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## **Florida Supreme Court Rules that Single-Member LLCs Are Not Asset Protected**

This Dean Mead Alert provides you with information about the recent Florida Supreme Court decision: **Single-member LLCs are no longer asset protected.**

<http://www.floridasupremecourt.org/decisions/2010/sc08-1009.pdf>

Single-member LLCs have been thought to provide double protection against creditors. First, a creditor of the LLC is not able to reach the other assets of the member. Second, a creditor of the sole member of the LLC was thought only to be able to obtain a charging order against the membership interest in the LLC (i.e., the rights to any distributions from the LLC). Although some practitioners have long thought that this second form of creditor protection was dubious, the Supreme Court of Florida has cleared up any confusion and eliminated the charging order protection for single-member LLCs.

On June 24, the Court held that a judgment creditor of the sole member of an LLC is not required to seek a charging order against the LLC interest as its sole remedy. Rather, a court can force the member to surrender all its right, title and interest in the LLC to satisfy the judgment. This would allow the creditor to seize the LLC's assets in order to satisfy its judgment.

Although the Court was focusing on single-member LLCs, the decision also has potential negative implications for multi-member LLCs. The Court's reasoning suggests that charging orders are no longer the sole remedy for creditors of multi-member LLCs.

If you have any interest in LLCs, now would be a good time to review their structure to see if it meets your specific asset protection needs. For more information on this topic or to request a review of your specific entity structure, we encourage you to contact one of the attorneys at Dean Mead to schedule an appointment.

### **Dean Mead's Orlando Estate and Succession Planning Team Members:**

**Lauren Y. Detzel** is a shareholder and chair of the firm's Estate and Succession Planning Department. She is Board Certified in Wills, Trusts and Estates by The Florida Bar Board of Legal Specialization. Ms. Detzel specializes in techniques to reduce or avoid paying estate tax such as family limited partnerships, grantor retained annuity trusts (GRATs), sales to intentionally defective trusts, charitable trusts, lifetime gifts and generation skipping trusts. Particular emphasis includes planning for the succession of closely held or family

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### **About Dean Mead:**

Dean Mead provides full-service legal representation to businesses and individuals throughout Florida. The firm has 48 lawyers practicing in Orlando, Fort Pierce and Viera. For more information, visit [www.deanmead.com](http://www.deanmead.com)