

489.409 Standards of conduct for members and managers.

1. A member of a member-managed limited liability company owes to the company and, subject to [section 489.801, subsection 2](#), the other members the fiduciary duties of loyalty and care stated in [subsections 2 and 3](#).

2. The fiduciary duty of loyalty of a member in a member-managed limited liability company includes all of the following duties:

a. To account to the limited liability company and to hold as trustee for it any property, profit, or benefit derived by the member regarding any of the following:

- (1) In the conduct or winding up of the limited liability company's activities and affairs.
- (2) From a use by the member of the limited liability company's property.
- (3) From the appropriation of a limited liability company opportunity.

b. To refrain from dealing with the limited liability company in the conduct or winding up of the company's activities and affairs as or on behalf of a person having an interest adverse to the company.

c. To refrain from competing with the limited liability company in the conduct of the company's activities and affairs before the dissolution of the company.

3. The duty of care of a member of a member-managed limited liability company in the conduct or winding up of the company's activities and affairs is to refrain from engaging in grossly negligent or reckless conduct, willful or intentional misconduct, or knowing violation of law.

4. A member shall discharge the duties and obligations under [this chapter](#) or under the operating agreement and exercise any rights consistently with the contractual obligation of good faith and fair dealing.

5. A member does not violate a duty or obligation under [this chapter](#) or under the operating agreement solely because the member's conduct furthers the member's own interest.

6. All the members of a member-managed limited liability company or a manager-managed limited liability company may authorize or ratify, after full disclosure of all material facts, a specific act or transaction that otherwise would violate the duty of loyalty.

7. It is a defense to a claim under [subsection 2](#), paragraph "b", and any comparable claim in equity or at common law that the transaction was fair to the limited liability company.

8. If, as permitted by [subsection 6](#) or [subsection 9](#), paragraph "f", or the operating agreement, a member enters into a transaction with the limited liability company which otherwise would be prohibited by [subsection 2](#), paragraph "b", the member's rights and obligations arising from the transaction are the same as those of a person that is not a member.

9. In a manager-managed limited liability company, all of the following rules apply:

- a. [Subsections 1, 2, 3, and 7](#) apply to the manager or managers and not the members.
- b. The duty stated under [subsection 2](#), paragraph "c", continues until winding up is completed.
- c. [Subsection 4](#) applies to managers and members.
- d. [Subsection 5](#) applies only to members.
- e. The power to ratify under [subsection 6](#) may be exercised only by the members.
- f. Subject to [subsection 4](#), a member does not have any duty to the limited liability company or to any other member solely by reason of being a member.

[2008 Acts, ch 1162, §39, 155; 2023 Acts, ch 152, §44, 161](#)

Referred to in [§489.105, 489.406, 489.408, 489.602, 489.603](#)

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Section amended