



New York State Changes Publication Rules for Limited Liability Entities

June 1, 2007 is deadline to comply for certain limited liability entities organized or qualified in New York

Changes to New York State's notice publication requirements for certain limited liability entities affect New York and foreign (i.e., formed outside New York) limited liability companies, professional service limited liability companies, limited partnerships, and limited liability partnerships. All affected limited liability entities must comply with the new publication requirements by June 1, 2007.

The new publication requirements apply to limited liability entities formed in New York on or after January 1, 1999 and foreign limited liability entities which qualified to do business in New York State on or after January 1, 1999. New York and foreign business entities that complied with applicable New York State publications laws before June 1, 2006 do not need to publish again under the new rules. The new laws do not affect New York limited liability entities formed before January 1, 1999 or foreign limited liability entities that were qualified before January 1, 1999. Theatrical production limited liability companies are also exempt under the publishing rules.

As under the prior law, a limited liability entity organized or qualified to do business in New York must publish once a week for six consecutive weeks in two newspapers in the county where the business entity's office is located. It must also file affidavits of publication from each newspaper with the New York Department of State. The new laws add a requirement for filing a certificate of publication with the New York Department of State.

If an affected business entity does not comply with the new publication requirements within the applicable time period, its authority to conduct any business in New York State is suspended once the applicable time period expires. The suspension is annulled when the business entity files proof of publication with the New York Department of State.

The term "suspension" is new to the New York publication rules. The new laws, however, specifically state that non-compliance does not impair or limit the validity of any contract entered by the business entity, or result in a loss of limited liability status for its managers, members, partners, or agents. Failing to publish appears to affect only the business entity's right to file action in New York State Courts, which was the case under the prior law.

The cost of publishing varies, depending on the county applicable to the business entity. One of our filing services estimates the cost at approximately \$1,835 for New York County (including the filing service's fees). We recommend that clients comply with the new publication rules. We would be happy to assist you in the matter.

For more information on the content of this alert, please contact senior corporate paralegal, Hope Wankel, at 212.407.4965 or at hwankel@loeb.com, to begin the compliance process for your affected limited liability entity.

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