

CLIENT ALERT

Lenders Beware: Division in Delaware

September 26, 2018

Recent amendments to the Delaware Limited Liability Company Act (DLLCA) should prompt lenders to take a closer look at their credit agreements and indentures and consider whether updates to those agreements are necessary. Effective August 1, 2018, a Delaware limited liability company (LLC) may divide itself into two or more LLCs and allocate the assets and liabilities of the dividing LLC among itself and/or the newly formed LLCs. This should be of concern to lenders because an allocation of assets by division may not violate the transfer and merger covenants in their loan agreements.

In this client alert, Gregory G. Plotko and Kevin Rubinstein examine the amendments to DLLCA and the safety measures lenders can implement to address this new type of division.

[Click here to read the client alert.](#)

For more information, please contact the professional(s) listed below, or your regular Crowell & Moring contact.

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