

## Why This CLA Sponsored Bill Obfuscates Rather Than Clarifies LLC Filings

Article By:

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In 2020, the legislature enacted AB 3075 (Gonzalez) which, among other things, requires a corporation or an LLC to disclose in its statement of information filed with the Secretary of State whether any director of the corporation or member or manager of the LLC has an outstanding final judgment issued by Department of Labor Standards Enforcement or a court of law for violation of a wage order or other violation of the Labor Code. See [California Governor Signs "Wacky" Successor Liability Bill Into Law](#) and [A "New Fine Question" For This Proxy Season](#).

In the case of LLCs, the current statute (Corporations Code § 17702.09(a)(8)) requires disclosure as to "any member or any manager". This is obviously more burdensome than the analogous requirement for corporations (Sections 1502(a)(10) & 2117(a)(8)) which requires disclosure only as to officers and directors. In an attempt to achieve greater parity, the California Lawyers Association has sponsored AB 2431, which was introduced as a committee bill.

While AB [2431](#) would improve matters for LLCs, it introduces an entirely new, and undefined, term to the Revised Uniform Limited Liability Company Act. As introduced (and presumably recommended by the CLA), the bill would require disclosure as to managers in a manager-managed limited liability company. In the case of a member-managed limited liability company, disclosure would be required as to any "managing member". The problem, of course, is that the RULLCA currently neither defines nor uses the term "managing member".

Section 17703.01 provides that unless the articles of organization indicate that the LLC is a manager-managed limited liability company, every member is an agent of the LLC for the purpose of its business or affairs. This statute would seem to make all members "managing members". If that is the case, AB 2431 will do little to narrow the scope of persons covered. While this provision may be varied in a written operating agreement pursuant to Section 17701.10(d), it still begs the question of what makes a member a "managing member"?

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