

“Magic Language” for Ownership Insulation for Limited Partnerships and Limited Liability Companies

To be exempt from attribution, a limited partnership or limited liability company agreement must contain provisions which:

- 1) specify that any exempt limited partner (if not a natural person, its directors, officers, partners, etc.) cannot act as an employee of the limited partnership if his or her functions, directly or indirectly, relate to the media enterprises of the company;
- 2) bar any exempt limited partner from serving, in any material capacity, as an independent contractor or agent with respect to the partnership's media enterprises;
- 3) restrict any exempted limited partner from communicating with the licensee or the general partner on matters pertaining to the day-to-day operations of its business;
- 4) empower the general partner to veto any admissions of additional general partners admitted by vote of the exempt limited partners;
- 5) prohibit any exempt limited partner from voting on the removal of a general partner or limits this right to situations where the general partner is subject to bankruptcy proceedings, as described in Sections 402 (4)-(5) of the Revised Uniform Limited Partnership Act, is adjudicated incompetent by a court of competent jurisdiction, or is removed for cause, as determined by an independent party;
- 6) bar any exempt limited partner from performing any services to the limited partnership materially relating to its media activities, with the exception of making loans to, or acting as a surety for, the business; and
- 7) state, in express terms, that any exempt limited partner is prohibited from becoming actively involved in the management or operation of the media businesses of the partnership.