

CERTIFICATION OF ENROLLMENT

SENATE BILL 5999

63rd Legislature
2014 Regular Session

Passed by the Senate February 10, 2014
YEAS 48 NAYS 0

President of the Senate

Passed by the House March 6, 2014
YEAS 97 NAYS 0

Speaker of the House of Representatives

Approved

Governor of the State of Washington

CERTIFICATE

I, Hunter G. Goodman, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SENATE BILL 5999** as passed by the Senate and the House of Representatives on the dates hereon set forth.

Secretary

FILED

**Secretary of State
State of Washington**

SENATE BILL 5999

Passed Legislature - 2014 Regular Session

State of Washington

63rd Legislature

2014 Regular Session

By Senators Pedersen, O'Ban, Kline, and Fain; by request of Washington State Bar Association

Read first time 01/13/14. Referred to Committee on Law & Justice.

1 AN ACT Relating to corporate entity conversions; amending RCW
2 25.15.085 and 23B.13.020; adding new sections to chapter 25.15 RCW; and
3 adding new sections to chapter 23B.09 RCW.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 NEW SECTION. **Sec. 1.** A new section is added to chapter 25.15 RCW
6 under "ARTICLE XI. MERGERS" to read as follows:

7 DEFINITIONS. The definitions in this section apply throughout this
8 article unless the context clearly requires otherwise.

9 (1) "Converted organization" means the organization into which a
10 converting organization converts under sections 2 through 5 of this
11 act.

12 (2) "Converting limited liability company" means a converting
13 organization that is a limited liability company.

14 (3) "Converting organization" means an organization that converts
15 into another organization pursuant to section 2 of this act.

16 (4) "Governing statute" of an organization means the statute that
17 governs the organization's internal affairs.

18 (5) "Organization" means a general partnership, including a limited
19 liability partnership; limited partnership, including a limited

1 liability limited partnership; limited liability company; business
2 trust; corporation; or any other person having a governing statute.
3 The term includes domestic and foreign organizations whether or not
4 formed for profit.

5 (6) "Organizational documents" means:

6 (a) For a domestic or foreign general partnership, its partnership
7 agreement;

8 (b) For a limited partnership or foreign limited partnership, its
9 certificate of limited partnership and partnership agreement;

10 (c) For a domestic or foreign limited liability company, its
11 certificate of formation and limited liability company agreement, or
12 comparable records as provided in its governing statute;

13 (d) For a business trust, its agreement of trust and declaration of
14 trust;

15 (e) For a domestic or foreign corporation for profit, its articles
16 of incorporation, bylaws, and other agreements among its shareholders
17 which are authorized by its governing statute, or comparable records as
18 provided in its governing statute; and

19 (f) For any other organization, the basic records that create the
20 organization and determine its internal governance and the relations
21 among the persons that own it, have an interest in it, or are members
22 of it.

23 (7) "Personal liability" means personal liability for a debt,
24 liability, or other obligation of an organization which is imposed on
25 a person that co-owns, has an interest in, or is a member of the
26 organization:

27 (a) By the organization's governing statute solely by reason of the
28 person co-owning, having an interest in, or being a member of the
29 organization; or

30 (b) By the organization's organizational documents under a
31 provision of the organization's governing statute authorizing those
32 documents to make one or more specified persons liable for all or
33 specified debts, liabilities, and other obligations of the organization
34 solely by reason of the person or persons co-owning, having an interest
35 in, or being a member of the organization.

36 NEW SECTION. **Sec. 2.** A new section is added to chapter 25.15 RCW
37 under "ARTICLE XI. MERGERS" to read as follows:

1 CONVERSION. (1) An organization other than a limited liability
2 company may convert into a limited liability company, and a limited
3 liability company may convert into another organization pursuant to
4 this section and sections 3 through 5 of this act and a plan of
5 conversion, if:

6 (a) The other organization's governing statute authorizes the
7 conversion;

8 (b) The conversion is not prohibited by the law of the jurisdiction
9 that enacted the other organization's governing statute; and

10 (c) The other organization complies with its governing statute in
11 effecting the conversion.

12 (2) A plan of conversion must be in a record and must include:

13 (a) The name and form of the organization before conversion;

14 (b) The name and form of the organization after conversion;

15 (c) The terms and conditions of the conversion, including the
16 manner and basis for converting interests in the converting
17 organization into any combination of the interests, shares,
18 obligations, or other securities of the converted organization or any
19 other organization, or into cash or other property in whole or part;
20 and

21 (d) The organizational documents of the converted organization.

22 NEW SECTION. Sec. 3. A new section is added to chapter 25.15 RCW
23 under "ARTICLE XI. MERGERS" to read as follows:

24 ACTION ON PLAN OF CONVERSION BY CONVERTING LIMITED LIABILITY
25 COMPANY. (1) Subject to section 6 of this act, a plan of conversion
26 must be consented to by all the members of a converting limited
27 liability company.

28 (2) Subject to section 6 of this act and any contractual rights,
29 after a conversion is approved, and at any time before a filing is made
30 under section 4 of this act, a converting limited liability company may
31 amend the plan or abandon the planned conversion:

32 (a) As provided in the plan; and

33 (b) Except as prohibited by the plan, by the same approval as was
34 required to approve the plan.

35 NEW SECTION. Sec. 4. A new section is added to chapter 25.15 RCW
36 under "ARTICLE XI. MERGERS" to read as follows:

1 FILINGS REQUIRED FOR CONVERSION; EFFECTIVE DATE. (1) After a plan
2 of conversion is approved, the converting organization must make one of
3 the following filings to complete the conversion:

4 (a) A converting limited liability company must deliver to the
5 secretary of state for filing articles of conversion, which must
6 include:

7 (i) A statement that the limited liability company has been
8 converted into another organization;

9 (ii) The name and form of the converted organization and the
10 jurisdiction of its governing statute;

11 (iii) The date the conversion is effective under the governing
12 statute of the converted organization;

13 (iv) A statement that the conversion was approved as required by
14 this chapter;

15 (v) A statement that the conversion was approved as required by the
16 governing statute of the converted organization; and

17 (vi) If the converted organization is a foreign organization not
18 authorized to transact business in this state, the street and mailing
19 address of an office that the secretary of state may use for the
20 purposes of section 5(3) of this act; or

21 (b) A converting organization that is not a limited liability
22 company must deliver to the secretary of state for filing a certificate
23 of formation, together with articles of conversion, which must include:

24 (i) A statement that the limited liability company was converted
25 from another organization;

26 (ii) The name and form of the converting organization and the
27 jurisdiction of its governing statute; and

28 (iii) A statement that the conversion was approved in a manner that
29 complied with the converting organization's governing statute.

30 (2) The effective time of a conversion is either:

31 (a) If the converted organization is a limited liability company,
32 when the certificate of formation takes effect; or

33 (b) If the converted organization is not a limited liability
34 company, as provided by the governing statute of the converted
35 organization.

36 (3) If the certificate of formation filed pursuant to this section
37 does not specify a delayed effective date, it becomes effective upon
38 filing. If the certificate of formation specifies a delayed effective

1 time and date, the certificate of formation becomes effective at the
2 time and date specified. If the certificate of formation specifies a
3 delayed effective date but no time is specified, the certificate of
4 formation is effective at the close of business on that date. A
5 delayed effective date for a certificate of formation may not be later
6 than the ninetieth day after the date it is filed.

7 NEW SECTION. **Sec. 5.** A new section is added to chapter 25.15 RCW
8 under "ARTICLE XI. MERGERS" to read as follows:

9 EFFECT OF CONVERSION. (1) An organization that has been converted
10 pursuant to this article is for all purposes the same entity that
11 existed before the conversion.

12 (2) When a conversion takes effect:

13 (a) The title to all real estate and other property owned by the
14 converting organization remains vested in the converted organization
15 without reversion or impairment;

16 (b) All debts, liabilities, and other obligations of the converting
17 organization continue as obligations of the converted organization;

18 (c) An action or proceeding pending by or against the converting
19 organization may be continued as if the conversion had not occurred;

20 (d) Except as prohibited by other law, all of the rights,
21 privileges, immunities, powers, and purposes of the converting
22 organization remain vested in the converted organization;

23 (e) Except as otherwise provided in the plan of conversion, the
24 terms and conditions of the plan of conversion take effect; and

25 (f) Except as otherwise agreed, the conversion does not dissolve a
26 converting limited liability company for the purposes of Article VIII
27 of this chapter.

28 (3) A converted organization that is a foreign organization
29 consents to the jurisdiction of the courts of this state to enforce any
30 obligation owed by the converting limited liability company if before
31 the conversion the converting limited liability company was subject to
32 suit in this state on the obligation. A converted organization that is
33 a foreign organization and not authorized to transact business in this
34 state appoints the secretary of state as its agent for service of
35 process for purposes of enforcing an obligation under this subsection.
36 Service on the secretary of state under this subsection is made in the
37 same manner and with the same consequences as in RCW 25.15.025(3).

1 NEW SECTION. **Sec. 6.** A new section is added to chapter 25.15 RCW
2 under "ARTICLE XI. MERGERS" to read as follows:

3 RESTRICTIONS ON APPROVAL OF CONVERSIONS. If a member of a
4 converting limited liability company will have personal liability with
5 respect to a converted organization, then, in addition to the approval
6 requirements in section 3(1) of this act, approval of a plan of
7 conversion must also require the signing, by each such member, of a
8 separate written consent to become subject to such personal liability.

9 **Sec. 7.** RCW 25.15.085 and 2010 c 196 s 3 are each amended to read
10 as follows:

11 (1) Each document required by this chapter to be filed in the
12 office of the secretary of state shall be executed in the following
13 manner, or in compliance with the rules established to facilitate
14 electronic filing under RCW 25.15.007, except as set forth in RCW
15 25.15.105(4)(b):

16 (a) Each original certificate of formation must be signed by the
17 person or persons forming the limited liability company;

18 (b) A reservation of name may be signed by any person;

19 (c) A transfer of reservation of name must be signed by, or on
20 behalf of, the applicant for the reserved name;

21 (d) A registration of name must be signed by any member or manager
22 of the foreign limited liability company;

23 (e) A certificate of amendment or restatement must be signed by at
24 least one manager, or by a member if management of the limited
25 liability company is reserved to the members;

26 (f) A certificate of dissolution must be signed by the person or
27 persons authorized to wind up the limited liability company's affairs
28 pursuant to RCW 25.15.295(3);

29 (g) If a surviving domestic limited liability company is filing
30 articles of merger, the articles of merger must be signed by at least
31 one manager, or by a member if management of the limited liability
32 company is reserved to the members, or if the articles of merger are
33 being filed by a surviving foreign limited liability company, limited
34 partnership, or corporation, the articles of merger must be signed by
35 a person authorized by such foreign limited liability company, limited
36 partnership, or corporation; (~~and~~)

1 (h) A foreign limited liability company's application for
2 registration as a foreign limited liability company doing business
3 within the state must be signed by any member or manager of the foreign
4 limited liability company; and

5 (i) If a converting limited liability company is filing articles of
6 conversion, the articles of conversion must be signed by at least one
7 manager, or by a member if management of the limited liability company
8 is reserved to the members.

9 (2) Any person may sign a certificate, articles of merger, articles
10 of conversion, limited liability company agreement, or other document
11 by an attorney-in-fact or other person acting in a valid representative
12 capacity, so long as each document signed in such manner identifies the
13 capacity in which the signator signed.

14 (3) The person executing the document shall sign it and state
15 beneath or opposite the signature the name of the person and capacity
16 in which the person signs. The document must be typewritten or
17 printed, and must meet such legibility or other standards as may be
18 prescribed by the secretary of state.

19 (4) The execution of a certificate ~~((or))~~, articles of merger, or
20 articles of conversion by any person constitutes an affirmation under
21 the penalties of perjury that the facts stated therein are true.

22 NEW SECTION. Sec. 8. A new section is added to chapter 23B.09 RCW
23 to read as follows:

24 DEFINITIONS. The definitions in this section apply throughout this
25 chapter unless the context clearly requires otherwise.

26 (1) "Converting entity" means the domestic corporation that adopts
27 a plan of entity conversion or the other entity converting to a
28 domestic corporation.

29 (2) "Domestic other entity" means an other entity organized under
30 the laws of this state.

31 (3) "Foreign other entity" means an other entity organized under a
32 law other than the laws of this state.

33 (4) "Interest holder" means a person who holds of record:

34 (a) A right to receive distributions from an other entity either in
35 the ordinary course of business or upon liquidation, other than as an
36 assignee; or

1 (b) A right to vote on issues involving an other entity's internal
2 affairs, other than as an agent, assignee, proxy, or person responsible
3 for managing its business and affairs.

4 (5) "Interests" means the interests in an other entity held by its
5 interest holders.

6 (6) "Organic document" means a public organic document or a private
7 organic document.

8 (7) "Organic law" means the statute governing the internal affairs
9 of a domestic corporation or other entity.

10 (8) "Other entity" means any association or entity other than a
11 domestic corporation, a domestic or foreign nonprofit corporation, a
12 domestic or foreign mutual corporation or miscellaneous corporation, or
13 a governmental or quasi-governmental organization. The term includes,
14 but is not limited to, foreign corporations, limited partnerships,
15 general partnerships, limited liability partnerships, limited liability
16 companies, joint ventures, joint stock companies, business trusts, and
17 profit unincorporated associations.

18 (9) "Owner liability" means personal liability for a debt,
19 obligation, or liability of an entity that is imposed on a person:

20 (a) Solely by reason of the person's status as a shareholder or
21 interest holder; or

22 (b) By the articles of incorporation, bylaws, or an organic
23 document under a provision of the organic law of an entity authorizing
24 the articles of incorporation, bylaws, or an organic document to make
25 one or more specified shareholders, members, or interest holders liable
26 in their capacity as shareholders, members, or interest holders for all
27 or specified debts, obligations, or liabilities of the entity.

28 (10) "Private organic document" means any document, other than the
29 public organic document, if any, that determines the internal
30 governance of an other entity.

31 (11) "Public organic document" means the document, if any, that is
32 filed of public record to create an other entity, including amendments
33 and restatements thereof.

34 (12) "Surviving entity" means the domestic corporation or other
35 entity that is in existence immediately after consummation of an entity
36 conversion pursuant to this chapter.

1 directors of the converting entity must submit the plan of entity
2 conversion for approval by its shareholders.

3 (3) The board of directors must recommend the plan of entity
4 conversion to the shareholders, unless (a) the board of directors makes
5 a determination that because of conflicts of interest or other special
6 circumstances it should not make such a recommendation; or (b) RCW
7 23B.08.245 applies, and in either case the board of directors
8 communicates the basis for so proceeding to the shareholders.

9 (4) The board of directors may condition its submission of the plan
10 of entity conversion on any basis, including the affirmative vote of
11 holders of a specified percentage of shares held by any group of
12 shareholders not otherwise entitled to vote as a separate voting group
13 on the plan of entity conversion.

14 (5) In the case of an entity conversion of a domestic corporation
15 to a foreign corporation, in addition to any other voting conditions
16 imposed by the board of directors acting pursuant to subsection (4) of
17 this section, approval of the plan of entity conversion requires the
18 affirmative vote of shareholders that would be required to approve a
19 plan of merger under RCW 23B.11.030, and of each other voting group
20 entitled under RCW 23B.11.035 or the articles of incorporation to vote
21 separately on a plan of merger. Separate voting by additional voting
22 groups is required on a plan of entity conversion if such voting group
23 or groups would be entitled to vote on a plan of merger under the
24 circumstances described in RCW 23B.11.035. The articles of
25 incorporation may require a greater or lesser vote to approve a plan of
26 entity conversion than that provided in this subsection, or a greater
27 or lesser vote by separate voting groups, so long as the required vote
28 is not less than a majority of all the votes entitled to be cast on the
29 plan of entity conversion and of each other voting group entitled to
30 vote separately on the plan.

31 (6) In the case of an entity conversion of a domestic corporation
32 to an other entity that is not a foreign corporation, approval of the
33 plan of entity conversion requires the approval of all shareholders of
34 the domestic corporation, whether or not entitled to vote under this
35 title or the articles of incorporation.

36 (7) If as a result of the conversion one or more shareholders of
37 the domestic corporation would become subject to owner liability for
38 the debts, obligations, or liabilities of any other person or entity,

1 in addition to the approval requirements under subsections (5) and (6)
2 of this section, approval of the plan of entity conversion must also
3 require each such shareholder to execute a separate record consenting
4 to become subject to such owner liability.

5 (8) If the approval of the shareholders is to be given at a
6 meeting, the domestic corporation must notify each shareholder, whether
7 or not entitled to vote, of the proposed meeting of shareholders at
8 which the plan of entity conversion is to be submitted for approval in
9 accordance with RCW 23B.07.050. The notice must state that the
10 purpose, or one of the purposes, of the meeting is to consider the plan
11 of entity conversion and must contain or be accompanied by a copy or
12 summary of the plan of entity conversion. The notice must include or
13 be accompanied by a copy of the organic documents of the surviving
14 entity as they will be in effect immediately after the conversion.

15 (9) If any provision of the articles of incorporation, bylaws, or
16 an agreement to which any of the directors or shareholders of the
17 domestic corporation are parties, adopted, or entered into before the
18 effective date of this section applies to a merger of the domestic
19 corporation, other than a provision that limits or eliminates voting or
20 dissenters' rights, and the document does not refer to an entity
21 conversion of the domestic corporation, the provision is deemed to
22 apply to an entity conversion of the domestic corporation until the
23 provision is subsequently amended.

24 NEW SECTION. **Sec. 12.** A new section is added to chapter 23B.09
25 RCW to read as follows:

26 ARTICLES OF ENTITY CONVERSION. (1) After a plan of entity
27 conversion by a domestic corporation converting into an other entity
28 has been adopted and approved as required by this chapter, articles of
29 entity conversion must be signed on behalf of the domestic corporation
30 by any officer or other duly authorized representative and must be
31 delivered to the secretary of state for filing.

32 (2) After the conversion of an other entity into a domestic
33 corporation has been adopted and approved as required by the organic
34 law of the converting entity, articles of entity conversion must be
35 signed on behalf of the converting entity by any officer or other duly
36 authorized representative and must be delivered to the secretary of
37 state for filing.

1 (3) The articles of entity conversion must set forth:

2 (a) A statement that the converting entity has been converted into
3 the surviving entity;

4 (b) The name and form of the converting entity before conversion;

5 (c) The name and form of the surviving entity after conversion,
6 which must be a name that satisfies the requirements of RCW 23B.04.010
7 if the surviving entity after conversion is a domestic corporation;

8 (d) Articles of incorporation that comply with RCW 23B.02.020 if
9 the surviving entity after conversion is a domestic corporation;

10 (e) The date the conversion is effective under the organic law of
11 the surviving entity;

12 (f) If the converting entity is a domestic corporation, a statement
13 that the conversion was duly approved by the shareholders of the
14 domestic corporation pursuant to section 11 of this act;

15 (g) If the converting entity is an other entity, a statement that
16 the conversion was duly approved as required by the organic law of the
17 converting entity; and

18 (h) If the surviving entity is a foreign other entity not
19 authorized to transact business in this state: (i) A statement that
20 the surviving entity appoints the secretary of state as its agent for
21 service of process in a proceeding to enforce any obligation or the
22 rights of dissenting shareholders of the domestic corporation; and (ii)
23 the street and mailing address of an office which the secretary of
24 state may use for the purposes of RCW 23B.15.100.

25 (4) The articles of entity conversion take effect at the effective
26 time provided in RCW 23B.01.230. Articles of entity conversion under
27 subsection (1) or (2) of this section may be combined with any required
28 conversion filing under the organic law of the other entity if the
29 combined filing satisfies the requirements of both this section and the
30 organic law of the other entity.

31 NEW SECTION. **Sec. 13.** A new section is added to chapter 23B.09
32 RCW to read as follows:

33 EFFECT OF ENTITY CONVERSION. (1) An entity that has been converted
34 pursuant to this chapter is, for all purposes of the laws of the state
35 of Washington, deemed to be the same entity that existed before the
36 conversion and, unless otherwise agreed or as required under applicable
37 non-Washington law, the converting entity is not required to wind up

1 its affairs or pay its liabilities and distribute its assets, and the
2 conversion is not deemed to constitute a dissolution of the converting
3 entity.

4 (2) When any conversion becomes effective under this chapter:

5 (a) The title to all real estate and other property, both tangible
6 and intangible, owned by the converting entity remains vested in the
7 surviving entity without reversion or impairment;

8 (b) All rights of creditors and all liens upon any property of the
9 converting entity must be preserved unimpaired, and all debts,
10 liabilities, and other obligations of the converting entity continue as
11 obligations of the surviving entity, remain attached to the surviving
12 entity, and may be enforced against it to the same extent as if the
13 debts, liabilities, and other obligations had originally been incurred
14 or contracted by it in its capacity as the surviving entity;

15 (c) An action or proceeding pending by or against the converting
16 entity may be continued by or against the surviving entity as if the
17 conversion had not occurred;

18 (d) Except as prohibited by other law, all of the rights,
19 privileges, immunities, powers, and purposes of the converting entity
20 remain vested in the surviving entity; and

21 (e) Except as otherwise provided in the plan of entity conversion,
22 the terms and conditions of the plan of entity conversion take effect.

23 (3) When a conversion of a domestic corporation to a foreign other
24 entity becomes effective, the surviving entity is deemed:

25 (a) To consent to the jurisdiction of the courts of this state to
26 enforce any obligation owed by the converting entity, if before the
27 conversion the converting entity was subject to suit in this state on
28 the obligation;

29 (b) To appoint the secretary of state as its agent for service of
30 process in a proceeding to enforce any obligation or the rights of
31 dissenting shareholders of the domestic corporation in connection with
32 the conversion; and

33 (c) To agree that it will promptly pay to the dissenting
34 shareholders of the domestic corporation the amount, if any, to which
35 they are entitled under chapter 23B.13 RCW.

36 (4) Service of process on the secretary of state under this section
37 is made in the same manner and with the same consequences as in RCW
38 23B.15.100.

1 NEW SECTION. **Sec. 14.** A new section is added to chapter 23B.09
2 RCW to read as follows:

3 ABANDONMENT OF ENTITY CONVERSION. (1) Unless otherwise provided in
4 a plan of entity conversion of a domestic corporation, after the plan
5 of entity conversion has been adopted and approved as required by this
6 chapter, and at any time before the articles of entity conversion have
7 become effective, the planned conversion may be abandoned by the board
8 of directors without action by the shareholders.

9 (2) If any entity conversion is abandoned after articles of entity
10 conversion have been filed with the secretary of state but before the
11 entity conversion has become effective, a statement that the entity
12 conversion has been abandoned in accordance with this section, signed
13 by an officer or other duly authorized representative, must be
14 delivered to the secretary of state for filing prior to the effective
15 date of the entity conversion. Upon filing, the statement takes effect
16 and the entity conversion is deemed abandoned and may not become
17 effective.

18 **Sec. 15.** RCW 23B.13.020 and 2013 c 97 s 1 are each amended to read
19 as follows:

20 (1) A shareholder is entitled to dissent from, and obtain payment
21 of the fair value of the shareholder's shares in the event of, any of
22 the following corporate actions:

23 (a) A plan of merger, which has become effective, to which the
24 corporation is a party (i) if shareholder approval was required for the
25 merger by RCW 23B.11.030, 23B.11.080, or the articles of incorporation,
26 and the shareholder was entitled to vote on the merger, or (ii) if the
27 corporation was a subsidiary and the plan of merger provided for the
28 merger of the subsidiary with its parent under RCW 23B.11.040;

29 (b) A plan of share exchange, which has become effective, to which
30 the corporation is a party as the corporation whose shares have been
31 acquired, if the shareholder was entitled to vote on the plan;

32 (c) A sale or exchange, which has become effective, of all, or
33 substantially all, of the property of the corporation other than in the
34 usual and regular course of business, if the shareholder was entitled
35 to vote on the sale or exchange, including a sale in dissolution, but
36 not including a sale pursuant to court order or a sale for cash

1 pursuant to a plan by which all or substantially all of the net
2 proceeds of the sale will be distributed to the shareholders within one
3 year after the date of sale;

4 (d) An amendment of the articles of incorporation, whether or not
5 the shareholder was entitled to vote on the amendment, if the amendment
6 effects a redemption or cancellation of all of the shareholder's shares
7 in exchange for cash or other consideration other than shares of the
8 corporation;

9 (e) Any action described in RCW 23B.25.120; (~~or~~)

10 (f) Any corporate action approved pursuant to a shareholder vote to
11 the extent the articles of incorporation, bylaws, or a resolution of
12 the board of directors provides that voting or nonvoting shareholders
13 are entitled to dissent and obtain payment for their shares; or

14 (g) A plan of entity conversion in the case of a conversion of a
15 domestic corporation to a foreign corporation, which has become
16 effective, to which the domestic corporation is a party as the
17 converting entity, if: (i) The shareholder was entitled to vote on the
18 plan; and (ii) the shareholder does not receive shares in the surviving
19 entity that have terms as favorable to the shareholder in all material
20 respects and that represent at least the same percentage interest of
21 the total voting rights of the outstanding shares of the surviving
22 entity as the shares held by the shareholder before the conversion.

23 (2) A shareholder entitled to dissent and obtain payment for the
24 shareholder's shares under this chapter may not challenge the corporate
25 action creating the shareholder's entitlement unless the action fails
26 to comply with the procedural requirements imposed by this title, RCW
27 25.10.831 through 25.10.886, the articles of incorporation, or the
28 bylaws, or is fraudulent with respect to the shareholder or the
29 corporation.

30 (3) The right of a dissenting shareholder to obtain payment of the
31 fair value of the shareholder's shares shall terminate upon the
32 occurrence of any one of the following events:

33 (a) The proposed corporate action is abandoned or rescinded;

34 (b) A court having jurisdiction permanently enjoins or sets aside
35 the corporate action; or

36 (c) The shareholder's demand for payment is withdrawn with the

1 written consent of the corporation.

--- END ---