

**STATE OF MICHIGAN
IN THE CIRCUIT COURT FOR THE COUNTY OF OAKLAND**

SHEFFIELD OWNER
Plaintiff

NO. 2024-210962-CB

V

HON. VICTORIA A. VALENTINE

LEND SUITE
Defendant

ORDER

**At a session of Court
held in Oakland County, Michigan
on 1/9/2025**

THE COURT FINDS: At the time Defendant filed its Motion for Summary Disposition Summary Disposition under MCR 2.116(C)(5)

- Plaintiff, an LLC, failed to file annual reports for 2 years with the Michigan Department of Licensing and Regulatory Affairs (LARA).
- The last annual report filed was in March of 2022.
- LARA had indicated that it was not in good standing since 3/1/23.

Since the filing of the Motion, Plaintiff cured the above filing defects and is now in good standing. Nevertheless, Defendant brought this Motion for Summary Disposition under MCR 2.116(C)(5) for lack of standing. Defendant claims that because Plaintiff, a limited liability company (LLC), was not in good standing with the State of Michigan, it lacked the capacity to sue. Defendant argues that Plaintiff needs to cure the defect, which Plaintiff subsequently did.

The Court finds that despite Plaintiff's failure to have filed annual reports, the Plaintiff LLC was and is still considered to be in existence and capable of transacting business in the state under Michigan law.

Specifically, MCL 450.4207a outlines that an LLC, even if not in good standing due to the failure to file required documents like annual statements, "remains in existence and may continue to transact business in the state." This means that the lack of timely filings does not dissolve the LLC or prohibit it from conducting business within Michigan.

See also the unpublished opinion of Detroit Land Development & Holdings LLC v MLK-Buchanan Community Development Corp, 2013 WL 331649 *2, lv den 494 Mich 885 (2013), which specifically addressed MCL 450.4207a and held that:

Although a limited liability company that fails to file its annual statements for a period of two consecutive years and fails to cure this defect "is not in good standing," it "remains in existence and may continue to transact business in this state." MCL 450.4207a(3). Plaintiff's past noncompliance with the annual filing requirement of MCL 450.4207 did not divest it of standing to sue. (Emphasis added)

Further the case of *George Morris Cruises v Irwin Yacht Marine Corp*, 191 Mich App 409 (1991), upon which Defendant relies, did not relate to the Limited Liability Company Act; rather it related to the Partnership Act. The language of the Partnership Act differs from the language related to the Limited Liability Company Act.

In any event, since Defendant filed its motion, Plaintiff has taken corrective action. Plaintiff cured the filing defect with the Michigan Department of Licensing and Regulatory Affairs (LARA) and the State of Michigan has issued a Certificate of Restoration of Good Standing. This further undermines the Defendant's argument, as the Plaintiff is now in compliance with the necessary filing requirements, rendering the Defendant's motion even less justified.

THEREFORE, THE COURT HEREBY ORDERS: Defendant's Motion is denied and neither party is granted attorney fees and costs.

Dated: 1/9/2025

/s/ Victoria A. Valentine
HON. VICTORIA A. VALENTINE
CIRCUIT COURT JUDGE

