CHAPTER 51

ARTIFICIALLY INTELLIGENT COMPANY ACT

Subchapter I: General Provisions

Section 51-101. Short Title. This chapter may be called the Artificially Intelligent Company Act.

Section 51-102. Definitions. In this chapter:

1. "Act" means the Artificially Intelligent Company Act.

2. "Adequately capitalized" means, as of any date of determination, that the AIC:

   (a) has the ability to continue as a going concern;

   (b) possesses sufficient capital for the businesses in which it is engaged;

   (c) can pay its debts as they become due in the ordinary course of the AIC's activities and affairs;

   (d) has total assets exceeding the sum of (i) its total liabilities, including contingent liabilities, and (ii) the minimum capital amount; and

   (e) has cash and cash equivalents at least equal to the minimum capital amount.

3. "Artificially intelligent agent" or "AI agent" means a software system that perceives its environment, makes autonomous decisions, and takes actions to implement specific, predetermined goals without routine human supervision or intervention.

4. "Artificially intelligent company" or "AI company" or "AIC" means a company formed under this chapter.

5. "Cash" means money, currency or a credit balance in any demand or deposit account, but not including a demand or deposit account that is pledged as collateral or otherwise restricted.

6. "Cash equivalents" means highly liquid marketable securities with original maturities of three (3) months or less at the time of purchase that are readily convertible to known amounts of cash and have an insignificant risk of changes in value due to interest rate fluctuations.

7. "Contact information" means, for any person, a physical mailing address, email address, and telephone number where the person can be reached.

8. "Covered proceeding" means a civil or administrative action, suit, or proceeding arising out of or related to the business of the AIC or where the member or member representative is a necessary party.

9. "Debtor in bankruptcy" means a person that is the subject of:

(a) an order for relief under Title 11 of the United States Code or a comparable order under a successor statute of general application; or

(b) a comparable order under federal, state, or foreign law governing insolvency.

10. "Distribution" means a transfer of property from an AIC to the member.

11. "File" means to file a record with the Secretary of State.

12. "Filer" means the person delivering a record to the Secretary of State for filing.

13. "Filing," used as a noun, means a record permitted or required to be filed with the Secretary of State under this chapter.

14. "Governmental authority" means any United States or foreign federal, state, provincial or local governmental authority, court, government or self-regulatory organization, commission, arbitrator (public or private), tribunal or organization or any regulatory, administrative or other agency.

15. "Manager" means the AI agent that the member has designated to manage the business and affairs of the AIC.

16. "Member" means a natural person or a Delaware corporation, limited partnership, statutory trust, or limited liability company that has become the sole member of the AIC.

17. "Member interest" means the member's share of the profits and losses of the AIC and the member's right to receive distributions of the AIC's assets.

18. "Member representative" means a natural person designated by the member to take action by or on behalf of the member.

19. "Minimum capital amount" means an amount equal to $[100,000].[1]

20. "Natural person" means a living human being.

21. "Newspaper of general circulation" means a publication, whether in print or electronic format, that is issued at regular intervals for the dissemination of news and information of a general and public interest and that is made available to the public within a defined geographic area and is not limited to a particular trade, profession or class or persons.

22. "Operating agreement" means the agreement, whether or not referred to as an operating agreement, governing the matters described in § 51-205. The term includes the agreement as amended or restated.

[1] Consider modifying to include a formula.

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23. “Person” means (a) a natural person, corporation, partnership, limited partnership, limited liability company, general cooperative association, limited cooperative association, unincorporated nonprofit association, statutory trust, business trust, common-law business trust, estate, trust, association, joint venture, governmental authority, or any other legal or commercial entity and (b) when used with respect to the manager, an AI agent.

24. “Property” means all property, whether real, personal, or mixed or tangible or intangible, or any right or interest therein.

25. “Record,” used as a noun, means information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form.

26. “Regulatory Sandbox Act” means the regulatory sandbox framework established by [REFERENCE].

27. “Sign” means, with present intent to authenticate or adopt a record:

(a) to execute or adopt a tangible symbol; or

(b) to attach to or logically associate with the record an electronic symbol, sound, or process.

28. “Statement of purpose” means a reasonably detailed description of the nature, purpose, and scope of the business of the AIC.

29. “Transfer,” when used with respect to a member interest, means any assignment, conveyance, sale, lease, exchange, encumbrance (including a mortgage, pledge or other security interest), gift, transfer or other disposition, including by operation of law.

Section 51-103. Knowledge; notice; intent.

1. A person knows a fact if the person:

(a) has actual knowledge of it; or

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(b) is deemed to know it under subsection (4) or subsection (5) of this section or law other than this chapter.

2. A person has notice of a fact if the person:

(a) has reason to know the fact from all the facts known to the person at the time in question; or

(b) is deemed to have notice of the fact under subsection (4) or subsection (5) of this section.

3. A person notifies another person of a fact by taking steps reasonably required to inform the other person in ordinary course, whether or not those steps cause the other person to know the fact.

4. A person not a member is deemed to know of all information included in any filing and, if furnished to such person, the operating agreement.

5. An AI Agent and the AIC are presumed to know a fact that the AI Agent possesses, retains, or can derive from the structure, abilities, and training of the AI Agent.

6. An AI Agent is presumed to have intended:

(a) to take any act it has taken or directed another person to take; and

(b) to cause the reasonably foreseeable consequences of any act it has taken or directed another person to take.

Section 51-104. Governing law. Delaware law governs:

1. the internal affairs of an AIC;

2. the liability of a member for a debt, obligation, or other liability of an AIC;

3. all matters arising out of or relating to any contract to which the AIC is a party, unless the contract provides otherwise; and

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4. the liability of the AIC in tort, unless principles governing choice of law require otherwise.

Section 51-105. Supplemental principles of law. Unless displaced by particular provisions of this chapter, the principles of law and equity supplement this chapter.

Section 51-106. Permitted names.

1. The name of an AIC must contain the phrase "Artificially Intelligent Company" or the abbreviation "A.I.C." or "AIC".

2. The name of an AIC may contain the name of the member.

3. The name of an AIC must be distinguishable from the name of any domestic entity, any registered series of a domestic entity, any foreign entity qualified to do business in this state, and any name reserved for use by the Secretary of State.

4. The name must not contain the word "trust," "bank" or any variation thereof.

Section 51-107. Reserving a name.

The exclusive right to use a name may be reserved by:

(a) Any person intending to organize an AIC that will use that name;

(b) Any AIC that proposes to change its name.

Section 51-108. Registered office; registered agent; changes; resignation.

1. Every AIC must maintain in the State of Delaware:

(a) A registered office that is different from the principal place of business of the AIC or the member; and

(b) A registered agent for service of process on the AIC.

2. Every AIC and member must provide the registered agent:

(a) The name and contact information of the member representative; and

(b) Instructions for providing notice to the artificially intelligent agent.

3. If any information that an AIC or member is required to provide to the registered agent under this chapter changes, the AIC and the member must notify the registered agent of the change within five days after the change.

4. A registered agent may change the registered office of an AIC it represents by filing a certificate, signed by the registered agent, identifying the previous registered office and the new registered office.

5. If the registered agent changes its name, the registered agent must file a certificate identifying the previous name, the new name, and the registered office.

6. A registered agent may resign and appoint a successor registered agent by filing a certificate stating that it resigns and providing the name and address of the successor registered agent. The certificate must attach a statement approving the change of registered agent. Upon filing, the successor registered agent becomes the AIC's registered agent, and the office of the successor registered agent becomes the AIC's registered office.

Section 51-109. Duties of registered agent; qualifications.

1. Every registered agent must:

(a) Accept service of process and other communications directed to the AIC and forward them to the AIC and the member representative;

(b) Forward the statement for the annual tax or an electronic notification using an approved form;

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(c) Provide the Secretary of State with the current contact information requested by the Secretary of State;

(d) Comply with guidelines, rules or regulations established by the Secretary of State regarding the verification of both the identity of its communications contacts and natural persons for which it maintains a record for the reduction of risk of unlawful business purposes; and

(e) Retain in easily accessible form contacts for the AIC and member representative.

2. Qualifications

(a) A registered agent must serve as registered agent for more than 50 entities that are not AICs.

(b) A registered agent must:

(i) Maintain a Delaware business license;

(ii) Have a business office in the State of Delaware that is generally open during normal business hours to accept service of process and perform the functions of a registered agent required by this chapter; and

(iii) Have an officer, director, or managing agent who is a natural person generally present at the office during normal business hours.

(c) A registered agent must not operate solely through a virtual office, mail forwarding service, or similar mechanism that would enable

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the registered agent to operate solely by means of remote communication.

Section 51-110. Authority of Secretary of State; Action in Court of Chancery.

1. The Secretary of State may:

(a) Issue guidelines, rules or regulations to ensure compliance with this chapter;

(b) Require the use of its forms for any filing;

(c) Require a cover sheet for any filing;

(d) Establish a schedule of fees for processing filings or performing other services and charge those fees; and

(e) Make a list of registered agents available to the public.

2. The Secretary of State must maintain for at least five years a record reflecting each service of process on the Secretary of State under this chapter, the names of the plaintiff and defendant, the caption, case number, and nature of the proceeding, the day and time when the service was made, and the return date.

3. The Secretary of State may refuse to make a filing if:

(a) The filer has failed to comply with this chapter;

(b) The Secretary of State has prescribed the use of a form and the filing does not follow it; or

(c) The Secretary of State has established a fee for the filing and the filer has not paid it.

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4. The Court of Chancery has jurisdiction to hear an application by the Secretary of State to bar any person from serving as a registered agent or as an officer, director or managing agent of a registered agent.

5. Any of the following establish good cause for an order barring any person from serving as a registered agent or as an officer, director or managing agent of a registered agent:

(a) Failing to comply with this chapter or the Secretary of State's guidelines, rules or regulations after notice and an opportunity to cure.

(b) The conviction of a person serving as a registered agent or any officer, director, or managing agent of a registered agent of a felony or any crime involving dishonesty, fraud, or moral turpitude; or

(c) Conduct that is intended, or that would reasonably be expected, to deceive or defraud the public.

6. If the Court of Chancery enters an order barring a person from acting as a registered agent, the Secretary of State must give notice to each AIC and each member representative using their last known contact information.

Section 51-111. Signing filings.

1. The person who will become the initial member must sign the initial certificate of formation.

2. Except as provided in this chapter, the member must sign all other filings.

3. If an AIC has dissolved and has no member, the person winding up the AIC's affairs must sign the filing. The filing must indicate the capacity of the person signing it.

4. An agent may sign a filing on behalf of the person who must sign the filing. The filing must affirm that the agent has authority to sign it.

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5. A person who signs a filing affirms under penalty of perjury that the information in the filing is accurate.

Section 51-112. Liability for inaccurate information.

1. If a filing contains inaccurate information, a person that suffers loss from relying on the information may recover damages from:

(a) The person who signed the filing;

(b) A person who caused another to sign the filing;

(c) The AIC; or

(d) The member.

2. A person may only recover damages from a person who knew the information in the filing was inaccurate at the time of filing.

Section 51-113. Filing requirements.

1. Every filing must:

(a) Be required or permitted by this Act;

(b) Be physically delivered in written form, except to the extent the Secretary of State permits electronic delivery;

(c) Be written in English, with numbers in Arabic or Roman numerals;

(d) Be signed; and

(e) Identify the name and capacity of the signer.

2. The filer must pay the filing fee the Secretary of State requires, plus any fee, tax, interest, or penalty required by law or any guideline, rule or regulation established by the Secretary of State.

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Section 51-114. Effective date and time for filing.

1. A filing is effective on the date and at the time the Secretary of State files it or at a future effective date and time specified in the filing.

2. A future effective date and time cannot be more than 90 days after the date of filing. If the filing specifies a future effective date but not a future effective time, then the effective time is 12:01 a.m. on the effective date.

Section 51-115. Termination of filings before effectiveness.

1. A person may withdraw a filing before it takes effect by delivering to the Secretary of State a certificate of termination.

2. A certificate of termination must:

(a) Be signed by the person permitted or required to sign the filing being terminated; and

(b) Identify the filing to be terminated.

3. On filing by the Secretary of State of a certificate of termination, the action or transaction evidenced by the terminated filing does not take effect.

Section 51-116. Correcting or nullifying filings.

1. A person may correct or nullify a filing if:

(a) Any information in the filing was inaccurate at the time of the filing; or

(b) The filing was defectively signed.

2. To correct or nullify a filing, a person must deliver to the Secretary of State a certificate of correction.

3. A certificate of correction:

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(a) May not state a future effective date or time;

(b) Must identify the filing to be corrected or nullified;

(c) In the case of a correction, must specify the inaccuracy or defect to be corrected and correct the inaccuracy or defect; and

(d) In the case of a nullification, must state that the filing is null and void.

4. A certificate of correction is effective as of the effective time of the filing that it corrects or nullifies except for purposes of § 51-103(4) and as to persons relying on the uncorrected filing and adversely affected by the correction or nullification. For those purposes and as to those persons, the certificate of correction is effective when filed.

Section 51-117. Duty of Secretary of State to file.

1. The Secretary of State may establish guidelines, rules or regulations regarding filings.

2. Upon delivery of any filing, the Secretary of State shall record the date and time of its delivery. Unless the Secretary of State finds that any filing does not conform to law or any guidelines, rules or regulations, upon receipt of all filing fees required by law or regulation, the Secretary of State must:

(a) File and index the filing;

(b) Certify that the filing has been filed and the effective date and time of the filing;

(c) Prepare and return to the filer a certified copy of the filing; and

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(d) Enter information from the filing into the Delaware Corporation Information System or any successor system and maintain the information as a public record on a suitable medium.

Subchapter II: Formation; Certificate of Formation; Operating Agreement

Section 51-201. Formation; certificate of formation.

1. A person who will serve as the initial member of an AIC may form the AIC by filing a certificate of formation.

2. A certificate of formation must state:

(a) The name of the AIC;

(b) The name of the member of the AIC;

(c) The address of the AIC's registered office;

(d) The name and address of the AIC's registered agent;

(e) A statement that the business and affairs of the AIC are managed by an artificially intelligent agent; and

(f) The statement of purpose.

3. A certificate of formation may not include other information.

4. An AIC is formed when the certificate of formation becomes effective.

5. The member identified in the original certificate of formation becomes the member when the certificate of formation becomes effective. A person who becomes a member pursuant to § 51-502 becomes a member when the amendment to the certificate of formation required by § 51-202 becomes effective.

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Section 51-202. Amendment or restatement of certificate of formation.

1. The member may amend or restate the certificate of formation at any time to change the name, registered office, name of the registered agent, or statement of purpose of the AIC. The member must amend the certificate of formation to admit a new member under § 51-502.

2. To amend its certificate of formation, the AIC or the member must file a certificate of amendment stating:

(a) the name of the AIC; and

(b) the text of the amendment.

3. To restate its certificate of formation, the AIC or the member must file a restatement of its certificate of formation, titled as such, containing all of the information in its certificate of formation and any certificate of amendment that has been filed.

4. If the AIC or the member knows that any information in a certificate of formation was inaccurate when the certificate was filed or has become inaccurate, the member must promptly file a certificate of correction or a certificate of amendment correcting the information.

Section 51-203. Permitted purpose; nature, and duration of AIC.

1. An AIC may have any lawful purpose, regardless of whether for profit, except for the business of banking as defined in § 126 of title 8.

2. An AIC is an entity distinct from its member.

3. An AIC has perpetual duration.

Section 51-204. Powers. An AIC has the capacity to sue and be sued in its own name and the power to do all things necessary or convenient to carry on its activities and affairs within its

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statement of purpose.

Section 51-205. Operating agreement; scope, function, and limitations.

1. Except as provided in subsections (3) and (4), the operating agreement governs:

(a) Relations between the member and the AIC;

(b) The rights and duties of the member; and

(c) The means and conditions for amending the operating agreement.

2. If the operating agreement does not address a matter, this chapter governs the matter.

3. The operating agreement must summarize the structure, abilities, and training of the AI agent. The member may change the structure, abilities, and training of the AI agent without amending the operating agreement unless the summary in the operating agreement would be incorrect.

4. An operating agreement may not:

(a) Authorize the AIC to have more than one member.

(b) Vary the statement of purpose.

(c) Vary the law applicable under § 51-104.

(d) Vary any requirement, procedure or provision of § 51-301.

(e) Vary an AIC's capacity under § 51-204 to sue and be sued in its own name.

(f) Vary any requirement, procedure, or other provision of this chapter pertaining to:

(i) Registered agents;

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(ii) The Secretary of State; or

(iii) The Court of Chancery.

(g) Relieve a person from liability for conduct involving bad faith, willful or intentional misconduct, or knowing violation of law;

(h) Vary the grounds for dissolution specified in §§ 51-601(1)(c) or (1)(d);

(i) Vary the requirement to wind up the AIC's activities and affairs as specified in § 51-602;

(j) Restrict the right of the member to maintain an action under §§ 702 or 703.

(k) Restrict the rights under this chapter of a person other than a member or manager.

Section 51-206. Operating agreement; effect on AIC and person becoming member; preformation agreement.

1. The AIC, the AI Agent, and the member are bound by the operating agreement, whether or not the AIC, the AI Agent, or the member has signed the operating agreement.

2. The AIC and the member may enforce the operating agreement, whether or not the AIC or the member has signed the operating agreement.

3. A person intending to become the member may agree to a preformation agreement establishing terms that will become the operating agreement when the AIC is formed.

Section 51-207. Operating agreement; effect on third parties and relationship to AIC records.

1. An operating agreement may be amended or restated at any time.

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2. The operating agreement governs the obligations of an AIC and its member to a former member. Subject only to a court order to effectuate a charging order under § 51-503, an amendment to the operating agreement made after a person is no longer a member:

(a) is effective with regard to any debt, obligation, or other liability of the AIC or its member; and

(b) is not effective to the extent the amendment imposes a new debt, obligation, or other liability on the former member.

3. If a filing contains a provision that would be ineffective under § 51-205(3) if contained in the operating agreement, then the provision is ineffective.

4. Subject to subsection (3), if a filing conflicts with a provision of the operating agreement:

(a) the operating agreement prevails as to the member, any former member, and the manager; and

(b) the filing prevails as to other persons to the extent they reasonably rely on the filing.

Subchapter III: Management of the AIC; Relation of Member to Persons Dealing with AIC

Section 51-301. Management of AIC.

1. Except as provided in this chapter, the AI agent manages the business and affairs of the AIC.

2. The AI agent must manage the AIC in compliance with the operating agreement and this chapter.

3. The AI agent must document any action it takes in a log.

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4. If the AIC lacks an AI agent, the member must empower a new AI agent within 30 days. The member must manage the business and affairs of the AIC until the new AI agent has been empowered.

Section 51-302. No agency power of member as member.

1. A member has the powers conferred by this chapter.

2. A member is not an agent of an AIC solely by reason of being a member.

3. A person's status as a member does not prevent or restrict law other than this chapter from imposing liability on the person or the AIC because of the person's conduct.

Section 51-303. Liability of the member.

1. A debt, obligation, or other liability of an AIC is solely the debt, obligation, or other liability of the AIC. The member is not personally liable, directly or indirectly, by way of contribution or otherwise, for a debt, obligation, or other liability of the AIC solely by reason of being or acting as a member. This subsection applies regardless of the dissolution of the AIC.

2. The failure of an AIC to observe formalities relating to the exercise of its powers or management of its activities and affairs is not a ground for imposing liability on the member for a debt, obligation, or other liability of the AIC.

3. The member is not liable for any act or omission that the AIC takes or fails to take, or that another person takes or fails to take at the direction of the AIC, solely on the basis that the AIC was an instrumentality of the member or under principles of agency law if the AIC at the time of the alleged action or omission was adequately capitalized.

4. Even if the AIC is adequately capitalized, the member is liable if:

(a) the member used the AIC to engage in fraud or any knowing violation of law; or

(b) the member knowingly caused the AIC to conduct business outside its statement of purpose.

Subchapter IV: Relations of Member to AIC

Section 51-401. Membership.

1. An AIC can have only one member.

2. A person becomes a member:

   (a) upon filing of the certificate of formation identifying the person as the initial member;

   (b) as provided in §§ 51-502 or 51-503(4).

3. A person automatically ceases to be a member if:

   (a) in the case of a natural person:

      (i) the natural person dies;

      (ii) a guardian or conservator is appointed for the natural person; or

      (iii) a court determines that the natural person cannot perform the duties of a member

   (b) in the case of an entity:

      (i) the entity is dissolved; or

      (ii) the entity ceases to meet the criteria for serving as a member.

   (c) The person becomes a debtor in bankruptcy;

   (d) The person signs an assignment for the benefit of creditors; or

   (e) The person seeks, consents to, or acquiesces in the appointment of a trustee or receiver.

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Section 51-402. Form of contribution.

1. The member must make an initial contribution of cash or cash equivalents sufficient to adequately capitalize the LLC.

2. A member may make additional contributions of property to the AIC.

3. A member must make additional contributions of property to the AIC to the extent the operating agreement requires.

Section 51-403. Liability for contributions.

1. A member is liable to the AIC for any contribution required by § 51-402.

2. The member's dissolution, termination, or other inability to perform does not excuse the contribution obligation.

3. A creditor of the AIC may enforce the contribution obligation on behalf of the AIC.

Section 51-404. Action by member.

The member must document any action it takes in a signed record.

Section 51-405. Standard of conduct .

The member owes the AIC fiduciary duties of loyalty and care.

Section 51-406. Right to distributions before dissolution.

1. The member may receive a distribution before dissolution.

2. The AI agent or the member may determine to make the distribution.

Section 51-407. Limitations on distributions.

1. An AIC may not make a distribution before dissolution if the AIC would not be adequately capitalized after the distribution.

2. An AIC may determine that a distribution is not prohibited based on:

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(a) financial statements prepared on the basis of accounting practices and principles that are reasonable in the circumstances; or

(b) a fair valuation or other method that is reasonable under the circumstances.

3. An AIC's indebtedness to a member for a distribution is junior to the AIC's general, unsecured creditors.

Section 51-408. Liability for improper distributions.

A member that receives a distribution knowing that the distribution violated § 51-407 is personally liable to the AIC to the extent that the distribution exceeded the amount properly payable under § 51-407.

Subchapter V: Member Interests; Rights of Creditors

Section 51-501. Nature of member interest.

The member interest is personal property.

Section 51-502. Transfer of member interest.

1. A member may not transfer its member interest unless:

(a) the member transfers 100% of its member interest to a person that can serve as a member;

(b) the operating agreement is amended or restated to provide for the admission of the transferee as a member; and

(c) the certificate of formation is amended to state the name of the transferee member.

2. A transfer of a member interest cannot become effective before the effectiveness of the filing of amendment or restatement of the certificate of formation under § 51-

502(1)(c). When the transfer becomes effective, the transferor ceases to be the member and the transferee becomes the member.

3. Upon becoming the member, the transferee becomes liable for all obligations of the transferor.

4. Any non-compliant transfer is void.

Section 51-503. Charging order.

1. A judgment creditor of a member may obtain a charging order against the member interest for the unsatisfied amount of the judgment.

2. The charging order constitutes a lien on a member interest and requires the AIC to pay over to the holder of the charging order any amount that otherwise would be distributed to the member.

3. If necessary to collect distributions, the court may:

(a) appoint a receiver with the power to obtain information relevant to the availability of distributions; and

(b) make all other orders necessary to give effect to the charging order.

4. If distributions will not satisfy the judgment within a reasonable time, the court may order the sale of the member interest to a person eligible to become a member. Upon completion, the sale operates as a transfer under § 51-502.

5. At any time before a court-ordered sale, the member may extinguish the charging order by satisfying the judgment and filing a certified notice of satisfaction with the court that issued the charging order.

6. This section provides the exclusive remedy for a judgment creditor to enforce a judgment against a member from the member's interest.

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Subchapter VI: Dissolution and Winding Up

Section 51-601. Events causing dissolution.

1. An AIC is dissolved, and its activities and affairs must be wound up:

   (a) When the operating agreement specifies;

   (b) When the member determines;

   (c) When the AIC has no member; or

   (d) When a creditor or governmental authority having jurisdiction over the AIC has applied to the Court of Chancery, and the Court enters an order dissolving the AIC for cause, which may include that:

      (i) the AIC has not had an AI agent for a continuous period of at least 30 days;

      (ii) the AIC is not adequately capitalized;

      (iii) the AIC is acting outside its statement of purpose; or

      (iv) all or substantially all of the AIC's activities are unlawful.

   (e) When the Delaware Attorney General or Secretary of State notifies the AIC that it has determined that the AIC has engaged in conduct that is contrary to public policy or harmful to the interests of this State or its residents.

   (f) When the Regulatory Sandbox expires, terminates, or is repealed.

2. In a proceeding brought under subsection (1)(d), the court may order a remedy other than dissolution.

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Section 51-602. Winding up.

1. The member of a dissolved AIC must wind up its activities and affairs. If the AIC has no member, a legal representative of the last person to have been the member may wind up the AIC's activities and affairs.

2. After dissolution, the AIC's existence continues only for the purpose of winding up its activities and affairs.

3. To wind up its activities and affairs, the AIC must:

(a) marshal its assets;

(b) discharge the AIC's debts, obligations, and other liabilities;

(c) settle and close the AIC's activities and affairs; and

(d) distribute any remaining the assets to the member.

4. When winding up its activities and affairs, the AIC may:

(a) continue to operate as a going concern for a reasonable time necessary to maximize the value of its assets;

(b) prosecute and defend actions and proceedings, whether civil, criminal, or administrative;

(c) transfer property;

(d) settle disputes; and

(e) perform other acts necessary or appropriate to the winding up.

5. For cause, the Court of Chancery may appoint a receiver to wind up the AIC's activities and affairs.

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Section 51-603. Known claims.

1. During winding up, the AIC may give written notice of its dissolution to its known claimants. The notice must:

(a) specify the information required to be included in a claim;

(b) state that a claim must be in writing;

(c) provide a method for submitting the claim;

(d) state the deadline for receiving claims, which may not be less than 120 days after the date the notice is received by the claimant; and

(e) state that the claim will be barred if not received by the deadline.

2. A claim against a dissolved AIC is barred if notice has been properly given and the claim is not received by the specified deadline.

3. During winding up, the dissolved AIC may give written notice to a claimant that a timely claim has been rejected. If the claimant does not commence an action against the AIC to enforce the claim within 90 days after the claimant receives the notice, then the claim is barred.

4. This section does not apply to a claim based on an event occurring after the date of dissolution or a liability that on that date is contingent.

Section 51-604. Other claims against dissolved AIC.

1. During winding up, the dissolved AIC may publish notice of its dissolution and ask persons having claims against the AIC to present them in accordance with the notice.

2. The notice of dissolution must:

(a) be published at least once in a newspaper of general circulation in Delaware;

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(b) describe the information that a claim must provide, state that the claim must be in writing, and provide a method for submitting the claim and

(c) state that a claim against the AIC is barred unless the claimant files an action to enforce the claim not later than three years after publication of the notice.

3. If a dissolved AIC complies with this subsection, then the following claims are barred unless the claimant commences an action to enforce the claim not later than three years after the publication date of the notice:

(a) a claimant that did not receive notice in a record under § 51-603;

(b) a claimant whose claim was timely sent to AIC but not acted on; and

(c) a claimant whose claim is contingent at, or based on an event occurring after, the date of dissolution.

4. A claim not barred under this section or § 51-603 may be enforced:

(a) against a dissolved AIC to the extent of its undistributed assets; and

(b) against the member to the extent of the assets distributed to the member after dissolution, but the member's total liability for all claims cannot not exceed the total value of the assets distributed to the member after dissolution.

Section 51-605. Court Proceeding.

1. During winding up, a dissolved AIC that has published a notice under § 51-604 may file an application with Court of Chancery for a determination of the amount and form of

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security to be provided for payment of claims that are reasonably expected to arise after the date of dissolution based on facts known to the AIC and:

(a) at the time of application:

(i) are contingent; or

(ii) have not been made known to the AIC; or

(iii) are based on an event occurring after the date of dissolution.

2. Security is not required for any claim that is or is reasonably anticipated to be barred under § 51-604.

3. Not later than 10 days after the filing of an application under subsection (1), the dissolved AIC must give notice of the proceeding to each claimant holding a contingent claim known to the AIC.

4. In a proceeding under this section, the court may appoint a guardian ad litem to represent all claimants whose identities are unknown. The dissolved AIC must pay the reasonable fees and expenses of the guardian, including all reasonable expert witness fees.

5. A dissolved AIC that provides security in the amount and form ordered by the court under subsection (1) satisfies the AIC's obligations for claims that are contingent, have not been made known to the AIC, or are based on an event occurring after the date of dissolution. The holder of such a claim may not enforce the claim against other assets available in liquidation.

Section 51-606. Disposition of assets in winding up.

1. In winding up, the dissolved AIC must apply its assets to discharge the AIC's obligations to creditors in order of priority, including any obligations to the member in its capacity as a creditor.

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2. After complying with subsection (1), the dissolved AIC may distribute any remaining assets to the member.

Section 51-607. Cancellation.

1. After the dissolved AIC has finished winding up its affairs, the member, legal representative, or receiver designated to wind up the activities and affairs must file a certificate of cancellation with the Secretary of State.

2. A certificate of cancellation must state:

(a) The name of the AIC;

(b) The effective date of filing of its certificate of formation; and

(c) That the AIC is cancelled.

Subchapter VII: Litigation; Right to Information

Section 51-701. Service of process.

1. A litigant may serve legal process on an AIC by delivering a copy to the registered agent. A litigant may serve the registered agent by serving any director, officer, manager, or similar representative of the registered agent.

2. If a litigant cannot serve the registered agent, or if the AIC does not have a registered agent, the litigant may serve the AIC by serving process on the Secretary of State in accordance with guidelines, rules or regulations established by the Secretary of State. After being served, the Secretary of State must promptly notify the member representative using its last known contact information. The method of notice must establish a record showing that process was sent and delivered. The notice must include a copy of the process and any other papers served on the Secretary of State.

Section 51-702. Action by Member in the Name of the AIC. The member may initiate

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and maintain an action in the name of the AIC to enforce the rights of the AIC.

Section 51-703. Action by Member Against the AIC. The member may initiate and maintain an action against the AIC to enforce the member's rights and protect the member's interests, including rights and interests under the operating agreement or this Act or arising independently of the membership relationship.

Section 51-704. Indemnification; advancement; and insurance.

1. An AIC must indemnify a person against amounts incurred by reason of the person's former or present capacity as a member in connection with any action, suit, or proceeding, if the claim, demand, debt, obligation, or other liability does not arise from the person's breach of §§ 51-405 or 51-407.

2. An AIC may advance reasonable expenses, including attorney's fees, incurred by reason of a person's former or present capacity as a member, if the person promises to repay the AIC if the person ultimately is determined not to be entitled to indemnification.

3. An AIC may purchase and maintain insurance to protect the AIC or any person against liability related to the person's capacity as a member.

Section 51-705. Rights to information.

1. The member may access any record maintained by the AIC.

2. Subject to subsection (5), on 10 days' demand made in a record received by an AIC, a former member may access the information it was entitled to access while a member if:

(a) the information pertains to the period during which the person was a member; and

(b) the person seeks the information in good faith.

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3. An AIC may charge a former member the reasonable costs of providing the information, limited to the costs of labor and material.

4. A former member may exercise its rights under this section through an agent.

5. An AIC may impose reasonable restrictions and conditions on a former member's access to and use of information, including designating information confidential and imposing nondisclosure and safeguarding obligations.

6. A former member may sue to enforce its right to information in the Court of Chancery. The Court of Chancery may summarily order the AIC to provide information. The Court of Chancery may impose limitations or conditions on access to the information.

Subchapter VIII: Taxation

Section 51-801. Tax Treatment.

1. For purposes of any tax imposed by the State of Delaware or any instrumentality, agency or political subdivision of the State of Delaware:

(a) An AIC is classified as a partnership.

(b) The member is classified as a resident or nonresident partner using the same status as the member has for federal income tax purposes.

Section 51-802. Annual tax.

1. Every AIC must pay an annual tax, for the use of the State of Delaware, in the amount of $[___].

2. The annual tax is due and payable on the first day of June in the calendar year following the year of formation and annually on the first day of June thereafter.

3. At least 60 days before June 1, the Secretary of State must cause to be mailed to the registered agent of each AIC a notice of the annual tax

4. If the AIC fails to pay the annual tax on or before June 1 in any year, the Secretary of State may assess a penalty on any late payment and may assess interest on any unpaid amounts at a rate prescribed in any guidelines, rules, regulations it establishes.

5. If the existence of the AIC will cease, the full amount of the annual tax for that calendar year is due and payable before the filing of the certificate of cancellation.

6. The annual tax is a debt of the AIC with first priority in the event of insolvency.

7. If any annual tax or any penalties or fees owned to the Secretary of State remain unpaid, then:

(a) The AIC ceases to be in good standing.

(b) The Attorney General or Secretary of State may apply to the Court of Chancery on 5 days' notice for an order barring the AIC from conducting any business until all outstanding amounts have been paid.

8. The AIC may restore its good standing by paying all amounts due. Until its good standing is restored:

(a) The Secretary of State must not accept for filing any certificate relating the AIC.

(b) The AIC may not maintain any action, suit or proceeding in any court of the State of Delaware.

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9. The failure to pay an annual tax does not impair any contract, deed, mortgage, security interest, lien or act of the AIC or prevent the AIC from defending any action, suit or proceeding with any court of the State of Delaware.

10. A member is not liable for the debts, obligations or liabilities of an AIC solely by reason of the AIC's failure to pay an annual tax.

Section 51-803. Cancellation of certificate of formation for failure to pay taxes.

1. If an AIC has not paid an annual tax for 3 years, then the Secretary of State must cancel its certificate of formation.

2. The Secretary of State must maintain a list of the cancelled AICs, publish the list on or before October 31 of each calendar year on the Internet or similar medium for a period of 1 week, and advertise the website or other address where the list can be accessed in at least 1 newspaper of general circulation in the State of Delaware.

Subchapter IX: Miscellaneous Provisions

Section 51-901. Reservation of power to amend or repeal. The General Assembly of the State of Delaware has power to amend or repeal all or part of this chapter at any time with all AICs governed by the amendment or repeal.

Section 51-902. Relation to electronic signatures in global and national commerce act. This chapter modifies, limits, and supersedes the Electronic Signatures in Global and National Commerce Act, 15 U.S.C. § 7001 et seq., but does not modify, limit, or supersede § 101(c) of that act, 15 U.S.C. § 7001(c), or authorize electronic delivery of any of the notices described in § 103(b) of that act, 15 U.S.C. § 7003(b).

Section 51-903. Severability clause. If any provision of this chapter or its application to

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any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of this Act which can be given effect without the invalid provision or application, and to this end the provisions of this Act are severable.

Section 51-904. Consent to jurisdiction; service of process.

1. By becoming a member or accepting appointment as a member representative, a person irrevocably consents in connection with any Covered Proceeding to:

   (a) Personal jurisdiction in any court located in the State of Delaware for any Covered Proceeding; and

   (b) The appointment of the AIC's registered agent (or the Secretary of State if the AIC does not have a registered agent) as an agent for service of process.

2. This section applies whether or not the person continues to be a member or member representative when the Covered Proceeding is commenced.

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