

2022 -- S 2813

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2022

A N A C T

RELATING TO CORPORATIONS, ASSOCIATIONS, AND PARTNERSHIPS -- UNIFORM
PARTNERSHIP ACT

Introduced By: Senators F Lombardi, Euer, Archambault, Ciccone, Lombardo, and
McCaffrey

Date Introduced: March 24, 2022

Referred To: Senate Judiciary

(Secretary of State)

It is enacted by the General Assembly as follows:

1 SECTION 1. Sections 7-12-12, 7-12-13, 7-12-14, 7-12-15, 7-12-16, 7-12-17, 7-12-18, 7-
2 12-19, 7-12-20, 7-12-21, 7-12-22, 7-12-23, 7-12-24, 7-12-25, 7-12-26, 7-12-27, 7-12-28, 7-12-29,
3 7-12-30, 7-12-31, 7-12-32, 7-12-33, 7-12-34, 7-12-35, 7-12-36, 7-12-37, 7-12-38, 7-12-39, 7-12-
4 40, 7-12-41, 7-12-42, 7-12-43, 7-12-44, 7-12-45, 7-12-46, 7-12-47, 7-12-48, 7-12-49, 7-12-50, 7-
5 12-51, 7-12-52, 7-12-53, 7-12-54, 7-12-55, 7-12-56, 7-12-57, 7-12-58 and 7-12-59 of the General
6 Laws in Chapter 7-12 entitled "Partnerships" are hereby repealed:

7 ~~7-12-12. Short title.~~

8 ~~Sections 7-12-12 through 7-12-55 may be cited as the "Uniform Partnership Act".~~

9 ~~7-12-13. Definitions.~~

10 ~~In §§ 7-12-12 through 7-12-59:~~

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

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

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

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

16 ~~(5) "Foreign registered limited liability partnership" means a registered limited liability~~
17 ~~partnership or a limited liability partnership formed pursuant to an agreement governed by the laws~~
18 ~~of another jurisdiction and registered under the laws of that jurisdiction.~~

1 ~~(6) "Person" includes individuals, partnerships, corporations, and other associations.~~

2 ~~(7) "Real property" includes land and any interest or estate in land.~~

3 ~~(8) "Registered limited liability partnership" means a partnership formed pursuant to an~~
4 ~~agreement governed by the laws of this state, registered under § 7-12-56 and in compliance with §~~
5 ~~7-12-58.~~

6 **7-12-14. Interpretation of knowledge and notice.**

7 ~~(a) A person has "knowledge" of a fact within the meaning of §§ 7-12-12 — 7-12-55 not~~
8 ~~only when he or she has actual knowledge of it, but also when he or she has knowledge of any other~~
9 ~~facts that in the circumstances show bad faith.~~

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

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

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

15 **7-12-15. Rules of construction.**

16 ~~(a) The rule that statutes in derogation of the common law are to be strictly construed has~~
17 ~~no application to §§ 7-12-12 — 7-12-55.~~

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

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

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

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

25 **7-12-16. Rules for cases not provided for.**

26 ~~In any case not provided for in §§ 7-12-12 — 7-12-55, the rules of law and equity, including~~
27 ~~the law merchant, govern.~~

28 **7-12-17. Partnership defined.**

29 ~~(a) A partnership is an association of two (2) or more persons to carry on as co-owners a~~
30 ~~business for profit, and includes a registered limited liability partnership.~~

31 ~~(b) Any association formed under any other statute of this state, or any statute adopted by~~
32 ~~authority, other than the authority of the state, is not a partnership under §§ 7-12-12 — 7-12-59,~~
33 ~~unless the association would have been a partnership in this state prior to May 6, 1957; but §§ 7-~~
34 ~~12-12 — 7-12-59 apply to limited partnerships except insofar as the statutes relating to partnerships~~

1 are inconsistent with these provisions.

2 **7-12-18. Rules for determining the existence of a partnership.**

3 In determining whether a partnership exists, these rules apply:

4 (1) Except as provided by § 7-12-27, persons who are not partners as to each other are not
5 partners as to third persons.

6 (2) Joint tenancy, tenancy in common, tenancy by the entireties, joint property, common
7 property, or part ownership does not of itself establish a partnership, whether the co-owners do or
8 do not share any profits made by the use of the property.

9 (3) The sharing of gross returns does not of itself establish a partnership, whether or not
10 the persons sharing them have a joint or common right or interest in any property from which the
11 returns are derived.

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

15 (i) As a debt by installments or otherwise;

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

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

18 (iv) As interest on a loan, though the amount of payment vary with the profits of the
19 business;

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

22 **7-12-19. Partnership property.**

23 (a) All property originally brought into the partnership stock or subsequently acquired by
24 purchase or otherwise, on account of the partnership, is partnership property.

25 (b) Unless the contrary intention appears, property acquired with partnership funds is
26 partnership property.

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

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

31 **7-12-20. Partner agent of partnership as to partnership business.**

32 (a) Every partner is an agent of the partnership for the purpose of its business, and the act
33 of every partner, including the execution in the partnership name of any instrument, for apparently
34 carrying on in the usual way the business of the partnership of which he or she is a member, binds

1 ~~the partnership, unless the partner so acting has in fact no authority to act for the partnership in the~~
2 ~~particular matter, and the person with whom he or she is dealing has knowledge of the fact that he~~
3 ~~or she has no authority.~~

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

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

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

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

11 ~~(3) Do any other act that would make it impossible to carry on the ordinary business of a~~
12 ~~partnership;~~

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

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

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

17 **7-12-21. Conveyance of real property of the partnership.**

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

24 ~~(b) Where title to real property is in the name of the partnership, a conveyance executed by~~
25 ~~a partner, 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 provisions of § 7-12-20(a).~~

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

32 ~~(d) Where the title to real property is in the name of one or more or all of the partners, or~~
33 ~~in a third person in trust for the partnership, a conveyance executed by a partner in the partnership~~
34 ~~name, or in his or her own name, passes the equitable interest of the partnership, provided the act~~

1 ~~is one within the authority of the partner under the provision of § 7-12-20(a).~~

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

4 **7-12-22. Partnership bound by admission of partner.**

5 ~~An admission or representation made by any partner concerning partnership affairs within~~
6 ~~the scope of his or her authority as conferred by §§ 7-12-12 — 7-12-55 is evidence against the~~
7 ~~partnership.~~

8 **7-12-23. Partnership charged with knowledge of or notice to partner.**

9 ~~Notice to any partner of any matter relating to partnership affairs, and the knowledge of~~
10 ~~the partners acting in the particular matter, acquired while a partner or then present to his or her~~
11 ~~mind, and the knowledge of any other partner who reasonably could and should have~~
12 ~~communicated it to the acting partner, operate as notice to or knowledge of the partnership, except~~
13 ~~in the case of a fraud on the partnership committed by or with the consent of that partner.~~

14 **7-12-24. Partnership bound by partner's wrongful act.**

15 ~~Where, by any wrongful act or omission of any partner acting in the ordinary course of the~~
16 ~~business of the partnership or with the authority of his or her copartners, loss or injury is caused to~~
17 ~~any person, not being a partner in the partnership, or any penalty is incurred, the partnership is~~
18 ~~liable for the loss, injury, or penalty to the same extent as the partner acting or omitting to act.~~

19 **7-12-25. Partnership bound by partner's breach of trust.**

20 ~~The partnership is bound to make good the loss:~~

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

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

26 **7-12-26. Nature of partner's liability.**

27 ~~(a) All partners are liable, except as provided in subsection (b):~~

28 ~~(1) Jointly and severally for everything chargeable to the partnership under §§ 7-12-24 and~~
29 ~~7-12-25.~~

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

32 ~~(b) Subject to subsection (c), a partner in a registered limited liability partnership is not~~
33 ~~liable, directly or indirectly (including by way of indemnification, contribution, assessment or~~
34 ~~otherwise), for debts, obligations, and liabilities of, or chargeable to, the partnership whether in~~

1 ~~tort, contract, or otherwise, arising while the partnership is a registered limited liability partnership.~~

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

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

9 ~~(e) Notwithstanding any other provisions of this section, the personal liability of a partner~~
10 ~~in a limited liability partnership engaged in the rendering of professional services is not less than~~
11 ~~or greater than the personal liability of a shareholder of a professional corporation organized under~~
12 ~~chapter 5.1 of this title engaged in the rendering of the same professional services.~~

13 **7-12-27. Partner by estoppel.**

14 ~~(a) When a person, by words spoken or written or by conduct, represents himself or herself,~~
15 ~~or consents to another representing him or her to any one, as a partner in an existing partnership or~~
16 ~~with one or more persons not actual partners, he or she is liable to any person to whom the~~
17 ~~representation has been made, who has, on the faith of the representation, given credit to the actual~~
18 ~~or apparent partnership, and if he or she has made a representation or consented to its being made~~
19 ~~in a public manner, he or she is liable to the person, whether the representation has or has not been~~
20 ~~made or communicated to the person giving credit by or with the knowledge of the apparent partner~~
21 ~~making the representation or consenting to its being made.~~

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

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

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

33 **7-12-28. Liability of incoming partner.**

34 ~~A person admitted as a partner into an existing partnership is liable for all the obligations~~

1 of the partnership arising before his or her admission as though he or she had been a partner when
2 the obligations were incurred, except that this liability is satisfied only out of partnership property.

3 **7-12-29. Rules determining rights and duties of partners.**

4 The rights and duties of the partners in relation to the partnership are determined, subject
5 to any agreement between them, by the following rules:

6 (1) Each partner is repaid his or her contributions, whether by way of capital or advances
7 to the partnership property, and shares equally in the profits and surplus remaining after all
8 liabilities, including those to partners, are satisfied; and except as provided in § 7-12-26(b), each
9 partner must contribute toward the losses, whether of capital or otherwise, sustained by the
10 partnership according to his or her share in the profits.

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

14 (3) A partner, who in aid of the partnership makes any payment or advance beyond the
15 amount of capital that he or she agreed to contribute, is paid interest from the date of the payment
16 or advance.

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

19 (5) All partners have equal rights in the management and conduct of the partnership
20 business.

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

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

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

28 **7-12-30. Partnership books.**

29 The partnership books are kept, subject to any agreement between the partners, at the
30 principal place of business of the partnership, and every partner shall at all times have access to
31 and may inspect and copy any of them.

32 **7-12-31. Duty of partners to render information.**

33 Partners shall render on demand true and full information of all things affecting the
34 partnership to any partner or the legal representative of any deceased partner or partner under legal

1 ~~disability.~~

2 ~~**7-12-32. Partner accountable as a fiduciary.**~~

3 ~~(a) Every partner must account to the partnership for any benefit, and hold as trustee for it~~
4 ~~any profits derived by him or her without the consent of the other partners from any transaction~~
5 ~~connected with the formation, conduct, or liquidation of the partnership or from any use by him or~~
6 ~~her of its property.~~

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

10 ~~**7-12-33. Right to an account.**~~

11 ~~Any partner has the right to a formal account as to partnership affairs:~~

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

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

15 ~~(3) As provided by § 7-12-32.~~

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

17 ~~**7-12-34. Continuation of partnership beyond fixed term.**~~

18 ~~(a) When a partnership for a fixed term or particular undertaking is continued after the~~
19 ~~termination of the term or particular undertaking without any express agreement, the rights and~~
20 ~~duties of the partners remain the same as they were at the termination, insofar as is consistent with~~
21 ~~a partnership at will.~~

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

25 ~~**7-12-35. Extent of property rights of a partner.**~~

26 ~~The property rights of a partner are:~~

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

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

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

30 ~~**7-12-36. Nature of a partner's right in specific partnership property.**~~

31 ~~(a) A partner is co-owner with his or her partners of specific partnership property holding~~
32 ~~as a tenant in partnership.~~

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

34 ~~(1) A partner, subject to the provisions of §§ 7-12-12 — 7-12-55 and to any agreement~~

1 ~~between the partners, has an equal right with his or her partners to possess specific partnership~~
2 ~~property for partnership purposes; but he or she has no right to possess the property for any other~~
3 ~~purpose without the consent of his or her partners.~~

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

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

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

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

17 **7-12-37. Nature of partner's interest in the partnership.**

18 A partner's interest in the partnership is his or her share of the profits and surplus, and his
19 or her share of the profits and surplus is personal property.

20 **7-12-38. Assignment of partner's interest.**

21 (a) ~~A conveyance by a partner of his or her interest in the partnership does not of itself~~
22 ~~dissolve the partnership, nor, as against the other partners in the absence of agreement, entitle the~~
23 ~~assignee, during the continuance of the partnership, to interfere in the management or~~
24 ~~administration of the partnership business or affairs, to require any information or account of~~
25 ~~partnership transactions, or to inspect the partnership book. It merely entitles the assignee to~~
26 ~~receive, in accordance with his or her contract, the profits to which the assigning partner would~~
27 ~~otherwise be entitled.~~

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

31 **7-12-39. Partner's interest subject to charging order.**

32 (a) ~~On due application to the superior court by any judgment creditor of a partner, the court~~
33 ~~may charge the interest of the debtor partner with payment of the unsatisfied amount of the~~
34 ~~judgment debt with interest on it; and may then or later appoint a receiver of his or her share of the~~

1 ~~profits, and of any other money due, or to fall due, to him or her in respect of the partnership, and~~
2 ~~make all other orders, directions, accounts, and inquiries that the debtor partner might have made,~~
3 ~~or that the circumstances of the case require.~~

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

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

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

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

11 **7-12-40. Dissolution defined.**

12 ~~The dissolution of a partnership is the change in the relation of the partners caused by any~~
13 ~~partner ceasing to be associated in the carrying on as distinguished from the winding up of the~~
14 ~~business.~~

15 **7-12-41. Partnership not terminated by dissolution.**

16 ~~On dissolution the partnership is not terminated, but continues until the winding up of~~
17 ~~partnership affairs is completed.~~

18 **7-12-42. Causes of dissolution.**

19 ~~Dissolution is caused:~~

20 ~~(1) Without violation of the agreement between the partners:~~

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

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

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

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

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

33 ~~(3) By any event that makes it unlawful for the business of the partnership to be carried on~~
34 ~~or for the members to carry it on in partnership;~~

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

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

3 ~~(6) By decree of court under § 7-12-43.~~

4 **7-12-43. Dissolution by decree of court.**

5 ~~(a) On application by or for a partner, the court shall decree a dissolution whenever:~~

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

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

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

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

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

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

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

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

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

22 **7-12-44. General effect of dissolution on authority of partner.**

23 ~~Except insofar as is necessary to wind up partnership affairs or to complete transactions~~
24 ~~begun but not then finished, dissolution terminates all authority of any partner to act for the~~
25 ~~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 ~~7-12-45 so requires.~~

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

31 **7-12-45. Right of partner to contribution from copartners after dissolution.**

32 ~~Where the dissolution is caused by the act, death, or bankruptcy of a partner, each partner~~
33 ~~is liable to his or her copartners for his or her share of any liability created by any partner acting~~
34 ~~for the 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;~~

3 ~~(2) The dissolution being by the death or bankruptcy of a partner, the partner acting for the~~
4 ~~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 in~~
6 ~~§ 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~~
9 ~~(c) by:~~

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

12 ~~(2) Any transaction that would bind the partnership if dissolution had not taken place,~~
13 ~~provided the other party to the transaction:~~

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

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

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

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

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

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

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

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

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

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

33 ~~(ii) Had not extended credit to the partnership prior to dissolution, and, having no~~
34 ~~knowledge or notice of his or her want of authority, the fact of his or her want of authority has not~~

1 ~~been advertised in the manner provided for advertising the fact of dissolution in subsection~~
2 ~~(a)(2)(ii).~~

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

6 ~~**7-12-47. Effect of dissolution on partner's existing liability.**~~

7 ~~(a) The dissolution of the partnership does not of itself discharge the existing liability of~~
8 ~~any partner.~~

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

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

18 ~~(d) The individual property of a deceased partner is liable for those obligations of the~~
19 ~~partnership incurred while he or she was a partner and for which he or she is liable under § 7-12-~~
20 ~~26, but subject to the prior payment of his or her separate debts.~~

21 ~~**7-12-48. Right to wind up.**~~

22 ~~Unless otherwise agreed, the partners who have not wrongfully dissolved the partnership~~
23 ~~or the legal representative of the last surviving partner, not bankrupt, has the right to wind up the~~
24 ~~partnership affairs; provided, that any partner, his or her legal representative, or his or her assignee~~
25 ~~may obtain winding up by the court upon cause shown.~~

26 ~~**7-12-49. Rights of partners to application of partnership property.**~~

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

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

3 ~~(1) Each partner who has not wrongfully caused dissolution has:~~

4 ~~(i) All the rights specified in subsection (a); and~~

5 ~~(ii) The right, as against each partner who has wrongfully caused the dissolution, to~~
6 ~~damages for breach of the agreement.~~

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

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

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

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

23 **7-12-50. Rights where partnership is dissolved for fraud or misrepresentation.**

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

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

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

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

34 **7-12-51. Rules for distribution.**

1 ~~In settling accounts between the partners after dissolution, the following rules are observed,~~
2 ~~subject to any agreement to the contrary:~~

3 ~~(1) The assets of the partnership are:~~

4 ~~(i) The partnership property;~~

5 ~~(ii) The contributions of the partners specified in subdivision (4).~~

6 ~~(2) The liabilities of the partnership rank in order of payment, as follows:~~

7 ~~(i) Those owing to creditors other than partners;~~

8 ~~(ii) Those owing to partners other than for capital and profits;~~

9 ~~(iii) Those owing to partners in respect of capital;~~

10 ~~(iv) Those owing to partners in respect of profits.~~

11 ~~(3) The assets are applied in the order of their declaration in subdivision (1) to the~~
12 ~~satisfaction of the liabilities.~~

13 ~~(4) Except as provided in § 7-12-26(b), the partners shall contribute, as provided by § 7-~~
14 ~~12-29(1), the amount necessary to satisfy the liabilities; but if any, but not all, of the partners are~~
15 ~~insolvent, or not being subject to process, refuse to contribute, the other partners shall contribute~~
16 ~~their share of the liabilities, and, in the relative proportions in which they share the profits, the~~
17 ~~additional amount necessary to pay the liabilities.~~

18 ~~(5) An assignee for the benefit of creditors of any person appointed by the court has the~~
19 ~~right to enforce the contributions specified in subdivision (4).~~

20 ~~(6) Any partner, or his or her legal representative, has the right to enforce the contributions~~
21 ~~specified in subdivision (4), to the extent of the amount that he or she has paid in excess of his or~~
22 ~~her share.~~

23 ~~(7) The individual property of a deceased partner is liable for the contributions specified in~~
24 ~~subdivision (4).~~

25 ~~(8) When partnership property and the individual properties of the partners are in~~
26 ~~possession of a court for distribution, partnership creditors have priority on partnership property~~
27 ~~and separate creditors on individual property, saving the rights of lien or secured creditors as~~
28 ~~previously.~~

29 ~~(9) Where a partner has become bankrupt, or his or her estate is insolvent, the claims against~~
30 ~~his or her separate property rank in the following order:~~

31 ~~(i) Those owing to separate creditors;~~

32 ~~(ii) Those owing to partnership creditors;~~

33 ~~(iii) Those owing to partners by way of contribution.~~

34 ~~7-12-52. Liability of persons continuing the business in certain cases.~~

1 ~~(a) When any new partner is admitted into an existing partnership, or when any partner~~
2 ~~retires and assigns (or the representative of the deceased partner assigns) his or her rights in~~
3 ~~partnership property to two (2) or more of the partners, or to one or more of the partners, and one~~
4 ~~or more third persons, if the business is continued without liquidation of the partnership affairs,~~
5 ~~creditors of the first or dissolved partnership are also creditors of the partnership continuing the~~
6 ~~business.~~

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

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

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

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

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

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

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

1 dissolved partnership or on account of any consideration promised for the interest or for his or her
2 right in partnership property.

3 (i) Nothing in this section can be held to modify any right of creditors to set aside any
4 assignment on the ground of fraud.

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

8 **7-12-53. Rights of retiring or estate of deceased partner when the business is**
9 **continued.**

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

21 **7-12-54. Accrual of actions.**

22 The right to an account of his or her interest accrues to any partner, or his or her legal
23 representative, as against the winding up partners or the surviving partners or the person or
24 partnership continuing the business, at the date of dissolution, in the absence of any agreement to
25 the contrary.

26 **7-12-55. Other laws preserved.**

27 Nothing contained in §§ 7-12-12—7-12-55 affects the provisions of §§ 7-12-1—7-12-11
28 or of chapter 13 of this title.

29 **7-12-56. Registered limited liability partnerships.**

30 (a) To become, and to continue as, a registered limited liability partnership, a partnership
31 shall file with the secretary of state an application, or a renewal application, stating the name of the
32 partnership, the address of its principal office, if the partnership's principal office is not located in
33 this state, the address of a registered office and the name and address of a registered agent for
34 service of process in this state that a partnership is required to maintain. In addition, partnerships

1 ~~under this section shall provide the names and addresses of all resident partners, the place where~~
2 ~~the business records of the partnership are maintained, or if more than one location for business~~
3 ~~records is maintained, then the principal place of business of the partnership, number, a brief~~
4 ~~statement of the business in which the partnership engaged, and that the partnership applies for~~
5 ~~status, or renewal of its status, as a registered limited liability partnership.~~

6 ~~(b) The application or renewal application shall be executed by a majority in interest of the~~
7 ~~partners or by one or more partners authorized to execute an application or renewal application.~~

8 ~~(c) The application shall be accompanied by a fee of one hundred fifty dollars (\$150) for~~
9 ~~each partnership's initial filing.~~

10 ~~Renewal applications are to be filed yearly and are to be accompanied by a fee of fifty~~
11 ~~dollars (\$50.00).~~

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

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

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

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

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

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

4 ~~**7-12-57. Name of registered limited liability partnerships.**~~

5 (a) ~~The name of a registered limited liability partnership contains the words "registered~~
6 ~~limited liability partnership" or the abbreviation "L.L.P." or "LLP" as the last words or letters of its~~
7 ~~name.~~

8 (b) ~~The name shall be distinguishable upon the records of the secretary of state from the~~
9 ~~name of any domestic for-profit or nonprofit corporation, or any domestic limited partnership, or~~
10 ~~any domestic limited liability company or any registered limited liability partnership existing~~
11 ~~under the laws of the state, or the name of any foreign for-profit or nonprofit corporation, or foreign~~
12 ~~limited partnership, or foreign limited liability company, or foreign registered limited liability~~
13 ~~partnership authorized to transact business in this state, or a name the exclusive right to which is,~~
14 ~~at the time filed, reserved or registered in the manner provided under this title, subject to the~~
15 ~~following:~~

16 (1) ~~This provision does not apply if the applicant files with the secretary of state a certified~~
17 ~~copy of a final decree of a court of competent jurisdiction establishing the prior right of the~~
18 ~~applicant to the use of the name in this state; and~~

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

23 (3) ~~Words and/or abbreviations that are required by statute to identify the particular type~~
24 ~~of business entity shall be disregarded when determining if a name is distinguishable upon the~~
25 ~~records of the secretary of state.~~

26 (4) ~~The secretary of state shall promulgate rules and regulations defining the term~~
27 ~~"distinguishable upon the record" for the administration of this chapter.~~

28 ~~**7-12-58. Insurance or financial responsibility of registered limited liability**~~
29 ~~**partnerships.**~~

30 (a) ~~A registered limited liability partnership that is to perform professional services as~~
31 ~~defined in § 7-5.1-2 shall carry, if reasonably available, liability insurance of a kind that is designed~~
32 ~~to cover the kinds of negligence, wrongful acts, or misconduct for which liability is limited by § 7-~~
33 ~~12-26(b). The insurance shall be in the aggregate amount of fifty thousand dollars (\$50,000)~~
34 ~~multiplied by the number of professional employees of the registered limited liability partnership~~

1 ~~as of the policy anniversary date; provided, that in no case shall the coverage be less than one~~
2 ~~hundred thousand dollars (\$100,000) but in no event shall the necessary coverage exceed a~~
3 ~~maximum of five hundred thousand dollars (\$500,000); provided, further, that any policy for~~
4 ~~insurance coverage may include a deductible provision in any amount not to exceed twenty five~~
5 ~~thousand dollars (\$25,000) for each claim multiplied by the number of professional employees of~~
6 ~~the limited liability partnership as of the date of the issuance of the policy. The policy or policies~~
7 ~~of insurance may be subject to any terms, conditions, exclusions and endorsements that are~~
8 ~~typically contained in policies of this type.~~

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

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

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

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

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

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

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

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

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

34 **7-12-59. Applicability to foreign and interstate commerce.**

1 ~~(a) A partnership, including a registered limited liability partnership, formed and existing~~
2 ~~pursuant to an agreement governed by this chapter, may conduct its business, carry on its operations~~
3 ~~and have and exercise the powers granted by this chapter in any state, territory, district or possession~~
4 ~~of the United States, or in any foreign country.~~

5 ~~(b) It is the intent of the general assembly that the legal existence of partnerships, including~~
6 ~~registered limited liability partnerships, formed in this state are recognized outside the boundaries~~
7 ~~of this state and that, subject to any reasonable requirement of registration, a partnership, including~~
8 ~~a registered limited liability partnership, formed pursuant to an agreement governed by this chapter~~
9 ~~and transacting business outside this state is granted the protection of full faith and credit under the~~
10 ~~Constitution of the United States.~~

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

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

18 ~~(1) The name of the partnership;~~

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

21 ~~(3) The address of its principal office;~~

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

23 ~~(5) The address of a registered office and the name and address of a registered agent for~~
24 ~~service of process in this state that the partnership shall be required to maintain;~~

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

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

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

28 ~~(9) A statement that the partnership is a registered limited liability partnership. The notice~~
29 ~~shall be accompanied by a fee of one thousand dollars (\$1,000). The notice is effective for two (2)~~
30 ~~years from the date of filing, after which time the partnership shall file a new notice. The filing of~~
31 ~~the notice with the secretary of state makes it unnecessary to file any other documents under §§ 6-~~
32 ~~1-1—6-1-4.~~

33 ~~(e) The name of a foreign registered limited liability partnership doing business in this state~~
34 ~~shall contain the words "Registered Limited Liability Partnership" or "L.L.P." or "LLP", or any~~

1 ~~other similar words or abbreviation as are required or authorized by the laws of the state where the~~
2 ~~partnership is registered, as the last words or letters of its name.~~

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

7 SECTION 2. Title 7 of the General Laws entitled "CORPORATIONS, ASSOCIATIONS,
8 AND PARTNERSHIPS" is hereby amended by adding thereto the following chapter:

9 CHAPTER 12.1

10 UNIFORM PARTNERSHIP ACT

11 ARTICLE 1

12 GENERAL PROVISIONS

13 **7-12.1-101. Short title.**

14 This chapter shall be known and may be cited as "The Uniform Partnership Act".

15 **7-12.1-102. Definitions.**

16 As used in this chapter:

17 (1) "Business" includes every trade, occupation, and profession.

18 (2) "Contribution", except in the phrase "right of contribution", means property or a benefit
19 described in § 7-12.1-403 which is provided by a person to a partnership to become a partner or in
20 the person's capacity as a partner.

21 (3) "Debtor in bankruptcy" means a person that is the subject of:

22 (i) An order for relief under Title 11 of the United States Code or a comparable order under
23 a successor statute of general application; or

24 (ii) A comparable order under federal, state, or foreign law governing insolvency.

25 (4) "Delivering/delivered" means either physically transferring a paper document to the
26 secretary of state or transferring a document to the secretary of state by electronic transmission
27 through a medium provided and authorized by the secretary of state.

28 (5) "Distribution" means a transfer of money or other property from a partnership to a
29 person on account of a transferable interest or in a person's capacity as a partner. The term:

30 (i) Includes:

31 (A) A redemption or other purchase by a partnership of a transferable interest; and

32 (B) A transfer to a partner in return for the partner's relinquishment of any right to
33 participate as a partner in the management or conduct of the partnership's business or have access
34 to records or other information concerning the partnership's business; and

1 (ii) Does not include amounts constituting reasonable compensation for present or past
2 service or payments made in the ordinary course of business under a bona fide retirement plan or
3 other bona fide benefits program.

4 (6) "Electronic transmission" means any form of communication, not directly involving
5 the physical transmission of paper, that creates a record that may be retained, retrieved, and
6 reviewed by a recipient thereof, and that may be directly reproduced in paper form by such a
7 recipient through an automated process.

8 (7) "Foreign limited-liability partnership" means a foreign partnership whose partners have
9 limited-liability for the debts, obligations, or other liabilities of the foreign partnership under a
10 provision similar to § 7-12.1-306(c).

11 (8) "Foreign partnership" means an unincorporated entity formed under the law of a
12 jurisdiction other than this state which would be a partnership if formed under the law of this state.
13 The term includes a foreign limited-liability partnership.

14 (9) "Jurisdiction", used to refer to a political entity, means the United States, a state, a
15 foreign country, or a political subdivision of a foreign country.

16 (10) "Jurisdiction of formation" means the jurisdiction whose law governs the internal
17 affairs of an entity.

18 (11) "Limited-liability partnership", except in the phrase "foreign limited-liability
19 partnership" and in Article 11 of this chapter, means a partnership that has filed a statement of
20 qualification under § 7-12.1-901 and does not have a similar statement in effect in any other
21 jurisdiction.

22 (12) "Partner" means a person that:

23 (i) Has become a partner in a partnership under § 7-12.1-402 or was a partner in a
24 partnership when the partnership became subject to this chapter under § 7-12.1-110; and

25 (ii) Has not dissociated as a partner under § 7-12.1-601.

26 (13) "Partnership", except in Article 11 of this chapter, means an association of two (2) or
27 more persons to carry on as co-owners of a business for profit formed under this chapter or that
28 becomes subject to this chapter under Article 11 of this chapter or § 7-12.1-110. The term includes
29 a limited-liability partnership.

30 (14) "Partnership agreement" means the agreement, whether or not referred to as a
31 partnership agreement and whether oral, implied, in a record, or in any combination thereof, of all
32 the partners of a partnership concerning the matters described in § 7-12.1-105. The term includes
33 the agreement as amended or restated.

34 (15) "Partnership at will" means a partnership in which the partners have not agreed to

1 remain partners until the expiration of a definite term or the completion of a particular undertaking.

2 (16) "Person" means an individual, business corporation, nonprofit corporation,
3 partnership, limited partnership, limited-liability company, general cooperative association, limited
4 cooperative association, unincorporated nonprofit association, statutory trust, business trust,
5 common-law business trust, estate, trust, association, joint venture, public corporation, government
6 or governmental subdivision, agency, or instrumentality, or any other legal or commercial entity.

7 (17) "Principal office" means the principal executive office of a partnership or a foreign
8 limited-liability partnership, whether or not the office is located in this state.

9 (18) "Property" means all property, whether real, personal, or mixed or tangible or
10 intangible, or any right or interest therein.

11 (19) "Record", used as a noun, means information that is inscribed on a tangible medium
12 or that is stored in an electronic or other medium and is retrievable in perceivable form.

13 (20) "Registered agent" means an agent of a limited-liability partnership or foreign limited-
14 liability partnership which is authorized to receive service of any process, notice, or demand
15 required or permitted by law to be served on the partnership.

16 (21) "Registered foreign limited-liability partnership" means a foreign limited-liability
17 partnership that is registered to do business in this state pursuant to a statement of registration filed
18 with the secretary of state.

19 (22) "Sign" means, with present intent to authenticate or adopt a record:

20 (i) To execute or adopt a tangible symbol; or

21 (ii) To attach to or logically associate with the record an electronic symbol, sound, or
22 process.

23 (23) "Signature" or "signed" or "executed" means an original signature, facsimile, or an
24 electronically transmitted signature submitted through a medium provided and authorized by the
25 secretary of state.

26 (24) "State" means a state of the United States, the District of Columbia, Puerto Rico, the
27 United States Virgin Islands, or any territory or insular possession subject to the jurisdiction of the
28 United States.

29 (25) "Transfer" includes:

30 (i) An assignment;

31 (ii) A conveyance;

32 (iii) A sale;

33 (iv) A lease;

34 (v) An encumbrance, including a mortgage or security interest;

1 (vi) A gift; and

2 (vii) A transfer by operation of law.

3 (26) "Transferable interest" means the right, as initially owned by a person in the person's
4 capacity as a partner, to receive distributions from a partnership, whether or not the person remains
5 a partner or continues to own any part of the right. The term applies to any fraction of the interest,
6 by whomever owned.

7 (27) "Transferee" means a person to which all or part of a transferable interest has been
8 transferred, whether or not the transferor is a partner.

9 **7-12.1-103. Knowledge; Notice.**

10 (a) A person knows a fact if the person:

11 (1) Has actual knowledge of it; or

12 (2) Is deemed to know it under subsection (d)(1) of this section or law other than this
13 chapter.

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

15 (1) Has reason to know the fact from all the facts known to the person at the time in
16 question; or

17 (2) Is deemed to have notice of the fact under subsection (d)(2) of this section.

18 (c) Subject to § 7-12.1-117(f), a person notifies another person of a fact by taking steps
19 reasonably required to inform the other person in ordinary course, whether or not those steps cause
20 the other person to know the fact.

21 (d) A person not a partner is deemed:

22 (1) To know of a limitation on authority to transfer real property as provided in § 7-12.1-
23 303(g); and

24 (2) To have notice of:

25 (i) A person's dissociation as a partner ninety (90) days after a statement of dissociation
26 under § 7-12.1-704 becomes effective; and

27 (ii) A partnership's:

28 (A) Dissolution ninety (90) days after a statement of dissolution under § 7-12.1-802
29 becomes effective;

30 (B) Termination ninety (90) days after a statement of termination under § 7-12.1-802
31 becomes effective; and

32 (C) Participation in a merger, interest exchange, conversion, or domestication, ninety (90)
33 days after articles of merger, interest exchange, conversion, or domestication under Article 11 of
34 this chapter become effective.

1 (e) A partner's knowledge or notice of a fact relating to the partnership is effective
2 immediately as knowledge of or notice to the partnership, except in the case of a fraud on the
3 partnership committed by or with the consent of that partner.

4 **7-12.1-104. Governing law.**

5 The internal affairs of a partnership and the liability of a partner as a partner for a debt,
6 obligation, or other liability of the partnership are governed by:

7 (1) In the case of a limited-liability partnership, the law of this state; and

8 (2) In the case of a partnership that is not a limited-liability partnership, the law of the
9 jurisdiction in which the partnership has its principal office.

10 **7-12.1-105. Partnership agreement; Scope, Function, and Limitations.**

11 (a) Except as otherwise provided in subsections (c) and (d) of this section, the partnership
12 agreement governs:

13 (1) Relations among the partners as partners and between the partners and the partnership;

14 (2) The business of the partnership and the conduct of that business; and

15 (3) The means and conditions for amending the partnership agreement.

16 (b) To the extent the partnership agreement does not provide for a matter described in
17 subsection (a) of this section, this chapter governs the matter.

18 (c) A partnership agreement may not:

19 (1) Vary the law applicable under § 7-12.1-104(1);

20 (2) Vary the provisions of § 7-12.1-110;

21 (3) Vary the provisions of § 7-12.1-307;

22 (4) Unreasonably restrict the duties and rights under § 7-12.1-408, but the partnership
23 agreement may impose reasonable restrictions on the availability and use of information obtained
24 under that section and may define appropriate remedies, including liquidated damages, for a breach
25 of any reasonable restriction on use;

26 (5) Alter or eliminate the duty of loyalty or the duty of care, except as otherwise provided
27 in subsection (d) of this section;

28 (6) Eliminate the contractual obligation of good faith and fair dealing under § 7-12.1-
29 409(d), but the partnership agreement may prescribe the standards, if not manifestly unreasonable,
30 by which the performance of the obligation is to be measured;

31 (7) Unreasonably restrict the right of a person to maintain an action under § 7-12.1-410(b);

32 (8) Relieve or exonerate a person from liability for conduct involving bad faith, willful or
33 intentional misconduct, or knowing violation of law;

34 (9) Vary the power of a person to dissociate as a partner under § 7-12.1-602(a), except to

1 require that the notice under § 7-12.1-601(1) to be in a record;

2 (10) Vary the grounds for expulsion specified in § 7-12.1-601(5);

3 (11) Vary the causes of dissolution specified in § 7-12.1-801(4) or (5);

4 (12) Vary the requirement to wind up the partnership's business as specified in § 7-12.1-

5 802(a), (b)(1), and (d);

6 (13) Vary the right of a partner under § 7-12.1-901(f) to vote on or consent to a cancellation

7 of a statement of qualification;

8 (14) Vary the right of a partner to approve a merger, interest exchange, conversion, or

9 domestication under §§ 7-12.1-11.23(a)(2), 7-12.1-11.33(a)(2), 7-12.1-11.43(a)(2), or 7-12.1-

10 11.53(a)(2);

11 (15) Vary the required contents of a plan of merger under § 7-12.1-11.22(a), plan of interest

12 exchange under § 7-12.1-11.32(a), plan of conversion under § 7-12.1-11.42(a), or plan of

13 domestication under § 7-12.1-11.52(a);

14 (16) Vary any requirement, procedure, or other provision of this chapter pertaining to:

15 (i) Registered agents; or

16 (ii) The secretary of state, including provisions pertaining to records authorized or required

17 to be filed with the secretary of state under this chapter; or

18 (17) Except as otherwise provided in §§ 7-12.1-106 and 7-12.1-107(b), restrict the rights

19 under this chapter of a person other than a partner.

20 (d) Subject to subsection (c)(8) of this section, without limiting other terms that may be

21 included in a partnership agreement, the following rules apply:

22 (1) The partnership agreement may:

23 (i) Specify the method by which a specific act or transaction that would otherwise violate

24 the duty of loyalty may be authorized or ratified by one or more disinterested and independent

25 persons after full disclosure of all material facts; and

26 (ii) Alter the prohibition in § 7-12.1-406(a)(2) to the extent the prohibition requires only

27 that the partnership's total assets not be less than the sum of its total liabilities.

28 (2) To the extent the partnership agreement expressly relieves a partner of a responsibility

29 that the partner would otherwise have under this chapter and imposes the responsibility on one or

30 more other partners, the agreement also may eliminate or limit any fiduciary duty of the partner

31 relieved of the responsibility which would have pertained to the responsibility.

32 (3) If not manifestly unreasonable, the partnership agreement may:

33 (i) Alter or eliminate the aspects of the duty of loyalty stated in § 7-12.1-409(b);

34 (ii) Identify specific types or categories of activities that do not violate the duty of loyalty;

1 (iii) Alter the duty of care, but may not authorize conduct involving bad faith, willful or
2 intentional misconduct, or knowing violation of law; and

3 (iv) Alter or eliminate any other fiduciary duty.

4 (e) The court shall decide as a matter of law whether a term of a partnership agreement is
5 manifestly unreasonable under subsection (c)(6) or (d)(3) of this section. The Providence County
6 superior court:

7 (1) Shall make its determination as of the time the challenged term became part of the
8 partnership agreement and by considering only circumstances existing at that time; and

9 (2) May invalidate the term only if, in light of the purposes and business of the partnership,
10 it is readily apparent that:

11 (i) The objective of the term is unreasonable; or

12 (ii) The term is an unreasonable means to achieve the term's objective.

13 **7-12.1-106. Partnership agreement -- Effect on partnership and person becoming**
14 **partner -- Preformation agreement.**

15 (a) A partnership is bound by and may enforce the partnership agreement, whether or not
16 the partnership has itself manifested assent to the agreement.

17 (b) A person that becomes a partner is deemed to assent to the partnership agreement.

18 (c) Two (2) or more persons intending to become the initial partners of a partnership may
19 make an agreement providing that upon the formation of the partnership the agreement will become
20 the partnership agreement.

21 **7-12.1-107. Partnership agreement -- Effect on third parties and relationship to**
22 **records effective on behalf of partnership.**

23 (a) A partnership agreement may specify that its amendment requires the approval of a
24 person that is not a party to the agreement or the satisfaction of a condition. An amendment is
25 ineffective if its adoption does not include the required approval or satisfy the specified condition.

26 (b) The obligations of a partnership and its partners to a person in the person's capacity as
27 a transferee or person dissociated as a partner are governed by the partnership agreement. Subject
28 only to a court order issued under § 7-12.1-504(b)(2) to effectuate a charging order, an amendment
29 to the partnership agreement made after a person becomes a transferee or is dissociated as a partner:

30 (1) Is effective with regard to any debt, obligation, or other liability of the partnership or
31 its partners to the person in the person's capacity as a transferee or person dissociated as a partner;
32 and

33 (2) Is not effective to the extent the amendment:

34 (i) Imposes a new debt, obligation, or other liability on the transferee or person dissociated

1 as a partner; or

2 (ii) Prejudices the rights under § 7-12.1-701 of a person that dissociated as a partner before
3 the amendment was made.

4 (c) If a record delivered by a partnership to the secretary of state for filing becomes
5 effective and contains a provision that would be ineffective under §§ 7-12.1-105(c) or 7-12.1-
6 105(d)(3) if contained in the partnership agreement, the provision is ineffective in the record.

7 (d) Subject to subsection (c) of this section, if a record delivered by a partnership to the
8 secretary of state for filing becomes effective and conflicts with a provision of the partnership
9 agreement:

10 (1) The agreement prevails as to partners, persons dissociated as partners, and transferees;
11 and

12 (2) The record prevails as to other persons to the extent they reasonably rely on the record.

13 **7-12.1-108. Signing of records to be delivered for filing to secretary of state.**

14 (a) A record filed with the secretary of state pursuant to this chapter must be signed as
15 follows:

16 (1) Except as otherwise provided in subsections (a)(2) and (a)(3) of this section, a record
17 signed by a partnership must be signed by a person authorized by the partnership.

18 (2) A record filed on behalf of a dissolved partnership that has no partner must be signed
19 by the person winding up the partnership's business under § 7-12.1-802(c) or a person appointed
20 under § 7-12.1-802(d) to wind up the business.

21 (3) A statement of denial by a person under § 7-12.1-304 must be signed by that person.

22 (4) Any other record delivered on behalf of a person to the secretary of state for filing must
23 be signed by that person.

24 (b) A record filed under this chapter may be signed by an agent. Whenever this chapter
25 requires a particular individual to sign a record and the individual is deceased or incompetent, the
26 record may be signed by a legal representative of the individual.

27 (c) A person that signs a record as an agent or legal representative affirms as a fact that the
28 person is authorized to sign the record.

29 **7-12.1-109. Liability for inaccurate information in filed record.**

30 (a) If a record filed with the secretary of state under this chapter and filed by the secretary
31 of state contains inaccurate information, a person that suffers loss by reliance on the information
32 may recover damages for the loss from:

33 (1) A person that signed the record, or caused another to sign it on the person's behalf, and
34 knew the information to be inaccurate at the time the record was signed; and

- 1 (2) Subject to subsection (b) of this section, a partner if:
- 2 (i) The record was delivered for filing on behalf of the partnership; and
- 3 (ii) The partner knew or had notice of the inaccuracy for a reasonably sufficient time before
- 4 the information was relied upon so that, before the reliance, the partner reasonably could have:
- 5 (A) Effected an amendment under § 7-12.1-901(f);
- 6 (B) Filed a petition under § 7-12.1-112; or
- 7 (C) Filed with the secretary of state a statement of change under § 7-12.1-909 or a statement
- 8 of correction under § 7-12.1-116.
- 9 (b) To the extent the partnership agreement expressly relieves a partner of responsibility
- 10 for maintaining the accuracy of information contained in records delivered on behalf of the
- 11 partnership to the secretary of state for filing under this chapter and imposes that responsibility on
- 12 one or more other partners, the liability stated in subsection (a)(2) of this section applies to those
- 13 other partners and not to the partner that the partnership agreement relieves of the responsibility.
- 14 (c) An individual who signs a record authorized or required to be filed under this chapter
- 15 affirms under penalty of perjury that the information stated in the record is accurate.

16 **7-12.1-110. Application to existing relationships.**

- 17 (a) This chapter governs only:
- 18 (1) A partnership formed on or after January 1, 2023; and
- 19 (2) Except as otherwise provided in subsection (c) of this section, a partnership formed
- 20 before January 1, 2023, which elects, in the manner provided in its partnership agreement or by law
- 21 for amending the partnership agreement, to be subject to this chapter.
- 22 (b) Except as otherwise provided in subsection (c) of this section, on and after January 1,
- 23 2023, this chapter governs all partnerships.
- 24 (c) With respect to a partnership that elects pursuant to subsection (a)(2) of this section to
- 25 be subject to this chapter, after the election takes effect the provisions of this chapter relating to the
- 26 liability of the partnership's partners to third parties apply to:
- 27 (1) A third party that had not done business with the partnership in the year before the
- 28 election took effect; and
- 29 (2) A third party that had done business with the partnership in the year before the election
- 30 took effect only if the third party knows or has been notified of the election.

31 **7-12.1-110.1. Election of existing limited-liability partnerships.**

- 32 (a) With respect to a limited-liability partnership that elects pursuant to §7-12.1-110 (a)(2)
- 33 to be subject to this chapter, the partnership must deliver to the secretary of state a statement
- 34 approved in the manner required by § 7-12.1-901(b). The statement must contain:

1 (1) The name of the limited-liability partnership;
2 (2) A statement that the partnership is a limited-liability partnership and elects to comply
3 with the provisions of chapter 12.1 of title 7;

4 (3) A statement that the partnership's status as a limited-liability partnership is perpetual
5 and remains effective, regardless of changes to the partnership, until it is canceled or
6 administratively revoked pursuant to the provision of chapter 12.1 of title 7;

7 (4) The name and street address in this state of the partnership's registered agent.

8 (b) Prior to the effective date of this chapter outlined in § 7-12.1-110(b), a limited-liability
9 partnership may renew its registration pursuant to § 7-12-56(e). Upon the effective date of this
10 chapter, to maintain its status as a limited-liability partnership, the following actions must be taken:

11 (1) A designation of a registered agent must be recorded with the secretary of state; and

12 (2) At the time prescribed, the limited-liability partnership must file an annual report in
13 accordance with the provisions of § 7-12.1-913.

14 **7-12.1-111. Delivery of record.**

15 (a) Except as otherwise provided in this chapter, permissible means of delivery of a record
16 include delivery by hand, mail, conventional commercial practice, and electronic transmission.

17 (b) Delivery to the secretary of state is effective only when a record is received by the
18 secretary of state.

19 **7-12.1-112. Signing and filing pursuant to judicial order.**

20 (a) If a person required by this chapter to sign a record or deliver a record to the secretary
21 of state for filing under this chapter does not do so, any other person that is aggrieved may petition
22 the superior court to order:

23 (1) The person to sign the record;

24 (2) The person to deliver the record to the secretary of state for filing; or

25 (3) The secretary of state to file the record unsigned.

26 (b) If a petitioner under subsection (a) of this section is not the partnership or foreign
27 limited-liability partnership to which the record pertains, the petitioner shall make the partnership
28 or foreign partnership a party to the action.

29 (c) A record filed under subsection (a)(3) of this section is effective without being signed.

30 **7-12.1-113. Filing requirements.**

31 (a) To be filed by the secretary of state pursuant to this chapter, a record must be received
32 by the secretary of state, comply with this chapter, and satisfy the following:

33 (1) The filing of the record must be required or permitted by this chapter;

34 (2) The record must be physically delivered in written form unless and to the extent the

1 secretary of state permits electronic delivery of records;

2 (3) The words in the record must be in English, and numbers must be in Arabic or Roman
3 numerals, but the name of an entity need not be in English if written in English letters or Arabic or
4 Roman numerals;

5 (4) The record must be signed by a person authorized or required under this chapter to sign
6 the record; and

7 (5) The record must state the name and capacity, if any, of each individual who signed it,
8 either on behalf of the individual or the person authorized or required to sign the record, but need
9 not contain a seal, attestation, acknowledgment, or verification.

10 (b) If any law other than this chapter prohibits the disclosure by the secretary of state of
11 information contained in a record filed with the secretary of state, the secretary of state shall file
12 the record if the record otherwise complies with this chapter but may redact the information.

13 (c) When a record is filed with the secretary of state, any fee required under this chapter
14 and any fee, tax, interest, or penalty required to be paid under this chapter or law other than this
15 chapter must be paid in a manner permitted by the secretary of state or by that law.

16 (d) The secretary of state may require that a record delivered in written form be
17 accompanied by an identical or conformed copy.

18 (e) The secretary of state may provide forms for filings required or permitted to be made
19 by this chapter, but, except as otherwise provided in this section, their use is not required.

20 (f) The secretary of state may require that a cover sheet for a filing be on a form prescribed
21 by the secretary of state.

22 **7-12.1-114. Effective date and time.**

23 Except as otherwise provided in § 7-12.1-115 and subject to § 7-12.1-116(c), a record filed
24 under this chapter is effective:

25 (1) On the date and at the time of its filing by the secretary of state, as provided in § 7-
26 12.1-117(b);

27 (2) On the date of filing and at the time specified in the record as its effective time, if later
28 than the time under subsection (1) of this section;

29 (3) At a specified delayed effective date and time, which may not be more than ninety (90)
30 days after the date of filing; or

31 (4) If a delayed effective date is specified, but no time is specified, at one minute past
32 twelve am (12:01 a.m.) on the date specified, which may not be more than ninety (90) days after
33 the date of filing.

34 **7-12.1-115. Withdrawal of filed record before effectiveness.**

1 (a) Except as otherwise provided in §§ 7-12.1-11.24, 7-12.1-11.34, 7-12.1-11.44, and 7-
2 12.1-11.54, a record filed with the secretary of state may be withdrawn before it takes effect by
3 delivering to the secretary of state for filing a statement of withdrawal.

4 (b) A statement of withdrawal must:

5 (1) Be signed by each person that signed the record being withdrawn, except as otherwise
6 agreed by those persons;

7 (2) Identify the record to be withdrawn; and

8 (3) If signed by fewer than all the persons that signed the record being withdrawn, state
9 that the record is withdrawn in accordance with the agreement of all the persons that signed the
10 record.

11 (c) On filing by the secretary of state of a statement of withdrawal, the action or transaction
12 evidenced by the original record does not take effect.

13 **7-12.1-116. Correcting filed record.**

14 (a) A person on whose behalf a filed record was filed with the secretary of state may correct
15 the record if:

16 (1) The record at the time of filing was inaccurate;

17 (2) The record was defectively signed; or

18 (3) The electronic transmission of the record to the secretary of state was defective.

19 (b) To correct a filed record, a person on whose behalf the record was delivered to the
20 secretary of state must deliver to the secretary of state for filing a statement of correction.

21 (c) A statement of correction:

22 (1) May not state a delayed effective date;

23 (2) Must be signed by the person correcting the filed record;

24 (3) Must identify the filed record to be corrected;

25 (4) Must specify the inaccuracy or defect to be corrected; and

26 (5) Must correct the inaccuracy or defect.

27 (d) A statement of correction is effective as of the effective date of the filed record that it
28 corrects except for purposes of § 7-12.1-103(d) and as to persons relying on the uncorrected filed
29 record and adversely affected by the correction. For those purposes and as to those persons, the
30 statement of correction is effective when filed.

31 **7-12.1-117. Duty of secretary of state to file -- Review of refusal to file -- Delivery of**
32 **record by secretary of state.**

33 (a) The secretary of state shall file a record filed with the secretary of state which satisfies
34 this chapter. The duty of the secretary of state under this section is ministerial.

1 (b) When the secretary of state files a record, the secretary of state shall record it as filed
2 on the date and at the time of its delivery. After filing a record, the secretary of state shall deliver
3 to the person that submitted the record a copy of the record with an acknowledgment of the date
4 and time of filing and, in the case of a statement of denial, also to the partnership to which the
5 statement pertains.

6 (c) If the secretary of state refuses to file a record, the secretary of state shall, not later than
7 ten (10) business days after the record is delivered:

8 (1) Return the record or notify the person that submitted the record of the refusal; and

9 (2) Provide a brief explanation in a record of the reason for the refusal.

10 (d) If the secretary of state refuses to file a record, the person that submitted the record may
11 petition the superior court to compel filing of the record. The record and the explanation of the
12 secretary of state of the refusal to file must be attached to the petition. The Providence County
13 superior court may decide the matter in a summary proceeding.

14 (e) The filing of or refusal to file a record does not:

15 (1) Affect the validity or invalidity of the record in whole or in part; or

16 (2) Create a presumption that the information contained in the record is correct or incorrect.

17 (f) Except as otherwise provided by § 7-12.1-909 or by law other than this chapter, the
18 secretary of state may deliver any record to a person by delivering it:

19 (1) In person to the person that submitted it;

20 (2) To the address of the person's registered agent;

21 (3) To the principal office of the person;

22 (4) To an electronic address the person provides to the secretary of state for delivery; or

23 (5) By providing, at no cost to the filer, access to a downloadable copy of the record from
24 the secretary of state's online corporate database.

25 (g) Notwithstanding that any instrument authorized to be filed with the secretary of state
26 under this chapter is when filed inaccurately, defectively or erroneously executed, sealed or
27 acknowledged, or otherwise defective in any respect, the secretary of state has no liability to any
28 individual for the preclearance for filing, the acceptance for filing or the filing and indexing of such
29 instrument by the secretary of state.

30 **7-12.1-117.1. Fees for filing documents and issuing certificates.**

31 The secretary of state shall charge and collect for:

32 (1) Filing a statement of partnership authority, one hundred dollars (\$100);

33 (2) Filing a statement of amendment or cancellation of partnership authority, fifty dollars
34 (\$50.00);

- 1 [\(3\) Filing a statement of denial of partnership authority, fifty dollars \(\\$50.00\);](#)
- 2 [\(4\) Filing a statement of dissociation, ten dollars \(\\$10.00\);](#)
- 3 [\(5\) Filing an application to reserve a partnership name, fifty dollars \(\\$50.00\);](#)
- 4 [\(6\) Filing a notice of transfer of a reserved partnership name, fifty dollars \(\\$50.00\);](#)
- 5 [\(7\) Filing a statement of change of registered agent, twenty dollars \(\\$20.00\);](#)
- 6 [\(8\) Filing a statement of change of name or address only for a registered agent, without](#)
- 7 [fee;](#)
- 8 [\(9\) Filing a statement of qualification for a limited-liability partnership, one hundred fifty](#)
- 9 [dollars \(\\$150\)](#)
- 10 [\(10\) Filing a statement of amendment or cancellation of a limited-liability partnership, fifty](#)
- 11 [dollars \(\\$50.00\);](#)
- 12 [\(11\) Filing a fictitious business name statement for a limited-liability partnership, fifty](#)
- 13 [dollars \(\\$50.00\)](#)
- 14 [\(12\) Filing an application of registration for a foreign limited-liability partnership, one](#)
- 15 [hundred fifty dollars \(\\$150\);](#)
- 16 [\(13\) Filing an amendment to an application of registration for a foreign limited-liability](#)
- 17 [partnership, fifty dollars \(\\$50.00\)](#)
- 18 [\(14\) Filing a certificate of withdrawal of registration as a foreign limited-liability](#)
- 19 [partnership, fifty dollars \(\\$50.00\);](#)
- 20 [\(15\) Filing any other document, statement or report of a domestic or foreign limited-](#)
- 21 [liability partnership, except an annual report, ten dollars \(\\$10.00\);](#)
- 22 [\(16\) An annual report of a domestic or foreign limited-liability partnership, fifty dollars](#)
- 23 [\(\\$50.00\);](#)
- 24 [\(17\) To withdraw the certificate of revocation of a limited-liability partnership, whether](#)
- 25 [domestic or foreign, a penalty in the amount of fifty dollars \(\\$50.00\) for each year or part of the](#)
- 26 [year that has elapsed since the issuance of the certificate of revocation;](#)
- 27 [\(18\) For issuing a certificate of good standing/letter of status, twenty dollars \(\\$20.00\);](#)
- 28 [\(19\) For issuing a certificate of fact, thirty dollars \(\\$30.00\);](#)
- 29 [\(20\) For furnishing a certified copy of any document, instrument or paper relating to a](#)
- 30 [partnership or limited-liability partnership, a fee of fifteen cents \(\\$.15\) per page and ten dollars](#)
- 31 [\(\\$10.00\) for the certificate and affirming the seal to it;](#)
- 32 [\(21\) Service of process on the secretary of state as registered agent of a partnership or a](#)
- 33 [limited-liability partnership, fifteen dollars \(\\$15.00\) which amount may be recovered as a taxable](#)
- 34 [cost by the party to the suit or action making the service if the party prevails in the suit or action;](#)

1 (22) Filing articles of merger for a partnership or limited-liability partnership, one hundred
2 dollars (\$100); and

3 (23) Filing a statement of domestication for a limited-liability partnership, fifty dollars
4 (\$50.00).

5 **7-12.1-118. Reservation of power to amend or repeal.**

6 The general assembly has power to amend or repeal all or part of this chapter at any time,
7 and all limited-liability partnerships and foreign limited-liability partnerships subject to this chapter
8 shall be governed by the amendment or repeal.

9 **7-12.1-119. Supplemental principles of law.**

10 Unless displaced by particular provisions of this chapter, the principles of law and equity
11 supplement this chapter.

12 ARTICLE 2

13 NATURE OF PARTNERSHIP

14 **7-12.1-201. Partnership as entity.**

15 (a) A partnership is an entity distinct from its partners.

16 (b) A partnership is the same entity regardless of whether the partnership has a statement
17 of qualification in effect under § 7-12.1-901.

18 **7-12.1-202. Formation of partnership.**

19 (a) Except as otherwise provided in subsection (b) of this section, the association of two
20 (2) or more persons to carry on as co-owners a business for profit forms a partnership, whether or
21 not the persons intend to form a partnership.

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

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

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

28 (2) The sharing of gross returns does not by itself establish a partnership, even if the persons
29 sharing them have a joint or common right or interest in property from which the returns are
30 derived; and

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

33 (i) Of a debt by installments or otherwise;

34 (ii) For services as an independent contractor or of wages or other compensation to an

1 employee;

2 (iii) Of rent;

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

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

8 (vi) For the sale of the goodwill of a business or other property by installments or otherwise.

9 **7-12.1-203. Partnership property.**

10 Property acquired by a partnership is property of the partnership and not of the partners
11 individually.

12 **7-12.1-204. When property is partnership property.**

13 (a) Property is partnership property if acquired in the name of:

14 (1) The partnership; or

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

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

19 (1) The partnership in its name; or

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

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

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

30 ARTICLE 3

31 RELATIONS OF PARTNERS TO PERSONS DEALING WITH PARTNERSHIP

32 **7-12.1-301. Partner agent of partnership.**

33 Subject to the effect of a statement of partnership authority under § 7-12.1-303, the
34 following rules apply:

1 (1) Each partner is an agent of the partnership for the purpose of its business. An act of a
2 partner, including the signing of an instrument in the partnership name, for apparently carrying on
3 in the ordinary course the partnership business or business of the kind carried on by the partnership
4 binds the partnership, unless the partner did not have authority to act for the partnership in the
5 particular matter and the person with which the partner was dealing knew or had notice that the
6 partner lacked authority.

7 (2) An act of a partner which is not apparently for carrying on in the ordinary course the
8 partnership's business or business of the kind carried on by the partnership binds the partnership
9 only if the act was actually authorized by all the other partners.

10 **7-12.1-302. Transfer of partnership property.**

11 (a) Partnership property may be transferred as follows:

12 (1) Subject to the effect of a statement of partnership authority under § 7-12.1-303,
13 partnership property held in the name of the partnership may be transferred by an instrument of
14 transfer signed by a partner in the partnership name;

15 (2) Partnership property held in the name of one or more partners with an indication in the
16 instrument transferring the property to them of their capacity as partners or of the existence of a
17 partnership, but without an indication of the name of the partnership, may be transferred by an
18 instrument of transfer signed by the persons in whose name the property is held; or

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

23 (b) A partnership may recover partnership property from a transferee only if it proves that
24 signing of the instrument of initial transfer did not bind the partnership under § 7-12.1-301 and:

25 (1) As to a subsequent transferee who gave value for property transferred under subsections
26 (a)(1) and (a)(2) of this section, proves that the subsequent transferee knew or had been notified
27 that the person who signed the instrument of initial transfer lacked authority to bind the partnership;
28 or

29 (2) As to a transferee who gave value for property transferred under subsection (a)(3) of
30 this section, proves that the transferee knew or had been notified that the property was partnership
31 property and that the person who signed the instrument of initial transfer lacked authority to bind
32 the partnership.

33 (c) A partnership may not recover partnership property from a subsequent transferee if the
34 partnership would not have been entitled to recover the property, under subsection (b) of this

1 section, from any earlier transferee of the property.

2 (d) If a person holds all the partners' interests in the partnership, all the partnership property
3 vests in that person. The person may sign a record in the name of the partnership to evidence vesting
4 of the property in that person and may file or record the record.

5 **7-12.1-303. Statement of partnership authority.**

6 (a) A partnership may deliver to the secretary of state for filing a statement of partnership
7 authority. The statement:

8 (1) Must include the name of the partnership and:

9 (i) If the partnership is not a limited-liability partnership, the street and mailing addresses
10 of its principal office; or

11 (ii) If the partnership is a limited-liability partnership, the name and street and mailing
12 addresses of its registered agent;

13 (2) With respect to any position that exists in or with respect to the partnership, may state
14 the authority, or limitations on the authority, of all persons holding the position to:

15 (i) Sign an instrument transferring real property held in the name of the partnership; or

16 (ii) Enter into other transactions on behalf of, or otherwise act for or bind, the partnership;

17 and

18 (3) May state the authority, or limitations on the authority, of a specific person to:

19 (i) Sign an instrument transferring real property held in the name of the partnership; or

20 (ii) Enter into other transactions on behalf of, or otherwise act for or bind, the partnership.

21 (b) To amend or cancel a statement of authority filed by the secretary of state, a partnership
22 must deliver to the secretary of state for filing an amendment or cancellation stating:

23 (1) The name of the partnership;

24 (2) If the partnership is not a limited-liability partnership, the street and mailing addresses
25 of the partnership's principal office;

26 (3) If the partnership is a limited-liability partnership, the name and street and mailing
27 addresses of its registered agent;

28 (4) The date the statement being affected became effective; and

29 (5) The contents of the amendment or a declaration that the statement is canceled.

30 (c) A statement of authority affects only the power of a person to bind a partnership to
31 persons that are not partners.

32 (d) Subject to subsection (c) of this section and § 7-12.1-103(d)(1), and except as otherwise
33 provided in subsections (f), (g), and (h) of this section, a limitation on the authority of a person or
34 a position contained in an effective statement of authority is not by itself evidence of any person's

1 knowledge or notice of the limitation.

2 (e) Subject to subsection (c) of this section, a grant of authority not pertaining to transfers
3 of real property and contained in an effective statement of authority is conclusive in favor of a
4 person that gives value in reliance on the grant, except to the extent that if the person gives value:

5 (1) The person has knowledge to the contrary;

6 (2) The statement has been canceled or restrictively amended under subsection (b) of this
7 section; or

8 (3) A limitation on the grant is contained in another statement of authority that became
9 effective after the statement containing the grant became effective.

10 (f) Subject to subsection (c) of this section, an effective statement of authority that grants
11 authority to transfer real property held in the name of the partnership, a certified copy of which
12 statement is recorded in the office for recording transfers of the real property, is conclusive in favor
13 of a person that gives value in reliance on the grant without knowledge to the contrary, except to
14 the extent that when the person gives value:

15 (1) The statement has been canceled or restrictively amended under subsection (b) of this
16 section, and a certified copy of the cancellation or restrictive amendment has been recorded in the
17 office for recording transfers of the real property; or

18 (2) A limitation on the grant is contained in another statement of authority that became
19 effective after the statement containing the grant became effective, and a certified copy of the later-
20 effective statement is recorded in the office for recording transfers of the real property.

21 (g) Subject to subsection (c) of this section, if a certified copy of an effective statement
22 containing a limitation on the authority to transfer real property held in the name of a partnership
23 is recorded in the office for recording transfers of that real property, all persons are deemed to know
24 of the limitation.

25 (h) Subject to subsection (i) of this section, an effective statement of dissolution is a
26 cancellation of any filed statement of authority for the purposes of subsection (f) of this section and
27 is a limitation on authority for purposes of subsection (g) of this section.

28 (i) After a statement of dissolution becomes effective, a partnership may deliver to the
29 secretary of state for filing and, if appropriate, may record a statement of authority that is designated
30 as a post-dissolution statement of authority. The statement operates as provided in subsections (f)
31 and (g) of this section.

32 (j) Unless canceled earlier, an effective statement of authority is canceled by operation of
33 law five (5) years after the date on which the statement, or its most recent amendment, becomes
34 effective. The cancellation is effective without recording under subsection (f) or (g) of this section.

1 (k) An effective statement of denial operates as a restrictive amendment under this section
2 and may be recorded by certified copy for purposes of subsection (f)(1) of this section.

3 **7-12.1-304. Statement of denial.**

4 A person named in a filed statement of authority granting that person authority may deliver
5 to the secretary of state for filing a statement of denial that:

6 (1) Provides the name of the partnership and the caption of the statement of authority to
7 which the statement of denial pertains; and

8 (2) Denies the grant of authority.

9 **7-12.1-305. Partnership liable for partner's actionable conduct.**

10 (a) A partnership is liable for loss or injury caused to a person, or for a penalty incurred, as
11 a result of a wrongful act or omission, or other actionable conduct, of a partner acting in the ordinary
12 course of business of the partnership or with the actual or apparent authority of the partnership.

13 (b) If, in the course of the partnership's business or while acting with actual or apparent
14 authority of the partnership, a partner receives or causes the partnership to receive money or
15 property of a person not a partner, and the money or property is misapplied by a partner, the
16 partnership is liable for the loss.

17 **7-12.1-306. Partner's liability.**

18 (a) Except as otherwise provided in subsections (b) and (c) of this section, all partners are
19 liable jointly and severally for all debts, obligations, and other liabilities of the partnership unless
20 otherwise agreed by the claimant or provided by law.

21 (b) A person that becomes a partner is not personally liable for a debt, obligation, or other
22 liability of the partnership incurred before the person became a partner.

23 (c) A debt, obligation, or other liability of a partnership incurred while the partnership is a
24 limited-liability partnership is solely the debt, obligation, or other liability of the limited-liability
25 partnership. A partner is not personally liable, directly or indirectly, by way of contribution or
26 otherwise, for a debt, obligation, or other liability of the limited-liability partnership solely by
27 reason of being or acting as a partner. This subsection applies:

28 (1) Despite anything inconsistent in the partnership agreement that existed immediately
29 before the vote or consent required to become a limited-liability partnership under § 7-12.1-901(b);
30 and

31 (2) Regardless of the dissolution of the limited-liability partnership.

32 (d) The failure of a limited-liability partnership to observe formalities relating to the
33 exercise of its powers or management of its business is not a ground for imposing liability on a
34 partner for a debt, obligation, or other liability of the partnership.

1 (e) The cancellation or administrative revocation of a limited-liability partnership's
2 statement of qualification does not affect the limitation in this section on the liability of a partner
3 for a debt, obligation, or other liability of the partnership incurred while the statement was in effect.

4 **7-12.1-307. Actions by and against partnership and partners.**

5 (a) A partnership may sue and be sued in the name of the partnership.

6 (b) To the extent not inconsistent with § 7-12.1-306, a partner may be joined in an action
7 against the partnership or named in a separate action.

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

11 (d) A judgment creditor of a partner may not levy execution against the assets of the partner
12 to satisfy a judgment based on a claim against the partnership unless the partner is personally liable
13 for the claim under § 7-12.1-306 and:

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

16 (2) The partnership is a debtor in bankruptcy;

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

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

22 (5) Liability is imposed on the partner by law or contract independent of the existence of
23 the partnership.

24 (e) This section applies to any debt, liability, or other obligation of a partnership which
25 results from a representation by a partner or purported partner under § 7-12.1-308.

26 **7-12.1-308. Liability of purported partner.**

27 (a) If a person, by words or conduct, purports to be a partner, or consents to being
28 represented by another as a partner, in a partnership or with one or more persons not partners, the
29 purported partner is liable to a person to whom the representation is made, if that person, relying
30 on the representation, enters into a transaction with the actual or purported partnership. If the
31 representation, either by the purported partner or by a person with the purported partner's consent,
32 is made in a public manner, the purported partner is liable to a person who relies upon the purported
33 partnership even if the purported partner is not aware of being held out as a partner to the claimant.
34 If partnership liability results, the purported partner is liable with respect to that liability as if the

1 purported partner were a partner. If no partnership liability results, the purported partner is liable
2 with respect to that liability jointly and severally with any other person consenting to the
3 representation.

4 (b) If a person is thus represented to be a partner in an existing partnership, or with one or
5 more persons not partners, the purported partner is an agent of persons consenting to the
6 representation to bind them to the same extent and in the same manner as if the purported partner
7 were a partner with respect to persons who enter into transactions in reliance upon the
8 representation. If all the partners of the existing partnership consent to the representation, a
9 partnership act or obligation results. If fewer than all the partners of the existing partnership consent
10 to the representation, the person acting and the partners consenting to the representation are jointly
11 and severally liable.

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

14 (d) A person does not continue to be liable as a partner merely because of a failure to file
15 a statement of dissociation or to amend a statement of partnership authority to indicate the person's
16 dissociation as a partner.

17 (e) Except as otherwise provided in subsections (a) and (b) of this section, persons who are
18 not partners as to each other are not liable as partners to other persons.

19 ARTICLE 4

20 RELATIONS OF PARTNERS TO EACH OTHER AND TO PARTNERSHIP

21 **7-12.1-401. Partner's rights and duties.**

22 (a) Each partner is entitled to an equal share of the partnership distributions and, except in
23 the case of a limited-liability partnership, is chargeable with a share of the partnership losses in
24 proportion to the partner's share of the distributions.

25 (b) A partnership shall reimburse a partner for any payment made by the partner in the
26 course of the partner's activities on behalf of the partnership, if the partner complied with this
27 section and § 7-12.1-409 in making the payment.

28 (c) A partnership shall indemnify and hold harmless a person with respect to any claim or
29 demand against the person and any debt, obligation, or other liability incurred by the person by
30 reason of the person's former or present capacity as a partner, if the claim, demand, debt, obligation,
31 or other liability does not arise from the person's breach of this section or §§ 7-12.1-407 or 7-12.1-
32 409.

33 (d) In the ordinary course of its business, a partnership may advance reasonable expenses,
34 including attorneys' fees and costs, incurred by a person in connection with a claim or demand

1 against the person by reason of the person's former or present capacity as a partner, if the person
2 promises to repay the partnership if the person ultimately is determined not to be entitled to be
3 indemnified under subsection (c) of this section.

4 (e) A partnership may purchase and maintain insurance on behalf of a partner against
5 liability asserted against or incurred by the partner in that capacity or arising from that status even
6 if, under § 7-12.1-105(c)(7), the partnership agreement could not eliminate or limit the person's
7 liability to the partnership for the conduct giving rise to the liability.

8 (f) A partnership shall reimburse a partner for an advance to the partnership beyond the
9 amount of capital the partner agreed to contribute.

10 (g) A payment or advance made by a partner which gives rise to a partnership obligation
11 under subsections (b) or (f) of this section constitutes a loan to the partnership which accrues
12 interest from the date of the payment or advance.

13 (h) Each partner has equal rights in the management and conduct of the partnership's
14 business.

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

16 (j) A partner is not entitled to remuneration for services performed for the partnership,
17 except for reasonable compensation for services rendered in winding up the business of the
18 partnership.

19 (k) A difference arising as to a matter in the ordinary course of business of a partnership
20 may be decided by a majority of the partners. An act outside the ordinary course of business of a
21 partnership and an amendment to the partnership agreement may be undertaken only with the
22 affirmative vote or consent of all the partners.

23 **7-12.1-402. Becoming partner.**

24 (a) Upon formation of a partnership, a person becomes a partner under § 7-12.1-202(a).

25 (b) After formation of a partnership, a person becomes a partner:

26 (1) As provided in the partnership agreement;

27 (2) As a result of a transaction effective under Article 11 of this chapter; or

28 (3) With the affirmative vote or consent of all the partners.

29 (c) A person may become a partner without:

30 (1) Acquiring a transferable interest; or

31 (2) Making or being obligated to make a contribution to the partnership.

32 **7-12.1-403. Form of contribution.**

33 A contribution may consist of property transferred to, services performed for, or another
34 benefit provided to the partnership or an agreement to transfer property to, perform services for, or

1 provide another benefit to the partnership.

2 **7-12.1-404. Liability for contribution.**

3 (a) A person's obligation to make a contribution to a partnership is not excused by the
4 person's death, disability, termination, or other inability to perform personally.

5 (b) If a person does not fulfill an obligation to make a contribution other than money, the
6 person is obligated at the option of the partnership to contribute money equal to the value of the
7 part of the contribution which has not been made.

8 (c) The obligation of a person to make a contribution may be compromised only by the
9 affirmative vote or consent of all the partners. If a creditor of a limited-liability partnership extends
10 credit or otherwise acts in reliance on an obligation described in subsection (a) of this section
11 without knowledge or notice of a compromise under this subsection, the creditor may enforce the
12 obligation.

13 **7-12.1-405. Sharing of and right to distributions before dissolution.**

14 (a) Any distribution made by a partnership before its dissolution and winding up must be
15 in equal shares among partners, except to the extent necessary to comply with a transfer effective
16 under § 7-12.1-503 or charging order in effect under § 7-12.1-504.

17 (b) Subject to § 7-12.1-701, a person has a right to a distribution before the dissolution and
18 winding up of a partnership only if the partnership decides to make an interim distribution.

19 (c) A person does not have a right to demand or receive a distribution from a partnership
20 in any form other than money. Except as otherwise provided in § 7-12.1-806, a partnership may
21 distribute an asset in kind only if each part of the asset is fungible with each other part and each
22 person receives a percentage of the asset equal in value to the person's share of distributions.

23 (d) If a partner or transferee becomes entitled to receive a distribution, the partner or
24 transferee has the status of, and is entitled to all remedies available to, a creditor of the partnership
25 with respect to the distribution. However, the partnership's obligation to make a distribution is
26 subject to offset for any amount owed to the partnership by the partner or a person dissociated as
27 partner on whose account the distribution is made.

28 **7-12.1-406. Limitations on distributions by limited-liability partnership.**

29 (a) A limited-liability partnership may not make a distribution, including a distribution
30 under § 7-12.1-806, if after the distribution:

31 (1) The partnership would not be able to pay its debts as they become due in the ordinary
32 course of the partnership's business; or

33 (2) The partnership's total assets would be less than the sum of its total liabilities plus the
34 amount that would be needed, if the partnership were to be dissolved and wound up at the time of

1 the distribution, to satisfy the preferential rights upon dissolution and winding up of partners and
2 transferees whose preferential rights are superior to the rights of persons receiving the distribution.

3 (b) A limited-liability partnership may base a determination that a distribution is not
4 prohibited under subsection (a) of this section on:

5 (1) Financial statements prepared on the basis of accounting practices and principles that
6 are reasonable in the circumstances; or

7 (2) A fair valuation or other method that is reasonable under the circumstances.

8 (c) Except as otherwise provided in subsection (e) of this section, the effect of a distribution
9 under subsection (a) of this section is measured:

10 (1) In the case of a distribution as defined in § 7-12.1-102(4)(i), as of the earlier of:

11 (i) The date money or other property is transferred or debt is incurred by the limited-
12 liability partnership; or

13 (ii) The date the person entitled to the distribution ceases to own the interest or rights being
14 acquired by the partnership in return for the distribution;

15 (2) In the case of any other distribution of indebtedness, as of the date the indebtedness is
16 distributed; and

17 (3) In all other cases, as of the date:

18 (i) The distribution is authorized, if the payment occurs not later than one hundred twenty
19 (120) days after that date; or

20 (ii) The payment is made, if the payment occurs more than one hundred twenty (120) days
21 after the distribution is authorized.

22 (d) A limited-liability partnership's indebtedness to a partner or transferee incurred by
23 reason of a distribution made in accordance with this section is at parity with the partnership's
24 indebtedness to its general, unsecured creditors, except to the extent subordinated by agreement.

25 (e) A limited-liability partnership's indebtedness, including indebtedness issued as a
26 distribution, is not a liability for purposes of subsection (a) of this section if the terms of the
27 indebtedness provide that payment of principal and interest is made only if and to the extent that a
28 payment of a distribution could then be made under this section. If the indebtedness is issued as a
29 distribution, each payment of principal or interest is treated as a distribution, the effect of which is
30 measured on the date the payment is made.

31 (f) In measuring the effect of a distribution under § 7-12.1-806, the liabilities of a dissolved
32 limited-liability partnership do not include any claim that has been disposed of under §§ 7-12.1-
33 807, 7-12.1-808, or 7-12.1-809.

34 **7-12.1-407. Liability for improper distributions by limited-liability partnership.**

1 (a) Except as otherwise provided in subsection (b) of this section, if a partner of a limited-
2 liability partnership consents to a distribution made in violation of § 7-12.1-406 and in consenting
3 to the distribution fails to comply with § 7-12.1-409, the partner is personally liable to the
4 partnership for the amount of the distribution which exceeds the amount that could have been
5 distributed without the violation of § 7-12.1-406.

6 (b) To the extent the partnership agreement of a limited-liability partnership expressly
7 relieves a partner of the authority and responsibility to consent to distributions and imposes that
8 authority and responsibility on one or more other partners, the liability stated in subsection (a) of
9 this section applies to the other partners and not to the partner that the partnership agreement
10 relieves of the authority and responsibility.

11 (c) A person that receives a distribution knowing that the distribution violated § 7-12.1-
12 406 is personally liable to the limited-liability partnership but only to the extent that the distribution
13 received by the person exceeded the amount that could have been properly paid under § 7-12.1-
14 406.

15 (d) A person against which an action is commenced because the person is liable under
16 subsection (a) of this section may:

17 (1) Implead any other person that is liable under subsection (a) of this section and seek to
18 enforce a right of contribution from the person; and

19 (2) Implead any person that received a distribution in violation of subsection (c) of this
20 section and seek to enforce a right of contribution from the person in the amount the person received
21 in violation of subsection (c) of this section.

22 (e) An action under this section is barred unless commenced not later than two (2) years
23 after the distribution.

24 **7-12.1-408. Rights to information of partners and persons dissociated as partner.**

25 (a) A partnership shall keep its books and records, if any, at its principal office.

26 (b) On reasonable notice, a partner may inspect and copy during regular business hours, at
27 a reasonable location specified by the partnership, any record maintained by the partnership
28 regarding the partnership's business, financial condition, and other circumstances, to the extent the
29 information is material to the partner's rights and duties under the partnership agreement or this
30 chapter.

31 (c) The partnership shall furnish to each partner:

32 (1) Without demand, any information concerning the partnership's business, financial
33 condition, and other circumstances which the partnership knows and is material to the proper
34 exercise of the partner's rights and duties under the partnership agreement or this chapter, except to

1 the extent the partnership can establish that it reasonably believes the partner already knows the
2 information; and

3 (2) On demand, any other information concerning the partnership's business, financial
4 condition, and other circumstances, except to the extent the demand or the information demanded
5 is unreasonable or otherwise improper under the circumstances.

6 (d) The duty to furnish information under subsection (c) of this section also applies to each
7 partner to the extent the partner knows any of the information described in subsection (c) of this
8 section.

9 (e) Subject to subsection (j) of this section, on ten (10) days' demand made in a record
10 received by a partnership, a person dissociated as a partner may have access to information to which
11 the person was entitled while a partner if:

12 (1) The information pertains to the period during which the person was a partner;

13 (2) The person seeks the information in good faith; and

14 (3) The person satisfies the requirements imposed on a partner by subsection (b) of this
15 section.

16 (f) Not later than ten (10) days after receiving a demand under subsection (e) of this section,
17 the partnership in a record shall inform the person that made the demand of:

18 (1) The information that the partnership will provide in response to the demand and when
19 and where the partnership will provide the information; and

20 (2) The partnership's reasons for declining, if the partnership declines to provide any
21 demanded information.

22 (g) A partnership may charge a person that makes a demand under this section the
23 reasonable costs of copying, limited to the costs of labor and material.

24 (h) A partner or person dissociated as a partner may exercise the rights under this section
25 through an agent or, in the case of an individual under legal disability, a legal representative. Any
26 restriction or condition imposed by the partnership agreement or under subsection (j) of this section
27 applies both to the agent or legal representative and to the partner or person dissociated as a partner.

28 (i) Subject to § 7-12.1-505, the rights under this section do not extend to a person as
29 transferee.

30 (j) In addition to any restriction or condition stated in its partnership agreement, a
31 partnership, as a matter within the ordinary course of its business, may impose reasonable
32 restrictions and conditions on access to and use of information to be furnished under this section,
33 including designating information confidential and imposing nondisclosure and safeguarding
34 obligations on the recipient. In a dispute concerning the reasonableness of a restriction under this

1 subsection, the partnership has the burden of proving reasonableness.

2 **7-12.1-409. Standards of conduct for partners.**

3 (a) A partner owes to the partnership and the other partners the duties of loyalty and care
4 stated in subsections (b) and (c) of this section.

5 (b) The fiduciary duty of loyalty of a partner includes the duties:

6 (1) To account to the partnership and hold as trustee for it any property, profit, or benefit
7 derived by the partner:

8 (i) In the conduct or winding up of the partnership's business;

9 (ii) From a use by the partner of the partnership's property; or

10 (iii) From the appropriation of a partnership opportunity;

11 (2) To refrain from dealing with the partnership in the conduct or winding up of the
12 partnership business as or on behalf of a person having an interest adverse to the partnership; and

13 (3) To refrain from competing with the partnership in the conduct of the partnership's
14 business before the dissolution of the partnership.

15 (c) The duty of care of a partner in the conduct or winding up of the partnership business
16 is to refrain from engaging in grossly negligent or reckless conduct, willful or intentional
17 misconduct, or a knowing violation of law.

18 (d) A partner shall discharge the duties and obligations under this chapter or under the
19 partnership agreement and exercise any rights consistently with the contractual obligation of good
20 faith and fair dealing.

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

23 (f) All the partners may authorize or ratify, after full disclosure of all material facts, a
24 specific act or transaction by a partner that otherwise would violate the duty of loyalty.

25 (g) It is a defense to a claim under subsection (b)(2) of this section and any comparable
26 claim in equity or at common law that the transaction was fair to the partnership.

27 (h) If, as permitted by subsection (f) of this section or the partnership agreement, a partner
28 enters into a transaction with the partnership which otherwise would be prohibited by subsection
29 (b)(2) of this section, the partner's rights and obligations arising from the transaction are the same
30 as those of a person that is not a partner.

31 **7-12.1-410. Actions by partnership and partners.**

32 (a) A partnership may maintain an action against a partner for a breach of the partnership
33 agreement, or for the violation of a duty to the partnership, causing harm to the partnership.

34 (b) A partner may maintain an action against the partnership or another partner, with or

1 without an accounting as to partnership business, to enforce the partner's rights and protect the
2 partner's interests, including rights and interests under the partnership agreement or this chapter or
3 arising independently of the partnership relationship.

4 (c) A right to an accounting on dissolution and winding up does not revive a claim barred
5 by law.

6 **7-12.1-411. Continuation of partnership beyond definite term or particular**
7 **undertaking.**

8 (a) If a partnership for a definite term or particular undertaking is continued, without an
9 express agreement, after the expiration of the term or completion of the undertaking, the rights and
10 duties of the partners remain the same as they were at the expiration or completion, so far as is
11 consistent with a partnership at will.

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

15 ARTICLE 5

16 TRANSFERABLE INTERESTS AND RIGHTS OF TRANSFEREES AND

17 CREDITORS

18 **7-12.1-501. Partner not co-owner of partnership property.**

19 A partner is not a co-owner of partnership property and has no interest in partnership
20 property which can be transferred, either voluntarily or involuntarily.

21 **7-12.1-502. Nature of transferable interest.**

22 A transferable interest is personal property.

23 **7-12.1-503. Transfer of transferable interest.**

24 (a) A transfer, in whole or in part, of a transferable interest:

25 (1) Is permissible;

26 (2) Does not by itself cause a person's dissociation as a partner or a dissolution and winding
27 up of the partnership business; and

28 (3) Subject to § 7-12.1-505, does not entitle the transferee to:

29 (i) Participate in the management or conduct of the partnership's business; or

30 (ii) Except as otherwise provided in subsection (c) of this section, have access to records
31 or other information concerning the partnership's business.

32 (b) A transferee has the right to:

33 (1) Receive, in accordance with the transfer, distributions to which the transferor would
34 otherwise be entitled; and

1 (2) Seek under § 7-12.1-801(5) a judicial determination that it is equitable to wind up the
2 partnership business.

3 (c) In a dissolution and winding up of a partnership, a transferee is entitled to an account
4 of the partnership's transactions only from the date of dissolution.

5 (d) A partnership need not give effect to a transferee's rights under this section until the
6 partnership knows or has notice of the transfer.

7 (e) A transfer of a transferable interest in violation of a restriction on transfer contained in
8 the partnership agreement is ineffective if the intended transferee has knowledge or notice of the
9 restriction at the time of transfer.

10 (f) Except as otherwise provided in § 7-12.1-601(4)(ii), if a partner transfers a transferable
11 interest, the transferor retains the rights of a partner other than the transferable interest transferred
12 and retains all the duties and obligations of a partner.

13 (g) If a partner transfers a transferable interest to a person that becomes a partner with
14 respect to the transferred interest, the transferee is liable for the partner's obligations under §§ 7-
15 12.1-404 and 7-12.1-407 known to the transferee when the transferee becomes a partner.

16 **7-12.1-504. Charging order.**

17 (a) On application by a judgment creditor of a partner or transferee, a court may enter a
18 charging order against the transferable interest of the judgment debtor for the unsatisfied amount
19 of the judgment. A charging order constitutes a lien on a judgment debtor's transferable interest and
20 requires the partnership to pay over to the person to which the charging order was issued any
21 distribution that otherwise would be paid to the judgment debtor.

22 (b) To the extent necessary to effectuate the collection of distributions pursuant to a
23 charging order in effect under subsection (a) of this section, the court may:

24 (1) Appoint a receiver of the distributions subject to the charging order, with the power to
25 make all inquiries the judgment debtor might have made; and

26 (2) Make all other orders necessary to give effect to the charging order.

27 (c) Upon a showing that distributions under a charging order will not pay the judgment
28 debt within a reasonable time, the court may foreclose the lien and order the sale of the transferable
29 interest. The purchaser at the foreclosure sale obtains only the transferable interest, does not thereby
30 become a partner, and is subject to § 7-12.1-503.

31 (d) At any time before foreclosure under subsection (c) of this section, the partner or
32 transferee whose transferable interest is subject to a charging order under subsection (a) of this
33 section may extinguish the charging order by satisfying the judgment and filing a certified copy of
34 the satisfaction with the court that issued the charging order.

1 (e) At any time before foreclosure under subsection (c) of this section, a partnership or one
2 or more partners whose transferable interests are not subject to the charging order may pay to the
3 judgment creditor the full amount due under the judgment and thereby succeed to the rights of the
4 judgment creditor, including the charging order.

5 (f) This chapter does not deprive any partner or transferee of the benefit of any exemption
6 law applicable to the transferable interest of the partner or transferee.

7 (g) This section provides the exclusive remedy by which a person seeking in the capacity
8 of a judgment creditor to enforce a judgment against a partner or transferee may satisfy the
9 judgment from the judgment debtor's transferable interest.

10 **7-12.1-505. Power of legal representative of deceased partner.**

11 If a partner dies, the deceased partner's legal representative may exercise:

12 (1) The rights of a transferee provided in § 7-12.1-503(c); and

13 (2) For purposes of settling the estate, the rights the deceased partner had under § 7-12.1-
14 408.

15 ARTICLE 6

16 DISSOCIATION

17 **7-12.1-601. Events causing dissociation.**

18 A person is dissociated as a partner when:

19 (1) The partnership knows or has notice of the person's express will to withdraw as a
20 partner, but, if the person has specified a withdrawal date later than the date the partnership knew
21 or had notice, on that later date;

22 (2) An event stated in the partnership agreement as causing the person's dissociation occurs;

23 (3) The person is expelled as a partner pursuant to the partnership agreement;

24 (4) The person is expelled as a partner by the affirmative vote or consent of all the other
25 partners if:

26 (i) It is unlawful to carry on the partnership business with the person as a partner;

27 (ii) There has been a transfer of all of the person's transferable interest in the partnership,
28 other than:

29 (A) A transfer for security purposes; or

30 (B) A charging order in effect under § 7-12.1-504 which has not been foreclosed;

31 (iii) The person is an entity and:

32 (A) The partnership notifies the person that it will be expelled as a partner because the
33 person has filed a statement of dissolution or the equivalent, the person has been administratively
34 dissolved, the person's charter or the equivalent has been revoked, or the person's right to conduct

1 business has been suspended by the person's jurisdiction of formation; and

2 (B) Not later than ninety (90) days after the notification, the statement of dissolution or the
3 equivalent has not been withdrawn, rescinded, or revoked, or the person's charter or the equivalent
4 or right to conduct business has not been reinstated; or

5 (iv) The person is an unincorporated entity that has been dissolved and whose activities
6 and affairs are being wound up;

7 (5) On application by the partnership or another partner, the person is expelled as a partner
8 by judicial order because the person:

9 (i) Has engaged or is engaging in wrongful conduct that has affected adversely and
10 materially, or will affect adversely and materially, the partnership's business;

11 (ii) Has committed willfully or persistently, or is committing willfully or persistently, a
12 material breach of the partnership agreement or a duty or obligation under § 7-12.1-409; or

13 (iii) Has engaged or is engaging in conduct relating to the partnership's business which
14 makes it not reasonably practicable to carry on the business with the person as a partner;

15 (6) The person:

16 (i) Becomes a debtor in bankruptcy;

17 (ii) Signs an assignment for the benefit of creditors; or

18 (iii) Seeks, consents to, or acquiesces in the appointment of a trustee, receiver, or liquidator
19 of the person or of all or substantially all the person's property;

20 (7) In the case of an individual:

21 (i) The individual dies;

22 (ii) A guardian or general conservator for the individual is appointed; or

23 (iii) A court orders that the individual has otherwise become incapable of performing the
24 individual's duties as a partner under this chapter or the partnership agreement;

25 (8) In the case of a person that is a testamentary or inter vivos trust or is acting as a partner
26 by virtue of being a trustee of such a trust, the trust's entire transferable interest in the partnership
27 is distributed;

28 (9) In the case of a person that is an estate or is acting as a partner by virtue of being a
29 personal representative of an estate, the estate's entire transferable interest in the partnership is
30 distributed;

31 (10) In the case of a person that is not an individual, the existence of the person terminates;

32 (11) The partnership participates in a merger under Article 11 of this chapter and:

33 (i) The partnership is not the surviving entity; or

34 (ii) Otherwise as a result of the merger, the person ceases to be a partner;

1 (12) The partnership participates in an interest exchange under Article 11 of this chapter
2 and, as a result of the interest exchange, the person ceases to be a partner;

3 (13) The partnership participates in a conversion under Article 11 of this chapter;

4 (14) The partnership participates in a domestication under Article 11 of this chapter and,
5 as a result of the domestication, the person ceases to be a partner; or

6 (15) The partnership dissolves and completes winding up.

7 **7-12.1-602. Power to dissociate as partner -- Wrongful dissociation.**

8 (a) A person has the power to dissociate as a partner at any time, rightfully or wrongfully,
9 by withdrawing as a partner by express will under § 7-12.1-601(1).

10 (b) A person's dissociation as a partner is wrongful only if the dissociation:

11 (1) Is in breach of an express provision of the partnership agreement; or

12 (2) In the case of a partnership for a definite term or particular undertaking, occurs before
13 the expiration of the term or the completion of the undertaking and:

14 (i) The person withdraws as a partner by express will, unless the withdrawal follows not
15 later than ninety (90) days after another person's dissociation by death or otherwise under §§ 7-
16 12.1-601(6) through 7-12.1-601(10) or wrongful dissociation under this subsection;

17 (ii) The person is expelled as a partner by judicial order under § 7-12.1-601(5);

18 (iii) The person is dissociated under § 7-12.1-601(6); or

19 (iv) In the case of a person that is not a trust other than a business trust, an estate, or an
20 individual, the person is expelled or otherwise dissociated because it willfully dissolved or
21 terminated.

22 (c) A person that wrongfully dissociates as a partner is liable to the partnership and to the
23 other partners for damages caused by the dissociation. The liability is in addition to any debt,
24 obligation, or other liability of the partner to the partnership or the other partners.

25 **7-12.1-603. Effect of dissociation.**

26 (a) If a person's dissociation results in a dissolution and winding up of the partnership
27 business, Article 8 of this chapter applies; otherwise, Article 7 of this chapter applies.

28 (b) If a person is dissociated as a partner:

29 (1) The person's right to participate in the management and conduct of the partnership's
30 business terminates, except as otherwise provided in § 7-12.1-802(c); and

31 (2) The person's duties and obligations under § 7-12.1-409 end with regard to matters
32 arising and events occurring after the person's dissociation, except to the extent the partner
33 participates in winding up the partnership's business pursuant to § 7-12.1-802.

34 (c) A person's dissociation does not of itself discharge the person from any debt, obligation,

1 or other liability to the partnership or the other partners which the person incurred while a partner.

2 ARTICLE 7

3 PERSON'S DISSOCIATION AS A PARTNER WHEN BUSINESS NOT WOUND UP

4 **7-12.1-701. Purchase of interest of person dissociated as partner.**

5 (a) If a person is dissociated as a partner without the dissociation resulting in a dissolution
6 and winding up of the partnership business under § 7-12.1-801, the partnership shall cause the
7 person's interest in the partnership to be purchased for a buyout price determined pursuant to
8 subsection (b) of this section.

9 (b) The buyout price of the interest of a person dissociated as a partner is the amount that
10 would have been distributable to the person under § 7-12.1-806(b) if, on the date of dissociation,
11 the assets of the partnership were sold and the partnership were wound up, with the sale price equal
12 to the greater of:

13 (1) The liquidation value; or

14 (2) The value based on a sale of the entire business as a going concern without the person.

15 (c) Interest accrues on the buyout price from the date of dissociation to the date of payment,
16 but damages for wrongful dissociation under § 7-12.1-602(b), and all other amounts owing,
17 whether or not presently due, from the person dissociated as a partner to the partnership, must be
18 offset against the buyout price.

19 (d) A partnership shall defend, indemnify, and hold harmless a person dissociated as a
20 partner whose interest is being purchased against all partnership liabilities, whether incurred before
21 or after the dissociation, except liabilities incurred by an act of the person under § 7-12.1-702.

22 (e) If no agreement for the purchase of the interest of a person dissociated as a partner is
23 reached not later than one hundred twenty (120) days after a written demand for payment, the
24 partnership shall pay, or cause to be paid, in money to the person the amount the partnership
25 estimates to be the buyout price and accrued interest, reduced by any offsets and accrued interest
26 under subsection (c) of this section.

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

31 (g) The payment or tender required by subsections (e) or (f) of this section must be
32 accompanied by the following:

33 (1) A statement of partnership assets and liabilities as of the date of dissociation;

34 (2) The latest available partnership balance sheet and income statement, if any;

1 (3) An explanation of how the estimated amount of the payment was calculated; and
2 (4) Written notice that the payment is in full satisfaction of the obligation to purchase
3 unless, not later than one hundred twenty (120) days after the written notice, the person dissociated
4 as a partner commences an action to determine the buyout price, any offsets under subsection (c)
5 of this section, or other terms of the obligation to purchase.

6 (h) A person that wrongfully dissociates as a partner before the expiration of a definite term
7 or the completion of a particular undertaking is not entitled to payment of any part of the buyout
8 price until the expiration of the term or completion of the undertaking, unless the person establishes
9 to the satisfaction of the court that earlier payment will not cause undue hardship to the business of
10 the partnership. A deferred payment must be adequately secured and bear interest.

11 (i) A person dissociated as a partner may maintain an action against the partnership,
12 pursuant to § 7-12.1-410(b)(2), to determine the buyout price of that person's interest, any offsets
13 under subsection (c) of this section, or other terms of the obligation to purchase. The action must
14 be commenced not later than one hundred twenty (120) days after the partnership has tendered
15 payment or an offer to pay or within one year after written demand for payment if no payment or
16 offer to pay is tendered. The court shall determine the buyout price of the person's interest, any
17 offset due under subsection (c) of this section, and accrued interest, and enter judgment for any
18 additional payment or refund. If deferred payment is authorized under subsection (h) of this section,
19 the court shall also determine the security for payment and other terms of the obligation to purchase.
20 The court may assess reasonable attorneys' fees and the fees and expenses of appraisers or other
21 experts for a party to the action, in amounts the court finds equitable, against a party that the court
22 finds acted arbitrarily, vexatiously, or not in good faith. The finding may be based on the
23 partnership's failure to tender payment or an offer to pay or to comply with subsection (g) of this
24 section.

25 **7-12.1-702. Power to bind and liability of person dissociated as partner.**

26 (a) After a person is dissociated as a partner without the dissociation resulting in a
27 dissolution and winding up of the partnership business and before the partnership is merged out of
28 existence, converted, or domesticated under Article 11, or dissolved, the partnership is bound by
29 an act of the person only if:

30 (1) The act would have bound the partnership under § 7-12.1-301 before dissociation; and

31 (2) At the time the other party enters into the transaction:

32 (i) Less than two (2) years has passed since the dissociation; and

33 (ii) The other party does not know or have notice of the dissociation and reasonably
34 believes that the person is a partner.

1 (b) If a partnership is bound under subsection (a) of this section, the person dissociated as
2 a partner which caused the partnership to be bound is liable:

3 (1) To the partnership for any damage caused to the partnership arising from the obligation
4 incurred under subsection (a) of this section; and

5 (2) If a partner or another person dissociated as a partner is liable for the obligation, to the
6 partner or other person for any damage caused to the partner or other person arising from the
7 liability.

8 **7-12.1-703. Liability of person dissociated as partner to other persons.**

9 (a) Except as otherwise provided in subsection (b) of this section, a person dissociated as
10 a partner is not liable for a partnership obligation incurred after dissociation.

11 (b) A person that is dissociated as a partner is liable on a transaction entered into by the
12 partnership after the dissociation only if:

13 (1) A partner would be liable on the transaction; and

14 (2) At the time the other party enters into the transaction:

15 (i) Less than two (2) years has passed since the dissociation; and

16 (ii) The other party does not have knowledge or notice of the dissociation and reasonably
17 believes that the person is a partner.

18 (c) By agreement with a creditor of a partnership and the partnership, a person dissociated
19 as a partner may be released from liability for a debt, obligation, or other liability of the partnership.

20 (d) A person dissociated as a partner is released from liability for a debt, obligation, or
21 other liability of the partnership if the partnership's creditor, with knowledge or notice of the
22 person's dissociation but without the person's consent, agrees to a material alteration in the nature
23 or time of payment of the debt, obligation, or other liability.

24 **7-12.1-704. Statement of dissociation.**

25 (a) A person dissociated as a partner or the partnership may deliver to the secretary of state
26 for filing a statement of dissociation stating the name of the partnership and that the person has
27 dissociated from the partnership.

28 (b) A statement of dissociation is a limitation on the authority of a person dissociated as a
29 partner for the purposes of § 7-12.1-303.

30 **7-12.1-705. Continued use of partnership name.**

31 Continued use of a partnership name, or the name of a person dissociated as a partner as
32 part of the partnership name, by partners continuing the business does not of itself make the person
33 dissociated as a partner liable for an obligation of the partners or the partnership continuing the
34 business.

1 ARTICLE 8

2 DISSOLUTION AND WINDING UP

3 **7-12.1-801. Events causing dissolution.**

4 A partnership is dissolved, and its business must be wound up, upon the occurrence of any
5 of the following:

6 (1) In a partnership at will, the partnership knows or has notice of a person's express will
7 to withdraw as a partner, other than a partner that has dissociated under §§ 7-12.1-601(2) through
8 7-12.1-601(10), but, if the person has specified a withdrawal date later than the date the partnership
9 knew or had notice, on the later date;

10 (2) In a partnership for a definite term or particular undertaking:

11 (i) Within ninety (90) days after a person's dissociation by death or otherwise under §§ 7-
12 12.1-601(6) through 7-12.1-601(10) or wrongful dissociation under § 7-12.1-602(b), the
13 affirmative vote or consent of at least half of the remaining partners to wind up the partnership
14 business, for which purpose a person's rightful dissociation pursuant to § 7-12.1-602(b)(2)(i)
15 constitutes that partner's consent to wind up the partnership business;

16 (ii) The affirmative vote or consent of all the partners to wind up the partnership business;

17 or

18 (iii) The expiration of the term or the completion of the undertaking;

19 (3) An event or circumstance that the partnership agreement states causes dissolution;

20 (4) On application by a partner, the entry by the superior court of an order dissolving the
21 partnership on the grounds that:

22 (i) The conduct of all or substantially all the partnership's business is unlawful;

23 (ii) The economic purpose of the partnership is likely to be unreasonably frustrated;

24 (iii) Another partner has engaged in conduct relating to the partnership business which
25 makes it not reasonably practicable to carry on the business in partnership with that partner; or

26 (iv) It is otherwise not reasonably practicable to carry on the partnership business in
27 conformity with the partnership agreement;

28 (5) On application by a transferee, the entry by the superior court of an order dissolving
29 the partnership on the ground that it is equitable to wind up the partnership business:

30 (i) After the expiration of the term or completion of the undertaking, if the partnership was
31 for a definite term or particular undertaking at the time of the transfer or entry of the charging order
32 that gave rise to the transfer; or

33 (ii) At any time, if the partnership was a partnership at will at the time of the transfer or
34 entry of the charging order that gave rise to the transfer; or

1 (6) The passage of ninety (90) consecutive days during which the partnership does not have
2 at least two (2) partners.

3 **7-12.1-802. Winding up.**

4 (a) A dissolved partnership shall wind up its business and, except as otherwise provided in
5 § 7-12.1-803, the partnership continues after dissolution only for the purpose of winding up.

6 (b) In winding up its business, the partnership:

7 (1) Shall discharge the partnership's debts, obligations, and other liabilities, settle and close
8 the partnership's business, and marshal and distribute the assets of the partnership; and

9 (2) May:

10 (i) Deliver to the secretary of state for filing a statement of dissolution stating the name of
11 the partnership and that the partnership is dissolved;

12 (ii) Preserve the partnership business and property as a going concern for a reasonable time;

13 (iii) Prosecute and defend actions and proceedings, whether civil, criminal, or
14 administrative;

15 (iv) Transfer the partnership's property;

16 (v) Settle disputes by mediation or arbitration;

17 (vi) Deliver to the secretary of state for filing a statement of termination stating the name
18 of the partnership and that the partnership is terminated; and

19 (vii) Perform other acts necessary or appropriate to the winding up.

20 (c) A person whose dissociation as a partner resulted in dissolution may participate in
21 winding up as if still a partner, unless the dissociation was wrongful.

22 (d) If a dissolved partnership does not have a partner and no person has the right to
23 participate in winding up under subsection (c) of this section, the personal or legal representative
24 of the last person to have been a partner may wind up the partnership's business. If the representative
25 does not exercise that right, a person to wind up the partnership's business may be appointed by the
26 affirmative vote or consent of transferees owning a majority of the rights to receive distributions at
27 the time the consent is to be effective. A person appointed under this subsection has the powers of
28 a partner under § 7-12.1-804 but is not liable for the debts, obligations, and other liabilities of the
29 partnership solely by reason of having or exercising those powers or otherwise acting to wind up
30 the partnership's business.

31 (e) On the application of any partner or person entitled under subsection (c) of this section
32 to participate in winding up, the superior court may order judicial supervision of the winding up of
33 a dissolved partnership, including the appointment of a person to wind up the partnership's business,
34 if:

1 (1) The partnership does not have a partner and within a reasonable time following the
2 dissolution no person has been appointed under subsection (d) of this section; or

3 (2) The applicant establishes other good cause.

4 **7-12.1-803. Rescinding dissolution.**

5 (a) A partnership may rescind its dissolution, unless a statement of termination applicable
6 to the partnership has become effective or the superior court has entered an order under §§ 7-12.1-
7 801(4) or 7-12.1-801(5) dissolving the partnership.

8 (b) Rescinding dissolution under this section requires:

9 (1) The affirmative vote or consent of each partner; and

10 (2) If the partnership has filed with the secretary of state a statement of dissolution and:

11 (i) The statement has not become effective, delivery to the secretary of state for filing of a
12 statement of withdrawal under § 7-12.1-115 applicable to the statement of dissolution; or

13 (ii) The statement of dissolution has become effective, delivery to the secretary of state for
14 filing of a statement of rescission stating the name of the partnership and that dissolution has been
15 rescinded under this section.

16 (c) If a partnership rescinds its dissolution:

17 (1) The partnership resumes carrying on its business as if dissolution had never occurred;

18 (2) Subject to subsection (c)(3) of this section, any liability incurred by the partnership
19 after the dissolution and before the rescission has become effective is determined as if dissolution
20 had never occurred; and

21 (3) The rights of a third party arising out of conduct in reliance on the dissolution before
22 the third party knew or had notice of the rescission may not be adversely affected.

23 **7-12.1-804. Power to bind partnership after dissolution.**

24 (a) A partnership is bound by a partner's act after dissolution which:

25 (1) Is appropriate for winding up the partnership business; or

26 (2) Would have bound the partnership under § 7-12.1-301 before dissolution if, at the time
27 the other party enters into the transaction, the other party does not know or have notice of the
28 dissolution.

29 (b) A person dissociated as a partner binds a partnership through an act occurring after
30 dissolution if:

31 (1) At the time the other party enters into the transaction:

32 (i) Less than two (2) years has passed since the dissociation; and

33 (ii) The other party does not know or have notice of the dissociation and reasonably
34 believes that the person is a partner; and

1 (2) The act:

2 (i) Is appropriate for winding up the partnership's business; or

3 (ii) Would have bound the partnership under § 7-12.1-301 before dissolution and at the
4 time the other party enters into the transaction the other party does not know or have notice of the
5 dissolution.

6 **7-12.1-805. Liability after dissolution of partner and person dissociated as partner.**

7 (a) If a partner having knowledge of the dissolution causes a partnership to incur an
8 obligation under § 7-12.1-804(a) by an act that is not appropriate for winding up the partnership
9 business, the partner is liable:

10 (1) To the partnership for any damage caused to the partnership arising from the obligation;
11 and

12 (2) If another partner or person dissociated as a partner is liable for the obligation, to that
13 other partner or person for any damage caused to that other partner or person arising from the
14 liability.

15 (b) Except as otherwise provided in subsection (c) of this section, if a person dissociated
16 as a partner causes a partnership to incur an obligation under § 7-12.1-804(b), the person is liable:

17 (1) To the partnership for any damage caused to the partnership arising from the obligation;
18 and

19 (2) If a partner or another person dissociated as a partner is liable for the obligation, to the
20 partner or other person for any damage caused to the partner or other person arising from the
21 obligation.

22 (c) A person dissociated as a partner is not liable under subsection (b) of this section if:

23 (1) Section 7-12.1-802(c) permits the person to participate in winding up; and

24 (2) The act that causes the partnership to be bound under § 7-12.1-804(b) is appropriate for
25 winding up the partnership's business.

26 **7-12.1-806. Disposition of assets in winding up -- When contributions required.**

27 (a) In winding up its business, a partnership shall apply its assets, including the
28 contributions required by this section, to discharge the partnership's obligations to creditors,
29 including partners that are creditors.

30 (b) After a partnership complies with subsection (a) of this section, any surplus must be
31 distributed in the following order, subject to any charging order in effect under § 7-12.1-504:

32 (1) To each person owning a transferable interest that reflects contributions made and not
33 previously returned, an amount equal to the value of the unreturned contributions; and

34 (2) Among persons owning transferable interests in proportion to their respective rights to

1 share in distributions immediately before the dissolution of the partnership.

2 (c) If a partnership's assets are insufficient to satisfy all its obligations under subsection (a)
3 of this section, with respect to each unsatisfied obligation incurred when the partnership was not a
4 limited-liability partnership, the following rules apply:

5 (1) Each person that was a partner when the obligation was incurred and that has not been
6 released from the obligation under §§ 7-12.1-703(c) and 7-12.1-703(d) shall contribute to the
7 partnership for the purpose of enabling the partnership to satisfy the obligation. The contribution
8 due from each of those persons is in proportion to the right to receive distributions in the capacity
9 of a partner in effect for each of those persons when the obligation was incurred.

10 (2) If a person does not contribute the full amount required under subsection (c)(1) of this
11 section with respect to an unsatisfied obligation of the partnership, the other persons required to
12 contribute by subsection (c)(1) of this section on account of the obligation shall contribute the
13 additional amount necessary to discharge the obligation. The additional contribution due from each
14 of those other persons is in proportion to the right to receive distributions in the capacity of a partner
15 in effect for each of those other persons when the obligation was incurred.

16 (3) If a person does not make the additional contribution required by subsection (c)(2) of
17 this section, further additional contributions are determined and due in the same manner as provided
18 in that subsection.

19 (d) A person that makes an additional contribution under subsection (c)(2) or (c)(3) of this
20 section may recover from any person whose failure to contribute under subsection (c)(1) or (c)(2)
21 of this section necessitated the additional contribution. A person may not recover under this
22 subsection more than the amount additionally contributed. A person's liability under this subsection
23 may not exceed the amount the person failed to contribute.

24 (e) If a partnership does not have sufficient surplus to comply with subsection (b)(1) of this
25 section, any surplus must be distributed among the owners of transferable interests in proportion to
26 the value of the respective unreturned contributions.

27 (f) All distributions made under subsections (b) and (c) of this section must be paid in
28 money.

29 **7-12.1-807. Known claims against dissolved limited-liability partnership.**

30 (a) Except as otherwise provided in subsection (d) of this section, a dissolved limited-
31 liability partnership may give notice of a known claim under subsection (b) of this section, which
32 has the effect provided in subsection (c) of this section.

33 (b) A dissolved limited-liability partnership may in a record notify its known claimants of
34 the dissolution. The notice must:

1 (1) Specify the information required to be included in a claim;
2 (2) State that a claim must be in writing and provide a mailing address to which the claim
3 is to be sent;
4 (3) State the deadline for receipt of a claim, which may not be less than one hundred twenty
5 (120) days after the date the notice is received by the claimant;
6 (4) State that the claim will be barred if not received by the deadline; and
7 (5) Unless the partnership has been throughout its existence a limited-liability partnership,
8 state that the barring of a claim against the partnership will also bar any corresponding claim against
9 any partner or person dissociated as a partner which is based on § 7-12.1-306.
10 (c) A claim against a dissolved limited-liability partnership is barred if the requirements of
11 subsection (b) of this section are met and:
12 (1) The claim is not received by the specified deadline; or
13 (2) If the claim is timely received but rejected by the limited-liability partnership:
14 (i) The partnership causes the claimant to receive a notice in a record stating that the claim
15 is rejected and will be barred unless the claimant commences an action against the partnership to
16 enforce the claim not later than ninety (90) days after the claimant receives the notice; and
17 (ii) The claimant does not commence the required action not later than ninety (90) days
18 after the claimant receives the notice.
19 (d) This section does not apply to a claim based on an event occurring after the date of
20 dissolution or a liability that on that date is contingent.
21 **7-12.1-808. Other claims against dissolved limited-liability partnership.**
22 (a) A dissolved limited-liability partnership may publish notice of its dissolution and
23 request persons having claims against the partnership to present them in accordance with the notice.
24 (b) A notice under subsection (a) of this section must:
25 (1) Be published at least once in a newspaper of general circulation;
26 (2) Describe the information required to be contained in a claim, state that the claim must
27 be in writing, and provide a mailing address to which the claim is to be sent;
28 (3) State that a claim against the partnership is barred unless an action to enforce the claim
29 is commenced not later than three (3) years after publication of the notice; and
30 (4) Unless the partnership has been throughout its existence a limited-liability partnership,
31 state that the barring of a claim against the partnership will also bar any corresponding claim against
32 any partner or person dissociated as a partner which is based on § 7-12.1-306.
33 (c) If a dissolved limited-liability partnership publishes a notice in accordance with
34 subsection (b) of this section, the claim of each of the following claimants is barred unless the

1 claimant commences an action to enforce the claim against the partnership not later than three (3)
2 years after the publication date of the notice:

3 (1) A claimant that did not receive notice in a record under § 7-12.1-807;

4 (2) A claimant whose claim was timely sent to the partnership but not acted on; and

5 (3) A claimant whose claim is contingent at, or based on an event occurring after, the date
6 of dissolution.

7 (d) A claim not barred under this section or § 7-12.1-807 may be enforced:

8 (1) Against a dissolved limited-liability partnership, to the extent of its undistributed assets;

9 (2) Except as otherwise provided in § 7-12.1-809, if assets of the partnership have been
10 distributed after dissolution, against a partner or transferee to the extent of that person's
11 proportionate share of the claim or of the partnership's assets distributed to the partner or transferee
12 after dissolution, whichever is less, but a person's total liability for all claims under this subsection
13 may not exceed the total amount of assets distributed to the person after dissolution; and

14 (3) Against any person liable on the claim under §§ 7-12.1-306, 7-12.1-703, and 7-12.1-
15 805.

16 **7-12.1-809. Court proceedings.**

17 (a) A dissolved limited-liability partnership that has published a notice under § 7-12.1-808
18 may file an application with the Providence County superior court for a determination of the amount
19 and form of security to be provided for payment of claims that are reasonably expected to arise
20 after the date of dissolution based on facts known to the partnership and:

21 (1) At the time of the application:

22 (i) Are contingent; or

23 (ii) Have not been made known to the partnership; or

24 (2) Are based on an event occurring after the date of dissolution.

25 (b) Security is not required for any claim that is or is reasonably anticipated to be barred
26 under § 7-12.1-807.

27 (c) Not later than ten (10) days after the filing of an application under subsection (a) of this
28 section, the dissolved limited-liability partnership shall give notice of the proceeding to each
29 claimant holding a contingent claim known to the partnership.

30 (d) In any proceeding under this section, the court may appoint a guardian ad litem to
31 represent all claimants whose identities are unknown. The reasonable fees and expenses of the
32 guardian, including all reasonable expert witness fees, must be paid by the dissolved limited-
33 liability partnership.

34 (e) A dissolved limited-liability partnership that provides security in the amount and form

1 ordered by the court under subsection (a) of this section satisfies the partnership's obligations with
2 respect to claims that are contingent, have not been made known to the partnership, or are based on
3 an event occurring after the date of dissolution, and such claims may not be enforced against a
4 partner or transferee on account of assets received in liquidation.

5 **7-12.1-810. Liability of partner and person dissociated as partner when claim against**
6 **partnership barred.**

7 If a claim against a dissolved partnership is barred under §§ 7-12.1-807, 7-12.1-808, or 7-
8 12.1-809, any corresponding claim under §§ 7-12.1-306, 7-12.1-703, or 7-12.1-805 is also barred.

9 ARTICLE 9

10 LIMITED-LIABILITY PARTNERSHIP

11 **7-12.1-901. Statement of qualification.**

12 (a) A partnership may become a limited-liability partnership pursuant to this section.

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

17 (c) After the approval required by subsection (b) of this section, a partnership may become
18 a limited-liability partnership by delivering to the secretary of state for filing a statement of
19 qualification. The statement must contain:

20 (1) The name of the partnership which must comply with § 7-12.1-902;

21 (2) The street and mailing addresses of the partnership's principal office and, if different,
22 the street address of an office in this state, if any;

23 (3) The name and street and mailing addresses in this state of the partnership's registered
24 agent; and

25 (4) A statement that the partnership elects to become a limited-liability partnership.

26 (d) A partnership's status as a limited-liability partnership remains effective, regardless of
27 changes in the partnership, until it is canceled pursuant to subsection (f) of this section or
28 administratively revoked pursuant to § 7-12.1-903.

29 (e) The status of a partnership as a limited-liability partnership and the protection against
30 liability of its partners for the debts, obligations, or other liabilities of the partnership while it is a
31 limited-liability partnership is not affected by errors or later changes in the information required to
32 be contained in the statement of qualification.

33 (f) A limited-liability partnership may amend or cancel its statement of qualification by
34 delivering to the secretary of state for filing a statement of amendment or cancellation. The

1 statement must be approved by the affirmative vote or consent of all the partners and state the name
2 of the limited-liability partnership and in the case of:

3 (1) An amendment, state the text of the amendment; and

4 (2) A cancellation, state that the statement of qualification is canceled.

5 **7-12.1-902. Permitted names.**

6 (a) The name of a partnership that is not a limited-liability partnership may not contain the
7 phrase "Registered Limited-liability Partnership" or "Limited-liability Partnership" or the
8 abbreviation "R.L.L.P.", "L.L.P.", "RLLP" , or "LLP".

9 (b) The name of a limited-liability partnership must contain the phrase "Registered
10 Limited-liability Partnership" or "Limited-liability Partnership" or the abbreviation "R.L.L.P.",
11 "L.L.P.", "RLLP", or "LLP".

12 (c) The name of a limited-liability partnership, and the name under which a foreign limited-
13 liability partnership may register to do business in this state, must be distinguishable on the records
14 of the secretary of state from any:

15 (1) Name of an existing person whose formation or qualifications required the filing of a
16 record by the secretary of state or any name that is filed, reserved or registered under this title or as
17 permitted by the laws of this state, subject to the following:

18 (i) This provision does not apply if the applicant files with the secretary of state a certified
19 copy of a final decree of a court of competent jurisdiction establishing the prior right of the
20 applicant to the use of the name in this state; and

21 (ii) The name may be the same as the name of an existing person the certificate of
22 incorporation or organization of which has been revoked by the secretary of state as permitted by
23 law, and the revocation has not been withdrawn within one year from the date of the revocation.

24 (iii) Words and/or abbreviations that are required by statute to identify the particular type
25 of business entity shall be disregarded when determining if a name is distinguishable upon the
26 records of the secretary of state.

27 (iv) The secretary of state shall promulgate rules and regulations defining the term
28 "distinguishable upon the record" for the administration of this chapter.

29 **7-12.1-902.1. Fictitious business name.**

30 (a) Any domestic or foreign limited-liability partnership formed under the laws of, or
31 registered to do business in this state may transact business in this state under a fictitious name
32 provided that it files a fictitious business name statement in accordance with this section prior to
33 the time it commences to conduct business under the fictitious name.

34 (b) A fictitious business name statement shall be filed with the secretary of state, and shall

1 be signed by a person authorized or required under this chapter to sign a record, and shall state:

2 (1) The fictitious business name to be used; and

3 (2) The name of the applicant limited-liability partnership or foreign limited-liability
4 partnership, and the state and date of its formation.

5 (c) The fictitious business name statement expires upon the filing of a statement of
6 abandonment of use of a fictitious business name registered in accordance with this section or upon
7 the cancellation of the domestic limited-liability partnership or the withdrawal of registration of the
8 foreign limited-liability partnership.

9 (d) The statement of abandonment of use of a fictitious business name under this section
10 shall be filed with the secretary of state, shall be executed in the same manner provided in
11 subsection (2) of this section and shall state:

12 (1) The fictitious business name being abandoned;

13 (2) The date on which the original fictitious business name statement being abandoned was
14 filed; and

15 (3) The information presented in subsection (b) of this section.

16 (e) No domestic or foreign limited-liability partnership transacting business under a
17 fictitious business name contrary to the provisions of this section, or its assignee, may maintain any
18 action upon or on account of any contract made, or transaction had, in the fictitious business name
19 in any court of the state until a fictitious business name statement has been filed in accordance with
20 this section.

21 (f) No domestic or foreign limited-liability partnership may be permitted to transact
22 business under a fictitious business name pursuant to this section that is the same as the name of an
23 existing person whose registration or qualification required the filing of a record by the secretary
24 of state or any name that is filed, reserved, or registered under this title or as permitted by the laws
25 of this state, subject to the following:

26 (1) This provision does not apply if the applicant files with the secretary of state a certified
27 copy of a final decree of a court of competent jurisdiction establishing the prior right of the
28 applicant to the use of the name in this state; and

29 (2) The name may be the same as the name of an existing person the certificate of
30 incorporation or organization of which has been revoked by the secretary of state as permitted by
31 law, and the revocation has not been withdrawn within one year from the date of the revocation.

32 (3) Words and/or abbreviations that are required by statute to identify the particular type
33 of business entity shall be disregarded when determining if a name is distinguishable upon the
34 records of the secretary of state.

1 (4) The secretary of state shall promulgate rules and regulations defining the term
2 "distinguishable upon the record" for the administration of this chapter.

3 **7-12.1-903. Administrative revocation of statement of qualification.**

4 (a) The statement of qualification of a limited-liability partnership may be revoked by the
5 secretary of state under the conditions prescribed in this section when it is established that:

6 (1) The limited-liability partnership procured its statement of qualification through fraud;

7 (2) The limited-liability partnership has continued to exceed or abuse the authority
8 conferred upon it by law;

9 (3) The limited-liability partnership has failed to file its annual report within the time
10 required by this chapter;

11 (4) The limited-liability partnership has failed to pay any required fees to the secretary of
12 state when they have become due and payable;

13 (5) The secretary of state has received notice from the division of taxation, in accordance
14 with § 7-12.1-915, that the limited-liability partnership has failed to pay any fees or taxes due this
15 state;

16 (6) The limited-liability partnership has failed for thirty (30) days to appoint and maintain
17 a registered agent in this state as required by this chapter;

18 (7) The limited-liability partnership has failed, after change of its registered agent, to file
19 in the office of the secretary of state a statement of the change as required by this chapter;

20 (8) The limited-liability partnership has failed to file in the office of the secretary of state
21 any amendment to its statement of qualification or any articles of dissolution, cancellation
22 statement, merger, or consolidation as prescribed by this chapter; or

23 (9) A misrepresentation has been made of any material matter in any application, report,
24 affidavit, or other document submitted by the limited-liability partnership pursuant to this chapter.

25 (b) No certificate of a limited-liability partnership shall be revoked by the secretary of state
26 unless:

27 (1) The secretary of state shall have given the limited-liability partnership notice thereof
28 not less than sixty (60) days prior to such revocation by regular mail addressed to the registered
29 agent in this state on file with the secretary of state's office, which notice shall specify the basis for
30 the revocation; provided, however, that if a prior mailing addressed to the address of the registered
31 agent of the limited-liability partnership in this state currently on file with the secretary of state's
32 office has been returned as undeliverable by the United States Postal Service for any reason, or if
33 the revocation notice is returned as undeliverable by the United States Postal Service for any reason,
34 the secretary of state shall give notice as follows:

1 (i) To the limited-liability partnership at its principal office of record as shown in its most
2 recent annual report, and no further notice shall be required; or

3 (ii) In the case of a limited-liability partnership that has not yet filed an annual report, then
4 to the limited-liability partnership at the principal office in the statement of qualification of limited-
5 liability partnership and no further notice shall be required; and

6 (2) The limited-liability partnership fails prior to revocation to file the annual report, pay
7 the fees or taxes, file the required statement of change of registered agent, file any amendments to
8 its statement of qualification or articles of dissolution, cancellation statement, merger, or
9 consolidation, or correct the misrepresentation.

10 **7-12.1-903.1. Issuance of certificates of revocation.**

11 (a) Upon revoking any such certificate of a limited-liability partnership, the secretary of
12 state shall:

13 (1) Issue a certificate of revocation in duplicate;

14 (2) File one of the certificates in the secretary of state's office;

15 (3) Send to the limited-liability partnership by regular mail a certificate of revocation,
16 addressed to the registered agent of the limited-liability partnership in this state on file with the
17 secretary of state's office; provided, however, that if a prior mailing addressed to the address of the
18 registered agent of the limited-liability partnership in this state currently on file with the secretary
19 of state's office has been returned to the secretary of state as undeliverable by the United States
20 Postal Service for any reason, or if the revocation certificate is returned as undeliverable to the
21 secretary of state's office by the United States Postal Service for any reason, the secretary of state
22 shall give notice as follows:

23 (i) To the limited-liability partnership at its principal office of record as shown in its most
24 recent annual report, and no further notice shall be required; or

25 (ii) In the case of a limited-liability partnership that has not yet filed an annual report, then
26 to the domestic limited-liability company at the principal office in the articles of organization or to
27 the authorized person listed on the articles of organization, and no further notice shall be required.

28 (b) An administrative revocation under this section affects only the partnership's status as
29 a limited-liability partnership and is not an event causing dissolution of the partnership.

30 (c) The revocation of a limited-liability partnership does not terminate the authority of its
31 registered agent.

32 **7-12.1-904. Reinstatement.**

33 (a) A partnership whose statement of qualification has been revoked administratively under
34 § 7-12.1-903 may apply to the secretary of state for reinstatement of the statement of qualification

1 not later than two (2) years after the effective date of the revocation. The application must be
2 accompanied by a certificate of good standing from the Rhode Island division of taxation and state:

3 (1) The name of the partnership at the time of the administrative revocation of its statement
4 of qualification and, if needed, a different name that satisfies § 7-12.1-902;

5 (2) The address of the principal office of the partnership and the name and street and
6 mailing addresses of its registered agent;

7 (3) The effective date of administrative revocation of the partnership's statement of
8 qualification;

9 (4) On the payment by the limited-liability partnership of a penalty in the amount of fifty
10 dollars (\$50.00) for each year or part of year that has elapsed since the issuance of the certificate
11 of revocation; and

12 (5) That the grounds for revocation did not exist or have been cured.

13 (b) To have its statement of qualification reinstated, a partnership must pay all fees, taxes,
14 interest, and penalties that were due to the secretary of state or tax administrator at the time of the
15 administrative revocation and all fees, taxes, interest, and penalties that would have been due to the
16 secretary of state or tax administrator while the partnership's statement of qualification was revoked
17 administratively.

18 (c) If the secretary of state determines that an application under subsection (a) of this
19 section contains the required information, is satisfied that the information is correct, and determines
20 that all payments required to be made to the secretary of state by subsection (b) of this section have
21 been made, the secretary of state shall:

22 (1) Cancel the statement of revocation and prepare a statement of reinstatement that states
23 the secretary of state's determination and the effective date of reinstatement; and

24 (2) File the statement of reinstatement and serve a copy on the partnership.

25 (d) When reinstatement under this section has become effective, the following rules apply:

26 (1) The reinstatement relates back to and takes effect as of the effective date of the
27 administrative revocation.

28 (2) The partnership's status as a limited-liability partnership continues as if the revocation
29 had not occurred.

30 (3) The rights of a person arising out of an act or omission in reliance on the revocation
31 before the person knew or had notice of the reinstatement are not affected.

32 **7-12.1-905. Judicial review of denial of reinstatement.**

33 (a) If the secretary of state denies a partnership's application for reinstatement following
34 administrative revocation of the partnership's statement of qualification, the secretary of state shall

1 serve the partnership with a notice in a record that explains the reasons for the denial.

2 (b) A partnership may seek judicial review of denial of reinstatement in the Providence
3 County superior court not later than thirty (30) days after service of the notice of denial.

4 **7-12.1-906. Reservation of name.**

5 (a) A person may reserve the exclusive use of a name that complies with § 7-12.1-902 by
6 delivering an application to the secretary of state for filing. The application must state the name
7 and address of the applicant and the name to be reserved. If the secretary of state finds that the
8 name is available, the secretary of state shall reserve the name for the applicant's exclusive use for
9 one hundred twenty (120) days.

10 (b) The owner of a reserved name may transfer the reservation to another person by
11 delivering to the secretary of state a signed notice in a record of the transfer which states the name
12 and address of the person to which the reservation is being transferred.

13 **7-12.1-907. Registration of name.**

14 (a) A foreign limited-liability partnership not registered to do business in this state under
15 Article 10 of this chapter may register its name, or an alternate name adopted pursuant to § 7-12.1-
16 902, if the name is distinguishable on the records of the secretary of state from the names that are
17 not available under § 7-12.1-902.

18 (b) To register its name or an alternate name adopted pursuant to § 7-12.1-902, a foreign
19 limited-liability partnership must deliver to the secretary of state for filing an application stating
20 the partnership's name, the jurisdiction and date of its formation, and any alternate name adopted
21 pursuant to § 7-12.1-902. If the secretary of state finds that the name applied for is available, the
22 secretary of state shall register the name for the applicant's exclusive use.

23 (c) The registration of a name under this section is effective for one year after the date of
24 registration.

25 (d) A foreign limited-liability partnership whose name registration is effective may renew
26 the registration for successive one-year periods by delivering, not earlier than three (3) months
27 before the expiration of the registration, to the secretary of state for filing a renewal application that
28 complies with this section. When filed, the renewal application renews the registration for a
29 succeeding one-year period.

30 (e) A foreign limited-liability partnership whose name registration is effective may register
31 as a foreign limited-liability partnership under the registered name or consent in a signed record to
32 the use of that name by another person that is not an individual.

33 **7-12.1-908. Registered agent.**

34 (a) Each limited-liability partnership and each registered foreign limited-liability

1 partnership shall designate and maintain a registered agent in this state. The designation of a
2 registered agent is an affirmation of fact by the partnership or foreign partnership that the agent has
3 consented to serve.

4 (b) A registered agent for a limited-liability partnership or registered foreign limited-
5 liability partnership must be an existing person and have a place of business in this state.

6 (c) The only duties under this chapter of a registered agent that has complied with this
7 chapter are:

8 (1) To forward to the limited-liability partnership or registered foreign limited-liability
9 partnership at the address most recently supplied to the agent by the partnership or foreign
10 partnership any process, notice, or demand pertaining to the partnership or foreign partnership
11 which is served on or received by the agent;

12 (2) If the registered agent resigns, to provide the notice required by § 7-12.1-907(c) to the
13 partnership or foreign partnership at the address most recently supplied to the agent by the
14 partnership or foreign partnership; and

15 (3) To keep current the information with respect to the agent in the statement of
16 qualification or foreign registration statement.

17 **7-12.1-909. Change of registered agent or address for registered agent by limited-**
18 **liability partnership.**

19 (a) A limited-liability partnership or registered foreign limited-liability partnership may
20 change its registered agent or the address of its registered agent by delivering to the secretary of
21 state for filing a statement of change that states:

22 (1) The name of the partnership or foreign partnership; and

23 (2) The information that is to be in effect as a result of the filing of the statement of change.

24 (b) The partners of a limited-liability partnership need not approve the delivery to the
25 secretary of state for filing of:

26 (1) A statement of change under this section; or

27 (2) A similar filing changing the registered agent or registered office, if any, of the
28 partnership in any other jurisdiction.

29 (c) A statement of change under this section designating a new registered agent is an
30 affirmation of fact by the limited-liability partnership or registered foreign limited-liability
31 partnership that the agent has consented to serve.

32 **7-12.1-910. Resignation of registered agent.**

33 (a) A registered agent may resign as an agent for a limited-liability partnership or registered
34 foreign limited-liability partnership by delivering to the secretary of state for filing a statement of

1 resignation that states:

2 (1) The name of the partnership or foreign partnership;

3 (2) The name of the agent;

4 (3) That the agent resigns from serving as registered agent for the partnership or foreign
5 partnership; and

6 (4) The address of the partnership or foreign partnership to which the agent will send the
7 notice required by subsection (c) of this section.

8 (b) A statement of resignation takes effect on the earlier of:

9 (1) The thirty-first day after the day on which it is filed by the secretary of state; or

10 (2) The designation of a new registered agent for the limited-liability partnership or
11 registered foreign limited-liability partnership.

12 (c) A registered agent promptly shall furnish to the limited-liability partnership or
13 registered foreign limited-liability partnership notice in a record of the date on which a statement
14 of resignation was filed.

15 (d) When a statement of resignation takes effect, the registered agent ceases to have
16 responsibility under this chapter for any matter thereafter tendered to it as agent for the limited-
17 liability partnership or registered foreign limited-liability partnership. The resignation does not
18 affect any contractual rights the partnership or foreign partnership has against the agent or that the
19 agent has against the partnership or foreign partnership.

20 (e) A registered agent may resign with respect to a limited-liability partnership or registered
21 foreign limited-liability partnership whether or not the partnership or foreign partnership is in good
22 standing.

23 **7-12.1-911. Change of name or address by registered agent.**

24 (a) If a registered agent changes its name or address, the agent may deliver to the secretary
25 of state for filing a statement of change that states:

26 (1) The name of the limited-liability partnership or registered foreign limited-liability
27 partnership represented by the registered agent;

28 (2) The name of the agent as currently shown in the records of the secretary of state for the
29 partnership or foreign partnership;

30 (3) If the name of the agent has changed, its new name; and

31 (4) If the address of the agent has changed, its new address.

32 (b) A registered agent promptly shall furnish notice to the represented limited-liability
33 partnership or registered foreign limited-liability partnership of the filing by the secretary of state
34 of the statement of change and the changes made by the statement.

1 **7-12.1-912. Service of process, notice, or demand.**

2 (a) A limited-liability partnership or registered foreign limited-liability partnership may be
3 served with any process, notice, or demand required or permitted by law by serving its registered
4 agent.

5 (b) If a limited-liability partnership or registered foreign limited-liability partnership fails
6 to appoint or maintain a registered agent in this state, or whenever its registered agent cannot with
7 reasonable diligence be found at the registered office, then the secretary of state is an agent of the
8 corporation upon whom any process, notice, or demand may be served. Service on the secretary of
9 state of any process, notice, or demand is made by delivering to and leaving with him or her or with
10 any clerk having charge of the corporation department of his or her office, duplicate copies of the
11 process, notice, or demand. In the event any process, notice, or demand is served on the secretary
12 of state, the secretary of state shall immediately forward one of the copies by certified mail,
13 addressed to the corporation at its registered office. Any service upon the secretary of state is
14 returnable in not less than thirty (30) days.

15 (c) The secretary of state shall maintain a record of any such service setting forth the name
16 of the plaintiff and defendant, the title, docket number and nature of the proceeding in which
17 process has been served upon the secretary of state, the fact that service has been effected pursuant
18 to this subsection, the return date thereof, and the day and hour when the service was made. The
19 secretary of state shall not be required to retain such information for a period longer than five (5)
20 years from receipt of the service of process.

21 (d) Service of process, notice, or demand on a registered agent must be in a written record.

22 (e) Service of process, notice, or demand may be made by other means under law other
23 than this chapter.

24 **7-12.1-913. Annual report for secretary of state.**

25 (a) A limited-liability partnership or registered foreign limited-liability partnership shall
26 deliver to the secretary of state for filing an annual report that states:

27 (1) The name of the partnership or registered foreign partnership;

28 (2) The street and mailing addresses of its principal office;

29 (3) The name of at least one partner;

30 (4) In the case of a foreign partnership, its jurisdiction of formation and any alternate name
31 adopted under § 7-12.1-1006;

32 (5) A brief statement of the character of the business in which the limited-liability
33 partnership is actually engaged in this state; and

34 (6) Any additional information that is required by the secretary of state.

1 (b) The annual report must be made on forms prescribed and furnished by the secretary of
2 state, and the information in the annual report must be current as of the date the report is signed by
3 the limited-liability partnership or registered foreign limited-liability partnership.

4 (c) The first annual report must be filed with the secretary of state after February 1, and
5 before May 1, of the year following the calendar year in which the limited-liability partnership's
6 statement of qualification became effective or the registered foreign limited-liability partnership
7 registered to do business in this state. Subsequent annual reports must be filed with the secretary of
8 state after February 1, and before May 1, of each calendar year thereafter. Proof to the satisfaction
9 of the secretary of state that prior to May 1 the report was deposited in the United States mail in a
10 sealed envelope, properly addressed, with postage prepaid, is deemed to be a compliance with this
11 requirement.

12 (d) If the secretary of state finds that the annual report conforms to the requirements of this
13 chapter, the secretary of state shall file the report. If an annual report does not contain the
14 information required by this section, the secretary of state promptly shall notify the reporting
15 limited-liability partnership or registered foreign limited-liability partnership in a record and return
16 the report for correction, in which event the penalties subsequently prescribed for failure to file the
17 report within the time previously provided do not apply if the report is corrected to conform to the
18 requirements of this chapter and returned to the secretary of state within thirty (30) days from the
19 date on which it was mailed to the corporation by the secretary of state.

20 (e) Each limited-liability partnership, domestic or foreign, that fails or refuses to file its
21 annual report for any year within thirty (30) days after the time prescribed by this chapter is subject
22 to a penalty of twenty-five dollars (\$25.00) per year.

23 **7-12.1-914. Filing of returns with the tax administrator -- annual charge.**

24 (a) For tax years beginning on or after January 1, 2012, a limited-liability partnership
25 registered under § 7-12-56, shall file a return in the form and containing the information as
26 prescribed by the tax administrator as follows:

27 (1) If the fiscal year of the limited-liability partnership is the calendar year, on or before
28 the fifteenth day of April in the year following the close of the fiscal year; and

29 (2) If the fiscal year of the limited-liability partnership is not a calendar year, on or before
30 the fifteenth day of the fourth month following the close of the fiscal year.

31 (b) For tax years beginning after December 31, 2015, a limited-liability partnership
32 registered under § 7-12-56 or this chapter, shall file a return, in the form and containing the
33 information as prescribed by the tax administrator, and shall be filed on or before the date a federal
34 tax return is due to be filed, without regard to extension.

1 (c) An annual charge, equal to the minimum tax imposed upon a corporation under § 44-
2 11-2(e), shall be due on the filing of the limited-liability partnership's return filed with the tax
3 administrator and shall be paid to the division of taxation.

4 (d) The annual charge is delinquent if not paid by the due date for the filing of the return
5 and an addition of one hundred dollars (\$100) to the charge is then due.

6 **7-12.1-915. Confirmation of state fees and taxes.**

7 (a) Notwithstanding any other provisions of the Rhode Island general laws, when any
8 section of this chapter refers to state fees and/or taxes paid, the division of taxation is authorized to
9 respond and share tax information with the secretary of state's office in response to a request from
10 that office regarding an entity's tax status as compliant or noncompliant.

11 (b) If the secretary of state's office receives notice from the division of taxation that the
12 limited-liability partnership has failed to pay any fees or taxes due this state, the secretary of state
13 shall begin revocation proceedings in accordance with the provisions of § 7-12.1-903.

14 (c) The notice of revocation may state as the basis for revocation that the taxpayer failed
15 to pay state fees and/or taxes to the division of taxation. However, the secretary of state's office
16 must otherwise protect all state and federal tax information in its custody as required by § 7-12.1-
17 915 and refrain from disclosing any other specific tax information.

18 **7-12.1-916. Revocation of certificate of limited-liability partnership or certificate of**
19 **registration for nonpayment of fee.**

20 (a) The tax administrator may, after July 15 of each year, compile a list of all limited-
21 liability partnerships that have failed to pay any state fees and/or taxes for one year after the fees
22 and/or taxes became due and payable, and the failure is not the subject of a pending appeal. The
23 tax administrator shall certify to the correctness of the list. Upon receipt of the certified list, the
24 secretary of state may initiate revocation proceedings as defined in § 7-12.1-903.

25 (b) With respect to any information provided by the division of taxation to the secretary of
26 state's office pursuant to this chapter, the secretary of state, together with the employees or agents
27 thereof, shall be subject to all state and federal tax confidentiality laws applying to the division of
28 taxation and the officers, agents, and employees thereof, and which restrict the acquisition, use,
29 storage, dissemination, or publication of confidential taxpayer data.

30 (c) Notwithstanding the foregoing, the notice of revocation may state as the basis for
31 revocation that the taxpayer has failed to pay state fees and/or taxes to the division of taxation.
32 However, the secretary of state's office must otherwise protect all state and federal tax information
33 in its custody as required by subsection (b) of this section and refrain from disclosing any other
34 specific tax information.

1 ARTICLE 10

2 FOREIGN LIMITED-LIABILITY PARTNERSHIP

3 **7-12.1-1001. Governing law.**

4 (a) The law of the jurisdiction of formation of a foreign limited-liability partnership
5 governs:

6 (1) The internal affairs of the partnership; and

7 (2) The liability of a partner as partner for a debt, obligation, or other liability of the foreign
8 partnership.

9 (b) A foreign limited-liability partnership is not precluded from registering to do business
10 in this state because of any difference between the law of its jurisdiction of formation and the law
11 of this state.

12 (c) Registration of a foreign limited-liability partnership to do business in this state does
13 not authorize the foreign partnership to engage in any business or exercise any power that a limited-
14 liability partnership may not engage in or exercise in this state.

15 **7-12.1-1002. Registration to do business in this state.**

16 (a) A foreign limited-liability partnership may not do business in this state until it registers
17 with the secretary of state under this article.

18 (b) A foreign limited-liability partnership doing business in this state may not maintain an
19 action or proceeding in this state unless it has registered to do business in this state.

20 (c) The failure of a foreign limited-liability partnership to register to do business in this
21 state does not impair the validity of a contract or act of the foreign partnership or preclude it from
22 defending an action or proceeding in this state.

23 (d) A limitation on the liability of a partner of a foreign limited-liability partnership is not
24 waived solely because the foreign partnership does business in this state without registering to do
25 business in this state.

26 (e) Sections 7-12.1-1001(a) and 7-12.1-1001(b) applies even if a foreign limited-liability
27 partnership fails to register under this article.

28 **7-12.1-1003. Foreign registration statement.**

29 To register to do business in this state, a foreign limited-liability partnership must deliver
30 a foreign registration statement to the secretary of state for filing. The statement must state:

31 (1) The name of the partnership and, if the name does not comply with § 7-12.1-902, an
32 alternate name adopted pursuant to § 7-12.1-1006(a);

33 (2) That the partnership is a foreign limited-liability partnership;

34 (3) The partnership's jurisdiction of formation;

- 1 [\(4\) The general character of the business it proposes to transact in this state;](#)
- 2 [\(5\) The name and business address of at least one partner;](#)
- 3 [\(6\) The street and mailing addresses of the partnership's principal office and, if the law of](#)
- 4 [the partnership's jurisdiction of formation requires the partnership to maintain an office in that](#)
- 5 [jurisdiction, the street and mailing addresses of the required office;](#)
- 6 [\(7\) The name and street and mailing addresses of the partnership's registered agent in this](#)
- 7 [state;](#)
- 8 [\(8\) A statement that the secretary of state is appointed the agent of a foreign limited-liability](#)
- 9 [partnership for service of process if no agent has been appointed, or, if appointed, the agent's](#)
- 10 [authority has been revoked or if the agent cannot be found or served with the exercise of reasonable](#)
- 11 [diligence; and](#)
- 12 [\(9\) Additional information as may be necessary or appropriate in order to enable the](#)
- 13 [secretary of state to determine whether the foreign limited-liability partnership is entitled to a](#)
- 14 [certificate of authority to transact business in this state.](#)

15 **7-12.1-1004. Amendment of foreign registration statement.**

16 [A registered foreign limited-liability partnership shall deliver to the secretary of state for](#)

17 [filing an amendment to its foreign registration statement if there is a change in:](#)

- 18 [\(1\) The name of the partnership;](#)
- 19 [\(2\) The alternate name adopted pursuant to § 7-12.1-1006\(a\);](#)
- 20 [\(3\) The address required by § 7-12.1-1003\(6\).](#)

21 **7-12.1-1005. Activities not constituting doing business.**

22 [\(a\) Activities of a foreign limited-liability partnership which do not constitute doing](#)

23 [business in this state under this article include:](#)

- 24 [\(1\) Maintaining, defending, mediating, arbitrating, or settling an action or proceeding;](#)
- 25 [\(2\) Carrying on any activity concerning its internal affairs, including holding meetings of](#)
- 26 [its partners;](#)
- 27 [\(3\) Maintaining accounts in financial institutions;](#)
- 28 [\(4\) Maintaining offices or agencies for the transfer, exchange, and registration of securities](#)
- 29 [of the partnership or maintaining trustees or depositories with respect to those securities;](#)
- 30 [\(5\) Selling through independent contractors;](#)
- 31 [\(6\) Soliciting or obtaining orders by any means if the orders require acceptance outside this](#)
- 32 [state before they become contracts;](#)
- 33 [\(7\) Creating or acquiring indebtedness, mortgages, or security interests in property;](#)
- 34 [\(8\) Securing or collecting debts or enforcing mortgages or security interests in property](#)

1 securing the debts and holding, protecting, or maintaining property;

2 (9) Conducting an isolated transaction that is not in the course of similar transactions;

3 (10) Owning, without more, property; and

4 (11) Doing business in interstate commerce.

5 (b) A person does not do business in this state solely by being a partner of a foreign limited-
6 liability partnership that does business in this state.

7 (c) This section does not apply in determining the contacts or activities that may subject a
8 foreign limited-liability partnership to service of process, taxation, or regulation under law of this
9 state other than this chapter.

10 **7-12.1-1006. Noncomplying name of foreign limited-liability partnership.**

11 (a) A foreign limited-liability partnership whose name does not comply with § 7-12.1-902
12 may not register to do business in this state until it adopts, for the purpose of doing business in this
13 state, an alternate name that complies with § 7-12.1-902. A partnership that registers under an
14 alternate name under this subsection need not comply with §§ 7-16-902 or 7-1.2-402. A partnership
15 that registers under an alternate name under this subsection need not comply with this state's
16 fictitious name statute. After registering to do business in the state with an alternate name, a
17 partnership shall do business in this state under:

18 (1) The alternate name;

19 (2) The partnership's name, with the addition of its jurisdiction of formation; or

20 (3) A name the partnership is authorized to use under the state's fictitious name statute to
21 include, but not be limited to, §§ 7-16- 902.1 or 7-1.2-402.

22 (b) If a registered foreign limited-liability partnership changes its name to one that does
23 not comply with § 7-12.1-902, it may not do business in this state until it complies with subsection
24 (a) of this section by amending its registration to adopt an alternate name that complies with § 7-
25 12.1-902.

26 **7-12.1-1007. Withdrawal deemed on conversion to domestic filing entity or domestic**
27 **limited-liability partnership.**

28 A registered foreign limited-liability partnership that converts to a domestic limited-
29 liability partnership or to a domestic entity whose formation requires the delivery of a record to the
30 secretary of state for filing is deemed to have withdrawn its registration on the effective date of the
31 conversion.

32 **7-12.1-1008. Withdrawal on dissolution or conversion to nonfiling entity other than**
33 **limited-liability partnership.**

34 (a) A registered foreign limited-liability partnership that has dissolved and completed

1 winding up or has converted to a domestic or foreign entity whose formation does not require the
2 public filing of a record, other than a limited-liability partnership, shall deliver a statement of
3 withdrawal to the secretary of state for filing. The statement must state:

4 (1) In the case of a partnership that has completed winding up:

5 (i) Its name and jurisdiction of formation;

6 (ii) That the partnership surrenders its registration to do business in this state;

7 (iii) That the limited-liability partnership revokes the authority of its registered agent in
8 this state to accept service of process and consents that service of process in any action, suit, or
9 proceeding based upon any cause of action arising in this state during the time the limited-liability
10 partnership was authorized to transact business in this state may subsequently be made on the
11 limited-liability partnership by service on the secretary of state in accordance with subsection (b)
12 of this section; and

13 (iv) The post office address to which the secretary of state may mail a copy of any process
14 against the limited-liability partnerships that is served on the secretary of state.

15 (2) In the case of a partnership that has converted:

16 (i) The name of the converting partnership and its jurisdiction of formation;

17 (ii) The type of entity to which the partnership has converted and its jurisdiction of
18 formation;

19 (iii) That the converted entity surrenders the converting partnership's registration to do
20 business in this state and revokes the authority of the converting partnership's registered agent to
21 act as registered agent in this state on behalf of the partnership or the converted entity; and

22 (iv) A mailing address to which service of process may be made under subsection (b) of
23 this section.

24 (b) After a withdrawal under this section becomes effective, service of process in any action
25 or proceeding based on a cause of action arising during the time the foreign limited-liability
26 partnership was registered to do business in this state may be made pursuant to § 7-12.1-912.

27 **7-12.1-1009. Transfer of registration.**

28 (a) When a registered foreign limited-liability partnership has merged into a foreign entity
29 that is not registered to do business in this state or has converted to a foreign entity required to
30 register with the secretary of state to do business in this state, the foreign entity shall deliver to the
31 secretary of state for filing an application for transfer of registration. The application must state:

32 (1) The name of the registered foreign limited-liability partnership before the merger or
33 conversion;

34 (2) That before the merger or conversion the registration pertained to a foreign limited-

1 liability partnership:

2 (3) The name of the applicant foreign entity into which the foreign limited-liability
3 partnership has merged or to which it has been converted and, if the name does not comply with §
4 7-12.1-902, an alternate name adopted pursuant to § 7-12.1-1006(a);

5 (4) The type of entity of the applicant foreign entity and its jurisdiction of formation;

6 (b) An application for authority to transact business in the state of Rhode Island for the
7 resulting entity type and a certificate of legal existence or good standing issued by the proper officer
8 of the state or country under the laws of which the resulting entity has been formed.

9 (c) When an application for transfer of registration takes effect, the registration of the
10 foreign limited-liability limited partnership to do business in this state is transferred without
11 interruption to the foreign entity into which the partnership has merged or to which it has been
12 converted.

13 **7-12.1-1010. Revocation of registration.**

14 (a) The registration of a foreign limited-liability partnership may be revoked by the
15 secretary of state under the conditions prescribed in this section when it is established that:

16 (1) The limited-liability partnership procured its certificate of registration through fraud;

17 (2) The limited-liability partnership has continued to exceed or abuse the authority
18 conferred upon it by law;

19 (3) The limited-liability partnership has failed to file its annual report within the time
20 required by this chapter;

21 (4) The limited-liability partnership has failed to pay any required fees to the secretary of
22 state when they have become due and payable;

23 (5) The limited-liability partnership has failed for thirty (30) days to appoint and maintain
24 a registered agent in this state as required by this chapter;

25 (6) The limited-liability partnership has failed, after change of its registered agent, to file
26 in the office of the secretary of state a statement of the change as required by this chapter;

27 (7) The limited-liability partnership has failed to file in the office of the secretary of state
28 any amendment to its certificate of registration or any articles of dissolution, merger, or
29 consolidation as prescribed by this chapter; or

30 (8) A misrepresentation has been made of any material matter in any application, report,
31 affidavit, or other document submitted by the limited-liability partnership pursuant to this chapter.

32 (b) No certificate of registration of a limited-liability partnership shall be revoked by the
33 secretary of state unless:

34 (1) The secretary of state shall have given the limited-liability partnership notice thereof

1 not less than sixty (60) days prior to such revocation by regular mail addressed to the registered
2 agent in this state on file with the secretary of state's office, which notice shall specify the basis for
3 the revocation; provided, however, that if a prior mailing addressed to the address of the registered
4 agent of the limited-liability partnership in this state currently on file with the secretary of state's
5 office has been returned as undeliverable by the United States Postal Service for any reason, or if
6 the revocation notice is returned as undeliverable by the United States Postal Service for any reason,
7 the secretary of state shall give notice as follows:

8 (i) To the limited-liability partnership at its principal office of record as shown in its most
9 recent annual report, and no further notice shall be required; or

10 (ii) In the case of a limited-liability partnership that has not yet filed an annual report, then
11 to the limited-liability partnership at the principal office in the certificate of registration of limited-
12 liability partnership and no further notice shall be required; and

13 (2) The limited-liability partnership fails prior to revocation to file the annual report, pay
14 the fees or taxes, file the required statement of change of registered agent, file the amendment to
15 its registration or certificate of withdrawal of registration, merger, or consolidation, or correct the
16 misrepresentation.

17 **7-12.1-1011. Issuance of certificates of revocation.**

18 (a) Upon revoking any such certificate of registration of limited-liability partnership, the
19 secretary of state shall:

20 (1) Issue a certificate of revocation in duplicate;

21 (2) File one of the certificates in the secretary of state's office;

22 (3) Send to the limited-liability partnership by regular mail a certificate of revocation,
23 addressed to the registered agent of the limited-liability partnership in this state on file with the
24 secretary of state's office; provided, however, that if a prior mailing addressed to the address of the
25 registered agent of the limited-liability partnership in this state currently on file with the secretary
26 of state's office has been returned to the secretary of state as undeliverable by the United States
27 Postal Service for any reason, or if the revocation certificate is returned as undeliverable to the
28 secretary of state's office by the United States Postal Service for any reason, the secretary of state
29 shall give notice as follows:

30 (i) To the limited-liability partnership at its principal office of record as shown in its most
31 recent annual report, and no further notice shall be required; or

32 (ii) In the case of a limited-liability partnership that has not yet filed an annual report, then
33 to the principal office listed in the certificate of registration, and no further notice shall be required.

34 (b) The authority of the registered foreign limited-liability partnership to do business in this

1 state ceases on the effective date of the certificate of revocation, or to apply for reinstatement under
2 § 7-12.1-1012.

3 (c) The revocation of a limited-liability partnership does not terminate the authority of its
4 registered agent.

5 **7-12.1-1012. Reinstatement.**

6 (a) Within two (2) years after issuing a certificate of revocation as provided in § 7-12.1-
7 1011, the secretary of state may withdraw the certificate of revocation and retroactively reinstate
8 the limited-liability partnership in good standing as if its certificate of registration of limited-
9 liability partnership had not been revoked except as subsequently provided:

10 (1) On the filing by the limited-liability partnership of the documents it had previously
11 failed to file as set forth in §§ 7-12.1-1006(a)(3) through 7-12.1-1006(a)(7);

12 (2) On the payment by the limited-liability partnership of a penalty in the amount of fifty
13 dollars (\$50.00) for each year or part of year that has elapsed since the issuance of the certificate
14 of revocation; and

15 (b) If, as permitted by the provisions of this chapter or chapters 1.2, 6, 12, or 13.1 of this
16 title, another limited-liability company, business or nonprofit corporation, registered limited-
17 liability partnership or a limited-liability partnership, or in each case domestic or foreign,
18 authorized and qualified to transact business in this state, bears or has filed a fictitious business
19 name statement as to or reserved or registered a name that is the same as, the name of the limited-
20 liability partnership with respect to which the certificate of revocation is proposed to be withdrawn,
21 then the secretary of state shall condition the withdrawal of the certificate of revocation on the
22 reinstated limited-liability partnership amending its certificate of registration so as to designate a
23 name that meets the requirements of § 7-12.1-902 by adopting an alternate name pursuant to § 7-
24 12.1-1006(a).

25 (d) When reinstatement under this section has become effective, the following rules apply:

26 (1) The reinstatement relates back to and takes effect as of the effective date of the
27 certificate of revocation.

28 (2) The limited-liability partnership resumes carrying on its activities and affairs as if the
29 revocation had not occurred.

30 (3) The rights of a person arising out of an act or omission in reliance on the revocation
31 before the person knew or had notice of the reinstatement are not affected.

32 **7-12.1-1013. Withdrawal of registration of registered foreign limited-liability**
33 **partnership.**

34 (a) A registered foreign limited-liability partnership may withdraw its registration by

1 delivering a statement of withdrawal to the secretary of state for filing. The statement of withdrawal
2 must state:

3 (1) The name of the partnership and its jurisdiction of formation;

4 (2) That the partnership is not doing business in this state and that it withdraws its
5 registration to do business in this state;

6 (3) That the limited-liability partnership revokes the authority of its registered agent in this
7 state to accept service of process and consents that service of process in any action, suit, or
8 proceeding based upon any cause of action arising in this state during the time the limited-liability
9 partnership was authorized to transact business in this state may subsequently be made on the
10 limited partnership by service on the secretary of state in accordance with subsection (b) of this
11 section; and

12 (4) The post office address to which the secretary of state may mail a copy of any process
13 against the limited-liability partnership that is served on the secretary of state.

14 (b) After the withdrawal of the registration of a foreign limited-liability partnership, service
15 of process in any action or proceeding based on a cause of action arising during the time the
16 partnership was registered to do business in this state may be made pursuant to § 7-12.1-912.

17 **7-12.1-1014. Action by attorney general.**

18 The attorney general may maintain an action to enjoin a foreign limited-liability
19 partnership from doing business in this state in violation of this article of this chapter.

20 ARTICLE 11

21 MERGER, INTEREST EXCHANGE, CONVERSION, AND DOMESTICATION

22 PART 1

23 GENERAL PROVISIONS

24 **7-12.1-11.11. Definitions.**

25 As used in this chapter:

26 (1) "Acquired entity" means the entity, all of one or more classes or series of interests of
27 which are acquired in an interest exchange.

28 (2) "Acquiring entity" means the entity that acquires all of one or more classes or series of
29 interests of the acquired entity in an interest exchange.

30 (3) "Conversion" means a transaction authorized by §§ 7-12.1-11.41 through 7-12.1-11.46.

31 (4) "Converted entity" means the converting entity as it continues in existence after a
32 conversion.

33 (5) "Converting entity" means the domestic entity that approves a plan of conversion
34 pursuant to § 7-12.1-11.43 or the foreign entity that approves a conversion pursuant to the law of

- 1 its jurisdiction of formation.
- 2 (6) "Distributional interest" means the right under an unincorporated entity's organic law
3 and organic rules to receive distributions from the entity.
- 4 (7) "Domestic", with respect to an entity, means governed as to its internal affairs by the
5 law of this state.
- 6 (8) "Domesticated limited-liability partnership" means a domesticating limited-liability
7 partnership as it continues in existence after a domestication.
- 8 (9) "Domesticating limited-liability partnership" means the domestic limited-liability
9 partnership that approves a plan of domestication pursuant to § 7-12.1-11.53 or the foreign limited-
10 liability partnership that approves a domestication pursuant to the law of its jurisdiction of
11 formation.
- 12 (10) "Domestication" means a transaction authorized by §§ 7-12.1-11.51 through 7-12.1-
13 11.56.
- 14 (11) "Entity":
- 15 (i) Means:
- 16 (A) A business corporation;
- 17 (B) A nonprofit corporation;
- 18 (C) A general partnership, including a limited-liability partnership;
- 19 (D) A limited partnership, including a limited-liability limited partnership;
- 20 (E) A limited-liability company;
- 21 (F) A general cooperative association;
- 22 (G) A limited cooperative association;
- 23 (H) An unincorporated nonprofit association;
- 24 (I) A statutory trust, business trust, or common-law business trust; or
- 25 (J) Any other person that has:
- 26 (I) A legal existence separate from any interest holder of that person; or
- 27 (II) The power to acquire an interest in real property in its own name; and
- 28 (ii) Does not include:
- 29 (A) An individual;
- 30 (B) A trust with a predominantly donative purpose or a charitable trust;
- 31 (C) An association or relationship that is not an entity listed in subsection (11)(i) of this
32 section and is not a partnership under the rules stated in § 7-12.1-202(c) or a similar provision of
33 the law of another jurisdiction;
- 34 (D) A decedent's estate; or

1 (E) A government or a governmental subdivision, agency, or instrumentality.

2 (12) "Filing entity" means an entity whose formation requires the filing of a public organic
3 record. The term does not include a limited-liability partnership.

4 (13) "Foreign", with respect to an entity, means an entity governed as to its internal affairs
5 by the law of a jurisdiction other than this state.

6 (14) "Governance interest" means a right under the organic law or organic rules of an
7 unincorporated entity, other than as a governor, agent, assignee, or proxy, to:

8 (i) Receive or demand access to information concerning, or the books and records of, the
9 entity;

10 (ii) Vote for or consent to the election of the governors of the entity; or

11 (iii) Receive notice of or vote on or consent to an issue involving the internal affairs of the
12 entity.

13 (15) "Governor" means:

14 (i) A director of a business corporation;

15 (ii) A director or trustee of a nonprofit corporation;

16 (iii) A general partner of a general partnership;

17 (iv) A general partner of a limited partnership;

18 (v) A manager of a manager-managed limited-liability company;

19 (vi) A member of a member-managed limited-liability company;

20 (vii) A director of a general cooperative association;

21 (viii) A director of a limited cooperative association;

22 (ix) A manager of an unincorporated nonprofit association;

23 (x) A trustee of a statutory trust, business trust, or common-law business trust; or

24 (xi) Any other person under whose authority the powers of an entity are exercised and
25 under whose direction the activities and affairs of the entity are managed pursuant to the organic
26 law and organic rules of the entity.

27 (16) "Interest" means:

28 (i) A share in a business corporation;

29 (ii) A membership in a nonprofit corporation;

30 (iii) A partnership interest in a general partnership;

31 (iv) A partnership interest in a limited partnership;

32 (v) A membership interest in a limited-liability company;

33 (vi) A share in a general cooperative association;

34 (vii) A member's interest in a limited cooperative association;

1 (viii) A membership in an unincorporated nonprofit association;
2 (ix) A beneficial interest in a statutory trust, business trust, or common-law business trust;
3 or
4 (x) A governance interest or distributional interest in any other type of unincorporated
5 entity.
6 (17) "Interest exchange" means a transaction authorized by §§ 7-12.1-11.31 through 7-
7 12.1-11.36.
8 (18) "Interest holder" means:
9 (i) A shareholder of a business corporation;
10 (ii) A member of a nonprofit corporation;
11 (iii) A general partner of a general partnership;
12 (iv) A general partner of a limited partnership;
13 (v) A limited partner of a limited partnership;
14 (vi) A member of a limited-liability company;
15 (vii) A shareholder of a general cooperative association;
16 (viii) A member of a limited cooperative association;
17 (ix) A member of an unincorporated nonprofit association;
18 (x) A beneficiary or beneficial owner of a statutory trust, business trust, or common-law
19 business trust; or
20 (xi) Any other direct holder of an interest.
21 (19) "Interest holder liability" means:
22 (i) Personal liability for a liability of an entity which is imposed on a person:
23 (A) Solely by reason of the status of the person as an interest holder; or
24 (B) By the organic rules of the entity which make one or more specified interest holders or
25 categories of interest holders liable in their capacity as interest holders for all or specified liabilities
26 of the entity; or
27 (ii) An obligation of an interest holder under the organic rules of an entity to contribute to
28 the entity.
29 (20) "Merger" means a transaction authorized by §§ 7-12.1-11.21 through 7-12.1-11.26.
30 (21) "Merging entity" means an entity that is a party to a merger and exists immediately
31 before the merger becomes effective.
32 (22) "Organic law" means the law of an entity's jurisdiction of formation governing the
33 internal affairs of the entity.
34 (23) "Organic rules" means the public organic record and private organic rules of an entity.

1 (24) "Plan" means a plan of merger, plan of interest exchange, plan of conversion, or plan
2 of domestication.

3 (25) "Plan of conversion" means a plan under § 7-12.1-11.42.

4 (26) "Plan of domestication" means a plan under § 7-12.1-11.52.

5 (27) "Plan of interest exchange" means a plan under § 7-12.1-11.32.

6 (28) "Plan of merger" means a plan under § 7-12.1-11.22.

7 (29) "Private organic rules" means the rules, whether or not in a record, that govern the
8 internal affairs of an entity, are binding on all its interest holders, and are not part of its public
9 organic record, if any. The term includes:

10 (i) The bylaws of a business corporation;

11 (ii) The bylaws of a nonprofit corporation;

12 (iii) The partnership agreement of a general partnership;

13 (iv) The partnership agreement of a limited partnership;

14 (v) The operating agreement of a limited-liability company;

15 (vi) The bylaws of a general cooperative association;

16 (vii) The bylaws of a limited cooperative association;

17 (viii) The governing principles of an unincorporated nonprofit association; and

18 (ix) The trust instrument of a statutory trust or similar rules of a business trust or common-
19 law business trust.

20 (30) "Protected agreement" means:

21 (i) A record evidencing indebtedness and any related agreement in effect on the effective
22 date of this chapter;

23 (ii) An agreement that is binding on an entity on the effective date of this chapter;

24 (iii) The organic rules of an entity in effect on the effective date of this chapter; or

25 (iv) An agreement that is binding on any of the governors or interest holders of an entity
26 on the effective date of this chapter.

27 (31) "Public organic record" means the record the filing of which by the secretary of state
28 is required to form an entity and any amendment to or restatement of that record. The term includes:

29 (i) The articles of incorporation of a business corporation;

30 (ii) The articles of incorporation of a nonprofit corporation;

31 (iii) The certificate of limited partnership of a limited partnership;

32 (iv) The certificate of organization of a limited-liability company;

33 (v) The articles of incorporation of a general cooperative association;

34 (vi) The articles of organization of a limited cooperative association; and

1 (vii) The certificate of trust of a statutory trust or similar record of a business trust.

2 (32) "Registered foreign entity" means a foreign entity that is registered to do business in
3 this state pursuant to a record filed by the secretary of state.

4 (33) "Statement of conversion" means a statement under § 7-12.1-11.45.

5 (34) "Statement of domestication" means a statement under § 7-12.1-11.55.

6 (35) "Statement of interest exchange" means a statement under § 7-12.1-11.35.

7 (36) "Statement of merger" means a statement under § 7-12.1-11.25.

8 (37) "Surviving entity" means the entity that continues in existence after or is created by a
9 merger.

10 (38) "Type of entity" means a generic form of entity:

11 (i) Recognized at common law; or

12 (ii) Formed under an organic law, whether or not some entities formed under that organic
13 law are subject to provisions of that law that create different categories of the form of entity.

14 **7-12.1-11.21. Relationship of article to other laws.**

15 (a) This article does not authorize an act prohibited by, and does not affect the application
16 or requirements of, any law other than this article.

17 (b) A transaction effected under this chapter may not create or impair a right, duty, or
18 obligation of a person under the statutory law of this state relating to a change in control, takeover,
19 business combination, control-share acquisition, or similar transaction involving a domestic
20 merging, acquired, converting, or domesticating business corporation unless:

21 (1) If the corporation does not survive the transaction, the transaction satisfies any
22 requirements of the law; or

23 (2) If the corporation survives the transaction, the approval of the plan is by a vote of the
24 shareholders or directors which would be sufficient to create or impair the right, duty, or obligation
25 directly under the law.

26 **7-12.1-11.31. Required notice or approval.**

27 (a) A domestic or foreign entity that is required to give notice to, or obtain the approval of,
28 a governmental agency or officer of this state to be a party to a merger must give the notice or
29 obtain the approval to be a party to an interest exchange, conversion, or domestication.

30 (b) Property held for a charitable purpose under the law of this state by a domestic or
31 foreign entity immediately before a transaction under this article becomes effective may not, as a
32 result of the transaction, be diverted from the objects for which it was donated, granted, devised,
33 or otherwise transferred unless, to the extent required by or pursuant to the law of this state
34 concerning cy pres or other law dealing with nondiversion of charitable assets, the entity obtains

1 an appropriate order of the superior court specifying the disposition of the property.

2 (c) A bequest, devise, gift, grant, or promise contained in a will or other instrument of
3 donation, subscription, or conveyance which is made to a merging entity that is not the surviving
4 entity and which takes effect or remains payable after the merger inures to the surviving entity.

5 (d) A trust obligation that would govern property if transferred to a nonsurviving entity
6 applies to property that is transferred to the surviving entity under this section.

7 **7-12.1-11.41. Nonexclusivity.**

8 The fact that a transaction under this article produces a certain result does not preclude the
9 same result from being accomplished in any other manner permitted by law other than this article.

10 **7-12.1-11.51. Reference to external facts.**

11 A plan may refer to facts ascertainable outside the plan if the manner in which the facts
12 will operate upon the plan is specified in the plan. The facts may include the occurrence of an event
13 or a determination or action by a person, whether or not the event, determination, or action is within
14 the control of a party to the transaction.

15 **7-12.1-11.61. Appraisal rights.**

16 An interest holder of a domestic merging, acquired, converting, or domesticating
17 partnership is entitled to contractual appraisal rights in connection with a transaction under this
18 article to the extent provided in:

19 (1) The partnership's organic rules; or

20 (2) The plan.

21 **7-12.1-11.71. Excluded entities and transactions; Other applicable law.**

22 (a) This Part may not be used to effect a transaction that is prohibited by law of this state
23 other than this chapter.

24 (b) If law of this state other than this chapter applies to a transaction that is otherwise within
25 the scope of this Part, the transaction is still subject to such other law.

26 PART 2

27 MERGER

28 **7-12.1-11.21. Merger authorized.**

29 (a) By complying with this part:

30 (1) One or more domestic partnerships may merge with one or more domestic or foreign
31 entities into a domestic or foreign surviving entity; and

32 (2) Two (2) or more foreign entities may merge into a domestic partnership.

33 (b) By complying with the provisions of this part applicable to foreign entities, a foreign
34 entity may be a party to a merger under this part or may be the surviving entity in such a merger if

1 the merger is authorized by the law of the foreign entity's jurisdiction of formation.

2 **7-12.1-11.22. Plan of merger.**

3 (a) A domestic partnership may become a party to a merger under this part by approving a
4 plan of merger. The plan must be in a record and contain:

5 (1) As to each merging entity, its name, jurisdiction of formation, and type of entity;

6 (2) If the surviving entity is to be created in the merger, a statement to that effect and the
7 entity's name, jurisdiction of formation, and type of entity;

8 (3) The manner of converting the interests in each party to the merger into interests,
9 securities, obligations, money, other property, rights to acquire interests or securities, or any
10 combination of the foregoing;

11 (4) If the surviving entity exists before the merger, any proposed amendments to:

12 (i) Its public organic record, if any; or

13 (ii) Its private organic rules that are, or are proposed to be, in a record;

14 (5) If the surviving entity is to be created in the merger:

15 (i) Its proposed public organic record, if any; and

16 (ii) The full text of its private organic rules that are proposed to be in a record;

17 (6) The other terms and conditions of the merger; and

18 (7) Any other provision required by the law of a merging entity's jurisdiction of formation
19 or the organic rules of a merging entity.

20 (b) In addition to the requirements of subsection (a) of this section, a plan of merger may
21 contain any other provision not prohibited by law.

22 **7-12.1-11.23. Approval of merger.**

23 (a) A plan of merger is not effective unless it has been approved:

24 (1) By a domestic merging partnership, by all the partners of the partnership entitled to
25 vote on or consent to any matter; and

26 (2) In a record, by each partner of a domestic merging partnership which will have interest
27 holder liability for debts, obligations, and other liabilities that are incurred after the merger becomes
28 effective, unless:

29 (i) The partnership agreement of the partnership provides in a record for the approval of a
30 merger in which some or all of its partners become subject to interest holder liability by the
31 affirmative vote or consent of fewer than all the partners; and

32 (ii) The partner consented in a record to or voted for that provision of the partnership
33 agreement or became a partner after the adoption of that provision.

34 (b) A merger involving a domestic merging entity that is not a partnership is not effective

1 unless the merger is approved by that entity in accordance with its organic law.

2 (c) A merger involving a foreign merging entity is not effective unless the merger is
3 approved by the foreign entity in accordance with the law of the foreign entity's jurisdiction of
4 formation.

5 **7-12.1-11.24. Amendment or abandonment of plan of merger.**

6 (a) A plan of merger may be amended only with the consent of each party to the plan,
7 except as otherwise provided in the plan.

8 (b) A domestic merging partnership may approve an amendment of a plan of merger:

9 (1) In the same manner as the plan was approved, if the plan does not provide for the
10 manner in which it may be amended; or

11 (2) By its partners in the manner provided in the plan, but a partner that was entitled to vote
12 on or consent to approval of the merger is entitled to vote on or consent to any amendment of the
13 plan that will change:

14 (i) The amount or kind of interests, securities, obligations, money, other property, rights to
15 acquire interests or securities, or any combination of the foregoing, to be received by the interest
16 holders of any party to the plan;

17 (ii) The public organic record, if any, or private organic rules of the surviving entity that
18 will be in effect immediately after the merger be effective, except for changes that do not require
19 approval of the interest holders of the surviving entity under its organic law or organic rules; or

20 (iii) Any other terms or conditions of the plan, if the change would adversely affect the
21 partner in any material respect.

22 (c) After a plan of merger has been approved and before a statement of merger becomes
23 effective, the plan may be abandoned as provided in the plan. Unless prohibited by the plan, a
24 domestic merging partnership may abandon the plan in the same manner as the plan was approved.

25 (d) If a plan of merger is abandoned after a statement of merger has been filed with the
26 secretary of state and before the statement becomes effective, a statement of abandonment, signed
27 by a party to the plan, must be filed with the secretary of state before the statement of merger
28 becomes effective. The statement of abandonment takes effect on filing, and the merger is
29 abandoned and does not become effective. The statement of abandonment must contain:

30 (1) The name of each party to the plan of merger;

31 (2) The date on which the statement of merger was filed by the secretary of state; and

32 (3) A statement that the merger has been abandoned in accordance with this section.

33 **7-12.1-11.25. Articles of merger -- Effective date of merger.**

34 (a) Articles of merger must be signed by each merging entity and filed with the secretary

1 of state.

2 (b) Articles of merger must contain:

3 (1) The name, jurisdiction of formation, and type of entity of each merging entity that is
4 not the surviving entity;

5 (2) The name, jurisdiction of formation, and type of entity of the surviving entity;

6 (3) A statement that the merger was approved by each domestic merging entity, if any, in
7 accordance with this part and by each foreign merging entity, if any, in accordance with the law of
8 its jurisdiction of formation;

9 (4) If the surviving entity exists before the merger and is a domestic filing entity, any
10 amendment to its public organic record approved as part of the plan of merger;

11 (5) If the surviving entity is created by the merger and is a domestic filing entity, its public
12 organic record, as an attachment; and

13 (6) If the surviving entity is created by the merger and is a domestic limited-liability
14 partnership, its statement of qualification, as an attachment.

15 (c) In addition to the requirements of subsection (b) of this section, a statement of merger
16 may contain any other provision not prohibited by law.

17 (d) If the surviving entity is a domestic entity, its public organic record, if any, must satisfy
18 the requirements of the law of this state, except that the public organic record does not need to be
19 signed.

20 (e) If the surviving or resulting entity is not a domestic limited-liability partnership or
21 another filing entity of record in the office of the secretary of state, a statement that the surviving
22 or resulting other entity agrees that it may be served with process in Rhode Island in any action,
23 suit or proceeding for the enforcement of any obligation of any domestic limited-liability
24 partnership that is to merge, irrevocably appointing the secretary of state as its agent to accept
25 service of process in the action, suit or proceeding and specifying the address to which a copy of
26 the process is to be mailed to it by the secretary of state. In the event of service under this section
27 on the secretary of state, the procedures set forth in § 7-12.1-912 are applicable, except that the
28 plaintiff in any action, suit or proceeding shall furnish the secretary of state with the address
29 specified in the articles of merger provided for in this section and any other address that the plaintiff
30 elects to furnish, together with copies of the process as required by the secretary of state, and the
31 secretary of state shall notify the surviving or resulting other business entity at all addresses
32 furnished by the plaintiff in accordance with the procedures set forth in § 7-12.1-912.

33 (f) If the surviving entity is a domestic partnership, the merger becomes effective when the
34 article of merger is effective. In all other cases, the merger becomes effective on the later of:

1 (1) The date and time provided by the organic law of the surviving entity; and

2 (2) When the article of merger is effective.

3 **7-12.1-11.26. Effect of merger.**

4 (a) When a merger becomes effective:

5 (1) The surviving entity continues or comes into existence;

6 (2) Each merging entity that is not the surviving entity ceases to exist;

7 (3) All property of each merging entity vests in the surviving entity without transfer,
8 reversion, or impairment;

9 (4) All debts, obligations, and other liabilities of each merging entity are debts, obligations,
10 and other liabilities of the surviving entity;

11 (5) Except as otherwise provided by law or the plan of merger, all the rights, privileges,
12 immunities, powers, and purposes of each merging entity vest in the surviving entity;

13 (6) If the surviving entity exists before the merger:

14 (i) All its property continues to be vested in it without transfer, reversion, or impairment;

15 (ii) It remains subject to all its debts, obligations, and other liabilities; and

16 (iii) All its rights, privileges, immunities, powers, and purposes continue to be vested in it;

17 (7) The name of the surviving entity may be substituted for the name of any merging entity
18 that is a party to any pending action or proceeding;

19 (8) If the surviving entity exists before the merger:

20 (i) Its public organic record, if any, is amended as provided in the statement of merger; and

21 (ii) Its private organic rules that are to be in a record, if any, are amended to the extent
22 provided in the plan of merger;

23 (9) If the surviving entity is created by the merger, its private organic rules become
24 effective and:

25 (i) If it is a filing entity, its public organic record becomes effective; and

26 (ii) If it is a limited-liability partnership, its statement of qualification becomes effective;

27 and

28 (10) The interests in each merging entity which are to be converted in the merger are
29 converted, and the interest holders of those interests are entitled only to the rights provided to them
30 under the plan of merger and to any appraisal rights they have under § 7-12.1-11.16 and the merging
31 entity's organic law.

32 (b) Except as otherwise provided in the organic law or organic rules of a merging entity,
33 the merger does not give rise to any rights that an interest holder, governor, or third party would
34 have upon a dissolution, liquidation, or winding up of the merging entity.

1 (c) When a merger becomes effective, a person that did not have interest holder liability
2 with respect to any of the merging entities and becomes subject to interest holder liability with
3 respect to a domestic entity as a result of the merger has interest holder liability only to the extent
4 provided by the organic law of that entity and only for those debts, obligations, and other liabilities
5 that are incurred after the merger becomes effective.

6 (d) When a merger becomes effective, the interest holder liability of a person that ceases
7 to hold an interest in a domestic merging partnership with respect to which the person had interest
8 holder liability is subject to the following rules:

9 (1) The merger does not discharge any interest holder liability under this chapter to the
10 extent the interest holder liability was incurred before the merger became effective.

11 (2) The person does not have interest holder liability under this chapter for any debt,
12 obligation, or other liability that is incurred after the merger becomes effective.

13 (3) This chapter continues to apply to the release, collection, or discharge of any interest
14 holder liability preserved under subsection (d)(1) of this section as if the merger had not occurred
15 and the surviving entity were the domestic merging entity.

16 (4) The person has whatever rights of contribution from any other person as are provided
17 by this chapter, law other than this chapter, or the partnership agreement of the domestic merging
18 partnership with respect to any interest holder liability preserved under subsection (d)(1) of this
19 section as if the merger had not occurred.

20 (e) When a merger has become effective, a foreign entity that is the surviving entity may
21 be served with process in this state for the collection and enforcement of any debts, obligations, or
22 other liabilities of a domestic merging partnership as provided in § 7-12.1-119.

23 (f) When a merger has become effective, the registration to do business in this state of any
24 foreign merging entity that is not the surviving entity is canceled.

25 PART 3

26 INTEREST EXCHANGE

27 **7-12.1-11.31. Interest exchange authorized.**

28 (a) By complying with this part:

29 (1) A domestic partnership may acquire all of one or more classes or series of interests of
30 another domestic entity or a foreign entity in exchange for interests, securities, obligations, money,
31 other property, rights to acquire interests or securities, or any combination of the foregoing; or

32 (2) All of one or more classes or series of interests of a domestic partnership may be
33 acquired by another domestic entity or a foreign entity in exchange for interests, securities,
34 obligations, money, other property, rights to acquire interests or securities, or any combination of

1 the foregoing.

2 (b) By complying with the provisions of this part applicable to foreign entities, a foreign
3 entity may be the acquiring or acquired entity in an interest exchange under this part if the interest
4 exchange is authorized by the law of the foreign entity's jurisdiction of formation.

5 (c) If a protected agreement contains a provision that applies to a merger of a domestic
6 partnership but does not refer to an interest exchange, the provision applies to an interest exchange
7 in which the domestic partnership is the acquired entity as if the interest exchange were a merger
8 until the provision is amended after the effective date of this chapter.

9 **7-12.1-11.32. Plan of interest exchange.**

10 (a) A domestic partnership may be the acquired entity in an interest exchange under this
11 part by approving a plan of interest exchange. The plan must be in a record and contain:

12 (1) The name of the acquired entity;

13 (2) The name, jurisdiction of formation, and type of entity of the acquiring entity;

14 (3) The manner of converting the interests in the acquired entity into interests, securities,
15 obligations, money, other property, rights to acquire interests or securities, or any combination of
16 the foregoing;

17 (4) Any proposed amendments to the partnership agreement that are, or are proposed to be,
18 in a record of the acquired entity;

19 (5) The other terms and conditions of the interest exchange; and

20 (6) Any other provision required by the law of this state or the partnership agreement of
21 the acquired entity.

22 (b) In addition to the requirements of subsection (a) of this section, a plan of interest
23 exchange may contain any other provision not prohibited by law.

24 **7-12.1-11.33. Approval of interest exchange.**

25 (a) A plan of interest exchange is not effective unless it has been approved:

26 (1) By all the partners of a domestic acquired partnership entitled to vote on or consent to
27 any matter; and

28 (2) In a record, by each partner of the domestic acquired partnership that will have interest
29 holder liability for debts, obligations, and other liabilities that are incurred after the interest
30 exchange becomes effective, unless:

31 (i) The partnership agreement of the partnership provides in a record for the approval of an
32 interest exchange or a merger in which some or all its partners become subject to interest holder
33 liability by the affirmative vote or consent of fewer than all the partners; and

34 (ii) The partner consented in a record to or voted for that provision of the partnership

1 agreement or became a partner after the adoption of that provision.

2 (b) An interest exchange involving a domestic acquired entity that is not a partnership is
3 not effective unless it is approved by the domestic entity in accordance with its organic law.

4 (c) An interest exchange involving a foreign acquired entity is not effective unless it is
5 approved by the foreign entity in accordance with the law of the foreign entity's jurisdiction of
6 formation.

7 (d) Except as otherwise provided in its organic law or organic rules, the interest holders of
8 the acquiring entity are not required to approve the interest exchange.

9 **7-12.1-11.34. Amendment or abandonment of plan of interest exchange.**

10 (a) A plan of interest exchange may be amended only with the consent of each party to the
11 plan, except as otherwise provided in the plan.

12 (b) A domestic acquired partnership may approve an amendment of a plan of interest
13 exchange:

14 (1) In the same manner as the plan was approved, if the plan does not provide for the
15 manner in which it may be amended; or

16 (2) By its partners in the manner provided in the plan, but a partner that was entitled to vote
17 on or consent to approval of the interest exchange is entitled to vote on or consent to any amendment
18 of the plan that will change:

19 (i) The amount or kind of interests, securities, obligations, money, other property, rights to
20 acquire interests or securities, or any combination of the foregoing, to be received by any of the
21 partners of the acquired partnership under the plan;

22 (ii) The partnership agreement of the acquired partnership that will be in effect immediately
23 after the interest exchange becomes effective, except for changes that do not require approval of
24 the partners of the acquired partnership under this chapter or the partnership agreement; or

25 (iii) Any other terms or conditions of the plan, if the change would adversely affect the
26 partner in any material respect.

27 (c) After a plan of interest exchange has been approved and before a statement of interest
28 exchange becomes effective, the plan may be abandoned as provided in the plan. Unless prohibited
29 by the plan, a domestic acquired partnership may abandon the plan in the same manner as the plan
30 was approved.

31 (d) If a plan of interest exchange is abandoned after a statement of interest exchange has
32 been filed with the secretary of state and before the statement becomes effective, a statement of
33 abandonment, signed by the acquired partnership, must be filed with the secretary of state before
34 the statement of interest exchange becomes effective. The statement of abandonment takes effect

1 on filing, and the interest exchange is abandoned and does not become effective. The statement of
2 abandonment must contain:

3 (1) The name of the acquired partnership;

4 (2) The date on which the statement of interest exchange was filed by the secretary of state;

5 and

6 (3) A statement that the interest exchange has been abandoned in accordance with this
7 section.

8 **7-12.1-11.35. Statement of interest exchange -- Effective date of interest exchange.**

9 (a) A statement of interest exchange must be signed by a domestic acquired partnership
10 and filed with the secretary of state.

11 (b) A statement of interest exchange must contain:

12 (1) The name of the acquired partnership;

13 (2) The name, jurisdiction of formation, and type of entity of the acquiring entity; and

14 (3) A statement that the plan of interest exchange was approved by the acquired partnership
15 in accordance with this part.

16 (c) In addition to the requirements of subsection (b) of this section, a statement of interest
17 exchange may contain any other provision not prohibited by law.

18 (d) An interest exchange becomes effective when the statement of interest exchange is
19 effective.

20 **7-12.1-11.36. Effect of interest exchange.**

21 (a) When an interest exchange in which the acquired entity is a domestic partnership
22 becomes effective:

23 (1) The interests in the acquired partnership which are the subject of the interest exchange
24 are converted, and the partners holding those interests are entitled only to the rights provided to
25 them under the plan of interest exchange and to any appraisal rights they have under § 7-12.1-
26 11.16;

27 (2) The acquiring entity becomes the interest holder of the interests in the acquired
28 partnership stated in the plan of interest exchange to be acquired by the acquiring entity; and

29 (3) The provisions of the partnership agreement of the acquired partnership that are to be
30 in a record, if any, are amended to the extent provided in the plan of interest exchange.

31 (b) Except as otherwise provided in the partnership agreement of a domestic acquired
32 partnership, the interest exchange does not give rise to any rights that a partner or third party would
33 have upon a dissolution, liquidation, or winding up of the acquired partnership.

34 (c) When an interest exchange becomes effective, a person that did not have interest holder

1 liability with respect to a domestic acquired partnership and becomes subject to interest holder
2 liability with respect to a domestic entity as a result of the interest exchange has interest holder
3 liability only to the extent provided by the organic law of the entity and only for those debts,
4 obligations, and other liabilities that are incurred after the interest exchange becomes effective.

5 (d) When an interest exchange becomes effective, the interest holder liability of a person
6 that ceases to hold an interest in a domestic acquired partnership with respect to which the person
7 had interest holder liability is subject to the following rules:

8 (1) The interest exchange does not discharge any interest holder liability under this chapter
9 to the extent the interest holder liability was incurred before the interest exchange became effective.

10 (2) The person does not have interest holder liability under this chapter for any debt,
11 obligation, or other liability that is incurred after the interest exchange becomes effective.

12 (3) This chapter continues to apply to the release, collection, or discharge of any interest
13 holder liability preserved under subsection (d)(1) of this section as if the interest exchange had not
14 occurred.

15 (4) The person has whatever rights of contribution from any other person as are provided
16 by this chapter, law other than this chapter, or the partnership agreement of the domestic acquired
17 partnership with respect to any interest holder liability preserved under subsection (d)(1) of this
18 section as if the interest exchange had not occurred.

19 PART 4

20 CONVERSION

21 **7-12.1-11.41. Conversion authorized.**

22 (a) By complying with this part, a domestic partnership may become:

23 (1) A domestic entity that is a different type of entity; or

24 (2) A foreign entity that is a different type of entity, if the conversion is authorized by the
25 law of the foreign entity's jurisdiction of formation.

26 (b) By complying with the provisions of this part applicable to foreign entities, a foreign
27 entity that is not a foreign partnership may become a domestic partnership if the conversion is
28 authorized by the law of the foreign entity's jurisdiction of formation.

29 (c) If a protected agreement contains a provision that applies to a merger of a domestic
30 partnership but does not refer to a conversion, the provision applies to a conversion of the
31 partnership as if the conversion were a merger until the provision is amended after the effective
32 date of this chapter.

33 **7-12.1-11.42. Plan of conversion.**

34 (a) A domestic partnership may convert to a different type of entity under this part by

1 approving a plan of conversion. The plan must be in a record and contain:

2 (1) The name of the converting partnership;

3 (2) The name, jurisdiction of formation, and type of entity of the converted entity;

4 (3) The manner of converting the interests in the converting partnership into interests,
5 securities, obligations, money, other property, rights to acquire interests or securities, or any
6 combination of the foregoing;

7 (4) The proposed public organic record of the converted entity if it will be a filing entity;

8 (5) The full text of the private organic rules of the converted entity which are proposed to
9 be in a record;

10 (6) The other terms and conditions of the conversion; and

11 (7) Any other provision required by the law of this state or the partnership agreement of
12 the converting partnership.

13 (b) In addition to the requirements of subsection (a) of this section, a plan of conversion
14 may contain any other provision not prohibited by law.

15 **7-12.1-11.43. Approval of conversion.**

16 (a) A plan of conversion is not effective unless it has been approved:

17 (1) By a domestic converting partnership, by all the partners of the partnership entitled to
18 vote on or consent to any matter; and

19 (2) In a record, by each partner of a domestic converting partnership which will have
20 interest holder liability for debts, obligations, and other liabilities that are incurred after the
21 conversion becomes effective, unless:

22 (i) The partnership agreement of the partnership provides in a record for the approval of a
23 conversion or a merger in which some or all of its partners become subject to interest holder liability
24 by the affirmative vote or consent of fewer than all the partners; and

25 (ii) The partner voted for or consented in a record to that provision of the partnership
26 agreement or became a partner after the adoption of that provision.

27 (b) A conversion involving a domestic converting entity that is not a partnership is not
28 effective unless it is approved by the domestic converting entity in accordance with its organic law.

29 (c) A conversion of a foreign converting entity is not effective unless it is approved by the
30 foreign entity in accordance with the law of the foreign entity's jurisdiction of formation.

31 **7-12.1-11.44. Amendment or abandonment of plan of conversion.**

32 (a) A plan of conversion of a domestic converting partnership may be amended:

33 (1) In the same manner as the plan was approved, if the plan does not provide for the
34 manner in which it may be amended; or

1 (2) By its partners in the manner provided in the plan, but a partner that was entitled to vote
2 on or consent to approval of the conversion is entitled to vote on or consent to any amendment of
3 the plan that will change:

4 (i) The amount or kind of interests, securities, obligations, money, other property, rights to
5 acquire interests or securities, or any combination of the foregoing, to be received by any of the
6 partners of the converting partnership under the plan;

7 (ii) The public organic record, if any, or private organic rules of the converted entity which
8 will be in effect immediately after the conversion becomes effective, except for changes that do not
9 require approval of the interest holders of the converted entity under its organic law or organic
10 rules; or

11 (iii) Any other terms or conditions of the plan, if the change would adversely affect the
12 partner in any material respect.

13 (b) After a plan of conversion has been approved by a domestic converting partnership and
14 before a statement of conversion becomes effective, the plan may be abandoned as provided in the
15 plan. Unless prohibited by the plan, a domestic converting partnership may abandon the plan in the
16 same manner as the plan was approved.

17 (c) If a plan of conversion is abandoned after a statement of conversion has been filed with
18 the secretary of state and before the statement becomes effective, a statement of abandonment,
19 signed by the converting entity, must be filed with the secretary of state before the statement of
20 conversion becomes effective. The statement of abandonment takes effect on filing, and the
21 conversion is abandoned and does not become effective. The statement of abandonment must
22 contain:

23 (1) The name of the converting partnership;

24 (2) The date on which the statement of conversion was filed by the secretary of state; and

25 (3) A statement that the conversion has been abandoned in accordance with this section.

26 **7-12.1-11.45. Statement of conversion -- Effective date of conversion.**

27 (a) A statement of conversion must be signed by the converting entity and filed with the
28 secretary of state.

29 (b) A statement of conversion must contain:

30 (1) The name, jurisdiction of formation, and type of entity of the converting entity;

31 (2) The name, jurisdiction of formation, and type of entity of the converted entity;

32 (3) If the converting entity is a domestic partnership, a statement that the plan of conversion
33 was approved in accordance with this part or, if the converting entity is a foreign entity, a statement
34 that the conversion was approved by the foreign entity in accordance with the law of its jurisdiction

1 of formation:

2 (4) If the converted entity is a domestic filing entity, its public organic record, as an
3 attachment; and

4 (5) If the converted entity is a domestic limited-liability partnership, its statement of
5 qualification, as an attachment.

6 (c) In addition to the requirements of subsection (b) of this section, a statement of
7 conversion may contain any other provision not prohibited by law.

8 (d) If the converted entity is a domestic entity, its public organic record, if any, must satisfy
9 the requirements of the law of this state, except that the public organic record does not need to be
10 signed.

11 (e) If the converted entity is a domestic partnership, the conversion becomes effective when
12 the statement of conversion is effective. In all other cases, the conversion becomes effective on the
13 later of:

14 (1) The date and time provided by the organic law of the converted entity; and

15 (2) When the statement is effective.

16 **7-12.1-11.46. Effect of conversion.**

17 (a) When a conversion becomes effective:

18 (1) The converted entity is:

19 (i) Organized under and thereafter subject to the organic law of the converted entity; and

20 (ii) The same entity without interruption as the converting entity;

21 (2) All property of the converting entity continues to be vested in the converted entity
22 without transfer, reversion, or impairment;

23 (3) All debts, obligations, and other liabilities of the converting entity continue as debts,
24 obligations, and other liabilities of the converted entity;

25 (4) Except as otherwise provided by law or the plan of conversion, all the rights, privileges,
26 immunities, powers, and purposes of the converting entity remain in the converted entity;

27 (5) The name of the converted entity may be substituted for the name of the converting
28 entity in any pending action or proceeding;

29 (6) If the converted entity is a limited-liability partnership, its statement of qualification
30 becomes effective;

31 (7) The provisions of the partnership agreement of the converted entity which are to be in
32 a record, if any, approved as part of the plan of conversion become effective; and

33 (8) The interests in the converting entity are converted, and the interest holders of the
34 converting entity are entitled only to the rights provided to them under the plan of conversion and

1 to any appraisal rights they have under § 7-12.1-11.16.

2 (b) Except as otherwise provided in the partnership agreement of a domestic converting
3 partnership, the conversion does not give rise to any rights that a partner or third party would have
4 upon a dissolution, liquidation, or winding up of the converting entity.

5 (c) When a conversion becomes effective, a person that did not have interest holder liability
6 with respect to the converting entity and becomes subject to interest holder liability with respect to
7 a domestic entity as a result of the conversion has interest holder liability only to the extent provided
8 by the organic law of the entity and only for those debts, obligations, and other liabilities that are
9 incurred after the conversion becomes effective.

10 (d) When a conversion becomes effective, the interest holder liability of a person that
11 ceases to hold an interest in a domestic converting partnership with respect to which the person had
12 interest holder liability is subject to the following rules:

13 (1) The conversion does not discharge any interest holder liability under this chapter to the
14 extent the interest holder liability was incurred before the conversion became effective.

15 (2) The person does not have interest holder liability under this chapter for any debt,
16 obligation, or other liability that is incurred after the conversion becomes effective.

17 (3) This chapter continues to apply to the release, collection, or discharge of any interest
18 holder liability preserved under subsection (d)(1) of this section as if the conversion had not
19 occurred.

20 (4) The person has whatever rights of contribution from any other person as are provided
21 by this chapter, law other than this chapter, or the organic rules of the converting entity with respect
22 to any interest holder liability preserved under subsection (d)(1) of this section as if the conversion
23 had not occurred.

24 (e) When a conversion has become effective, a foreign entity that is the converted entity
25 may be served with process in this state for the collection and enforcement of any of its debts,
26 obligations, and other liabilities as provided in § 7-12.1-119.

27 (f) If the converting entity is a registered foreign entity, its registration to do business in
28 this state is canceled when the conversion becomes effective.

29 (g) A conversion does not require the entity to wind up its affairs and does not constitute
30 or cause the dissolution of the entity.

31 **PART 5**

32 **DOMESTICATION**

33 **7-12.1-11.51. Domestication authorized.**

34 (a) By complying with this part, a domestic limited-liability partnership may become a

1 foreign limited-liability partnership if the domestication is authorized by the law of the foreign
2 jurisdiction.

3 (b) By complying with the provisions of this part applicable to foreign limited-liability
4 partnerships, a foreign limited-liability partnership may become a domestic limited-liability
5 partnership if the domestication is authorized by the law of the foreign limited-liability partnership's
6 jurisdiction of formation.

7 (c) If a protected agreement contains a provision that applies to a merger of a domestic
8 limited-liability partnership but does not refer to a domestication, the provision applies to a
9 domestication of the limited-liability partnership as if the domestication were a merger until the
10 provision is amended after the effective date of this chapter.

11 **7-12.1-11.52. Plan of domestication.**

12 (a) A domestic limited-liability partnership may become a foreign limited-liability
13 partnership in a domestication by approving a plan of domestication. The plan must be in a record
14 and contain:

15 (1) The name of the domesticating limited-liability partnership;

16 (2) The name and jurisdiction of formation of the domesticated limited-liability
17 partnership;

18 (3) The manner of converting the interests in the domesticating limited-liability partnership
19 into interests, securities, obligations, money, other property, rights to acquire interests or securities,
20 or any combination of the foregoing;

21 (4) The proposed statement of qualification of the domesticated limited-liability
22 partnership;

23 (5) The full text of the provisions of the partnership agreement of the domesticated limited-
24 liability partnership that are proposed to be in a record;

25 (6) The other terms and conditions of the domestication; and

26 (7) Any other provision required by the law of this state or the partnership agreement of
27 the domesticating limited-liability partnership.

28 (b) In addition to the requirements of subsection (a) of this section, a plan of domestication
29 may contain any other provision not prohibited by law.

30 **7-12.1-11.53. Approval of domestication.**

31 (a) A plan of domestication of a domestic domesticating limited-liability partnership is not
32 effective unless it has been approved:

33 (1) By all the partners entitled to vote on or consent to any matter; and

34 (2) In a record, by each partner that will have interest holder liability for debts, obligations,

1 and other liabilities that are incurred after the domestication becomes effective, unless:

2 (i) The partnership agreement of the domesticating partnership in a record provides for the
3 approval of a domestication or merger in which some or all of its partners become subject to interest
4 holder liability by the affirmative vote or consent of fewer than all the partners; and

5 (ii) The partner voted for or consented in a record to that provision of the partnership
6 agreement or became a partner after the adoption of that provision.

7 (b) A domestication of a foreign domesticating limited-liability partnership is not effective
8 unless it is approved in accordance with the law of the foreign limited-liability partnership's
9 jurisdiction of formation.

10 **7-12.1-11.54. Amendment or abandonment of plan of domestication.**

11 (a) A plan of domestication of a domestic domesticating limited-liability partnership may
12 be amended:

13 (1) In the same manner as the plan was approved, if the plan does not provide for the
14 manner in which it may be amended; or

15 (2) By its partners in the manner provided in the plan, but a partner that was entitled to vote
16 on or consent to approval of the domestication is entitled to vote on or consent to any amendment
17 of the plan that will change:

18 (i) The amount or kind of interests, securities, obligations, money, other property, rights to
19 acquire interests or securities, or any combination of the foregoing, to be received by any of the
20 partners of the domesticating limited-liability partnership under the plan;

21 (ii) The partnership agreement of the domesticated limited-liability partnership that will be
22 in effect immediately after the domestication becomes effective, except for changes that do not
23 require approval of the partners of the domesticated limited-liability partnership under its organic
24 law or partnership agreement; or

25 (iii) Any other terms or conditions of the plan, if the change would adversely affect the
26 partner in any material respect.

27 (b) After a plan of domestication has been approved by a domestic domesticating limited-
28 liability partnership and before a statement of domestication becomes effective, the plan may be
29 abandoned as provided in the plan. Unless prohibited by the plan, a domestic domesticating limited-
30 liability partnership may abandon the plan in the same manner as the plan was approved.

31 (c) If a plan of domestication is abandoned after a statement of domestication has been
32 filed with the secretary of state and before the statement becomes effective, a statement of
33 abandonment, signed by the domesticating limited-liability partnership, must be filed with the
34 secretary of state before the statement of domestication becomes effective. The statement of

1 abandonment takes effect on filing, and the domestication is abandoned and does not become
2 effective. The statement of abandonment must contain:

3 (1) The name of the domesticating limited-liability partnership;

4 (2) The date on which the statement of domestication was filed by the secretary of state;

5 and

6 (3) A statement that the domestication has been abandoned in accordance with this section.

7 **7-12.1-11.55. Statement of domestication -- Effective date of domestication.**

8 (a) A statement of domestication must be signed by the domesticating limited partnership
9 and filed with the secretary of state.

10 (b) A statement of domestication must contain:

11 (1) The name and jurisdiction of formation of the domesticating limited-liability
12 partnership;

13 (2) The name and jurisdiction of formation of the domesticated limited-liability
14 partnership;

15 (3) If the domesticating limited-liability partnership is a domestic limited-liability
16 partnership, a statement that the plan of domestication was approved in accordance with this part
17 or, if the domesticating limited-liability partnership is a foreign limited-liability partnership, a
18 statement that the domestication was approved in accordance with the law of its jurisdiction of
19 formation; and

20 (4) The statement of qualification of the domesticated limited-liability partnership, as an
21 attachment.

22 (c) In addition to the requirements of subsection (b) of this section, a statement of
23 domestication may contain any other provision not prohibited by law.

24 (d) The statement of qualification of a domesticated domestic limited-liability partnership
25 must satisfy the requirements of this chapter, but the statement does not need to be signed.

26 (e) If the domesticated entity is a domestic partnership, the domestication becomes
27 effective when the statement of domestication is effective. If the domesticated entity is a foreign
28 partnership, the domestication becomes effective on the later of:

29 (1) The date and time provided in the organic law of the domesticated entity; and

30 (2) When the statement is effective.

31 **7-12.1-11.56. Effect of domestication.**

32 (a) When a domestication becomes effective:

33 (1) The domesticated entity is:

34 (i) Organized under and thereafter subject to the organic law of the domesticated entity;

1 and

2 (i) The same entity without interruption as the domesticating entity;

3 (2) All property of the domesticating entity continues to be vested in the domesticated
4 entity without transfer, reversion, or impairment;

5 (3) All debts, obligations, and other liabilities of the domesticating entity continue as debts,
6 obligations, and other liabilities of the domesticated entity;

7 (4) Except as otherwise provided by law or the plan of domestication, all the rights,
8 privileges, immunities, powers, and purposes of the domesticating entity remain in the
9 domesticated entity;

10 (5) The name of the domesticated entity may be substituted for the name of the
11 domesticating entity in any pending action or proceeding;

12 (6) The statement of qualification of the domesticated entity becomes effective;

13 (7) The provisions of the partnership agreement of the domesticated entity that are to be in
14 a record, if any, approved as part of the plan of domestication become effective; and

15 (8) The interests in the domesticating entity are converted to the extent and as approved in
16 connection with the domestication, and the partners of the domesticating entity are entitled only to
17 the rights provided to them under the plan of domestication and to any appraisal rights they have
18 under § 7-12.1-11.16.

19 (b) Except as otherwise provided in the organic law or partnership agreement of the
20 domesticating limited-liability partnership, the domestication does not give rise to any rights that a
21 partner or third party would otherwise have upon a dissolution, liquidation, or winding up of the
22 domesticating partnership.

23 (c) When a domestication becomes effective, a person that did not have interest holder
24 liability with respect to the domesticating limited-liability partnership and becomes subject to
25 interest holder liability with respect to a domestic limited-liability partnership as a result of the
26 domestication has interest holder liability only to the extent provided by this chapter and only for
27 those debts, obligations, and other liabilities that are incurred after the domestication becomes
28 effective.

29 (d) When a domestication becomes effective, the interest holder liability of a person that
30 ceases to hold an interest in a domestic domesticating limited-liability partnership with respect to
31 which the person had interest holder liability is subject to the following rules:

32 (1) The domestication does not discharge any interest holder liability under this chapter to
33 the extent the interest holder liability was incurred before the domestication became effective.

34 (2) A person does not have interest holder liability under this chapter for any debt,

1 obligation, or other liability that is incurred after the domestication becomes effective.

2 (3) This chapter continues to apply to the release, collection, or discharge of any interest
3 holder liability preserved under subsection (d)(1) of this section as if the domestication had not
4 occurred.

5 (4) A person has whatever rights of contribution from any other person as are provided by
6 this chapter, law other than this chapter, or the partnership agreement of the domestic domesticating
7 limited-liability partnership with respect to any interest holder liability preserved under subsection
8 (d)(1) of this section as if the domestication had not occurred.

9 (e) When a domestication becomes effective, a foreign limited-liability partnership that is
10 the domesticated partnership may be served with process in this state for the collection and
11 enforcement of any of its debts, obligations, and other liabilities as provided in § 7-12.1-119.

12 (f) If the domesticating limited-liability partnership is a registered foreign entity, the
13 registration of the partnership is canceled when the domestication becomes effective.

14 (g) A domestication does not require a domestic domesticating limited-liability partnership
15 to wind up its business and does not constitute or cause the dissolution of the partnership.

16 ARTICLE 12

17 MISCELLANEOUS PROVISIONS

18 **7-12.1-1201. Uniformity of application and construction.**

19 In applying and construing this uniform act, consideration must be given to the need to
20 promote uniformity of the law with respect to its subject matter among states that enact it.

21 **7-12.1-1202. Relation to Electronic Signatures in Global and National Commerce Act.**

22 This chapter modifies, limits, and supersedes the Electronic Signatures in Global and
23 National Commerce Act, 15 U.S.C. Section 7001 et seq., but does not modify, limit, or supersede
24 Section 101(c) of that act, 15 U.S.C. Section 7001(c), or authorize electronic delivery of any of the
25 notices described in Section 103(b) of that act, 15 U.S.C. Section 7003(b).

26 **7-12.1-1203. Savings clause.**

27 This chapter does not affect an action commenced, proceeding brought, or right accrued
28 before the effective date of this chapter.

29 **7-12.1-1204. Severability clause.**

30 If any provision of this chapter or its application to any person or circumstance is held
31 invalid, the invalidity does not affect other provisions or applications of this chapter which can be
32 given effect without the invalid provision or application, and to this end the provisions of this
33 chapter are severable.

1 SECTION 3. This act shall take effect on January 1, 2023.

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LC005324
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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T

RELATING TO CORPORATIONS, ASSOCIATIONS, AND PARTNERSHIPS -- UNIFORM
PARTNERSHIP ACT

- 1 This act would enact the Uniform Partnership Act to govern the law of partnerships in this
- 2 state.
- 3 This act would take effect on January 1, 2023.

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LC005324
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