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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2011

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A N A C T

RELATING TO CORPORATIONS, ASSOCIATIONS AND PARTNERSHIPS - RHODE  
ISLAND BUSINESS CORPORATION

Introduced By: Senator Elizabeth A. Crowley

Date Introduced: March 23, 2011

Referred To: Senate Corporations

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 7-1.2-1008 of the General Laws in Chapter 7-1.2 entitled "Rhode  
2 Island Business Corporation Act" is hereby amended to read as follows:

3 **7-1.2-1008. Conversion of a domestic corporation to other entities.** -- (a) A  
4 corporation of this state may, upon the authorization of such conversion in accordance with this  
5 section, convert to a limited liability company, business trust or association, real estate investment  
6 trust, common-law trust or any other unincorporated business or entity including a partnership  
7 (whether general or limited, including a registered limited liability partnership) or a foreign  
8 corporation.

9 (b) The board of directors of the corporation which desires to convert under this section  
10 shall adopt a resolution approving such conversion, specifying the type of entity into which the  
11 corporation shall be converted and recommending the approval of such conversion by the  
12 stockholders of the corporation. Such resolution shall be submitted to the stockholders of the  
13 corporation at an annual or special meeting. Due notice of the time, and purpose of the meeting  
14 shall be mailed to each holder of stock, whether voting or nonvoting, of the corporation at the  
15 address of the stockholder as it appears on the records of the corporation, at least twenty (20) days  
16 prior to the date of the meeting. At the meeting, the resolution shall be considered and a vote  
17 taken for its adoption or rejection. If all outstanding shares of stock of the corporation, whether  
18 voting or nonvoting, shall be voted for the adoption of the resolution, the conversion shall be

1 authorized.

2 (c) If a corporation shall convert in accordance with this section to another entity  
3 organized, formed or created under the laws of a jurisdiction other than the state of Rhode Island,  
4 upon payment of all fees and franchise taxes by the corporation, as evidenced by an appropriate  
5 certificate of good standing, the corporation shall file with the secretary of state a certificate of  
6 conversion executed in accordance with § 7-1.2-105 which certifies:

7 (1) The name of the corporation, and if it has been changed, the name under which it  
8 was originally incorporated;

9 (2) The date of filing of its original articles of incorporation with the secretary of state;

10 (3) The name and jurisdiction of the entity and type of entity to which the corporation  
11 shall be converted;

12 (4) That the conversion has been approved in accordance with the provisions of this  
13 section;

14 (5) The agreement of the corporation that it may be served with process in the state of  
15 Rhode Island in any action, suit or proceeding for enforcement of any obligation of the  
16 corporation arising while it was a corporation of this state, and that it irrevocably appoints the  
17 secretary of state as its agent to accept service of process in any such action, suit or proceeding;  
18 and

19 (6) The address to which a copy of the process referred to in subsection (c)(5) of this  
20 section shall be mailed to it by the secretary of state. In the event of such service upon the  
21 secretary of state in accordance with subsection (c)(5) of this section, the secretary of state shall  
22 forthwith notify such corporation that has converted out of the state of Rhode Island by letter,  
23 certified mail, return receipt requested, directed to such corporation that has converted out of the  
24 state of Rhode Island at the address so specified, unless such corporation shall have designated in  
25 writing to the secretary of state a different address for such purpose, in which case it shall be  
26 mailed to the last address designated. Such letter shall enclose a copy of the process and any other  
27 papers served on the secretary of state pursuant to this subsection. It shall be the duty of the  
28 plaintiff in the event of such service to serve process and any other papers in duplicate, to notify  
29 the secretary of state that service is being affected pursuant to this subsection and to pay the  
30 secretary of state the sum of fifteen dollars (\$15.00) for the use of the state, which sum shall be  
31 taxed as part of the costs in the proceeding, if the plaintiff shall prevail therein. The secretary of  
32 state shall maintain an alphabetical record of any such service setting forth the name of the  
33 plaintiff and the defendant, the title, docket number and nature of the proceeding in which process  
34 has been served, the fact that service has been effected pursuant to this subsection, the return date

1 thereof, and the day and hour service was made. The secretary of state shall not be required to  
2 retain such information longer than five (5) years from receipt of the service of process.

3 (d) Upon the filing in the office of the secretary of state of a certificate of conversion to  
4 non-Rhode Island entity in accordance with subsection (c) of this section or upon the future  
5 effective date or time of the certificate of conversion to non-Rhode Island entity and payment to  
6 the secretary of state of all fees prescribed under this title, the secretary of state shall certify that  
7 the corporation has filed all documents and paid all fees required by this title, and thereupon the  
8 corporation shall cease to exist as a corporation of this state at the time the certificate of  
9 conversion becomes effective in accordance with § 7-1.2-105. Such certificate of the secretary of  
10 state shall be prima facie evidence of the conversion by such corporation out of the state of Rhode  
11 Island.

12 (e) The conversion of a corporation out of the state of Rhode Island in accordance with  
13 this section and the resulting cessation of its existence as a corporation of this state pursuant to a  
14 certificate of conversion to non-Rhode Island entity shall not be deemed to affect any obligations  
15 or liabilities of the corporation incurred prior to such conversion or the personal liability of any  
16 person incurred prior to such conversion, nor shall it be deemed to affect the choice of law  
17 applicable to the corporation with respect to matters arising prior to such conversion.

18 (f) Unless otherwise provided in a resolution of conversion adopted in accordance with  
19 this section, the converting corporation shall not be required to wind up its affairs or pay its  
20 liabilities and distribute its assets, and the conversion shall not constitute a dissolution of such  
21 corporation.

22 (g) In connection with a conversion of a domestic corporation to another entity pursuant  
23 to this section, shares of stock, of the corporation of this state which is to be converted may be  
24 exchanged for or converted into cash, property, rights or securities of, or interests in, the entity to  
25 which the corporation of this state is being converted or, in addition to or in lieu thereof, may be  
26 exchanged for or converted into cash, property, shares of stock, rights or securities of, or interests  
27 in, another domestic corporation or other entity or may be cancelled.

28 (h) When a corporation has been converted to another entity or business form pursuant  
29 to this section, the other entity or business form shall, for all purposes of the laws of the state of  
30 Rhode Island, be deemed to be the same entity as the corporation. When any conversion shall  
31 have become effective under this section, for all purposes of the laws of the state of Rhode Island,  
32 all of the rights, privileges and powers of the corporation that has converted, and all property,  
33 real, personal and mixed, and all debts due to such corporation, as well as all other things and  
34 causes of action belonging to such corporation, shall remain vested in the other entity or business

1 form to which such corporation has converted and shall be the property of such other entity or  
2 business form, and the title to any real property vested by deed or otherwise in such corporation  
3 shall not revert to such corporation or be in any way impaired by reason of this chapter; but all  
4 rights of creditors and all liens upon any property of such corporation shall be preserved  
5 unimpaired, and all debts, liabilities and duties of the corporation that has converted shall remain  
6 attached to the other entity or business form to which such corporation has converted, and may be  
7 enforced against it to the same extent as if said debts, liabilities and duties had originally been  
8 incurred or contracted by it in its capacity as such other entity or business form. The rights,  
9 privileges, powers and interest in property of the corporation that has converted, as well as the  
10 debts, liabilities and duties of such corporation, shall not be deemed, as a consequence of the  
11 conversion, to have been transferred to the other entity or business form to which such  
12 corporation has converted for any purposes of the laws of the state of Rhode Island.

13 (i) No vote of stockholders of a corporation shall be necessary to authorize a conversion  
14 if no shares of the stock of such corporation shall have been issued prior to the adopting by the  
15 board of directors of the resolution approving the conversion.

16 SECTION 3. Section 7-16-8 of the General Laws in Chapter 7-16 entitled "The Rhode  
17 Island Limited Liability Company Act" is hereby amended to read as follows:

18 **7-16-8. Filing.** -- (a) The secretary of state may not accept for filing any document under  
19 this chapter which does not conform with law.

20 (b) The secretary of state may not accept for filing any organizational document,  
21 qualification, registration, change of resident agent report, service of process, notice or other  
22 document until all required filing and other fees have been paid to the secretary of state.

23 (c) The secretary of state may not accept for filing any article of dissolution, cancellation  
24 of registration, article of merger, unless the surviving entity is a domestic entity of record with the  
25 office of the secretary of state, or the reinstatement of a limited liability company's certificate of  
26 organization or registration until all required filing and other fees have been paid to the secretary  
27 of state and all fees and franchise taxes have been paid.

28 (d) The secretary of state may not accept for filing a certificate of conversion to a non-  
29 Rhode Island entity until all required filing and other fees have been paid to the secretary of state  
30 and all fees and franchise taxes have been paid.

31 ~~(d)~~(e) When the secretary of state accepts the articles of organization or any other  
32 document, the secretary of state shall:

33 (1) Endorse on the document the date and time of its acceptance for filing;

34 (2) Promptly file the document; and

- 1           (3) Issue a certificate or other evidence which establishes:
- 2           (i) That the document was accepted for filing by the secretary of state; and
- 3           (ii) The date and time of the acceptance for filing.
- 4           (e) The document becomes effective upon the issuance of the certificate or other
- 5 evidence or at any later date that is set forth within the document, not more than thirty (30) days
- 6 after the filing of such document.
- 7           SECTION 4. This act shall take effect upon passage.

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF  
A N A C T  
RELATING TO CORPORATIONS, ASSOCIATIONS AND PARTNERSHIPS - RHODE  
ISLAND BUSINESS CORPORATION

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- 1           This act would require that when a corporation converts to another entity pursuant to this
- 2 chapter it pays all fees and franchise taxes as endured by an appropriate certificate of good
- 3 standing prior to filing the certificate of conversion required by this section.
- 4           This act would take effect upon passage.

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