

The following is a sample Operating Agreement for a fictitious Colorado member-managed limited liability company.

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OPERATING AGREEMENT OF AIDEN'S FAKE BUSINESS, LLC

THIS OPERATING AGREEMENT of Aiden's Fake Business, a Colorado Limited Liability Company (hereinafter referred to as the "Company"), is made effective as of January 1, 2016 by and between Aiden Durham and Rocky Durham, on behalf of themselves and any subsequent Members (hereinafter collectively the "Members") and the Company itself.

EXPLANATORY STATEMENT

The Members have formed the Company as a Colorado Limited Liability Company under the Colorado Limited Liability Company Act. The Members hereby adopt and approve the Articles of Organization of the Company filed with the Colorado Secretary of State on January 1, 2016.

For and in consideration of the mutual covenants herein contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Members for and on behalf of themselves and the Company hereby agree to the terms and conditions of this Operating Agreement (hereinafter the "Agreement") and as it may from time to time be amended according to its terms. It is the express intention of the Members and the Company that this Agreement be the agreement of said parties, and that, except to the extent a provision of the Agreement expressly incorporates federal income tax regulations, by reference to sections of the Code or Regulations promulgated pursuant thereto or is prohibited or ineffective under the Act, this Agreement shall govern, if not prohibited by law. To the extent any provision of this Agreement is prohibited or ineffective under the Act, the Agreement shall be considered amended to the smallest degree possible in order to make this Agreement effective under the Act.

DEFINITIONS

For purposes of this Agreement, and unless the context clearly otherwise indicates, the following terms shall have the meanings hereinafter set forth:

"Act": Colorado Revised Statutes, §§7-80-101, et seq., as parts of Article 80 of Title 7 of said Statutes as may be amended from time to time.

"Agreement": This Operating Agreement, as may be amended from time to time.

"Capital Account": An account consisting of any and all Capital Contributions of a Member, and increased by the share of income and gain allocated to that Member, decreased by the share of losses and deductions allocated to that Member, decreased by any distributions made by the Company to that Member, and otherwise adjusted as required in accordance with applicable tax laws.

"Capital Contribution": With respect to any Member, the total value of cash, the fair market value of property other than cash, and any services that contributed and/or agreed to be contributed to the Company by such Member, as listed on Exhibit A, as may be updated from time to time according to the terms of this Agreement.

"Code": The Internal Revenue Code of 1986, as amended.

"Company": Aiden's Fake Business, LLC a Colorado Limited Liability Company.

"Manager(s)": Shall refer to the Members or that person or persons elected by the Members pursuant to this Agreement.

“Member(s)”: Aiden Durham, Rocky Durham, and any other persons who acquire any Membership Interest in the Company pursuant to this Agreement, as listed on Exhibit A attached hereto and incorporated herein by this reference, as may be updated from time to time.

“Membership Certificate”: Such certificates as the Members may choose to issue, if any, as evidence of their Membership Interest in the Company.

“Membership Interest”: The entire interest of a Member in the Company, including the rights and obligations of a Member to share in distributions and allocations of profits, losses, gains, deductions, and credits, and comply with all of the other terms and provisions of this Agreement.

“Membership Rights”: The rights of a Member to vote and to otherwise participate in the governance of the Company and to receive distributions of or from the Company in proportion to his, her, or its Membership Interest.

“Ownership Interest”: The percentage of ownership in the Company that, with respect to each Member, comprises a Membership Interest in the Company.

“Person / Persons”: Individuals, any and all type of partnerships or corporate entities, limited liability companies, unincorporated associations, trusts, estates, and any other type of legally recognized entity whatsoever.

Article 1. Formation

- 1.1 Formation.** On January 1, 2016, the Members caused the organization of the Company by filing the Articles of Organization with the Colorado Secretary of State.
- 1.2 Name.** The name of the Company is Aiden’s Fake Business, LLC. Company business shall be conducted under that name and any other name or names which the Members may designate and legally adopt.
- 1.3 Principal Place of Business.** The initial principal place of business shall be 123 Colorado Street, Denver, Colorado 80001; however, the Company may locate its principal place of business and registered office at any place or places as the Members may from time to time deem necessary.
- 1.4 Registered Agent.** The registered agent for the Company shall be Aiden Durham and the initial business address of the registered agent is 123 Colorado Street, Denver, Colorado 80001. The Members may, from time to time, change the registered agent or the registered office through appropriate filings with the Secretary of State. In the event the registered agent ceases to act as such for any reason or the registered office shall change, the Members shall promptly designate a replacement registered agent or file a notice of change of address as the case may be.
- 1.5 Term.** The term of existence of the Company shall be perpetual unless the Company is earlier dissolved in accordance with either the provisions of this Agreement or the Act.
- 1.6 Permitted Business.** The business of the Company shall be:
 - a.** to provide really cool services to awesome people;
 - b.** to accomplish any lawful purpose whatsoever or which shall at any time appear to the Members to be conducive to or expedient for the protection or benefit of the Company and its assets;
 - c.** to exercise all other powers necessary to or reasonably connected with the Company's business which may be legally exercised by limited liability companies under the Act; and
 - d.** to engage in all activities necessary, customary, convenient, or incident to any of the foregoing.

Article 2. Capital Accounts & Contributions

- 2.1 Capital Accounts.** Individual Capital Accounts must be maintained for each Member and in accordance with all applicable tax laws, unless there is only one member of the Company and the Company is exempt according to applicable tax laws.
- 2.2 Capital Contributions.** The Members have contributed or agree to contribute to the Company the assets as reflected on the books of the Company and have obtained the Membership Interests described on Exhibit "A" hereto in exchange for such contributions. Members are not obligated to make additional Capital Contributions unless agreed to by the holders of a majority of the Ownership Interests. In such an event, the Members may make such additional Capital Contributions on a pro rata basis in accordance with each Member's respective Ownership Interest or as otherwise unanimously agreed by the Members.
- 2.3 Loans.** At any time the Members may, but shall not be required to, loan additional monies to the Company in amounts and on terms and conditions to be agreed upon by the Company and the Members. The Company may also borrow money for its capital needs from any third parties in amounts and on terms and conditions determined by the holders of a majority of the Ownership Interests.

Article 3. Distributions

- 3.1 Allocations.** Any income, gain, loss, deduction, or credit of the Company shall be allocated for accounting and tax purposes on a pro rata basis in proportion to the respective Ownership Interest held by each Member at the time of such allocation(s).
- 3.2 Distributions.** Distributions of profits or capital shall be made in such amounts and at such times as may be determined by the holders of a majority of the Ownership Interests at a duly authorized and conducted meeting of the Company or Consent to Action in lieu thereof. Distributions shall be made on a pro rata basis in proportion to the respective Ownership Interest held by each Member.
- 3.3 Limitations on Distributions.** No distribution shall be declared or paid if, after giving effect to the distribution:
- a. The Company would be unable to pay its debts as they become due in the usual course of business, or
 - b. The fair value of the assets of the Company would be less than the total liabilities of the Company. Liabilities to the Member resulting from his, her, or its Membership Interest shall not be a Company liability for purposes of this section.

Article 4. Management

- 4.1 Management Rights.** The Company shall initially, and until changed, be managed by the Members.
- 4.2 Approval and Action.** Unless greater or other authorization is required pursuant to this Agreement or under the Act for the Company to engage in an activity or transaction, all activities or transactions must be approved by the Members then holding at least a majority of the Ownership Interests, to constitute the act of the Company or serve to bind the Company. The approval of an activity or transaction that will or may materially affect the Company must be evidenced in writing signed by

the approving Members. With such approval, the signature of any Members authorized to sign on behalf of the Company is sufficient to bind the Company with respect to the matter or matters so approved. Without such approval, no Members acting alone may bind the Company to any agreement with or obligation to any third party or represent or claim to have the ability to so bind the Company.

- 4.3 Members Disagreement.** If the Members, holding equal Ownership Interests, are unable to agree as to how to manage the Company or make decisions for its operation, either Member may petition the Chief Judge of the District Court in and for the County of Denver to appoint a third party familiar with limited liability companies, and if possible, the business of the Company, to render a final and binding decision on the matter.
- 4.4 Officers.** The Members may appoint one or more officers from time to time. The officers will have the titles and authority to exercise the powers and perform the duties as will be determined by the Members. Subject to applicable law and the employment agreement, if any, each officer will serve at the direction of the Members and may be terminated at any time and for any reason by the Members then holding at least a majority of the Ownership Interests.

Article 5. Rights and Duties of Members

- 5.1 Voting Rights.** Members have the right and power to vote on all matters that will or may materially affect the Company or that the Act requires or permits. Unless otherwise required by this Agreement or the Act, the vote of the Members holding at least a majority of the Ownership Interest is required to approve or carry out an action, and such approval must be evidenced in a writing signed by the approving Member(s).
- 5.2 Meetings.** Annual, regular, or special meetings of the Members may be held at such time and place as the Members deem necessary or desirable for the reasonable management of the Company. Meetings may be called by any Member or Members holding twenty percent (20%) or more of the Ownership Interests, for the purpose of addressing any matters on which the Members may vote. A written notice setting forth the date, time, and location of a meeting must be sent at least ten (10) days but no more than sixty (60) days before the date of the meeting to each Member. A Member may waive notice of a meeting by sending a signed waiver to the Principal Place of Business of the Company. In any instance in which the approval of the Members is required under this Agreement, such approval may be obtained in any manner permitted by the Act, including by conference call, electronic mail, or similar communications equipment.
- 5.3 Action of Members Without a Meeting.** Any action that could be taken at a meeting may be approved without a meeting by a consent in writing that describes the action to be taken and is signed by Members holding the minimum Ownership Interest required to approve the action. Action so taken shall be effective as of the date of the signature of the Member(s) thereon unless the consent specifies a different effective date in which case the action shall be effective as of the different effective date.
- 5.4 Limited Liability.** The Members' liability shall be limited to the maximum extent possible as set forth in this Agreement, the Act, and other applicable law. The Members shall not be personally liable for any debts or losses of the Company beyond his, her, or its respective Capital Contributions. The Members may, however, voluntarily agree to be liable on a debt or obligation of the Company by entering into a separate written agreement or other undertaking with an obligee

or creditor of the Company; provided, however, no Member may commit another Member to be liable on a debt or obligation of the Company unless authorized to do so in writing by such other Member. The failure by the Company to observe any formalities or requirements relating to the exercise of its powers or the management of its business or affairs under this Agreement or the Act shall not be grounds for imposing personal liability on the Members.

- 5.5 Indemnification.** The Company shall indemnify the Members for all costs, losses, liabilities, and damages paid by the Members in connection with the Company's business, to the fullest extent provided, allowed, or not disallowed by Colorado law so long as the Member has not been or is not found guilty of a crime or liable for a civil penalty relating to the operation of the Company or the Member's professional relationship with another Member.
- 5.6 Fiduciary Duties.** The Members shall have no fiduciary duties with respect to the Company itself except when they are serving in the capacity of Manager(s) of the Company and the rights of other Members are adversely affected as a result of a breach of a fiduciary duty or gross negligence.

Article 6. Accounting and Records

- 6.1 Accounts.** The Company must maintain complete accounting records of the business of the Company, including a full and accurate record of each Company transaction. The records must be kept at the principal place of business of the Company and shall be open to inspection and copying by the Members and their agents and representatives during normal business hours upon reasonable notice by the Member wishing to inspect or copy the records, for purposes reasonably related to the Membership Interest of such Member.
- 6.2 Books and Records.** The Company shall maintain the following at its principal place of business or such other place as the Members may choose:
- a) a copy of the Articles of Organization, this Agreement and all amendments thereto, together with executed copies of any powers of attorney or proxies pursuant to which any amendment has been executed;
 - b) a current list of the full name and last-known business, residence, or mailing address of the Members;
 - c) copies of the federal, state, and local income tax returns and reports of the Company, if any, for the three (3) most recent years;
 - d) copies of any currently effective agreements, contracts, and copies of any financial statements of the Company for the three (3) most recent years; and
 - e) meeting minutes or Consents to Action of every regular or special annual meeting and any special meeting of the Company or its Members.
- 6.3 Income Tax Returns.** Within forty-five (45) days after the end of each fiscal year, the Company will use its best efforts to send each of the Members all information necessary for the Members to complete their federal and state tax information, returns, and reports and a copy of the federal, state, and local tax information or income tax returns and reports of the Company for such year.
- 6.4 Bank Accounts.** The Members shall arrange for the Company to maintain bank accounts in such banks or institutions as the Members from time to time shall select, and such accounts shall be drawn upon by checks signed by such person or persons, and in such manner as may be designated by the Members, subject to any restrictions or conditions established by the Members. The Members are authorized to establish such accounts and complete, sign, and deliver any banking

resolutions reasonably required by the respective financial institutions in order to establish an account. All monies of the Company shall be deposited in the bank account or accounts of the Company, and shall not be commingled with monies of the Members.

6.5 Fiscal Year. The fiscal year of the Company shall be the calendar year.

6.6 Subchapter “S” Election. The Company may, upon the consent of the holders of a majority of the Ownership Interests, elect to be treated for income tax purposes as an S Corporation. Such designation may be changed as permitted under the Code other applicable Regulations.

Article 7. Effects of a Deceased, Incompetent, or Bankrupt Member

7.1 Member Designation. A Member may designate, in writing, one or more persons to receive such Member’s Membership Interest upon such Member’s death or incompetency. The written designation shall be fully revocable by the Member and may be changed by subsequent writings from time to time, in the sole discretion of the Member. Any person so designated shall receive the Member’s Membership Interest subject to the terms of this Agreement and any purchase option, buy-sell agreement, or any other similar agreement. In the event that the terms of a purchase option, buy-sell agreement, or other similar agreement contradict with the terms of this Agreement, the purchase option, buy-sell agreement, or other agreement shall prevail.

7.2 Death. A Member may dispose of his or her Membership Interest in the Company by will or the intestacy laws of the state of which the Member is a resident at the time of his or her death. The personal representative named by will or appointed by court will have all authority to act on behalf of the Member’s estate.

7.3 Incompetency. If a Member is adjudged incompetent by any court with jurisdiction over the matter, which judgment is not being appealed, the Member shall retain his or her full Membership Interest in the Company, but the court-appointed guardian, custodian, or trustee will have all authority to act on behalf of the Member.

7.4 Bankruptcy. If a Member files a petition under the United States Bankruptcy Code, creditors file a petition against such Member which the Member chooses not to contest in accordance with the Bankruptcy Code (or if contested, the court finds for the creditors), or a receiver is appointed for the Member’s assets, the Member shall retain his or her full Membership Interest in the Company, but the trustee or receiver appointed by the court will have all authority to act on behalf of the Member.

Article 8. Withdrawal and Transfer of Membership Interest

8.1 Withdrawal of a Member. A Member may withdraw from the Company prior to the dissolution and winding up of the Company (a) by transferring all of his, her, or its respective Membership Interests pursuant to Section 8.2 below, or (b) if consented to by a majority of the remaining Ownership Interests; however, such withdrawal shall not entitle such Member to any distribution of the assets of the Company until such distributions are made to the other Members unless otherwise agreed by such majority as stated above.

8.2 Transferability of Interests. A Member may not sell, hypothecate, pledge, assign, or otherwise transfer any part or all of his, her, or its Membership Interest, Ownership Interests, or Membership

Rights in the Company to any other person or entity, without the written approval by the other Members holding at least fifty-one percent (51%) of the remaining Ownership Interests, which approval shall not be unreasonably withheld. By accepting such transfer, the transferee shall be deemed to have accepted the provisions of this Agreement. A new Member shall be required to consent in writing to the provisions of this Agreement, as modified to reflect the admission of the new Member.

Article 9. Dissolution and Termination

9.1 Events of Dissolution. The Company shall be dissolved and its affairs wound up pursuant to this Agreement upon the first to occur of the following events (“Events of Dissolution”):

- a) the agreement of the Members holding at least a majority of the Ownership Interests, which agreement shall be evidenced in writing;
- b) the sale or other disposition of all or substantially all of the assets of the Company (excluding a mortgage, pledge, or encumbrance of such assets);
- c) the entry of a decree of judicial dissolution under the Act;
- d) at any time that there are no Members, unless and provided that the Company is not otherwise required to be dissolved and wound up, within ninety (90) days after the occurrence of the event that terminated the Membership Interest of the last remaining Member, the legal representative of the last remaining Member agrees in writing to continue the Company and (i) to become a Member; or (ii) to the extent that the last remaining Member assigned its interest in the Company, to cause the assignee of the Member to become a Member of the company, effective as of the occurrence of the event that terminated the Membership Interest of the last remaining Member;
- e) a merger or consolidation of the Company with one or more entities in which the Company is not the surviving entity.

9.2 No Other Events of Dissolution. No event not listed in Section 9.1 hereof, including the death, incapacity, dissociation, bankruptcy, or withdrawal of a Member, shall constitute an Event of Dissolution.

9.3 Winding Up, Liquidation, and Distribution of Assets.

- a) Within a reasonable amount of time following an Event of Dissolution, an accounting shall be made by the Company's independent accountants of the accounts of the Company and of the Company's assets, liabilities, and operations, from the date of the last previous such accounting until the date of such accounting. The Members shall immediately proceed to wind up the affairs of the Company.
- b) If the Company is dissolved and its affairs are to be wound up, the then Members shall (1) sell or otherwise liquidate all of the Company's assets as promptly as practicable (except to the extent the Members may agree to receive any assets in kind), (2) discharge all liabilities of the Company, other than liabilities to the Members, including all costs relating to the dissolution, winding up, and liquidation and distribution of assets, (3) establish such reserves as reasonably may be necessary to provide for contingent liabilities of the Company, (4) discharge any liabilities of the Company to the Members other than on account of their interest in Company capital or profits pro rata in relation to their Ownership Interests, and (5) distribute the remaining assets to the Members in the aforesaid proportions.

- c) Upon completion of the winding up, liquidation and distribution of the assets, the Company shall be deemed terminated subject only to Section 9.4 hereof.
- d) The Members shall comply with any applicable requirements of applicable law pertaining to the winding up of the affairs of the Company and the final distribution of its assets.

9.4 Statement of Dissolution. When all debts, liabilities, and obligations have been paid and discharged, or adequate provision has been made therefore, and all of the remaining property and assets have been distributed to the Members, a Statement of Dissolution shall be executed and verified by the person signing the Statement of Dissolution, which Statement of Dissolution shall set forth the information required by the Act. The Statement of Dissolution shall be delivered to the Colorado Secretary of State. Upon the filing of the Statement of Dissolution, the existence of the Company shall cease, except for the purpose of legal proceedings and other appropriate action as provided in the Act. The Members shall thereafter act in the capacity of a trustee for creditors of the Company and as such shall have authority to distribute any Company property discovered after dissolution, convey real estate, and take such other action as may be necessary on behalf of and in the name of the Company.

9.5 Responsibility. Upon dissolution, the Members shall look solely to the assets of the Company for the return of their Capital Contribution. The winding up of the affairs of the Company and the distribution of its assets shall be conducted by the Members, who are hereby authorized to take all actions necessary to accomplish such distribution, including, without limitation, selling any Company assets such Members deem necessary or appropriate to sell.

Article 10. Miscellaneous Provisions

10.1 Entire Agreement. This Agreement and the attachments herein specified contain the entire agreement of the parties hereto and may be modified only by a written instrument executed by the parties hereto.

10.2 Governing Law. This Agreement will be construed and enforced in accordance with the laws of the State of Colorado.

10.3 Binding Effect. This Agreement shall be binding upon, and inure to the benefit of, all parties hereto, their personal and legal representatives, guardians, successors, and assigns to the extent that assignment is provided for in accordance with, and permitted by, the provisions of this Agreement.

10.4 No Limit on Personal Activities. Nothing herein contained shall be construed to limit in any manner the Members or their respective agents, servants, and employees, in carrying out their separate businesses or other activities, including those in competition with those of the Company.

10.5 Gender and Headings. Throughout this Agreement, where such meanings would be appropriate: (a) the masculine gender shall be deemed to include the feminine and the neuter and vice versa, and (b) the singular shall be deemed to include the plural and vice versa. The headings herein are inserted only as a matter of convenience and reference, and in no way define or describe the scope of the Agreement or the intent of any provisions thereof.

10.6 Severability. Nothing contained in this Agreement shall be construed as requiring the commission of any act contrary to law. In the event that any part, article, section, paragraph, or clause of this Agreement shall be held to be indefinite, invalid, or otherwise unenforceable, the entire Agreement shall not fail on account thereof, and the balance of the Agreement shall continue in full force and effect.

- 10.7 Membership Interest.** The Members hereby covenants, acknowledges, and agrees that his Membership Interest in the Company shall for all purposes be deemed personal property and shall not be deemed realty or any interest in the assets or property (real or personal) owned by the Company except as herein provided.
- 10.8 No Third Party Beneficiary.** This Agreement is made solely for the benefit of the parties hereto and their respective permitted successors and assigned, and no other Person or entity, including the creditors of the Members, will have or acquire any right by virtue of this Agreement.
- 10.9 Arbitration.** Any controversy or claim arising out of or relating to this Agreement, or the breach hereof, initiated by any Member shall be settled by arbitration in Denver, Colorado, administered by a sole arbitrator appointed by the Judicial Arbitrator Group (“JAG”) or other similar arbitration group; judgment upon any award rendered in such arbitration may be entered in any court having jurisdiction thereof or over the parties thereto and/or the Company.
- 10.10 Incorporation by Reference.** The recitals and exhibits and other documents referred to in or attached to this Agreement are hereby incorporated into this Agreement by reference.
- 10.11 Counterparts.** This Agreement may be executed in counterparts, any of which when so executed shall have the force and effect of an original. Delivery by electronic transmission in portable document format (PDF) of an executed counterpart of this Agreement is as effective as delivery of an originally executed counterpart hereof.

CERTIFICATION

IN WITNESS WHEREOF, the parties have hereunto caused this Operating Agreement to be executed and hereby certify that the foregoing Agreement constitutes the Operating Agreement of Aiden’s Fake Business, LLC, a Colorado Limited Liability Company, adopted by the Members of the Company and the Company effective as of the date hereof.

COMPANY

Aiden’s Fake Business, LLC, a Colorado Limited Liability Company

By: _____
Aiden Durham, as Member/Manager

By: _____
Rocky Durham, as Member/Manager