

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2002

A N A C T

RELATING TO PARTNERSHIPS

Introduced By: Representatives Aiken, Anguilla, D Caprio, Watson, and Hogan

Date Introduced: February 26, 2002

Referred To: House Corporations

It is enacted by the General Assembly as follows:

1 SECTION 1. Chapter 7-12 of the General Laws entitled "Partnerships" is hereby repealed
2 in its entirety.

3 CHAPTER 12

4 Partnerships

5 ~~7-12-1. Provisions in partnership agreements deemed nontestamentary -- No~~
6 ~~partnership agreement in writing, or agreement in writing between copartners, either previously~~
7 ~~or subsequently entered into, are deemed testamentary in character or for that reason invalid or~~
8 ~~unenforceable because the agreement contains a provision: (1) regulating, in the event of the~~
9 ~~death of any of the partners, the transfer, distribution, or other disposition of the assets of the~~
10 ~~partnership, or any of them, to or among the surviving partners or any of them, or their~~
11 ~~successors, or the estate of the deceased partner; or (2) regulating, in the event of death, the use of~~
12 ~~the firm name by the surviving partners, or their successors, or any of them; or (3) regulating the~~
13 ~~destination, distribution, or other disposition of the proceeds of any policy or policies of insurance~~
14 ~~upon the life of any partner; nor is any provision contained in any partnership agreement or in any~~
15 ~~agreement between copartners testamentary in character or for that reason invalid or~~
16 ~~unenforceable, provided, however, that this section shall not be construed to affect the rights of~~
17 ~~the heirs, next of kin, devisees or creditors of a partner who has deceased prior to March 10,~~
18 ~~1932.~~

19 ~~7-12-2. Death of partner -- Statement delivered to administrator or executor -- In~~

1 case of the death of any person who was at the time of his or her decease a member of any
2 copartnership, either general or limited, the surviving partner shall, upon the demand in writing of
3 the administrator or executor of the deceased copartner, and within ten (10) days subsequently,
4 make out and deliver to the administrator or executor a detailed statement of the assets and
5 liabilities of the copartners as they existed at the time of the decease of the copartner, which
6 statement shall be verified by the oath of the surviving copartner.

7 **7-12-3. Examination of books and property by representative of deceased partner --**

8 The administrator or executor may enter upon the premises and examine the books and affairs of
9 the copartnership and take an inventory of the personal property in which his or her intestate or
10 testate may have had an interest at the time of his or her decease.

11 **7-12-4. Separate composition with creditors on dissolution of partnership --**

12 Whenever any copartnership is dissolved, any person who was embraced in the copartnership
13 may make a separate composition or compromise with any one of or all the creditors of the
14 copartnership.

15 **7-12-5. Separate composition as full discharge of partner --**

16 A composition or compromise is a full and effectual discharge to the debtor making the composition or
17 compromise, of the whole of the debt, and is taken and considered in reference to the other
18 copartners as actual payment of the debtor's proportion of the debt, whether the full amount of his
19 or her proportion of the debt is actually paid or not.

20 **7-12-6. Payment by partner in excess of his or her proportion --**

21 In case an amount exceeding his or her proportion is actually paid, it is taken and considered as payment of the
22 amount of debt actually paid.

23 **7-12-7. Insolvency or absconding of partner --**

24 A composition or compromise in no way affects the right of the other copartners or any of them to call on the person making the
25 compromise for any sum beyond the person's original portion of the debt, if in consequence of the
26 insolvency, inability to pay or absconding of any one of the copartners, the person so
27 compromising becomes liable to pay more than his or her proportion of the debt.

28 **7-12-8. Memorandum exonerating partner on separate composition --**

29 Every debtor making a composition or compromise takes from the creditor with whom he or she may make the
30 composition or compromise a note or memorandum in writing, exonerating him or her from all
31 individual liability incurred by reason of the connection with the copartnership. The note or
32 memorandum may be given in evidence by the debtor under the general issue, in bar of the
33 creditor's right of recovery against him or her.

34 **7-12-9. Partners not discharged by separate composition -- Defenses to creditor's**

1 ~~**action** — A composition or compromise is not to be so construed as to discharge the other~~
2 ~~copartners, except as provided in sections 7-12-5 and 7-12-6; nor does it impair the right of the~~
3 ~~creditor to proceed against the members of the copartnership who have not been discharged. The~~
4 ~~members of the partnership so proceeded against are permitted to set off any demand against the~~
5 ~~creditor which could have been set off had the suit been against all the individuals composing the~~
6 ~~firm. They may avail themselves of any defense that would have been available had not this~~
7 ~~chapter been passed, except that they shall not set up the discharge of one individual as a~~
8 ~~discharge of all the other copartners, unless it appears that all were intended to be discharged.~~

9 ~~**7-12-10. Application to joint debtors** — The provisions of sections 7-12-4 — 7-12-9 in~~
10 ~~reference to copartners extend to joint debtors who may individually compound or compromise~~
11 ~~for their joint indebtedness, with the like effect to creditors and to joint debtors of the person~~
12 ~~compromising as is provided in this section in reference to copartners.~~

13 ~~**7-12-11. Limited partnership law unaffected** — The provisions of this chapter shall not~~
14 ~~be deemed or taken to affect any of the provisions of chapter 13 of this title, entitled "Limited~~
15 ~~Partnerships."~~

16 ~~**7-12-12. Short title** — Sections 7-12-12 — 7-12-55 may be cited as the "Uniform~~
17 ~~Partnership Act".~~

18 ~~**7-12-13. Definitions** — In sections 7-12-12 — 7-12-59:~~

19 ~~(1) "Bankrupt" includes bankrupt under title 11 of the United States Code (Bankruptcy)~~
20 ~~or insolvent under any state insolvent act.~~

21 ~~(2) "Business" includes every trade, occupation, or profession.~~

22 ~~(3) "Conveyance" includes every assignment, lease, mortgage, or encumbrance.~~

23 ~~(4) "Court" includes every court and judge having jurisdiction in the case.~~

24 ~~(5) "Person" includes individuals, partnerships, corporations, and other associations.~~

25 ~~(6) "Real property" includes land and any interest or estate in land.~~

26 ~~(7) "Registered limited liability partnership" means a partnership formed pursuant to an~~
27 ~~agreement governed by the laws of this state, registered under section 7-12-56 and in compliance~~
28 ~~with section 7-12-58.~~

29 ~~(8) "Foreign registered limited liability partnership" means a registered limited liability~~
30 ~~partnership or a limited liability partnership formed pursuant to an agreement governed by the~~
31 ~~laws of another jurisdiction and registered under the laws of that jurisdiction.~~

32 ~~**7-12-14. Interpretation of knowledge and notice** — (a) A person has "knowledge" of a~~
33 ~~fact within the meaning of sections 7-12-12 — 7-12-55 not only when he or she has actual~~
34 ~~knowledge of it, but also when he or she has knowledge of any other facts that in the~~

1 circumstances show bad faith.

2 ~~(b) A person has "notice" of a fact within the meaning of sections 7-12-12—7-12-55~~
3 ~~when the person who claims the benefit of the notice:~~

4 ~~(1) States the fact to the person; or~~

5 ~~(2) Delivers through the mail, or by other means of communication, a written statement~~
6 ~~of the fact to the person or to a proper person at his or her place of business or residence.~~

7 ~~**7-12-15. Rules of construction**—(a) The rule that statutes in derogation of the common~~
8 ~~law are to be strictly construed has no application to sections 7-12-12—7-12-55.~~

9 ~~(b) The law of estoppel applies under sections 7-12-12—7-12-55.~~

10 ~~(c) The law of agency applies under sections 7-12-12—7-12-55.~~

11 ~~(d) Sections 7-12-12—7-12-55 shall be so interpreted and construed as to effect their~~
12 ~~general purpose to make uniform the law of those states which enact them.~~

13 ~~(e) Sections 7-12-12—7-12-55 shall not be construed so as to impair the obligations of~~
14 ~~any contract existing on October 1, 1957, nor to affect any action or proceedings or right accrued~~
15 ~~before October 1, 1957.~~

16 ~~**7-12-16. Rules for cases not provided for**—In any case not provided for in sections 7-~~
17 ~~12-12—7-12-55 the rules of law and equity, including the law merchant, govern.~~

18 ~~**7-12-17. Partnership defined**—(a) A partnership is an association of two (2) or more~~
19 ~~persons to carry on as co-owners a business for profit, and includes a registered limited liability~~
20 ~~partnership.~~

21 ~~(b) Any association formed under any other statute of this state, or any statute adopted~~
22 ~~by authority, other than the authority of the state, is not a partnership under sections 7-12-12—7-~~
23 ~~12-59, unless the association would have been a partnership in this state prior to May 6, 1957; but~~
24 ~~sections 7-12-12—7-12-59 apply to limited partnerships except insofar as the statutes relating to~~
25 ~~partnerships are inconsistent with these provisions.~~

26 ~~**7-12-18. Rules for determining the existence of a partnership**—In determining~~
27 ~~whether a partnership exists, these rules apply:~~

28 ~~(1) Except as provided by section 7-12-27, persons who are not partners as to each other~~
29 ~~are not partners as to third persons.~~

30 ~~(2) Joint tenancy, tenancy in common, tenancy by the entirety, joint property, common~~
31 ~~property, or part ownership does not of itself establish a partnership, whether the co-owners do or~~
32 ~~do not share any profits made by the use of the property.~~

33 ~~(3) The sharing of gross returns does not of itself establish a partnership, whether or not~~
34 ~~the persons sharing them have a joint or common right or interest in any property from which the~~

1 ~~returns are derived.~~

2 ~~(4) The receipt by a person of a share of the profits of a business is prima facie evidence~~
3 ~~that he or she is a partner in the business, but no such inference is drawn if profits were received~~
4 ~~in payment:~~

5 ~~(i) As a debt by installments or otherwise;~~

6 ~~(ii) As wages of an employee or rent to a landlord;~~

7 ~~(iii) As an annuity to a widow or representative of a deceased partner;~~

8 ~~(iv) As interest on a loan, though the amount of payment vary with the profits of the~~
9 ~~business;~~

10 ~~(v) As the consideration for the sale of a good will of a business or other property by~~
11 ~~installments or otherwise.~~

12 ~~**7-12-19. Partnership property** --- (a) All property originally brought into the partnership~~
13 ~~stock or subsequently acquired by purchase or otherwise, on account of the partnership, is~~
14 ~~partnership property.~~

15 ~~(b) Unless the contrary intention appears, property acquired with partnership funds is~~
16 ~~partnership property.~~

17 ~~(c) Any estate in real property may be acquired in the partnership name. Title so~~
18 ~~acquired can be conveyed only in the partnership name.~~

19 ~~(d) A conveyance to a partnership in the partnership name, though without words of~~
20 ~~inheritance, passes the entire estate of the grantor unless a contrary intent appears.~~

21 ~~**7-12-20. Partner agent of partnership as to partnership business** --- (a) Every partner~~
22 ~~is an agent of the partnership for the purpose of its business, and the act of every partner,~~
23 ~~including the execution in the partnership name of any instrument, for apparently carrying on in~~
24 ~~the usual way the business of the partnership of which he or she is a member, binds the~~
25 ~~partnership, unless the partner so acting has in fact no authority to act for the partnership in the~~
26 ~~particular matter, and the person with whom he or she is dealing has knowledge of the fact that he~~
27 ~~or she has no authority.~~

28 ~~(b) An act of a partner which is not apparently for the carrying on of the business of the~~
29 ~~partnership in the usual way does not bind the partnership unless authorized by the other partners.~~

30 ~~(c) Unless authorized by the other partners or unless they have abandoned the business,~~
31 ~~one or more but less than all the partners have no authority to:~~

32 ~~(1) Assign the partnership property in trust for creditors or on the assignee's promise to~~
33 ~~pay the debts of the partnership;~~

34 ~~(2) Dispose of the good will of the business;~~

1 ~~(3) Do any other act which would make it impossible to carry on the ordinary business of~~
2 ~~a partnership;~~

3 ~~(4) Confess a judgment;~~

4 ~~(5) Submit a partnership claim or liability to arbitration or reference.~~

5 ~~(d) No act of a partner in contravention of a restriction on authority shall bind the~~
6 ~~partnership to persons having knowledge of the restriction.~~

7 ~~**7-12-21. Conveyance of real property of the partnership**~~ (a) ~~Where title to real~~
8 ~~property is in the partnership name, any partner may convey title to the property by a conveyance~~
9 ~~executed in the partnership name; but the partnership may recover the property unless the~~
10 ~~partner's act binds the partnership under the provisions of section 7-12-20(a), or unless the~~
11 ~~property has been conveyed by the grantee or a person claiming through the grantee to a holder~~
12 ~~for value without knowledge that the partner, in making the conveyance, has exceeded his or her~~
13 ~~authority.~~

14 ~~(b) Where title to real property is in the name of the partnership, a conveyance executed~~
15 ~~by a partner, in his or her own name, passes the equitable interest of the partnership, provided the~~
16 ~~act is one within the authority of the partner under the provisions of subsection (a) of section 7-~~
17 ~~12-20.~~

18 ~~(c) Where title to real property is in the name of one or more but not all the partners, and~~
19 ~~the record does not disclose the right of the partnership, the partners in whose name the title~~
20 ~~stands may convey title to the property, but the partnership may recover the property if the~~
21 ~~partners' act does not bind the partnership under the provisions of section 7-12-20(a) unless the~~
22 ~~purchaser or his or her assignee, is a holder for value, without knowledge.~~

23 ~~(d) Where the title to real property is in the name of one or more or all of the partners, or~~
24 ~~in a third person in trust for the partnership, a conveyance executed by a partner in the partnership~~
25 ~~name, or in his or her own name, passes the equitable interest of the partnership, provided the act~~
26 ~~is one within the authority of the partner under the provision of section 7-12-20(a).~~

27 ~~(e) Where the title to real property is in the names of all the partners a conveyance~~
28 ~~executed by all the partners passes all their rights in the property.~~

29 ~~**7-12-22. Partnership bound by admission of partner**~~ (a) ~~An admission or representation~~
30 ~~made by any partner concerning partnership affairs within the scope of his or her authority as~~
31 ~~conferred by sections 7-12-12—7-12-55 is evidence against the partnership.~~

32 ~~**7-12-23. Partnership charged with knowledge of or notice to partner**~~ (a) ~~Notice to any~~
33 ~~partner of any matter relating to partnership affairs, and the knowledge of the partners acting in~~
34 ~~the particular matter, acquired while a partner or then present to his or her mind, and the~~

1 knowledge of any other partner who reasonably could and should have communicated it to the
2 acting partner, operate as notice to or knowledge of the partnership, except in the case of a fraud
3 on the partnership committed by or with the consent of that partner.

4 ~~**7-12-24. Partnership bound by partner's wrongful act**~~ -- Where, by any wrongful act
5 or omission of any partner acting in the ordinary course of the business of the partnership or with
6 the authority of his or her copartners, loss or injury is caused to any person, not being a partner in
7 the partnership, or any penalty is incurred, the partnership is liable for the loss, injury, or penalty
8 to the same extent as the partner acting or omitting to act.

9 ~~**7-12-25. Partnership bound by partner's breach of trust**~~ -- The partnership is bound to
10 make good the loss:

11 ~~(1) Where one partner acting within the scope of his or her apparent authority receives~~
12 ~~money or property of a third person and misapplies it; and~~

13 ~~(2) Where the partnership in the course of its business receives money or property of a~~
14 ~~third person and the money or property so received is misapplied by any partner while it is in the~~
15 ~~custody of the partnership.~~

16 ~~**7-12-26. Nature of partner's liability**~~ -- (a) All partners are liable, except as provided in
17 subsection (b):

18 ~~(1) Jointly and severally for everything chargeable to the partnership under sections 7-~~
19 ~~12-24 and 7-12-25.~~

20 ~~(2) Jointly for all other debts and obligations of the partnership; but any partner may~~
21 ~~enter into a separate obligation to perform a partnership contract.~~

22 ~~(b) Subject to subsection (c), a partner in a registered limited liability partnership is not~~
23 ~~liable directly or indirectly (including by way of indemnification, contribution, assessment or~~
24 ~~otherwise) for debts, obligations, and liabilities of or chargeable to the partnership whether in tort,~~
25 ~~contract or otherwise, arising while the partnership is a registered limited liability partnership.~~

26 ~~(c) Subsection (b) does not affect the individual liability of a partner in a registered~~
27 ~~limited liability partnership for his or her own negligence, wrongful acts or misconduct, or that of~~
28 ~~any person under that partner's direct supervision and control other than in an administrative~~
29 ~~capacity.~~

30 ~~(d) A partner in a registered limited liability partnership is not a proper party in his or her~~
31 ~~individual capacity to a proceeding by or against a registered limited liability partnership, the~~
32 ~~object of which is to recover damages or enforce the obligations of the registered limited liability~~
33 ~~partnership, unless the partner is personally liable under subsection (c).~~

34 ~~(e) Notwithstanding any other provisions of this section, the personal liability of a~~

1 partner in a limited liability partnership engaged in the rendering of professional services is not
2 less than or greater than the personal liability of a shareholder of a professional corporation
3 organized under chapter 5.1 of this title engaged in the rendering of the same professional
4 services.

5 **7-12-27. Partner by estoppel** -- (a) When a person, by words spoken or written or by
6 conduct, represents him or herself, or consents to another representing him or her to any one, as a
7 partner in an existing partnership or with one or more persons not actual partners, he or she is
8 liable to any person to whom the representation has been made, who has, on the faith of the
9 representation, given credit to the actual or apparent partnership, and if he or she has made a
10 representation or consented to its being made in a public manner he or she is liable to the person,
11 whether the representation has or has not been made or communicated to the person giving credit
12 by or with the knowledge of the apparent partner making the representation or consenting to its
13 being made.

14 (1) When a partnership liability results, he or she is liable as though he or she were an
15 actual member of the partnership.

16 (2) When no partnership liability results, he or she is liable jointly with the other persons,
17 if any, so consenting to the contract or representation as to incur liability, otherwise separately.

18 (b) When a person is represented to be a partner in an existing partnership, or with one or
19 more persons not actual partners, he or she is an agent of the persons consenting to the
20 representation to bind them to the same extent and in the same manner as though he or she were a
21 partner in fact, with respect to persons who rely on the representation. Where all the members of
22 the existing partnership consent to the representation, a partnership act or obligation results; but
23 in all other cases it is the joint act or obligation of the person acting and the persons consenting to
24 the representation.

25 **7-12-28. Liability of incoming partner** -- A person admitted as a partner into an existing
26 partnership is liable for all the obligations of the partnership arising before his or her admission as
27 though he or she had been a partner when the obligations were incurred, except that this liability
28 is satisfied only out of partnership property.

29 **7-12-29. Rules determining rights and duties of partners** -- The rights and duties of
30 the partners in relation to the partnership are determined, subject to any agreement between them,
31 by the following rules:

32 (1) Each partner is repaid his or her contributions, whether by way of capital or advances
33 to the partnership property and shares equally in the profits and surplus remaining after all
34 liabilities, including those to partners, are satisfied; and except as provided in section 7-12-26(b),

1 each partner must contribute toward the losses, whether of capital or otherwise, sustained by the
2 partnership according to his or her share in the profits.

3 ~~(2) The partnership must indemnify every partner in respect of payments made and
4 personal liabilities reasonably incurred by him or her in the ordinary and proper conduct of its
5 business, or for the preservation of its business or property.~~

6 ~~(3) A partner, who in aid of the partnership makes any payment or advance beyond the
7 amount of capital which he or she agreed to contribute, is paid interest from the date of the
8 payment or advance.~~

9 ~~(4) A partner receives interest on the capital contributed by him or her only from the date
10 when repayment should be made.~~

11 ~~(5) All partners have equal rights in the management and conduct of the partnership
12 business.~~

13 ~~(6) No partner is entitled to remuneration for acting in the partnership business, except
14 that a surviving partner is entitled to reasonable compensation for his or her services in winding
15 up the partnership affairs.~~

16 ~~(7) No person can become a member of a partnership without the consent of all the
17 partners.~~

18 ~~(8) Any difference arising as to ordinary matters connected with the partnership business
19 may be decided by a majority of the partners; but no act in contravention of any agreement
20 between the partners may be done rightfully without the consent of all the partners.~~

21 ~~**7-12-30. Partnership books** --- The partnership books are kept, subject to any agreement
22 between the partners, at the principal place of business of the partnership, and every partner shall
23 at all times have access to and may inspect and copy any of them.~~

24 ~~**7-12-31. Duty of partners to render information** --- Partners shall render on demand
25 true and full information of all things affecting the partnership to any partner or the legal
26 representative of any deceased partner or partner under legal disability.~~

27 ~~**7-12-31.1. Nature of business** --- (a) Except as provided in subsection (b), a registered
28 limited liability partnership or a foreign registered limited liability partnership may conduct any
29 lawful business in this state.~~

30 ~~(b) (1) A registered limited liability partnership or a foreign registered limited liability
31 partnership may not render professional services as defined in section 75.1 2, except that a
32 registered limited liability partnership may engage in the practice of public accountancy pursuant
33 to chapter 3 of title 5 or in the practice of law pursuant to Article II, III, IV, and V of the Supreme
34 Court rules.~~

1 ~~(2) A registered limited liability partnership or foreign registered limited liability~~
2 ~~partnership that is engaged in the practice of public accountancy in this state is subject to the laws~~
3 ~~and regulations of this state governing the practice of public accountancy by partnerships.~~
4 ~~Nothing in this section affects the authority of the Rhode Island board of accountancy to regulate~~
5 ~~the practice of public accountancy.~~

6 ~~(3) A registered limited liability partnership or foreign registered limited liability~~
7 ~~partnership that is engaged in the practice of law in this state is subject to the laws and regulations~~
8 ~~of this state governing the practice of law by partnerships. Nothing in this section affects the~~
9 ~~authority of the Rhode Island Supreme Court to regulate the practice of law.~~

10 ~~**7-12-32. Partner accountable as a fiduciary** -- (a) Every partner must account to the~~
11 ~~partnership for any benefit, and hold as trustee for it any profits derived by him or her without the~~
12 ~~consent of the other partners from any transaction connected with the formation, conduct, or~~
13 ~~liquidation of the partnership or from any use by him or her of its property.~~

14 ~~(b) This section applies also to the representatives of a deceased partner engaged in the~~
15 ~~liquidation of the affairs of the partnership as the personal representatives of the last surviving~~
16 ~~partner.~~

17 ~~**7-12-33. Right to an account** -- Any partner has the right to a formal account as to~~
18 ~~partnership affairs:~~

19 ~~(1) If he or she is wrongfully excluded from the partnership business or possession of its~~
20 ~~property by his or her copartners.~~

21 ~~(2) If the right exists under the terms of any agreement.~~

22 ~~(3) As provided by section 7-12-32.~~

23 ~~(4) Whenever other circumstances render it just and reasonable.~~

24 ~~**7-12-34. Continuation of partnership beyond fixed term** -- (a) When a partnership for~~
25 ~~a fixed term or particular undertaking is continued after the termination of the term or particular~~
26 ~~undertaking without any express agreement, the rights and duties of the partners remain the same~~
27 ~~as they were at the termination, insofar as is consistent with a partnership at will.~~

28 ~~(b) A continuation of the business by the partners or those of them that habitually acted~~
29 ~~in the partnership during the term, without any settlement or liquidation of the partnership affairs,~~
30 ~~is prima facie evidence of a continuation of the partnership.~~

31 ~~**7-12-35. Extent of property rights of a partner** -- The property rights of a partner are:~~

32 ~~(1) His or her rights in specific partnership property;~~

33 ~~(2) His or her interest in the partnership; and~~

34 ~~(3) His or her rights to participate in the management.~~

1 ~~**7-12-36. Nature of a partner's right in specific partnership property**~~ -- (a) A partner
2 is co-owner with his or her partners of specific partnership property holding as a tenant in
3 partnership.

4 ~~(b) The incidents of this tenancy are such that:~~

5 ~~(1) A partner, subject to the provisions of sections 7-12-12 through 7-12-55 and to any~~
6 ~~agreement between the partners, has an equal right with his or her partners to possess specific~~
7 ~~partnership property for partnership purposes; but he or she has no right to possess the property~~
8 ~~for any other purpose without the consent of his or her partners.~~

9 ~~(2) A partner's right in specific partnership property is not assignable except in~~
10 ~~connection with the assignment of rights of all the partners in the same property.~~

11 ~~(3) A partner's right in specific partnership property is not subject to attachment or~~
12 ~~execution, except on a claim against the partnership. When partnership property is attached for a~~
13 ~~partnership debt the partners, or any of them, or the representatives of a deceased partner, cannot~~
14 ~~claim any right under the exemption laws.~~

15 ~~(4) On the death of a partner his or her right in specific partnership property vests in the~~
16 ~~surviving partner or partners, except where the deceased was the last surviving partner, when his~~
17 ~~or her right in the property vests in his or her legal representative. The surviving partner or~~
18 ~~partners, or the legal representative of the last surviving partner, has no right to possess the~~
19 ~~partnership property for any but a partnership purpose.~~

20 ~~(5) A partner's right in specific partnership property is not subject to dower, curtesy, or~~
21 ~~allowances to widows, heirs, or next of kin.~~

22 ~~**7-12-37. Nature of partner's interest in the partnership**~~ -- A partner's interest in the
23 partnership is his or her share of the profits and surplus, and his or her share of the profits and
24 surplus is personal property.

25 ~~**7-12-38. Assignment of partner's interest**~~ -- (a) A conveyance by a partner of his or her
26 interest in the partnership does not of itself dissolve the partnership, nor, as against the other
27 partners in the absence of agreement, entitle the assignee, during the continuance of the
28 partnership, to interfere in the management or administration of the partnership business or
29 affairs, to require any information or account of partnership transactions, or to inspect the
30 partnership book. It merely entitles the assignee to receive in accordance with his or her contract
31 the profits to which the assigning partner would otherwise be entitled.

32 ~~(b) In case of a dissolution of the partnership, the assignee is entitled to receive his or her~~
33 ~~assignor's interest and may require an account from the date only of the last account agreed to by~~
34 ~~all the partners.~~

1 ~~**7-12-39. Partner's interest subject to charging order**~~ — (a) On due application to the
2 superior court by any judgment creditor of a partner, the court may charge the interest of the
3 debtor partner with payment of the unsatisfied amount of the judgment debt with interest on it;
4 and may then or later appoint a receiver of his or her share of the profits, and of any other money
5 due or to fall due to him or her in respect of the partnership, and make all other orders, directions,
6 accounts, and inquiries which the debtor partner might have made, or which the circumstances of
7 the case require.

8 ~~(b) The interest charged may be redeemed at any time before foreclosure, or in case of a
9 sale being directed by the court may be purchased without causing a dissolution:~~

10 ~~(1) With separate property, by any one or more of the partners; or~~

11 ~~(2) With partnership property, by any one or more of the partners with the consent of all
12 the partners whose interests are not so charged or sold.~~

13 ~~(c) Nothing in sections 7-12-12 — 7-12-55 deprives a partner of his or her right, if any,
14 under the exemption laws, regarding his interest in the partnership.~~

15 ~~**7-12-40. Dissolution defined**~~ — The dissolution of a partnership is the change in the
16 relation of the partners caused by any partner ceasing to be associated in the carrying on as
17 distinguished from the winding up of the business.

18 ~~**7-12-41. Partnership not terminated by dissolution**~~ — On dissolution the partnership is
19 not terminated, but continues until the winding up of partnership affairs is completed.

20 ~~**7-12-42. Causes of dissolution**~~ — Dissolution is caused:

21 ~~(1) Without violation of the agreement between the partners,~~

22 ~~(i) By the termination of the definite term or particular undertaking specified in the
23 agreement;~~

24 ~~(ii) By the express will of any partner when no definite term or particular undertaking is
25 specified;~~

26 ~~(iii) By the express will of all the partners who have not assigned their interests or
27 suffered them to be charged for their separate debts, either before or after the termination of any
28 specified term or particular undertaking.~~

29 ~~(iv) By the expulsion of any partner from the business bona fide in accordance with the
30 power conferred by the agreement between the partners.~~

31 ~~(2) In contravention of the agreement between the partners, where the circumstances do
32 not permit a dissolution under any other provision of this section, by the express will of any
33 partner at any time;~~

34 ~~(3) By any event which makes it unlawful for the business of the partnership to be~~

1 ~~carried on or for the members to carry it on in partnership;~~

2 ~~(4) By the death of any partner;~~

3 ~~(5) By the bankruptcy of any partner or the partnership;~~

4 ~~(6) By decree of court under section 7-12-43.~~

5 **7-12-43. Dissolution by decree of court** ~~-- (a) On application by or for a partner, the~~
6 ~~court shall decree a dissolution whenever:~~

7 ~~(1) A partner has been declared mentally incompetent in any judicial proceeding or is~~
8 ~~shown to be of unsound mind;~~

9 ~~(2) A partner becomes in any other way incapable of performing his or her part of the~~
10 ~~partnership contract;~~

11 ~~(3) A partner has been guilty of any conduct that tends to affect prejudicially the carrying~~
12 ~~on of the business;~~

13 ~~(4) A partner willfully or persistently commits a breach of the partnership agreement, or~~
14 ~~otherwise so conducts him or herself in matters relating to the partnership business that it is not~~
15 ~~reasonably practicable to carry on the business in partnership with him or her;~~

16 ~~(5) The business of the partnership can only be carried on at a loss;~~

17 ~~(6) Other circumstances render a dissolution equitable.~~

18 ~~(b) On the application of the purchaser of a partner's interest under sections 7-12-38 and~~
19 ~~7-12-39, the court shall decree a dissolution:~~

20 ~~(1) After the termination of the specified term or particular undertaking;~~

21 ~~(2) At any time if the partnership was a partnership at will when the interest was~~
22 ~~assigned or when the charging order was issued.~~

23 **7-12-44. General effect of dissolution on authority of partner** ~~-- Except insofar as is~~
24 ~~necessary to wind up partnership affairs or to complete transactions begun but not then finished,~~
25 ~~dissolution terminates all authority of any partner to act for the partnership,~~

26 ~~(1) Regarding the partners;~~

27 ~~(i) When the dissolution is not by the act, bankruptcy, or death of a partner; or~~

28 ~~(ii) When the dissolution is by the act, bankruptcy, or death of a partner, in cases where~~
29 ~~section 7-12-45 so requires.~~

30 ~~(2) With respect to persons not partners, as declared in section 7-12-46.~~

31 **7-12-45. Right of partner to contribution from copartners after dissolution** ~~-- Where~~
32 ~~the dissolution is caused by the act, death, or bankruptcy of a partner, each partner is liable to his~~
33 ~~or her copartners for his or her share of any liability created by any partner acting for the~~
34 ~~partnership as if the partnership had not been dissolved, unless:~~

1 ~~(1) The dissolution being by act of any partner, the partner acting for the partnership had~~
2 ~~knowledge of the dissolution, or~~

3 ~~(2) The dissolution being by the death or bankruptcy of a partner, the partner acting for~~
4 ~~the partnership had knowledge or notice of the death or bankruptcy, or~~

5 ~~(3) The liability is for a debt or obligation for which the partner is not liable as provided~~
6 ~~in section 7-12-26(b).~~

7 ~~**7-12-46. Power of partner to bind partnership to third persons after dissolution --**~~

8 ~~(a) After dissolution a partner can bind the partnership except as provided in subsection (c), by:~~

9 ~~(1) Any act appropriate for winding up partnership affairs or completing transactions~~
10 ~~unfinished at dissolution;~~

11 ~~(2) Any transaction which would bind the partnership if dissolution had not taken place,~~
12 ~~provided the other party to the transaction;~~

13 ~~(i) Had extended credit to the partnership prior to dissolution and had no knowledge or~~
14 ~~notice of the dissolution; or~~

15 ~~(ii) Though he or she had not so extended credit, had nevertheless known of the~~
16 ~~partnership prior to dissolution, and, having no knowledge or notice of dissolution, the fact of~~
17 ~~dissolution had not been advertised in a newspaper of general circulation in the place (or in each~~
18 ~~place if more than one) at which the partnership business was regularly carried on.~~

19 ~~(b) The liability of a partner under subsection (a)(2) shall be satisfied out of partnership~~
20 ~~assets alone, when the partner had been, prior to dissolution,~~

21 ~~(1) Unknown as a partner to the person with whom the contract is made; and~~

22 ~~(2) So far unknown and inactive in partnership affairs that the business reputation of the~~
23 ~~partnership could not be said to have been in any degree due to his or her connection with it.~~

24 ~~(c) The partnership is in no case bound by any act of a partner after dissolution where:~~

25 ~~(1) The partnership is dissolved because it is unlawful to carry on the business, unless~~
26 ~~the act is appropriate for winding up partnership affairs;~~

27 ~~(2) The partner has become bankrupt; or~~

28 ~~(3) The partner has no authority to wind up partnership affairs; except by a transaction~~
29 ~~with one who:~~

30 ~~(i) Had extended credit to the partnership prior to dissolution and had no knowledge or~~
31 ~~notice of his or her want of authority; or~~

32 ~~(ii) Had not extended credit to the partnership prior to dissolution, and, having no~~
33 ~~knowledge or notice of his or her want of authority, the fact of his or her want of authority has not~~
34 ~~been advertised in the manner provided for advertising the fact of dissolution in subsection~~

1 (a)(2)(ii).

2 ~~(d) Nothing in this section affects the liability under section 7-12-27 of any person who~~
3 ~~after dissolution represents him or herself or consents to another representing him or her as a~~
4 ~~partner in a partnership engaged in carrying on business.~~

5 ~~**7-12-47. Effect of dissolution on partner's existing liability** -- (a) The dissolution of the~~
6 ~~partnership does not of itself discharge the existing liability of any partner.~~

7 ~~(b) A partner is discharged from any existing liability upon dissolution of the partnership~~
8 ~~by an agreement to that effect between him or herself, the partnership creditor, and the person or~~
9 ~~partnership continuing the business. An agreement may be inferred from the course of dealing~~
10 ~~between the creditor having knowledge of the dissolution and the person or partnership~~
11 ~~continuing the business.~~

12 ~~(c) Where a person agrees to assume the existing obligations of a dissolved partnership,~~
13 ~~the partners whose obligations have been assumed are discharged from any liability to any~~
14 ~~creditor of the partnership who, knowing of the agreement, consents to a material alteration in the~~
15 ~~nature or time of payment of the obligations.~~

16 ~~(d) The individual property of a deceased partner is liable for those obligations of the~~
17 ~~partnership incurred while he or she was a partner and for which he or she is liable under section~~
18 ~~7-12-26, but subject to the prior payment of his or her separate debts.~~

19 ~~**7-12-48. Right to wind up** -- Unless otherwise agreed, the partners who have not~~
20 ~~wrongfully dissolved the partnership or the legal representative of the last surviving partner, not~~
21 ~~bankrupt, has the right to wind up the partnership affairs; provided, that any partner, his or her~~
22 ~~legal representative or his or her assignee may obtain winding up by the court upon cause shown.~~

23 ~~**7-12-49. Rights of partners to application of partnership property** -- (a) When~~
24 ~~dissolution is caused in any way, except in contravention of the partnership agreement, each~~
25 ~~partner, as against his or her copartners and all persons claiming through them in respect of their~~
26 ~~interests in the partnership, unless otherwise agreed, may have the partnership property applied to~~
27 ~~discharge its liabilities, and the surplus applied to pay in cash the net amount owing to the~~
28 ~~respective partners. But if dissolution is caused by the expulsion of a bona fide partner under the~~
29 ~~partnership agreement, and if the expelled partner is discharged from all partnership liabilities,~~
30 ~~either by payment or agreement under section 7-12-47(2), he or she receives in cash only the net~~
31 ~~amount due him or her from the partnership.~~

32 ~~(b) When dissolution is caused in contravention of the partnership agreement the rights~~
33 ~~of the partners are as follows:~~

34 ~~(1) Each partner who has not wrongfully caused dissolution has,~~

1 ~~(i) All the rights specified in subsection (a), and~~
2 ~~(ii) The right, as against each partner who has wrongfully caused the dissolution to~~
3 ~~damages for breach of the agreement.~~

4 ~~(2) The partners who have not wrongfully caused the dissolution, if they all desire to~~
5 ~~continue the business in the same name, either by themselves or jointly with others, may do so,~~
6 ~~during the agreed term for the partnership and for that purpose may possess the partnership~~
7 ~~property, provided they secure the payment by bond approved by the court, or pay to any partner~~
8 ~~who has wrongfully caused the dissolution, the value of his or her interest in the partnership at the~~
9 ~~dissolution, less any damages recoverable under subsection (b)(1)(ii), and in like manner~~
10 ~~indemnify him or her against all present or future partnership liabilities.~~

11 ~~(3) A partner who has wrongfully caused the dissolution has:~~

12 ~~(i) If the business is not continued under the provisions of subsection (b)(2) all the rights~~
13 ~~of a partner under subsection (a); subject to subsection (b)(1)(ii).~~

14 ~~(ii) If the business is continued under subsection (b)(2) the right as against his or her~~
15 ~~copartners and all claiming through them as to their interests in the partnership, to have the value~~
16 ~~of his or her interest in the partnership, less any damages caused to his or her copartners by the~~
17 ~~dissolution, ascertained and paid to him or her in cash, or the payment secured by bond approved~~
18 ~~by the court, and to be released from all existing liabilities of the partnership; but in ascertaining~~
19 ~~the value of the partner's interest the value of the good will of the business is not considered.~~

20 ~~**7-12-50. Rights where partnership is dissolved for fraud or misrepresentation**~~

21 ~~Where a partnership contract is rescinded on the ground of the fraud or misrepresentation of one~~
22 ~~of the parties to the contract, the party entitled to rescind is, without prejudice to any other right,~~
23 ~~entitled to:~~

24 ~~(1) A lien on, or right of retention of, the surplus of the partnership property, after~~
25 ~~satisfying the partnership liabilities to third persons, for any sum of money paid by him or her for~~
26 ~~the purchase of an interest in the partnership and for any capital or advances contributed by him;~~
27 ~~and~~

28 ~~(2) Stand, after all liabilities to third persons have been satisfied, in the place of the~~
29 ~~creditors of the partnership for any payments made by him or her as to the partnership liabilities;~~
30 ~~and~~

31 ~~(3) Indemnification by the person guilty of the fraud or making the representation against~~
32 ~~all debts and liabilities of the partnership.~~

33 ~~**7-12-51. Rules for distribution**~~ In settling accounts between the partners after

34 ~~dissolution, the following rules are observed, subject to any agreement to the contrary:~~

- 1 ~~(1) The assets of the partnership are:~~
- 2 ~~(i) The partnership property;~~
- 3 ~~(ii) The contributions of the partners specified in subdivision (4).~~
- 4 ~~(2) The liabilities of the partnership rank in order of payment, as follows:~~
- 5 ~~(i) Those owing to creditors other than partners;~~
- 6 ~~(ii) Those owing to partners other than for capital and profits;~~
- 7 ~~(iii) Those owing to partners in respect of capital;~~
- 8 ~~(iv) Those owing to partners in respect of profits.~~
- 9 ~~(3) The assets are applied in the order of their declaration in subdivision (1) to the~~
- 10 ~~satisfaction of the liabilities.~~
- 11 ~~(4) Except as provided in section 7-12-26(b), the partners shall contribute, as provided~~
- 12 ~~by section 7-12-29(1) the amount necessary to satisfy the liabilities; but if any, but not all, of the~~
- 13 ~~partners are insolvent, or not being subject to process, refuse to contribute, the other partners shall~~
- 14 ~~contribute their share of the liabilities, and, in the relative proportions in which they share the~~
- 15 ~~profits, the additional amount necessary to pay the liabilities.~~
- 16 ~~(5) An assignee for the benefit of creditors of any person appointed by the court has the~~
- 17 ~~right to enforce the contributions specified in subdivision (4).~~
- 18 ~~(6) Any partner or his or her legal representative has the right to enforce the~~
- 19 ~~contributions specified in subdivision (4), to the extent of the amount which he or she has paid in~~
- 20 ~~excess of his or her share.~~
- 21 ~~(7) The individual property of a deceased partner is liable for the contributions specified~~
- 22 ~~in subdivision (4).~~
- 23 ~~(8) When partnership property and the individual properties of the partners are in~~
- 24 ~~possession of a court for distribution, partnership creditors have priority on partnership property~~
- 25 ~~and separate creditors on individual property, saving the rights of lien or secured creditors as~~
- 26 ~~previously.~~
- 27 ~~(9) Where a partner has become bankrupt or his or her estate is insolvent the claims~~
- 28 ~~against his or her separate property rank in the following order:~~
- 29 ~~(i) Those owing to separate creditors;~~
- 30 ~~(ii) Those owing to partnership creditors;~~
- 31 ~~(iii) Those owing to partners by way of contribution.~~

32 ~~**7-12-52. Liability of persons continuing the business in certain cases**~~ -- (a) When any

33 ~~new partner is admitted into an existing partnership, or when any partner retires and assigns (or~~

34 ~~the representative of the deceased partner assigns) his or her rights in partnership property to two~~

1 ~~(2) or more of the partners, or to one or more of the partners, and one or more third persons, if the~~
2 ~~business is continued without liquidation of the partnership affairs, creditors of the first or~~
3 ~~dissolved partnership are also creditors of the partnership continuing the business.~~

4 ~~(b) When all but one partner retire and assign (or the representative of the deceased~~
5 ~~partner assigns) their rights in partnership property to the remaining partner, who continues the~~
6 ~~business without liquidation of partnership affairs, either alone or with others, creditors of the~~
7 ~~dissolved partnership are also creditors of the person or partnership continuing the business.~~

8 ~~(c) When any partner retires or dies and the business of the dissolved partnership is~~
9 ~~continued as described in subsections (a) and (b), with the consent of the retired partners or the~~
10 ~~representative of the deceased partner, but without any assignment of his or her right in~~
11 ~~partnership property, rights of creditors of the dissolved partnership and of the creditors of the~~
12 ~~person or partnership continuing the business are as if the assignment had been made.~~

13 ~~(d) When all the partners or their representatives assign their rights in partnership~~
14 ~~property to one or more third persons who promise to pay the debts and who continue the~~
15 ~~business of the dissolved partnerships, creditors of the dissolved partnerships are also creditors of~~
16 ~~the person or partnership continuing the business.~~

17 ~~(e) When any partner wrongfully causes a dissolution and the remaining partners~~
18 ~~continue the business under the provision of section 7-12-49(b)(2), either alone or with others,~~
19 ~~and without liquidation of the partnership affairs, creditors of the dissolved partnership are also~~
20 ~~creditors of the person or partnership continuing the business.~~

21 ~~(f) When a partner is expelled and the remaining partners continue the business either~~
22 ~~alone or with others, without liquidation of the partnership affairs, creditors of the dissolved~~
23 ~~partnership are also creditors of the person or partnership continuing the business.~~

24 ~~(g) The liability of a third person becoming a partner in the partnership continuing the~~
25 ~~business, under this section, to the creditors of the dissolved partnership is satisfied out of~~
26 ~~partnership property only.~~

27 ~~(h) When the business of a partnership after dissolution is continued under any~~
28 ~~conditions described in this section, the creditors of the dissolved partnership, as against the~~
29 ~~separate creditors of the retiring or deceased partner or the representative of the deceased partner,~~
30 ~~have a prior right to any claim of the retired partner or the representative of the deceased partner~~
31 ~~against the person or partnership continuing the business, on account of the retired or deceased~~
32 ~~partner's interest in the dissolved partnership or on account of any consideration promised for the~~
33 ~~interest or for his or her right in partnership property.~~

34 ~~(i) Nothing in this section can be held to modify any right of creditors to set aside any~~

1 assignment on the ground of fraud.

2 ~~(j) The use by the person or partnership continuing the business of the partnership name,~~
3 ~~or the name of a deceased partner as part of it, does not of itself make the individual property of~~
4 ~~the deceased partner liable for any debts contracted by the person or partnership.~~

5 ~~**7-12-53. Rights of retiring or estate of deceased partner when the business is**~~
6 ~~**continued**~~ -- When any partner retires or dies, and the business is continued under any of the
7 conditions described in subsections (a), (b), (c), (e) or (f) of section 7-12-52, or section 7-12-
8 49(b)(2), without any settlement of accounts as between him or her or his or her estate and the
9 person or partnership continuing the business, unless otherwise agreed, he or she or his or her
10 legal representative as against the persons or partnership may have the value of his or her interest
11 at the date of dissolution ascertained, and shall receive as an ordinary creditor an amount equal to
12 the value of his or her interest in the dissolved partnership with interest, or, at his or her option or
13 at the option of his or her legal representative, in lieu of interest, the profits attributable to the use
14 of his or her right in the property of the dissolved partnership; provided, that the creditors of the
15 dissolved partnership as against the separate creditors, or the representative of the retired or
16 deceased partner, have priority on any claim arising under this section as provided by section 7-
17 12-52(h).

18 ~~**7-12-54. Accrual of actions**~~ -- The right to an account of his or her interest accrues to
19 any partner, or his or her legal representative, as against the winding up partners or the surviving
20 partners or the person or partnership continuing the business, at the date of dissolution, in the
21 absence of any agreement to the contrary.

22 ~~**7-12-55. Other laws preserved**~~ -- Nothing contained in sections 7-12-12 -- 7-12-55
23 affects the provisions of sections 7-12-1 -- 7-12-11 or of chapter 13 of this title.

24 ~~**7-12-56. Registered limited liability partnerships**~~ -- (a) To become and to continue as a
25 registered limited liability partnership, a partnership shall file with the secretary of state an
26 application or a renewal application, stating the name of the partnership, the address of its
27 principal office, if the partnership's principal office is not located in this state, the address of a
28 registered office and the name and address of a registered agent for service of process in this state
29 which a partnership is required to maintain. In addition, partnerships under this section shall
30 provide the names and addresses of all resident partners, the place where the business records of
31 the partnership are maintained, or if more than one location for business records is maintained,
32 then the principal place of business of the partnership, number, a brief statement of the business
33 in which the partnership engaged, and that the partnership applies for status or renewal of its
34 status, as a registered limited liability partnership.

1 ~~-(b) The application or renewal application is executed by a majority in interest of the~~
2 ~~partners or by one or more partners authorized to execute an application or renewal application.~~

3 ~~-(c) The application or renewal application is accompanied by a fee of one hundred~~
4 ~~dollars (\$100) for each partner, not to exceed two thousand five hundred dollars (\$2,500) for each~~
5 ~~partnership's initial filing or subsequent renewal application.~~

6 ~~-(d) The secretary of state shall register as a registered limited liability partnership, and~~
7 ~~shall renew the registration of any limited liability partnership, any partnership that submits a~~
8 ~~completed application or renewal application with the required fee.~~

9 ~~-(e) Registration is effective for one year after the date an application is filed, unless~~
10 ~~voluntarily withdrawn by filing with the secretary of state a written withdrawal notice executed~~
11 ~~by a majority in interest of the partners or by one or more partners authorized to execute a~~
12 ~~withdrawal. Registration, whether pursuant to an original application or a renewal application, as~~
13 ~~a registered limited liability partnership is renewed if, during the sixty (60) day period preceding~~
14 ~~the date the application or renewal application otherwise would have expired, the partnership~~
15 ~~filed with the secretary of state a renewal application. A renewal application expires one year~~
16 ~~after the date an original application would have expired if the last renewal of the application had~~
17 ~~not occurred.~~

18 ~~-(f) The status of a partnership as a registered limited liability partnership is not affected~~
19 ~~by changes after the filing of an application or a renewal application in the information stated in~~
20 ~~the application or renewal application.~~

21 ~~-(g) The secretary of state may provide forms for application for or renewal of~~
22 ~~registration. Any renewals shall maintain resident partners as set out in this section.~~

23 ~~-(h) A partnership that registers as a registered limited liability partnership is not deemed~~
24 ~~to have dissolved as a result of that registration and is for all purposes the same partnership that~~
25 ~~existed before the registration and continues to be a partnership under the laws of this state. If a~~
26 ~~registered limited liability partnership dissolves, a partnership which is a successor to the~~
27 ~~registered limited liability partnership and which intends to be a registered limited liability~~
28 ~~partnership is not required to file a new application and is deemed to have filed any documents~~
29 ~~required or permitted under this chapter which were filed by the predecessor partnership.~~

30 ~~-(i) The fact that an application or renewal application is on file in the office of the~~
31 ~~secretary of state is notice that the partnership is a registered limited liability partnership and is~~
32 ~~notice of all other facts stated in the application or renewal application.~~

33 ~~7-12-57. Name of registered limited liability partnerships --- (a) The name of a~~
34 ~~registered limited liability partnership contains the words "registered limited liability partnership"~~

1 ~~or the abbreviation "L.L.P." or "LLP" as the last words or letters of its name.~~

2 ~~-(b) The name cannot be the same, or deceptively similar to, the name of any domestic~~
3 ~~for profit or nonprofit corporation, or any domestic limited partnership or any domestic limited~~
4 ~~liability company or any registered limited liability partnership existing under the laws of the~~
5 ~~state or the name of any foreign for profit or nonprofit corporation, or foreign limited partnership~~
6 ~~or foreign limited liability company or foreign registered limited liability partnership authorized~~
7 ~~to transact business in this state, or a name the exclusive right to which is, at the time filed,~~
8 ~~reserved or registered in the manner provided under this title, subject to the following:~~

9 ~~-(1) This provision does not apply if the applicant files with the secretary of state either of~~
10 ~~the following:~~

11 ~~-(i) The written consent of the other corporation, limited partnership, limited liability~~
12 ~~company, registered limited liability partnership, or holder of a filed, reserved or registered name~~
13 ~~to use the same or deceptively similar name and one or more words are added to make the name~~
14 ~~distinguishable from the other name; or~~

15 ~~-(ii) A certified copy of a final decree of a court of competent jurisdiction establishing the~~
16 ~~prior right of the applicant to the use of the name in this state; and~~

17 ~~-(2) The name may be the same as, or deceptively similar to, the name of a corporation or~~
18 ~~limited liability company or registered limited liability partnership, the certificate of~~
19 ~~incorporation, authority, organization or registration of which has been revoked by the secretary~~
20 ~~of state as permitted by law and the revocation has not been withdrawn within one year from the~~
21 ~~date of the revocation.~~

22 ~~**7-12-58. Insurance or financial responsibility of registered limited liability**~~
23 ~~**partnerships**~~

24 ~~--- (a) A registered limited liability partnership that is to perform professional~~
25 ~~services as defined in section 75.1 2 of the general laws shall carry, if reasonably available,~~
26 ~~liability insurance of a kind that is designed to cover the kinds of negligence, wrongful acts or~~
27 ~~misconduct for which liability is limited by section 7 12 26(b). The insurance shall be in the~~
28 ~~aggregate amount of fifty thousand dollars (\$50,000) multiplied by the number of professional~~
29 ~~employees of the registered limited liability partnership as of the policy anniversary date;~~
30 ~~provided, that in no case shall the coverage be less than one hundred thousand dollars (\$100,000)~~
31 ~~but in no event shall the necessary coverage exceed a maximum of five hundred thousand dollars~~
32 ~~(\$500,000); provided, further, that any policy for insurance coverage may include a deductible~~
33 ~~provision in any amount not to exceed twenty five thousand dollars (\$25,000) for each claim~~
34 ~~multiplied by the number of professional employees of the limited liability partnership as of the~~
~~date of the issuance of the policy. The policy or policies of insurance may be subject to any terms,~~

1 conditions, exclusions and endorsements that are typically contained in policies of this type.

2 ~~(b) If, in any proceeding, compliance by a partnership with the requirements of~~
3 ~~subsection (a) is disputed:~~

4 ~~(1) That issue is determined by the court, and~~

5 ~~(2) The burden of proof of compliance is on the person who claims the limitation of~~
6 ~~liability in section 7-12-26(b).~~

7 ~~(c) If a registered limited liability partnership is in compliance with the requirements of~~
8 ~~subsection (a), the requirements of this section shall not be admissible or in any way be made~~
9 ~~known to a jury in determining an issue of liability for or extent of the debt or obligation or~~
10 ~~damages in question.~~

11 ~~(d) Insurance is reasonably available for the purpose of subsection (a) if, at the time that~~
12 ~~the coverage would apply to the negligence, wrongful acts or misconduct in question it was~~
13 ~~reasonably available to similar types of partnerships through the admitted or eligible surplus lines~~
14 ~~market.~~

15 ~~(e) A registered limited liability partnership is considered to be in compliance with~~
16 ~~subsection (a) if the partnership provides five hundred thousand dollars (\$500,000) of funds~~
17 ~~specifically designated and segregated for the satisfaction of judgments against the partnership~~
18 ~~based on the forms of negligence, wrongful acts and misconduct for which liability is limited by~~
19 ~~section 7-12-26(2) by:~~

20 ~~(1) Deposit in trust or in bank escrow of cash, bank certificates of deposit or United~~
21 ~~States Treasury obligations; or~~

22 ~~(2) A bank letter of credit or insurance company bonds.~~

23 ~~(f) To the extent that a partnership maintains liability insurance or segregated funds~~
24 ~~pursuant to the laws or regulations of another jurisdiction, the liability insurance or segregated~~
25 ~~funds are deemed to satisfy this section if the amount hereof is equal to or greater than the amount~~
26 ~~specified in subsection (a) or (e).~~

27 ~~**7-12-59. Applicability to foreign and interstate commerce** --- (a) A partnership,~~
28 ~~including a registered limited liability partnership, formed and existing pursuant to an agreement~~
29 ~~governed by this chapter may conduct its business, carry on its operations and have and exercise~~
30 ~~the powers granted by this chapter in any state, territory, district or possession of the United~~
31 ~~States or in any foreign country.~~

32 ~~(b) It is the intent of the general assembly that the legal existence of partnerships,~~
33 ~~including registered limited liability partnerships, formed in this state are recognized outside the~~
34 ~~boundaries of this state and that, subject to any reasonable requirement of registration, a~~

1 partnership, including a registered limited liability partnership, formed pursuant to an agreement
2 governed by this chapter and transacting business outside this state is granted the protection of
3 full faith and credit under the Constitution of the United States.

4 ~~-(e) The liability of partners in a partnership, including registered limited liability~~
5 ~~partnerships, formed and existing pursuant to an agreement governed by this chapter for the debts~~
6 ~~and obligations of the partnership, is at all times determined exclusively by the laws of this state.~~

7 ~~-(d) Before transacting business in this state, a foreign registered limited liability~~
8 ~~partnership shall comply with any statutory or administrative registration or filing requirements~~
9 ~~governing the specific type of business in which the partnership is engaged, and file a notice with~~
10 ~~the secretary of state, on any forms that the Secretary provides, stating:~~

11 ~~-(1) The name of the partnership;~~

12 ~~-(2) The jurisdiction, the laws of which govern its partnership agreement and under which~~
13 ~~it is registered as a limited liability partnership;~~

14 ~~-(3) The address of its principal office;~~

15 ~~-(4) If the partnership's principal office is not located in this state;~~

16 ~~-(5) The address of a registered office and the name and address of a registered agent for~~
17 ~~service of process in this state which the partnership shall be required to maintain;~~

18 ~~-(6) The names and addresses of all resident partners in this state;~~

19 ~~-(7) A brief statement of the business in which the partnership engages;~~

20 ~~-(8) Any other information that the partnership determines to include;~~

21 ~~-(9) A statement that the partnership is a registered limited liability partnership. The~~
22 ~~notice shall be accompanied by a fee of one thousand dollars (\$1,000). The notice is effective for~~
23 ~~two (2) years from the date of filing, provided it is in compliance with section 7-12-56, after~~
24 ~~which time the partnership shall file a new notice. The filing of the notice with the secretary of~~
25 ~~state makes it unnecessary to file any other documents under sections 6-1-1—6-1-4.~~

26 ~~-(e) The name of a foreign registered limited liability partnership doing business in this~~
27 ~~state shall contain the words "Registered Limited Liability Partnership" or "L.L.P." or "LLP", or~~
28 ~~any other similar words or abbreviation as are required or authorized by the laws of the state~~
29 ~~where the partnership is registered, as the last words or letters of its name.~~

30 ~~-(f) The internal affairs of foreign registered limited liability partnerships, including the~~
31 ~~liability of partners for debts, obligations and liabilities of or chargeable to the partnership or~~
32 ~~another partner or partners, are subject to and governed by the laws of the jurisdiction in which~~
33 ~~the foreign registered limited liability partnership is registered.~~

34 SECTION 2. Title 7 of the General Laws entitled "Corporations, Associations, and

1 Partnerships” is hereby amended by adding thereto the following chapter:

2 CHAPTER 12.1

3 UNIFORM PARTNERSHIP ACT

4 7-12.1-1. Title. – This chapter shall be known and cited as the “Uniform Partnership
5 Act.”

6 7-12.1-2. Definitions. – In this act:

7 (1) “Business” includes every trade, occupation, and profession.

8 (2) “Debtor in bankruptcy” means a person who is the subject of:

9 (i) an order for relief under Title 11 of the United States Code or a comparable order
10 under a successor statute of general application; or

11 (ii) a comparable order under federal, state, or foreign law governing insolvency.

12 (3) “Distribution” means a transfer of money or other property from a partnership to a
13 partner in the partner’s capacity as a partner or to the partner’s transferee.

14 (4) “Foreign limited liability partnership” means a partnership that:

15 (i) is formed under laws other than the laws of this state; and

16 (ii) has the status of a limited liability partnership under those laws.

17 (5) “Limited liability partnership” means a partnership that has filed a statement of
18 qualification under section 7-12.1-57 and does not have a similar statement in effect in any other
19 jurisdiction.

20 (6) “Partnership” means an association of two (2) or more persons to carry on as co-
21 owners of a business for profit formed under section 7-12.1-10, predecessor law, or comparable
22 law of another jurisdiction.

23 (7) “Partnership agreement” means the agreement, whether written, oral, or implied,
24 among the partners concerning the partnership, including amendments to the partnership
25 agreement.

26 (8) “Partnership at will” means a partnership in which the partners have not agreed to
27 remain partners until the expiration of a definite term or the completion of a particular
28 undertaking.

29 (9) “Partnership interest” or “partner’s interest in the partnership” means all of a
30 partner’s interests in the partnership, including the partner’s transferable interest and all
31 management and other rights.

32 (10) “Person” means an individual, corporation, business trust, estate, trust, partnership,
33 association, joint venture, government, governmental subdivision, agency, or instrumentality, or
34 any other legal or commercial entity.

1 (11) “Property” means all property, real, personal, or mixed, tangible or intangible, or
2 any interest therein.

3 (12) “State” means a state of the United States, the District of Columbia, the
4 Commonwealth of Puerto Rico, or any territory or insular possession subject to the jurisdiction of
5 the United States.

6 (13) “Statement” means a statement of partnership authority under section 7-12.1-15, a
7 statement of denial under section 7-12.1-15, a statement of dissociation under section 7-12.1-37, a
8 statement of dissolution under section 7-12.1-43, a statement of merger under section 7-12.1-52, a
9 statement of qualification under section 7-12.1-57, a statement of foreign qualification under
10 section 7-12.1-58, or an amendment or cancellation of any of the foregoing.

11 (14) “Transfer” includes an assignment, conveyance, lease, mortgage, deed, and
12 encumbrance.

13 **7-12.1-3. Knowledge and notice.** -- (a) A person knows a fact if the person has actual
14 knowledge of it.

15 (b) A person has notice of a fact if the person:

16 (1) knows of it;

17 (2) has received a notification of it; or

18 (3) has reason to know it exists from all of the facts known to the person at the time in
19 question.

20 (c) A person notifies or gives a notification to another by taking steps reasonably
21 required to inform the other person in ordinary course, whether or not the other person learns of
22 it.

23 (d) A person receives a notification when the notification:

24 (1) comes to the person’s attention; or

25 (2) is duly delivered at the person’s place of business or at any other place held out by the
26 person as a place for receiving communications.

27 (e) Except as otherwise provided in subsection (f), a person other than an individual
28 knows, has notice, or receives a notification of a fact for purposes of a particular transaction when
29 the individual conducting the transaction knows, has notice, or receives a notification of the fact,
30 or in any event when the fact would have been brought to the individual’s attention if the person
31 had exercised reasonable diligence. The person exercises reasonable diligence if it maintains
32 reasonable routines for communicating significant information to the individual conducting the
33 transaction and there is reasonable compliance with the routines. Reasonable diligence does not
34 require an individual acting for the person to communicate information unless the communication

1 is part of the individual's regular duties or the individual has reason to know of the transaction
2 and that the transaction would be materially affected by the information.

3 (f) A partner's knowledge, notice, or receipt of a notification of a fact relating to the
4 partnership is effective immediately as knowledge by, notice to, or receipt of a notification by the
5 partnership, except in the case of a fraud on the partnership committed by or with the consent of
6 that partner.

7 **7-12.1-4. Effect of partnership agreement – Nonwaivable provisions.** -- (a) Except
8 as otherwise provided in subsection (b), relations among the partners and between the partners
9 and the partnership are governed by the partnership agreement. To the extent the partnership
10 agreement does not otherwise provide, this Act governs relations among the partners and
11 between the partners and the partnership.

12 (b) The partnership agreement may not:

13 (1) vary the rights and duties under section 7-12.1-6 except to eliminate the duty to
14 provide copies of statements to all of the partners;

15 (2) unreasonably restrict the right of access to books and records under section 7-12.1-23;

16 (3) eliminate the duty of loyalty under section 7-12.1-27 or 7-12.1-33; but:

17 (i) the partnership agreement may identify specific types or categories of activities that do
18 not violate the duty of loyalty, if not manifestly unreasonable; or

19 (ii) all of the partners or a number or percentage specified in the partnership agreement
20 may authorize or ratify, after full disclosure of all material facts, a specific act or transaction that
21 otherwise would violate the duty of loyalty;

22 (4) unreasonably reduce the duty of care under section 7-12.1-24 or 7-12.1-33;

23 (5) eliminate the obligation of good faith and fair dealing under section 7-12.1-24, but the
24 partnership agreement may prescribe the standards by which the performance of the obligation is
25 to be measured, if the standards are not manifestly unreasonable;

26 (6) vary the power to dissociate as a partner under section 7-12.1-32, except to require the
27 notice under section 7-12.1-31 to be in writing;

28 (7) vary the right of a court to expel a partner in the events specified in section 7-12.1-31;

29 (8) vary the requirement to wind up the partnership business in cases specified in section
30 7-12.1-39;

31 (9) vary the law applicable to a limited liability partnership under section 7-12.1-7; or

32 (10) restrict rights of third parties under this chapter.

33 **7-12.1-5. Supplemental principles of law.** -- (a) Unless displaced by particular
34 provisions of this chapter, the principles of law and equity supplement this chapter.

1 **(b) If an obligation to pay interest arises under this chapter and the rate is not specified,**
2 **the rate is that specified in any other applicable law.**

3 **7-12.1-6. Execution, filing, and recording of statements.** -- (a) A statement may be
4 **filed in the office of the Secretary of State. A certified copy of a statement that is filed in an**
5 **office in another state may be filed in the office of the Secretary of State. Either filing has the**
6 **effect provided in this chapter with respect to partnership property located in or transactions that**
7 **occur in this state.**

8 **(b) A certified copy of a statement that has been filed in the office of the Secretary of**
9 **State and recorded in the office for recording transfers of real property has the effect provided for**
10 **recorded statements in this chapter. A recorded statement that is not a certified copy of a**
11 **statement filed in the office of the Secretary of State does not have the effect provided for**
12 **recorded statements in this chapter.**

13 **(c) A statement filed by a partnership must be executed by at least two (2) partners.**
14 **Other statements must be executed by a partner or other person authorized by this chapter, An**
15 **individual who executes a statement as, or on behalf of, a partner or other person named as a**
16 **partner in a statement shall personally declare under penalty of perjury that the contents of the**
17 **statement are accurate.**

18 **(d) A person authorized by this chapter to file a statement may amend or cancel the**
19 **statement by filing an amendment or cancellation that names the partnership, identifies the**
20 **statement, and states the substance of the amendment or cancellation.**

21 **(e) A person who files a statement pursuant to this section shall promptly send a copy of**
22 **the statement to every nonfiling partner and to any other person named as a partner in the**
23 **statement. Failure to send a copy of a statement to a partner or other person does not limit the**
24 **effectiveness of the statement as to a person not a partner.**

25 **(f) The Secretary of State may collect a fee for filing or providing a certified copy of a**
26 **statement. The officer responsible for recording transfers of real property may collect a fee for**
27 **recording a statement.**

28 **7-12.1-7. Governing law.** -- (a) **Except as otherwise provided in subsection (b), the law**
29 **of the jurisdiction in which a partnership has its chief executive office governs relations among**
30 **the partners and between the partners and the partnership.**

31 **(b) The law of this state governs relations among the partners and between the partners**
32 **and the partnership and the liability of partners for an obligation of a limited liability partnership.**

33 **7-12.1-8. Partnership subject to amendment or repeal of chapter.** -- A partnership
34 **governed by this chapter is subject to any amendment to or repeal of this chapter.**

1 **7-12.1-9. Partnership as entity.** -- (a) A partnership is an entity distinct from its
2 partners.

3 (b) A limited liability partnership continues to be the same entity that existed before the
4 filing of a statement of qualification under section 7-12.1-54.

5 **7-12.1-10. Formation of partnership.** -- (a) Except as otherwise provided in subsection
6 (b), the association of two or more persons to carry on as co-owners of a business for profit forms
7 a partnership, whether or not the persons intend to form a partnership.

8 (b) An association formed under a statute other than this chapter, a predecessor statute, or
9 a comparable statute of another jurisdiction is not a partnership under this chapter.

10 (c) In determining whether a partnership is formed, the following rules apply:

11 (1) Joint tenancy, tenancy in common, tenancy by the entireties, joint property, common
12 property, or part ownership does not by itself establish a partnership, even if the co-owners share
13 profits made by the use of the property.

14 (2) The sharing of gross returns does not by itself establish a partnership, even if the
15 persons sharing them have a joint or common right or interest in property from which the returns
16 are derived.

17 (3) A person who receives a share of the profits of a business is presumed to be a partner
18 in the business, unless the profits were received in payment:

19 (i) of a debt by installments or otherwise;

20 (ii) for services as an independent contractor or of wages or other compensation to an
21 employee;

22 (iii) of rent;

23 (iv) of an annuity or other retirement or health benefit to a beneficiary, representative, or
24 designee of a deceased or retired partner;

25 (v) of interest or other charge on a loan, even if the amount of payment varies with the
26 profits of the business, including a direct or indirect present or future ownership of the collateral,
27 or rights to income, proceeds, or increase in value derived from the collateral; or

28 (vi) for the sale of the goodwill of a business or other property by installments or
29 otherwise.

30 **7-12.1-11. Partnership property.** -- Property acquired by a partnership is property of the
31 partnership and not of the partners individually.

32 **7-12.1-12. When property is partnership property.** -- (a) Property is partnership
33 property if acquired in the name of:

34 (1) the partnership; or

1 (2) one or more partners with an indication in the instrument transferring title to the
2 property of the person's capacity as a partner or of the existence of a partnership but without an
3 indication of the name of the partnership.

4 (b) Property is acquired in the name of the partnership by a transfer to:

5 (1) the partnership in its name; or

6 (2) one or more partners in their capacity as partners in the partnership, if the name of the
7 partnership is indicated in the instrument transferring title to the property.

8 (c) Property is presumed to be partnership property if purchased with partnership assets,
9 even if not acquired in the name of the partnership or of one or more partners with an indication
10 in the instrument transferring title to the property of the person's capacity as a partner or of the
11 existence of a partnership.

12 (d) Property acquired in the name of one or more of the partners, without an indication in
13 the instrument transferring title to the property of the person's capacity as a partner or of the
14 existence of a partnership and without use of partnership assets, is presumed to be separate
15 property, even if used for partnership purposes.

16 **7-12.1-13 Partner agency of partnership.** -- Subject to the effect of a statement of
17 partnership authority under section 7-12.1-15.

18 (1) Each partner is an agent of the partnership for the purpose of its business. An act of a
19 partner, including the execution of an instrument in the partnership name, for apparently carrying
20 on in the ordinary course the partnership business or business of the kind carried on by the
21 partnership binds the partnership, unless the partner had no authority to act for the partnership in
22 the particular matter and the person with whom the partner was dealing knew or had received a
23 notification that the partner lacked authority.

24 (2) An act of a partner which is not apparently for carrying on in the ordinary course the
25 partnership business or business of the kind carried on by the partnership binds the partnership
26 only if the act was authorized by the other partners.

27 **7-12.1-14. Transfer of partnership property.** -- (a) Partnership property may be
28 transferred as follows:

29 (1) Subject to the effect of a statement of partnership authority under section 7-12.1-15,
30 partnership property held in the name of the partnership may be transferred by an instrument of
31 transfer executed by a partner in the partnership name.

32 (2) Partnership property held in the name of one or more partners with an indication in
33 the instrument transferring the property to them of their capacity as partners or of the existence of
34 a partnership, but without an indication of the name of the partnership, may be transferred by an

1 instrument of transfer executed by the persons in whose name the property is held.

2 (3) Partnership property held in the name of one or more persons other than the
3 partnership, without an indication in the instrument transferring the property to them of their
4 capacity as partners or of the existence of a partnership, may be transferred by an instrument of
5 transfer executed by the persons in whose name the property is held.

6 (b) A partnership may recover partnership property from a transferee only if it proves
7 that execution of the instrument of initial transfer did not bind the partnership under section 7-
8 12.1-13 and:

9 (1) as to a subsequent transferee who gave value for property transferred under
10 subsection (a)(1) and (2), proves that the subsequent transferee knew or had received a
11 notification that the person who executed the instrument of initial transfer lacked authority to bind
12 the partnership; or

13 (2) as to a transferee who gave value for property transferred under subsection (a)(3),
14 proves that the transferee knew or had received a notification that the property was partnership
15 property and that the person who executed the instrument of initial transfer lacked authority to
16 bind the partnership.

17 (c) A partnership may not recover partnership property from a subsequent transferee if
18 the partnership would not have been entitled to recover the property, under subsection (b), from
19 any earlier transferee of the property.

20 (d) If a person holds all of the partners' interests in the partnership, all of the partnership
21 property vests in that person. The person may execute a document in the name of the partnership
22 to evidence vesting of the property in that person and may file or record the document.

23 **7-12.1-15. Statement of partnership authority.** -- (a) A partnership may file a
24 statement of partnership authority, which:

25 (1) must include:

26 (i) the name of the partnership;

27 (ii) the street address of its chief executive office and of one office in this State, if there is
28 one;

29 (iii) the names and mailing addresses of all of the partners or of an agent appointed and
30 maintained by the partnership for the purpose of subsection (b); and

31 (iv) the names of the partners authorized to execute an instrument transferring real
32 property held in the name of the partnership; and

33 (2) may state the authority, or limitations on the authority, of some or all of the partners to
34 enter into other transactions on behalf of the partnership and any other matter.

1 (b) If a statement of partnership authority names an agent, the agent shall maintain a list
2 of the names and mailing addresses of all of the partners and make it available to any person on
3 request for good cause shown.

4 (c) If a filed statement of partnership authority is executed pursuant to Section 7-12.1-
5 6(c) and states the name of the partnership but does not contain all of the other information
6 required by subsection (a), the statement nevertheless operates with respect to a person not a
7 partner as provided in subsections (d) and (e).

8 (d) Except as otherwise provided in subsection (g), a filed statement of partnership
9 authority supplements the authority of a partner to enter into transactions on behalf of the
10 partnership as follows:

11 (1) Except for transfers of real property, a grant of authority contained in a filed
12 statement of partnership authority is conclusive in favor of a person who gives value without
13 knowledge to the contrary, so long as and to the extent that a limitation on that authority is not
14 then contained in another filed statement. A filed cancellation of a limitation on authority revives
15 the previous grant of authority.

16 (2) A grant of authority to transfer real property held in the name of the partnership
17 contained in a certified copy of a filed statement of partnership authority recorded in the office for
18 recording transfers of that real property is conclusive in favor of a person who gives value
19 without knowledge to the contrary, so long as and to the extent that a certified copy of a filed
20 statement containing a limitation on that authority is not then of record in the office for recording
21 transfers of that real property. The recording in the office for recording transfers of that real
22 property of a certified copy of a filed cancellation of a limitation on authority revives the previous
23 grant of authority.

24 (e) A person not a partner is deemed to know of a limitation on the authority of a partner
25 to transfer real property held in the name of the partnership if a certified copy of the filed
26 statement containing the limitation on authority is of record in the office for recording transfers of
27 that real property.

28 (f) Except as otherwise provided in subsections (d) and (e) and sections 7-12.1-37 and 7-
29 12.1-73, a person not a partner is not deemed to know of a limitation on the authority of a partner
30 merely because the limitation is contained in a filed statement.

31 (g) Unless earlier cancelled, a filed statement of partnership authority is cancelled by
32 operation of law five (5) years after the date on which the statement, or the most recent
33 amendment, was filed with the Secretary of State.

34 **7-12.1-15. Statement of denial.** -- A partner or other person named as a partner in a filed

1 statement of partnership authority or in a list maintained by an agent pursuant to subsection 7-
2 12.1-15(b) may file a statement of denial stating the name of the partnership and the fact that is
3 being denied, which may include denial of a person's authority or status as a partner. A statement
4 of denial is a limitation on authority as provided in subsection 7-12.1-15(d) and (e).

5 **7-12.1-18. Partnership liable for partner's actionable conduct.** -- (a) A partnership is
6 liable for loss or injury caused to a person, or for a penalty incurred, as a result of a wrongful act
7 or omission, or other actionable conduct, of a partner acting in the ordinary course of business of
8 the partnership or with authority of the partnership.

9 (b) If, in the course of the partnership's business or while acting with authority of the
10 partnership, a partner receives or causes the partnership to receive money or property of a person
11 not a partner, and the money or property is misapplied by a partner, the partnership is liable for
12 the loss.

13 **7-12.1-19. Partner's liability.** -- (a) Except as otherwise provided in subsections (b) and
14 (c), all partners are liable jointly and severally for all obligations of the partnership unless
15 otherwise agreed by the claimant or provided by law.

16 (b) A person admitted as a partner into an existing partnership is not personally liable for
17 any partnership obligation incurred before the person's admission as a partner.

18 (c) An obligation of a partnership incurred while the partnership is a limited liability
19 partnership, whether arising in contract, tort, or otherwise, is solely the obligation of the
20 partnership. A partner is not personally liable, directly or indirectly, by way of contribution or
21 otherwise, for such an obligation solely by reason of being or so acting as a partner. This
22 subsection applies notwithstanding anything inconsistent in the partnership agreement that existed
23 immediately before the vote required to become a limited liability partnership under section 7-
24 12.1-54(b).

25 **7-12.1-20. Actions by and against partnership and partners.** -- (a) A partnership may
26 sue and be sued in the name of the partnership.

27 (b) An action may be brought against the partnership and, to the extent not inconsistent
28 with section 7-12.1-18, any or all of the partners in the same action or in separate actions.

29 (c) A judgment against a partnership is not by itself a judgment against a partner. A
30 judgment against a partnership may not be satisfied from a partner's assets unless there is also a
31 judgment against the partner.

32 (d) A judgment creditor of a partner may not levy execution against the assets of the
33 partner to satisfy a judgment based on a claim against the partnership unless the partner is
34 personally liable for the claim under section 7-12.1-18 and:

1 (1) a judgment based on the same claim has been obtained against the partnership and a
2 writ of execution on the judgment has been returned unsatisfied in whole or in part;

3 (2) the partnership is a debtor in bankruptcy;

4 (3) the partner has agreed that the creditor need not exhaust partnership assets;

5 (4) a court grants permission to the judgment creditor to levy execution against the assets
6 of a partner based on a finding that partnership assets subject to execution are clearly insufficient
7 to satisfy the judgment, that exhaustion of partnership assets is excessively burdensome, or that
8 the grant of permission is an appropriate exercise of the court's equitable powers; or

9 (5) liability is imposed on the partner by law or contract independent of the existence of
10 the partnership.

11 (e) This section applies to any partnership liability or obligation resulting from a
12 representation by a partner or purported partner under section 7-12.1-20.

13 **7-12.1-21. Liability of purported partner.** -- (a) If a person, by words or conduct,
14 purports to be a partner, or consents to being represented by another as a partner, in a partnership
15 or with one or more persons not partners, the purported partner is liable to a person to whom the
16 representation is made, if that person, relying on the representation, enters into a transaction with
17 the actual or purported partnership. If the representation, either by the purported partner or by a
18 person with the purported partner's consent, is made in a public manner, the purported partner is
19 liable to a person who relies upon the purported partnership even if the purported partner is not
20 aware of being held out as a partner to the claimant. If partnership liability results, the purported
21 partner is liable with respect to that liability as if the purported partner were a partner. If no
22 partnership liability results, the purported partner is liable with respect to that liability jointly and
23 severally with any other person consenting to the representation.

24 (b) If a person is thus represented to be a partner in an existing partnership, or with one
25 or more persons not partners, the purported partner is an agent of persons consenting to the
26 representation to bind them to the same extent and in the same manner as if the purported partner
27 were a partner, with respect to persons who enter into transactions in reliance upon the
28 representation. If all of the partners of the existing partnership consent to the representation, a
29 partnership act or obligation results. If fewer than all of the partners of the existing partnership
30 consent to the representation, the person acting and the partners consenting to the representation
31 are jointly and severally liable.

32 (c) A person is not liable as a partner merely because the person is named by another in a
33 statement of partnership authority.

34 (d) A person does not continue to be liable as a partner merely because of a failure to file

1 a statement of dissociation or to amend a statement of partnership authority to indicate the
2 partner's dissociation from the partnership.

3 (e) Except as otherwise provided in subsections (a) and (b), persons who are not partners
4 as to each other are not liable as partners to other persons.

5 **7-12.1-22. Partner's rights and duties.** – (a) Each partner is deemed to have an account
6 that is:

7 (1) credited with an amount equal to the money plus the value of any other property, net
8 of the amount of any liabilities, the partner contributes to the partnership and the partner's share
9 of the partnership profits; and

10 (2) charged with an amount equal to the money plus the value of any other property, net
11 of the amount of any liabilities, distributed by the partnership to the partner and the partner's
12 share of the partnership losses.

13 (b) Each partner is entitled to an equal share of the partnership profits and is chargeable
14 with a share of the partnership losses in proportion to the partner's share of the profits.

15 (c) A partnership shall reimburse a partner for payments made and indemnify a partner
16 for liabilities incurred by the partner in the ordinary course of the business of the partnership or
17 for the preservation of its business or property.

18 (d) A partnership shall reimburse a partner for an advance to the partnership beyond the
19 amount of capital the partner agreed to contribute.

20 (e) A payment or advance made by a partner which gives rise to a partnership obligation
21 under subsection (c) or (d) constitutes a loan to the partnership which accrues interest from the
22 date of the payment or advance.

23 (f) Each partner has equal rights in the management and conduct of the partnership
24 business.

25 (g) A partner may use or possess partnership property only on behalf of the partnership.

26 (h) A partner is not entitled to remuneration for services performed for the partnership,
27 except for reasonable compensation for services rendered in winding up the business of the
28 partnership.

29 (i) A person may become a partner only with the consent of all of the partners.

30 (j) A difference arising as to a matter in the ordinary course of business of a partnership
31 may be decided by a majority of the partners. An act outside the ordinary course of business of a
32 partnership and an amendment to the partnership agreement may be undertaken only with the
33 consent of all of the partners.

34 (k) This section does not affect the obligations of a partnership to other persons under

1 Section 7-12.1-13.

2 7-12.1-23. Distributions in kind. -- A partner has no right to receive, and may not be
3 required to accept, a distribution in kind.

4 7-12.1-24. Partner's rights and duties with respect to information. -- (a) A
5 partnership shall keep its books and records, if any, at its chief executive office.

6 (b) A partnership shall provide partners and their agents and attorneys access to its books
7 and records. It shall provide former partners and their agents and attorneys access to books and
8 records pertaining to the period during which they were partners. The right of access provides the
9 opportunity to inspect and copy books and records during ordinary business hours. A partnership
10 may impose a reasonable charge, covering the costs of labor and material, for copies of
11 documents furnished.

12 (c) Each partner and the partnership shall furnish to a partner, and to the legal
13 representative of a deceased partner or partner under legal disability:

14 (1) without demand, any information concerning the partnership's business and affairs
15 reasonably required for the proper exercise of the partner's rights and duties under the partnership
16 agreement or this chapter; and

17 (2) on demand, any other information concerning the partnership's business and affairs,
18 except to the extent the demand or the information demanded is unreasonable or otherwise
19 improper under the circumstances.

20 7-12.1-25. General standards of partner's conduct. -- (a) The only fiduciary duties a
21 partner owes to the partnership and the other partners are the duty of loyalty and the duty of care
22 set forth in subsections (b) and (c).

23 (b) A partner's duty of loyalty to the partnership and the other partners is limited to the
24 following:

25 (1) to account to the partnership and hold as trustee for it any property, profit, or benefit
26 derived by the partner in the conduct and winding up of the partnership business or derived from
27 a use by the partner of partnership property, including the appropriation of a partnership
28 opportunity;

29 (2) to refrain from dealing with the partnership in the conduct or winding up of the
30 partnership business as or on behalf of a party having an interest adverse to the partnership; and

31 (3) to refrain from competing with the partnership in the conduct of the partnership
32 business before the dissolution of the partnership.

33 (c) A partner's duty of care to the partnership and the other partners in the conduct and
34 winding up of the partnership business is limited to refraining from engaging in grossly negligent

1 or reckless conduct, intentional misconduct, or a knowing violation of law.

2 (d) A partner shall discharge the duties to the partnership and the other partners under
3 this chapter or under the partnership agreement and exercise any rights consistently with the
4 obligation of good faith and fair dealing.

5 (e) A partner does not violate a duty or obligation under this chapter or under the
6 partnership agreement merely because the partner's conduct furthers the partner's own interest.

7 (f) A partner may lend money to and transact other business with the partnership, and as
8 to each loan or transaction the rights and obligations of the partner are the same as those of a
9 person who is not a partner, subject to other applicable law.

10 (g) This section applies to a person winding up the partnership business as the personal
11 or legal representative of the last surviving partner as if the person were a partner.

12 **7-12.1-26. Actions by partnership and partners.** -- (a) A partnership may maintain an
13 action against a partner for a breach of the partnership agreement, or for the violation of a duty to
14 the partnership, causing harm to the partnership.

15 (b) A partner may maintain an action against the partnership or another partner for legal
16 or equitable relief, with or without an accounting as to partnership business, to:

17 (1) enforce the partner's rights under the partnership agreement;

18 (2) enforce the partner's rights under this Act, including:

19 (i) the partner's rights under sections 7-12.1-22, 7-12.1-24, or 7-12.1-25;

20 (ii) the partner's right on dissociation to have the partner's interest in the partnership
21 purchased pursuant to section 7-12.1-35 or enforce any other right under sections 7-12.1-32, 7-
22 12.1-33, 7-12.1-34, 7-12.1-35, 7-12.1-36, 7-12.1-37, 7-12.1-38, 7-12.1-39; or

23 (iii) the partner's right to compel a dissolution and winding up of the partnership business
24 under sections 7-12.1-40, 7-12.1-41, 7-12.1-42, 7-12.1-43, 7-12.1-44, 7-12.1-45, 7-12.1-46.

25 (3) enforce the rights and otherwise protect the interests of the partner, including rights
26 and interests arising independently of the partnership relationship.

27 (c) The accrual of, and any time limitation on, a right of action for a remedy under this
28 section is governed by other law. A right to an accounting upon a dissolution and winding up
29 does not revive a claim barred by law.

30 **7-12.1-27. Continuation of partnership beyond definite term or particular**
31 **undertaking.** -- (a) If a partnership for a definite term or particular undertaking is continued,
32 without an express agreement, after the expiration of the term or completion of the undertaking,
33 the rights and duties of the partners remain the same as they were at the expiration or completion,
34 so far as is consistent with a partnership at will.

1 (b) If the partners, or those of them who habitually acted in the business during the term
2 or undertaking, continue the business without any settlement or liquidation of the partnership,
3 they are presumed to have agreed that the partnership will continue.

4 **7-12.1-28. Partner not co-owner of partnership property.** -- A partner is not a co-
5 owner of partnership property and has no interest in partnership property which can be
6 transferred, either voluntarily or involuntarily.

7 **7-12.1-29. Partner's transferable interest in partnership.** -- The only transferable
8 interest of a partner in the partnership is the partner's share of the profits and losses of the
9 partnership and the partner's right to receive distributions. The interest is personal property.

10 **7-12.1-30. Transfer of partner's transferable interest.** -- (a) A transfer, in whole or in
11 part, of a partner's transferable interest in the partnership:

12 (1) is permissible;

13 (2) does not by itself cause the partner's dissociation or a dissolution and winding up of
14 the partnership business; and

15 (3) does not, as against the other partners or the partnership, entitle the transferee, during
16 the continuance of the partnership, to participate in the management or conduct of the partnership
17 business, to require access to information concerning partnership transactions, or to inspect or
18 copy the partnership books or records.

19 (b) A transferee of a partner's transferable interest in the partnership has a right:

20 (1) to receive, in accordance with the transfer, distributions to which the transferor would
21 otherwise be entitled;

22 (2) to receive upon the dissolution and winding up of the partnership business, in
23 accordance with the transfer, the net amount otherwise distributable to the transferor; and

24 (3) to seek under section 7-12.1-40 a judicial determination that it is equitable to wind up
25 the partnership business.

26 (c) In a dissolution and winding up, a transferee is entitled to an account of partnership
27 transactions only from the date of the latest account agreed to by all of the partners.

28 (d) Upon transfer, the transferor retains the rights and duties of a partner other than the
29 interest in distributions transferred.

30 (e) A partnership need not give effect to a transferee's rights under this section until it has
31 notice of the transfer.

32 (f) A transfer of a partner's transferable interest in the partnership in violation of a
33 restriction on transfer contained in the partnership agreement is ineffective as to a person having
34 notice of the restriction at the time of transfer.

1 **7-12.1-31. Partner's transferable interest subject to charging order.** -- (a) On
2 application by a judgment creditor of a partner or of a partner's transferee, a court having
3 jurisdiction may charge the transferable interest of the judgment debtor to satisfy the judgment.
4 The court may appoint a receiver of the share of the distributions due or to become due to the
5 judgment debtor in respect of the partnership and make all other orders, directions, accounts, and
6 inquiries the judgment debtor might have made or which the circumstances of the case may
7 require.

8 (b) A charging order constitutes a lien on the judgment debtor's transferable interest in
9 the partnership. The court may order a foreclosure of the interest subject to the charging order at
10 any time. The purchaser at the foreclosure sale has the rights of a transferee.

11 (c) At any time before foreclosure, an interest charged may be redeemed:
12 (1) by the judgment debtor;
13 (2) with property other than partnership property, by one or more of the other partners; or
14 (3) with partnership property, by one or more of the other partners with the consent of all
15 of the partners whose interests are not so charged.

16 (d) This chapter does not deprive a partner of a right under exemption laws with respect
17 to the partner's interest in the partnership.

18 (e) This section provides the exclusive remedy by which a judgment creditor of a partner
19 or partner's transferee may satisfy a judgment out of the judgment debtor's transferable interest in
20 the partnership.

21 **7-12.1-32. Events causing partner's dissociation** -- A partner is dissociated from a
22 partnership upon the occurrence of any of the following events:

23 (1) the partnership's having notice of the partner's express will to withdraw as a partner
24 or on a later date specified by the partner;

25 (2) an event agreed to in the partnership agreement as causing the partner's dissociation;

26 (3) the partner's expulsion pursuant to the partnership agreement;

27 (4) the partner's expulsion by the unanimous vote of the other partners if:

28 (i) it is unlawful to carry on the partnership business with that partner;

29 (ii) there has been a transfer of all or substantially all of that partner's transferable interest
30 in the partnership, other than a transfer for security purposes, or a court order charging the
31 partner's interest, which has not been foreclosed;

32 (iii) within ninety (90) days after the partnership notifies a corporate partner that it will be
33 expelled because it has filed a certificate of dissolution or the equivalent, its charter has been
34 revoked, or its right to conduct business has been suspended by the jurisdiction of its

1 incorporation, there is no revocation of the certificate of dissolution or no reinstatement of its
2 charter or its right to conduct business; or

3 (iv) a partnership that is a partner has been dissolved and its business is being wound up;
4 (5) on application by the partnership or another partner, the partner's expulsion by
5 judicial determination because:

6 (i) the partner engaged in wrongful conduct that adversely and materially affected the
7 partnership business;

8 (ii) the partner willfully or persistently committed a material breach of the partnership
9 agreement or of a duty owed to the partnership or the other partners under section 7-12.1-25; or

10 (iii) the partner engaged in conduct relating to the partnership business which makes it
11 not reasonably practicable to carry on the business in partnership with the partner;

12 (6) the partner's:

13 (i) becoming a debtor in bankruptcy;

14 (ii) executing an assignment for the benefit of creditors;

15 (iii) seeking, consenting to, or acquiescing in the appointment of a trustee, receiver, or
16 liquidator of that partner or of all or substantially all of that partner's property; or

17 (iv) failing, within ninety (90) days after the appointment, to have vacated or stayed the
18 appointment of a trustee, receiver, or liquidator of the partner or of all or substantially all of the
19 partner's property obtained without the partner's consent or acquiescence, or failing within ninety
20 (90) days after the expiration of a stay to have the appointment vacated;

21 (7) in the case of a partner who is an individual:

22 (i) the partner's death;

23 (ii) the appointment of a guardian or general conservator for the partner; or

24 (iii) a judicial determination that the partner has otherwise become incapable of
25 performing the partner's duties under the partnership agreement;

26 (8) in the case of a partner that is a trust or is acting as a partner by virtue of being a
27 trustee of a trust, distribution of the trust's entire transferable interest in the partnership, but not
28 merely by reason of the substitution of a successor trustee;

29 (9) in the case of a partner that is an estate or is acting as a partner by virtue of being a
30 personal representative of an estate, distribution of the estate's entire transferable interest in the
31 partnership, but not merely by reason of the substitution of a successor personal representative; or

32 (10) termination of a partner who is not an individual, partnership, corporation, trust, or
33 estate.

34 **7-12.1-33. Partner's power to dissociate – Wrongful dissociation** -- (a) A partner has

1 the power to dissociate at any time, rightfully or wrongfully, by express will pursuant to Section
2 7-12.1-32.

3 (b) A partner's dissociation is wrongful only if:

4 (1) it is in breach of an express provision of the partnership agreement; or

5 (2) in the case of a partnership for a definite term or particular undertaking, before the
6 expiration of the term or the completion of the undertaking:

7 (i) the partner withdraws by express will, unless the withdrawal follows within ninety
8 (90) days after another partner's dissociation by death or otherwise under section 7-12.1-32(6)
9 through (10) or wrongful dissociation under this subsection;

10 (ii) the partner is expelled by judicial determination under section 7-12.1-32(5);

11 (iii) the partner is dissociated by becoming a debtor in bankruptcy; or

12 (iv) in the case of a partner who is not an individual, trust other than a business trust, or
13 estate, the partner is expelled or otherwise dissociated because it willfully dissolved or
14 terminated.

15 (c) A partner who wrongfully dissociates is liable to the partnership and to the other
16 partners for damages caused by the dissociation. The liability is in addition to any other
17 obligation of the partner to the partnership or to the other partners.

18 **7-12.1-34. Effect of partner's dissociation.** -- (a) If a partner's dissociation results in a
19 dissolution and winding up of the partnership business, sections 7-12.1-40, 7-12.1-41, 7-12.1-42,
20 7-12.1-43, 7-12.1-44, 7-12.1-45, and 7-12.1-46 apply; otherwise, sections 7-12.1-35, 7-12.1-36,
21 7-12.1-37, 7-12.1-38, and 7-12.1-39 apply.

22 (b) Upon a partner's dissociation:

23 (1) the partner's right to participate in the management and conduct of the partnership
24 business terminates, except as otherwise provided in section 7-12.1-42;

25 (2) the partner's duty of loyalty under section 7-12.1-25(b)(3) terminates; and

26 (3) the partner's duty of loyalty under sections 7-12.1-25(b)(1) and (2) and duty of care
27 under section 7-12.1-25(c) continue only with regard to matters arising and events occurring
28 before the partner's dissociation, unless the partner participates in winding up the partnership's
29 business pursuant to section 7-12.1-42.

30 **7-12.1-35. Purchase of dissociated partner's interest.** -- (a) If a partner is dissociated
31 from a partnership without resulting in a dissolution and winding up of the partnership business
32 under section 7-12.1-40, the partnership shall cause the dissociated partner's interest in the
33 partnership to be purchased for a buyout price determined pursuant to subsection (b).

34 (b) The buyout price of a dissociated partner's interest is the amount that would have

1 been distributable to the dissociating partner under section 7-12.1-46(b) if, on the date of
2 dissociation, the assets of the partnership were sold at a price equal to the greater of the
3 liquidation value or the value based on a sale of the entire business as a going concern without the
4 dissociated partner and the partnership were wound up as of that date. Interest must be paid from
5 the date of dissociation to the date of payment.

6 (c) Damages for wrongful dissociation under section 7-12.1-33(b), and all other amounts
7 owing, whether or not presently due, from the dissociated partner to the partnership, must be
8 offset against the buyout price. Interest must be paid from the date the amount owed becomes
9 due to the date of payment.

10 (d) A partnership shall indemnify a dissociated partner whose interest is being purchased
11 against all partnership liabilities, whether incurred before or after section 7-12.1-36.

12 (e) If no agreement for the purchase of a dissociated partner's interest is reached within
13 one hundred twenty (120) days after a written demand for payment, the partnership shall pay, or
14 cause to be paid, in cash to the dissociated partner the amount the partnership estimates to be the
15 buyout price and accrued interest, reduced by any offsets and accrued interest under subsection
16 (c).

17 (f) If a deferred payment is authorized under subsection (h), the partnership may tender a
18 written offer to pay the amount it estimates to be the buyout price and accrued interest, reduced
19 by any offsets under subsection (c), stating the time of payment, the amount and type of security
20 for payment, and the other terms and conditions of the obligation.

21 (g) The payment or tender required by subsection (e) or (f) must be accompanied by the
22 following:

23 (1) a statement of partnership assets and liabilities as of the date of dissociation;

24 (2) the latest available partnership balance sheet and income statement, if any;

25 (3) an explanation of how the estimated amount of the payment was calculated; and

26 (4) written notice that the payment is in full satisfaction of the obligation to purchase
27 unless, within one hundred twenty (120) days after the written notice, the dissociated partner
28 commences an action to determine the buyout price, any offsets under subsection (c), or other
29 terms of the obligation to purchase.

30 (h) A partner who wrongfully dissociates before the expiration of a definite term or the
31 completion of a particular undertaking is not entitled to payment of any portion of the buyout
32 price until the expiration of the term or completion of the undertaking, unless the partner
33 establishes to the satisfaction of the court that earlier payment will not cause undue hardship to
34 the business of the partnership. A deferred payment must be adequately secured and bear interest.

1 (i) A dissociated partner may maintain an action against the partnership, pursuant to
2 section 7-12.1-26(b)(2)(ii), to determine the buyout price of that partner's interest, any offsets
3 under subsection (c), or other terms of the obligation to purchase. The action must be
4 commenced within one hundred twenty (120) days after the partnership has tendered payment or
5 an offer to pay or within one year after written demand for payment if no payment or offer to pay
6 is tendered. The court shall determine the buyout price of the dissociated partner's interest, any
7 offset due under subsection (c), and accrued interest, and enter judgment for any additional
8 payment or refund. If deferred payment is authorized under subsection (h), the court shall also
9 determine the security for payment and other terms of the obligation to purchase. The court may
10 assess reasonable attorney's fees and the fees and expenses of appraisers or other experts for a
11 party to the action, in amounts the court finds equitable, against a party that the court finds acted
12 arbitrarily, vexatiously, or not in good faith. The finding may be based on the partnership's
13 failure to tender payment or an offer to pay or to comply with subsection (g).

14 **7-12.1-36. Dissociated partner's power to bind and liability to partnership.** -- (a) For
15 two years after a partner dissociates without resulting in a dissolution and winding up of the
16 partnership business, the partnership, including a surviving partnership under sections 7-12.1-47,
17 7-12.1-48, 7-12.1-49, 7-12.1-50, 7-12.1-51, 7-12.1-52, 7-12.1-53, and 7-12.1-54 is bound by an
18 act of the dissociated partner which would have bound the partnership under Section 7-12.1-13
19 before dissociation only if at the time of entering into the transaction the other party:

- 20 (1) reasonably believed that the dissociated partner was then a partner;
21 (2) did not have notice of the partner's dissociation; and
22 (3) is not deemed to have had knowledge under section 7-12.1-15(e) or notice under
23 section 7-12.1-32(c).

24 (b) A dissociated partner is liable to the partnership for any damage caused to the
25 partnership arising from an obligation incurred by the dissociated partner after dissociation for
26 which the partnership is liable under subsection (a).

27 **7-12.1-37. Dissociated partner's liability to other persons.** -- (a) A partner's
28 dissociation does not of itself discharge the partner's liability for a partnership obligation incurred
29 before dissociation. A dissociated partner is not liable for a partnership obligation incurred after
30 dissociation, except as otherwise provided in subsection (b).

31 (b) A partner who dissociates without resulting in a dissolution and winding up of the
32 partnership business is liable as a partner to the other party in a transaction entered into by the
33 partnership, or a surviving partnership under sections 7-12.1-47, 7-12.1-48, 7-12.1-49, 7-12.1-50,
34 7-12.1-51, 7-12.1-52, 7-12.1-53, and 7-12.1-54 within two (2) years after the partner's

1 dissociation, only if the partner is liable for the obligation under section 7-12.1-18 and at the time
2 of entering into the transaction the other party:

- 3 (1) reasonably believed that the dissociated partner was then a partner;
- 4 (2) did not have notice of the partner's dissociation; and
- 5 (3) is not deemed to have had knowledge under section 7-12.1-15(e) or notice under
6 section 7-12.1-38(c).

7 (c) By agreement with the partnership creditor and the partners continuing the business,
8 a dissociated partner may be released from liability for a partnership obligation.

9 (d) A dissociated partner is released from liability for a partnership obligation if a
10 partnership creditor, with notice of the partner's dissociation but without the partner's consent,
11 agrees to a material alteration in the nature or time of payment of a partnership obligation.

12 **7-12.1-38. Statement of dissociation.** -- (a) A dissociated partner or the partnership may
13 file a statement of dissociation stating the name of the partnership and that the partner is
14 dissociated from the partnership.

15 (b) A statement of dissociation is a limitation on the authority of a dissociated partner for
16 the purposes of sections 7-12.1-15(d) and (e).

17 (c) For the purposes of sections 7-12.1-36(a)(3) and 7-12.1-37(b)(3), a person not a
18 partner is deemed to have notice of the dissociation ninety (90) days after the statement of
19 dissociation is filed.

20 **7-12.1-39. Continued use of partnership name.** -- Continued use of a partnership
21 name, or a dissociated partner's name as part thereof, by partners continuing the business does
22 not of itself make the dissociated partner liable for an obligation of the partners or the partnership
23 continuing the business.

24 **7-12.1-40. Events causing dissolution and winding up of partnership business.** -- A
25 partnership is dissolved, and its business must be wound up, only upon the occurrence of any of
26 the following events:

27 (1) in a partnership at will, the partnership's having notice from a partner, other than a
28 partner who is dissociated under sections 7-12.1-32(2) through (10), of that partner's express will
29 to withdraw as a partner, or on a later date specified by the partner;

30 (2) in a partnership for a definite term or particular undertaking:

31 (i) within ninety (90) days after a partner's dissociation by death or otherwise under
32 sections 7-12.1-32(6) through (10) or wrongful dissociation under section 7-12.1-33(b), the
33 express will of at least half of the remaining partners to wind up the partnership business, for
34 which purpose a partner's rightful dissociation pursuant to section 7-12.1-33(b)(2)(i) constitutes

- 1 the expression of that partner's will to wind up the partnership business;
- 2 (ii) the express will of all of the partners to wind up the partnership business; or
- 3 (iii) the expiration of the term or the completion of the undertaking;
- 4 (3) an event agreed to in the partnership agreement resulting in the winding up of the
- 5 partnership business;
- 6 (4) an event that makes it unlawful for all or substantially all of the business of the
- 7 partnership to be continued, but a cure of illegality within ninety (90) days after notice to the
- 8 partnership of the event is effective retroactively to the date of the event for purposes of this
- 9 section;
- 10 (5) on application by a partner, a judicial determination that:
- 11 (i) the economic purpose of the partnership is likely to be unreasonably frustrated;
- 12 (ii) another partner has engaged in conduct relating to the partnership business which
- 13 makes it not reasonably practicable to carry on the business in partnership with that partner; or
- 14 (iii) it is not otherwise reasonably practicable to carry on the partnership business in
- 15 conformity with the partnership agreement; or
- 16 (6) on application by a transferee of a partner's transferable interest, a judicial
- 17 determination that it is equitable to wind up the partnership business:
- 18 (i) after the expiration of the term or completion of the undertaking, if the partnership was
- 19 for a definite term or particular undertaking at the time of the transfer or entry of the charging
- 20 order that gave rise to the transfer; or
- 21 (ii) at any time, if the partnership was a partnership at will at the time of the transfer or
- 22 entry of the charging order that gave rise to the transfer.

23 **7-12.1-41. Partnership continues after dissolution.** -- (a) Subject to subsection (b), a

24 partnership continues after dissolution only for the purpose of winding up its business. The

25 partnership is terminated when the winding up of its business is completed.

26 (b) At any time after the dissolution of a partnership and before the winding up of its

27 business is completed, all of the partners, including any dissociating partner other than a

28 wrongfully dissociating partner, may waive the right to have the partnership's business wound up

29 and the partnership terminated. In that event:

30 (1) the partnership resumes carrying on its business as if dissolution had never occurred,

31 and any liability incurred by the partnership or a partner after the dissolution and before the

32 waiver is determined as if dissolution had never occurred; and

33 (2) the rights of a third party accruing under section 7-12.1-43(1) or arising out of

34 conduct in reliance on the dissolution before the third party knew or received a notification of the

1 waiver may not be adversely affected.

2 **7-12.1-42. Right to wind up partnership business.** -- (a) After dissolution, a partner
3 who has not wrongfully dissociated may participate in winding up the partnership's business, but
4 on application of any partner, partner's legal representative, or transferee, the designate to the
5 appropriate court, for good cause shown, may order judicial supervision of the winding up.

6 (b) The legal representative of the last surviving partner may wind up a partnership's
7 business.

8 (c) A person winding up a partnership's business may preserve the partnership business or
9 property as a going concern for a reasonable time, prosecute and defend actions and proceedings,
10 whether civil, criminal, or administrative, settle and close the partnership's business, dispose of
11 and transfer the partnership's property, discharge the partnership's liabilities, distribute the assets
12 of the partnership pursuant to section 7-12.1-46, settle disputes by mediation or arbitration, and
13 perform other necessary acts.

14 **7-12.1-43. Partner's power to bind partnership after dissolution.** -- Subject to section
15 7-12.1-44, a partnership is bound by a partner's act after dissolution that:

16 (1) is appropriate for winding up the partnership business; or

17 (2) would have bound the partnership under section 7-12.1-13 before dissolution, if the
18 other party to the transaction did not have notice of the dissolution.

19 **7-12.1-44. Statement of dissolution.** -- (a) After dissolution, a partner who has not
20 wrongfully dissociated may file a statement of dissolution stating the name of the partnership and
21 that the partnership has dissolved and is winding up its business.

22 (b) A statement of dissolution cancels a filed statement of partnership authority for the
23 purposes of section 7-12.1-15(d) and is a limitation on authority for the purposes of section 7-
24 12.1-15 (e).

25 (c) For the purposes of sections 7-12.1-13 and 7-12.1-43, a person not a partner is
26 deemed to have notice of the dissolution and the limitation on the partners' authority as a result of
27 the statement of dissolution ninety (90) days after it is filed.

28 (d) After filing and, if appropriate, recording a statement of dissolution, a dissolved
29 partnership may file and, if appropriate, record a statement of partnership authority which will
30 operate with respect to a person not a partner as provided in sections 7-12-15(d) and (e) in any
31 transaction, whether or not the transaction is appropriate for winding up the partnership business.

32 **7-12.1-45. Partner's liability to other partners after dissolution.** -- (a) Except as
33 otherwise provided in subsection (b) and section 7-12.1-18, after dissolution a partner is liable to
34 the other partners for the partner's share of any partnership liability incurred under section 7-

1 12.1-43.

2 (b) A partner who, with knowledge of the dissolution, incurs a partnership liability under
3 section 7-12.1-43(2) by an act that is not appropriate for winding up the partnership business is
4 liable to the partnership for any damage caused to the partnership arising from the liability.

5 **7-12.1-46. Settlement of accounts and contributions among partners.** -- (a) In
6 winding up a partnership's business, the assets of the partnership, including the contributions of
7 the partners required by this section, must be applied to discharge its obligations to creditors,
8 including, to the extent permitted by law, partners who are creditors. Any surplus must be applied
9 to pay in cash the net amount distributable to partners in accordance with their right to
10 distributions under subsection (b).

11 (b) Each partner is entitled to a settlement of all partnership accounts upon winding up
12 the partnership business. In settling accounts among the partners, profits and losses that result
13 from the liquidation of the partnership assets must be credited and charged to the partners'
14 accounts. The partnership shall make a distribution to a partner in an amount equal to any excess
15 of the credits over the charges in the partner's account. A partner shall contribute to the
16 partnership an amount equal to any excess of the charges over the credits in the partner's account
17 but excluding from the calculation charges attributable to an obligation for which the partner is
18 not personally liable under section 7-12.1-18.

19 (c) If a partner fails to contribute the full amount required under subsection (b), all of the
20 other partners shall contribute, in the proportions in which those partners share partnership losses,
21 the additional amount necessary to satisfy the partnership obligations for which they are
22 personally liable under section 7-12.1-18. A partner or partner's legal representative may recover
23 from the other partners any contributions the partner makes to the extent the amount contributed
24 exceeds that partner's share of the partnership obligations for which the partner is personally
25 liable under section 7-12.1-18.

26 (d) After the settlement of accounts, each partner shall contribute, in the proportion in
27 which the partner shares partnership losses, the amount necessary to satisfy partnership
28 obligations that were not known at the time of the settlement and for which the partner is
29 personally liable under section 7-12.1-18.

30 (e) The estate of a deceased partner is liable for the partner's obligation to contribute to
31 the partnership.

32 (f) An assignee for the benefit of creditors of a partnership or a partner, or a person
33 appointed by a court to represent creditors of a partnership or a partner, may enforce a partner's
34 obligation to contribute to the partnership.

1 **7-12.1-47. Definitions . -- In this article:**

2 (1) “General partner” means a partner in a partnership and a general partner in a limited
3 partnership.

4 (2) “Limited partner” means a limited partner in a limited partnership.

5 (3) “Limited partnership” means a limited partnership created under the R.I. Limited
6 Partnership Act section 7-13-1 et seq., predecessor law, or comparable law of another jurisdiction.

7 (4) “Partner” includes both a general partner and a limited partner.

8 **7-12.1-48. Conversion of partnership to limited partnership. -- (a) A partnership may**
9 **be converted to a limited partnership pursuant to this section.**

10 (b) The terms and conditions of a conversion of a partnership to a limited partnership
11 must be approved by all of the partners or by a number or percentage specified for conversion in
12 the partnership agreement.

13 (c) After the conversion is approved by the partners, the partnership shall file a certificate
14 of limited partnership in the jurisdiction in which the limited partnership is to be formed. The
15 certificate must include:

16 (1) a statement that the partnership was converted to a limited partnership from a
17 partnership;

18 (2) its former name; and

19 (3) a statement of the number of votes cast by the partners for and against the conversion
20 and, if the vote is less than unanimous, the number or percentage required to approve the
21 conversion under the partnership agreement.

22 (d) The conversion takes effect when the certificate of limited partnership is filed or at
23 any later date specified in the certificate.

24 (e) A general partner who becomes a limited partner as a result of the conversion remains
25 liable as a general partner for an obligation incurred by the partnership before the conversion
26 takes effect. If the other party to a transaction with the limited partnership reasonably believes
27 when entering the transaction that the limited partner is a general partner, the limited partner is
28 liable for an obligation incurred by the limited partnership within ninety (90) days after the
29 conversion takes effect. The limited partner’s liability for all other obligations of the limited
30 partnership incurred after the conversion takes effect is that of a limited partner as provided in the
31 RI Limited Partnership Act section 7-13-1 et seq.

32 **7-12.1-49. Conversion of limited partnership to partnership. -- (a) A limited**
33 **partnership may be converted to a partnership pursuant to this section.**

34 (b) Notwithstanding a provision to the contrary in a limited partnership agreement, the

1 terms and conditions of a conversion of a limited partnership to a partnership must be approved
2 by all of the partners.

3 (c) After the conversion is approved by the partners, the limited partnership shall cancel
4 its certificate of limited partnership.

5 (d) The conversion takes effect when the certificate of limited partnership is canceled.

6 (e) A limited partner who becomes a general partner as a result of the conversion remains
7 liable only as a limited partner for an obligation incurred by the limited partnership before the
8 conversion takes effect. Except as otherwise provided in section 7-12.1-18, the partner is liable
9 as a general partner for an obligation of the partnership incurred after the conversion takes effect.

10 **7-12.1-50. Effect of conversion – Entity unchanged.** -- (a) A partnership or limited
11 partnership that has been converted pursuant to this article is for all purposes the same entity that
12 existed before the conversion.

13 (b) When a conversion takes effect:

14 (1) all property owned by the converting partnership or limited partnership remains
15 vested in the converted entity;

16 (2) all obligations of the converting partnership or limited partnership continue as
17 obligations of the converted entity; and

18 (3) an action or proceeding pending against the converting partnership or limited
19 partnership may be continued as if the conversion had not occurred.

20 **7-12.1-51. Merger of partnerships.** -- (a) Pursuant to a plan of merger approved as
21 provided in subsection (c), a partnership may be merged with one or more partnerships or limited
22 partnerships.

23 (b) The plan of merger must set forth:

24 (1) the name of each partnership or limited partnership that is a party to the merger;

25 (2) the name of the surviving entity into which the other partnerships or limited
26 partnerships will merge;

27 (3) whether the surviving entity is a partnership or a limited partnership and the status of
28 each partner;

29 (4) the terms and conditions of the merger;

30 (5) the manner and basis of converting the interests of each party to the merger into
31 interests or obligations of the surviving entity, or into money or other property in whole or part;
32 and

33 (6) the street address of the surviving entity's chief executive office.

34 (c) The plan of merger must be approved:

1 (1) in the case of a partnership that is a party to the merger, by all of the partners, or a
2 number or percentage specified for merger in the partnership agreement; and

3 (2) in the case of a limited partnership that is a party to the merger, by the vote required
4 for approval of a merger by the law of the state or foreign jurisdiction in which the limited
5 partnership is organized and, in the absence of such a specifically applicable law, by all of the
6 partners, notwithstanding a provision to the contrary in the partnership agreement.

7 (d) After a plan of merger is approved and before the merger takes effect, the plan may
8 be amended or abandoned as provided in the plan.

9 (e) The merger takes effect on the later of:

10 (1) the approval of the plan of merger by all parties to the merger, as provided in
11 subsection (c);

12 (2) the filing of all documents required by law to be filed as a condition to the
13 effectiveness of the merger; or

14 (3) any effective date specified in the plan of merger.

15 **7-12.1-52. Effect of merger.** -- (a) When a merger takes effect:

16 (1) the separate existence of every partnership or limited partnership that is a party to the
17 merger, other than the surviving entity, ceases;

18 (2) all property owned by each of the merged partnerships or limited partnerships vests in
19 the surviving entity;

20 (3) all obligations of every partnership or limited partnership that is a party to the merger
21 become the obligations of the surviving entity; and

22 (4) an action or proceeding pending against a partnership or limited partnership that is a
23 party to the merger may be continued as if the merger had not occurred, or the surviving entity
24 may be substituted as a party to the action or proceeding.

25 (b) The Secretary of State of this state is the agent for service of process in an action or
26 proceeding against a surviving foreign partnership or limited partnership to enforce an obligation
27 of a domestic partnership or limited partnership that is a party to a merger. The surviving entity
28 shall promptly notify the Secretary of State of the mailing address of its chief executive office
29 and of any change of address. Upon receipt of process, the [Secretary of State] shall mail a copy
30 of the process to the surviving foreign partnership or limited partnership.

31 (c) A partner of the surviving partnership or limited partnership is liable for:

32 (1) all obligations of a party to the merger for which the partner was personally liable
33 before the merger;

34 (2) all other obligations of the surviving entity incurred before the merger by a party to

1 the merger, but those obligations may be satisfied only out of property of the entity; and

2 (3) except as otherwise provided in Section 7-12.1-18, all obligations of the surviving
3 entity incurred after the merger takes effect, but those obligations may be satisfied only out of
4 property of the entity if the partner is a limited partner.

5 (d) If the obligations incurred before the merger by a party to the merger are not satisfied
6 out of the property of the surviving partnership or limited partnership, the general partners of that
7 party immediately before the effective date of the merger shall contribute the amount necessary to
8 satisfy that party's obligations to the surviving entity, in the manner provided in section 7-12.1-46
9 or in the Limited Partnership Act section 7-13-1 et seq. of the jurisdiction in which the party
10 was formed, as the case may be, as if the merged party were dissolved.

11 (e) A partner of a party to a merger who does not become a partner of the surviving
12 partnership or limited partnership is dissociated from the entity, of which that partner was a
13 partner, as of the date the merger takes effect. The surviving entity shall cause the partner's
14 interest in the entity to be purchased under section 7-12.1-35 or another statute specifically
15 applicable to that partner's interest with respect to a merger. The surviving entity is bound under
16 section 7-12.1-36 by an act of a general partner dissociated under this subsection, and the partner
17 is liable under section 7-12.1-37 for transactions entered into by the surviving entity after the
18 merger takes effect.

19 **7-12.1-53. Statement of merger.** -- (a) After a merger, the surviving partnership or
20 limited partnership may file a statement that one or more partnerships or limited partnerships
21 have merged into the surviving entity.

22 (b) A statement of merger must contain:

23 (1) the name of each partnership or limited partnership that is a party to the merger;

24 (2) the name of the surviving entity into which the other partnerships or limited
25 partnership were merged;

26 (3) the street address of the surviving entity's chief executive office and of an office in
27 this state, if any; and

28 (4) whether the surviving entity is a partnership or a limited partnership.

29 (c) Except as otherwise provided in subsection (d), for the purposes of section 7-12.1-14,
30 property of the surviving partnership or limited partnership which before the merger was held in
31 the name of another party to the merger is property held in the name of the surviving entity upon
32 filing a statement of merger.

33 (d) For the purposes of section 7-12.1-14, real property of the surviving partnership or
34 limited partnership which before the merger was held in the name of another party to the merger

1 is property held in the name of the surviving entity upon recording a certified copy of the
2 statement of merger in the office for recording transfers of that real property.

3 (e) A filed and, if appropriate, recorded statement of merger, executed and declared to be
4 accurate pursuant to section 7-12.1-66(c), stating the name of a partnership or limited partnership
5 that is a party to the merger in whose name property was held before the merger and the name of
6 the surviving entity, but not containing all of the other information required by subsection (b),
7 operates with respect to the partnerships or limited partnerships named to the extent provided in
8 subsections (c) and (d).

9 **7-12.1-54. Nonexclusive.** -- This chapter is not exclusive. Partnerships or limited
10 partnerships may be converted or merged in any other manner provided by law.

11 **7-12.1-55. Statement of qualification.** -- (a) A partnership may become a limited
12 liability partnership pursuant to this section.

13 (b) The terms and conditions on which a partnership becomes a limited liability
14 partnership must be approved by the vote necessary to amend the partnership agreement except,
15 in the case of a partnership agreement that expressly considers obligations to contribute to the
16 partnership, the vote necessary to amend those provisions.

17 (c) After the approval required by subsection (b), a partnership may become a limited
18 liability partnership by filing a statement of qualification. The statement must contain:

19 (1) the name of the partnership;

20 (2) the street address of the partnership's chief executive office and, if different, the street
21 address of an office in this state, if any;

22 (3) if the partnership does not have an office in this state, the name and street address of
23 the partnership's agent for service of process;

24 (4) a statement that the partnership elects to be a limited liability partnership; and

25 (5) a deferred effective date, if any.

26 (d) The agent of a limited liability partnership for service of process must be an
27 individual who is a resident of this state or other person authorized to do business in this State.

28 (e) The status of a partnership as a limited liability partnership is effective on the later of
29 the filing of the statement or a date specified in the statement. The status remains effective,
30 regardless of changes in the partnership, until it is canceled pursuant to section 7-12.1-6(d) or
31 revoked pursuant to section 7-12.1-57.

32 (f) The status of a partnership as a limited liability partnership and the liability of its
33 partners is not affected by errors or later changes in the information required to be contained in
34 the statement of qualification under subsection (c).

1 (g) The filing of a statement of qualification establishes that a partnership has satisfied
2 all conditions precedent to the qualification of the partnership as a limited liability partnership.

3 (h) An amendment or cancellation of a statement of qualification is effective when it is
4 filed or on a deferred effective date specified in the amendment or cancellation.

5 **7-12.1-56. Name .** – The name of a limited liability partnership must end with
6 “Registered Limited Liability Partnership,” “Limited Liability Partnership,” “R.L.L.P.,” “L.L.P.,”
7 “RLLP,” or “LLP.”

8 **7-12.1-57. Annual report.** -- (a) A limited liability partnership, and a foreign limited
9 liability partnership authorized to transact business in this state, shall file an annual report in the
10 office of the Secretary of State which contains:

11 (1) the name of the limited liability partnership and the state or other jurisdiction under
12 whose laws the foreign limited liability partnership is formed;

13 (2) the street address of the partnership’s chief executive office and, if different, the street
14 address of an office of the partnership in this state, if any; and

15 (3) if the partnership does not have an office in this state, the name and street address of
16 the partnership’s current agent for service of process.

17 (b) An annual report must be filed between January 1 and April 1 of each year following
18 the calendar year in which a partnership files a statement of qualification or a foreign partnership
19 becomes authorized to transact business in this State.

20 (c) The Secretary of State may revoke the statement of qualification of a partnership
21 that fails to file an annual report when due or pay the required filing fee. To do so, the Secretary
22 of State shall provide the partnership at least sixty (60) days’ written notice of intent to revoke the
23 statement. The notice must be mailed to the partnership at its chief executive office set forth in
24 the last filed statement of qualification or annual report. The notice must specify the annual
25 report that has not been filed, the fee that has not been paid, and the effective date of the
26 revocation. The revocation is not effective if the annual report is filed and the fee is paid before
27 the effective date of the revocation.

28 (d) A revocation under subsection (c) only affects a partnership’s status as a limited
29 liability partnership and is not an event of dissolution of the partnership.

30 (e) A partnership whose statement of qualification has been revoked may apply to the
31 Secretary of State for reinstatement within two (2) years after the effective date of the revocation.
32 The application must state:

33 (1) the name of the partnership and the effective date of the revocation; and

34 (2) that the ground for revocation either did not exist or has been corrected.

1 (f) A reinstatement under subsection (e) relates back to and takes effect as of the
2 effective date of the revocation, and the partnership's status as a limited liability partnership
3 continues as if the revocation had never occurred.

4 **7-12.1-58. Law governing foreign limited liability partnership.** -- (a) The law under
5 which a foreign limited liability partnership is formed governs relations among the partners and
6 between the partners and the partnership and the liability of partners for obligations of the
7 partnership.

8 (b) A foreign limited liability partnership may not be denied a statement of foreign
9 qualification by reason of any difference between the law under which the partnership was
10 formed and the law of this state.

11 (c) A statement of foreign qualification does not authorize a foreign limited liability
12 partnership to engage in any business or exercise any power that a partnership may not engage in
13 or exercise in this state as a limited liability partnership.

14 **7-12.1-59. Statement of foreign qualification.** -- (a) Before transacting business in this
15 state, a foreign limited liability partnership must file a statement of foreign qualification. The
16 statement must contain:

17 (1) the name of the foreign limited liability partnership which satisfies the requirements
18 of the state or other jurisdiction under whose law it is formed and ends with "Registered Limited
19 Liability Partnership," "Limited Liability Partnership," "R.L.L.P.," "L.L.P.," "R.L.L.P.," or
20 "L.L.P";

21 (2) the street address of the partnership's chief executive office and, if different, the street
22 address of an office of the partnership in this state, if any;

23 (3) if there is no office of the partnership in this state, the name and street address of the
24 partnership's agent for service of process; and

25 (4) a deferred effective date, if any.

26 (b) The agent of a foreign limited liability company for service of process must be an
27 individual who is a resident of this state or other person authorized to do business in this state.

28 (c) The status of a partnership as a foreign limited liability partnership is effective on the
29 later of the filing of the statement of foreign qualification or a date specified in the statement.
30 The status remains effective, regardless of changes in the partnership, until it is canceled pursuant
31 to section 7-12.1-6(d) or revoked pursuant to section 7-12.1-57.

32 (d) An amendment or cancellation of a statement of foreign qualification is effective
33 when it is filed or on a deferred effective date specified in the amendment or cancellation.

34 **7-12.1-60. Effect of failure to quality.** -- (a) A foreign limited liability partnership

1 transacting business in this state may not maintain an action or proceeding in this State unless it
2 has in effect a statement of foreign qualification.

3 (b) The failure of a foreign limited liability partnership to have in effect a statement of
4 foreign qualification does not impair the validity of a contract or act of the foreign limited
5 liability partnership or preclude it from defending an action or proceeding in this State.

6 (c) A limitation on personal liability of a partner is not waived solely by transacting
7 business in this state without a statement of foreign qualification.

8 (d) If a foreign limited liability partnership transacts business in this state without a
9 statement of foreign qualification, the Secretary of State is its agent for service of process with
10 respect to a right of action arising out of the transaction of business in this state.

11 **7-12.1-61. Activities not constituting transacting business.** -- (a) Activities of a foreign
12 limited liability partnership which do not constitute transacting business for the purpose of this
13 chapter include:

14 (1) maintaining, defending, or settling an action or proceeding;

15 (2) holding meetings of its partners or carrying on any other activity concerning its
16 internal affairs;

17 (3) maintaining bank accounts;

18 (4) maintaining offices or agencies for the transfer, exchange, and registration of the
19 partnership's own securities or maintaining trustees or depositories with respect to those
20 securities;

21 (5) selling through independent contractors;

22 (6) soliciting or obtaining orders, whether by mail or through employees or agents or
23 otherwise, if the orders require acceptance outside this state before they become contracts;

24 (7) creating or acquiring indebtedness, with or without a mortgage, or other security
25 interest in property;

26 (8) collecting debts or foreclosing mortgages or other security interests in property
27 securing the debts, and holding, protecting, and maintaining property so acquired;

28 (9) conducting an isolated transaction that is completed within 30 days and is not one in
29 the course of similar transactions; and

30 (10) transacting business in interstate commerce.

31 (b) For purposes of this chapter, the ownership in this state of income-producing real
32 property or tangible personal property, other than property excluded under subsection (a),
33 constitutes transacting business in this state.

34 (c) This section does not apply in determining the contacts or activities that may subject

1 a foreign limited liability partnership to service of process, taxation, or regulation under any other
2 law of this state.

3 **7-12.1-62. Action by attorney general.** -- The Attorney General may maintain an
4 action to restrain a foreign limited liability partnership from transacting business in this State in
5 violation of this chapter.

6 **7-12.1-63. Uniformity of application and construction.** -- This chapter shall be applied
7 and construed to effectuate its general purpose to make uniform the law with respect to the
8 subject of this chapter among states enacting it.

9 **7-12.1-64. Severability clause.** -- If any provision of this chapter or its application to
10 any person or circumstance is held invalid, the invalidity does not affect other provisions or
11 applications of this chapter which can be given effect without the invalid provision or application,
12 and to this end the provisions of this chapter are severable.

13 **7-12.1-65. Applicability.** – (a) Before January 1, 2003, this Act governs only a
14 partnership formed:

15 (1) after the effective date of this Act, except a partnership that is continuing the business
16 of a dissolved partnership under chapter 7-12 of the prior Partnership Act; and

17 (2) before the effective date of this Act., that elects, as provided by subsection (c), to be
18 governed by this Act.

19 (b) On and after January 1, 2003, this Act governs all partnerships.

20 (c) Before January 1, 2003, a partnership voluntarily may elect, in the manner provided
21 in its partnership agreement or by law for amending the partnership agreement, to be governed by
22 this Act. The provisions of this Act relating to the liability of the partnership’s partners to third
23 parties apply to limit those partners’ liability to a third party who had done business with the
24 partnership within one year before the partnership’s election to be governed by this Act only if
25 the third party knows or has received a notification of the partnership’s election to be governed by
26 this Act.

27 **7-12.1-66. Savings clause.** -- This chapter does not affect an action or proceeding
28 commenced or right accrued before this chapter takes effect.

29 SECTION 3. This act shall take effect on January 1, 2003.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO PARTNERSHIPS

1 This act would repeal the current RI Uniform Partnership Act and enacts a new Uniform
2 Partnership Act recommended by the national conference of commissioners on Uniform state
3 laws in 1997.

4 This act would take effect on January 1, 2003.

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LC00546
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