53 beneficial owners or the information required to be provided relating to  
54 each beneficial owner pursuant to section eight hundred two of this  
55 article, within ninety days of such change.

1 § 8. The limited liability company law is amended by adding a new  
2 section 810 to read as follows:

3 § 810. Beneficial ownership disclosure. (a) A foreign limited liabil-  
4 ity company whose certificate of authority was filed with the secretary  
5 of state and effective prior to the effective date of this section shall  
6 have one year from the effective date of this section to amend its  
7 certificate of authority to include a list of beneficial owners and the  
8 information required to be provided relating to each beneficial owner  
9 pursuant to section eight hundred two of this article.

10 (b) Starting one year after the effective date of this section, each  
11 foreign limited liability company organized in this state shall submit  
12 to the department of state an annual filing, in such format as the  
13 secretary of state shall require, containing the list of beneficial  
14 owners of the foreign limited liability company and the information  
15 required to be provided relating to each beneficial owner pursuant to  
16 section eight hundred two of this article.

17 (c) The department of state shall establish and maintain a database  
18 identifying beneficial owners by name and current residential or busi-  
19 ness street address if they are the beneficial owners of two or more  
20 limited liability companies required by this article to report its bene-  
21 ficial owners to such department. Such database shall be made available  
22 to the public on the department of state's website no later than seven  
23 days after such information has been received by the secretary of state.  
24 Such department shall also establish, through regulations, procedures to  
25 allow beneficial owners with significant privacy interests to apply for  
26 a waiver from the requirements of this subdivision.

27 (d) Beneficial ownership information relating to each foreign limited  
28 liability company formed under the laws of this state is required to be  
29 maintained by the secretary of state until the end of the five year  
30 period beginning on the date that the foreign limited liability company  
31 terminates pursuant to this chapter.

32 (e) Any person who: (1) knowingly provides false or fraudulent benefi-  
33 cial ownership information; (2) willfully fails to provide complete or  
34 updated information; or (3) discloses the existence of a subpoena,  
35 summons, or other request for beneficial ownership information shall be  
36 liable to the state for a civil penalty of not more than ten thousand  
37 dollars and may be imprisoned for not more than three years or both.

38 § 9. This act shall take effect immediately.