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**SENATE BILL NO. 735**

Offered January 9, 2013

Prefiled December 12, 2012

*A BILL to amend and reenact § 13.1-1041.1 of the Code of Virginia, relating to charging orders entered against a member of a limited liability company.*

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Patron—Petersen

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Referred to Committee on Commerce and Labor

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**Be it enacted by the General Assembly of Virginia:****1. That § 13.1-1041.1 of the Code of Virginia is amended and reenacted as follows:****§ 13.1-1041.1. Member's transferable interest subject to charging order.**

A. On application by a judgment creditor of a member or of a member's assignee, a court having jurisdiction may charge the transferable interest of the judgment debtor to satisfy the judgment. To the extent so charged, the judgment creditor has only the right to receive any distribution or distributions to which the judgment debtor would otherwise have been entitled in respect of the interest, *unless it is determined that the limited liability company is operating as an instrumentality to defraud creditors, in which case the judgment creditor shall be entitled to levy upon the membership interest of the judgment debtor.*

B. A charging order constitutes a lien on the judgment debtor's transferable interest in the limited liability company.

C. This chapter does not deprive a member or a member's assignee of a right under exemption laws with respect to the judgment debtor's interest in the limited liability company.

D. The entry of a charging order is the exclusive remedy by which a judgment creditor of a member or of a member's assignee may satisfy a judgment out of the judgment debtor's transferable interest in the limited liability company.

E. No creditor of a member or of a member's assignee shall have any right to obtain possession of, or otherwise exercise legal or equitable remedies with respect to, the property of the limited liability company.

INTRODUCED

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