
1)

1 The issue is what type of the LLC was created.

The general rule is that LLC was created as member-manages unless the intent expressly states the establishment of manager-managed LLC. Here, neither the certificate of organization nor the member's operating agreement specifies the type of LLC. Thus the member-managed LLC was created.

2 The issue is whether the LLC is bound under the tire contract.

The general rule is that the partner of the LLC has authority to make contract in the ordinary course of business. Here, the main purpose of the LLC is to run a bike shop. So the brother has authority to make a tire contract as this LLC's partner. Thus, the LLC was bound under the tire contract.

3 The issue is whether the LLC is bound by the sale of the farmland.

The general rule is that the partner's authority is limited when the operating agreement or other document in the LLC clearly limit the scope of the partner's authority.

Here, the operating agreement provides that the LLC's farmland may not be sold without the approval of all three members. And actually the brother and the sister objected the sale. Thus the LLC is not bound by the sale of the farmland.

4 The issue is what is the legal effect of the brother's email.

Generally, dissociation arises when the partner expressly shows his intent to leave the partnership.

Here, brother showed his clear intent in the email that he wants to leave the LLC. Its effect is dissociation. Some states allow that dissociation invokes automatic termination of the LLC.

END OF EXAM