# ENROLLMENT(S)



(5)

# COUNCIL OF THE DISTRICT OF COLUMBIA

### **NOTICE**

## D.C. LAW 11-234

"Uniform Partnership Act of 1996".

Pursuant to Section 412 of the District of Columbia Self-Government and Governmental Reorganization Act, P.L. 93-198 "the Act", the Council of the District of Columbia adopted Bill No. 11-344, on first and second readings, November 7, 1996 and December 3, 1996, respectively. Following the signature of the Mayor on December 24, 1996, pursuant to Section 404(e) of "the Act", and was assigned Act No. 11-494, and published in the February 14, 1997, edition of the D.C. Register (Vol. 44 page 777) and transmitted to Congress on January 24, 1997 for a 30-day review, in accordance with Section 602(c)(1) of the Act.

The Council of the District of Columbia hereby gives notice that the 30-day Congressional Review Period has expired, and therefore, cites this enactment as D.C. Law 11-234, effective April 9, 1997.

CHARLENE DREW JARVIS

Chairman Pro Tempore of the Council

Dates Counted During the 30-day Congressional Review Period:

Feb.

3,4,5,6,7,10,11,12,13,24,25,26,27,28

Mar.

3,4,5,6,10,11,12,13,14,17,18,19,20,21

Apr.

7,8

# AN ACT D.C. ACT 11-494

Codification District of Columbia Code 1997 Supp.

# IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

# DECEMBER 24, 1996

To enact the Revised Uniform Partnership Act in the District of Columbia.

New Chapter 1A, Title 41

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and

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this act may be cited as the "Uniform Partnership Act of 1996".

# TITLE 1 GENERAL PROVISIONS

New Section 41-151.1

Sec. 101. Definitions.

For the purposes of this act, the term:

- (1) "Business" includes every trade, occupation, and profession.
- (2) "Debtor in bankruptcy" means a person who is the subject of:
- (A) An order for relief under Title 11 of the United States Code or a comparable order under a successor statute of general application; or
- (B) A comparable order under federal, state, or foreign law governing insolvency.
- (3) "Distribution" means a transfer of money or other property from a partnership to a partner in the partner's capacity as a partner or to the partner's transferee.
  - (4) "Foreign limited liability partnership" means a partnership that:
    - (A) Is formed under laws other than the laws of the District of Columbia;
    - (B) Has the status of a limited liability partnership under those laws.
- (5) "Limited liability partnership" means a partnership that has filed a statement of qualification under section 1001 and complies with section 1004 and does not have a similar statement in effect in any other jurisdiction.
  - (6) "Mayor" means the Mayor of the District of Columbia.
- (7) "Partnership" means an association of 2 or more persons to carry on as coowners a business for profit formed under section 202, predecessor law, or comparable law of another jurisdiction.
- (8) "Partnership agreement" means the agreement, whether written, oral, or implied, among the partners concerning the partnership, including amendments to the partnership agreement.
- (9) "Partnership at will" means a partnership in which the partners have not agreed to remain partners until the expiration of a definite term or the completion of a particular undertaking.

- (10) "Partnership interest" or "partner's interest in the partnership" means all of a partner's interests in the partnership, including the partner's transferable interest and all management and other rights.
- (11) "Person" means an individual, corporation, business trust, estate, trust, partnership, association, joint venture, government, governmental subdivision, agency, or instrumentality, or any other legal or commercial entity.
- (12) "Property" means all property, real, personal, or mixed, tangible or intangible, or any interest therein.
- (13) "State" means a state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, or any territory or insular possession subject to the jurisdiction of the United States.
- (14) "Statement" means a statement of partnership authority under section 303, a statement of denial under section 304, a statement of dissociation under section 704, a statement of dissolution under section 805, a statement of merger under section 907, a statement of qualification under section 1001, a statement of foreign qualification under section 1102, or an amendment or cancellation of any of the foregoing.
- (15) "Transfer" includes an assignment, conveyance, lease, mortgage, deed, and encumbrance.

Sec. 102. Knowledge and notice.

New Section 41-151.2

- (a) A person knows a fact if the person has actual knowledge of it.
- (b) A person has notice of a fact if the person:
  - (1) Knows of it:
  - (2) Has received a notification of it; or
- (3) Has reason to know it exists from all of the facts known to the person at the time in question.
- (c) A person notifies or gives a notification to another by taking steps reasonably required to inform the other person in ordinary course, whether or not the other person learns of it.
  - (d) A person receives a notification when the notification:
    - (1) Comes to the person's attention; or
- (2) Is duly delivered at the person's place of business or at any other place held out by the person as a place for receiving communications.
- (e) Except as otherwise provided in subsection (f) of this section, a person other than an individual knows, has notice, or receives a notification of a fact for purposes of a particular transaction when the individual conducting the transaction knows, has notice, or receives a notification of the fact, or in any event when the fact would have been brought to the individual's attention if the person had exercised reasonable diligence. The person exercises reasonable diligence if it maintains reasonable routines for communicating significant

information to the individual conducting the transaction and there is reasonable compliance with the routines. Reasonable diligence does not require an individual acting for the person to communicate information unless the communication is part of the individual's regular duties or the individual has reason to know of the transaction and that the transaction would be materially affected by the information.

- (f) A partner's knowledge, notice, or receipt of a notification of a fact relating to the partnership is effective immediately as knowledge by notice to, or receipt of a notification by, the partnership, except in the case of a fraud on the partnership committed by or with the consent of that partner.
  - Sec. 103. Effect of partnership agreement; nonwaivable provisions.

New Section 41-151.3

- (a) Except as otherwise provided in subsection (b) of this section, relations among the partners and between the partners and the partnership are governed by the partnership agreement. To the extent the partnership agreement does not otherwise provide, this act governs relations among the partners and between the partners and the partnership.
  - (b) The partnership agreement may not:
- (1) Vary the rights and duties under section 105 except to eliminate the duty to provide copies of statements to all of the partners;
- (2) Unreasonably restrict the right of access to books and records under section 403(b);
  - (3) Eliminate the duty of loyalty under section 404(b) or 603(b)(3), but:
- (A) The partnership agreement may identify specific types or categories of activities that do not violate the duty of loyalty, if not manifestly unreasonable; or
- (B) All of the partners or a number or percentage specified in the partnership agreement may authorize or ratify, after full disclosure of all material facts, a specific act or transaction that otherwise would violate the duty of loyalty;
  - (4) Unreasonably reduce the duty of care under section 404(c) or 603(b)(3);
- (5) Eliminate the obligation of good faith and fair dealing under section 404(d), but the partnership agreement may prescribe the standards by which the performance of the obligation is to be measured, if the standards are not manifestly unreasonable;
- (6) Vary the power to dissociate as a partner under section 602(a), except to require the notice under section 601(1) to be in writing;
- (7) Vary the right of a court to expel a partner in the events specified in section 601(5);
- (8) Vary the requirement to wind up the partnership business in cases specified in section 801(4), (5), or (6);
- (9) Vary the law applicable to a limited liability partnership under section 106(b); or
  - (10) Restrict rights of third parties under this act.

Sec. 104. Supplemental principles of law.

New Section 41-151.4

- (a) Unless displaced by particular provisions of this act, the principles of law and equity supplement this act.
- (b) If an obligation to pay interest arises under this act and the rate is not specified, the rate is that specified in D.C. Code § 28-3301.

Sec. 105. Execution, filing, and recording of statements.

New Section 41-151.5

- (a) A statement may be filed with the Mayor. A certified copy of a statement that is filed in an office in another state may be filed with the Mayor. Either filing has the effect provided in this act with respect to partnership property located in or transactions that occur in the District of Columbia.
- (b) A certified copy of a statement that has been filed with the Mayor and recorded in the office for recording transfers of real property has the effect provided for recorded statements in this act. A recorded statement that is not a certified copy of a statement filed with the Mayor does not have the effect provided for recorded statements in this act.
- (c) A statement filed by a partnership must be executed by at least 2 partners. Other statements must be executed by a partner or other person authorized by this act. An individual who executes a statement as, or on behalf of, a partner or other person named as a partner in a statement shall personally declare under penalty of perjury that the contents of the statement are accurate.
- (d) A person authorized by this act to file a statement may amend or cancel the statement by filing an amendment or cancellation that names the partnership, identifies the statement, and states the substance of the amendment or cancellation.
- (e) A person who files a statement pursuant to this section shall promptly send a copy of the statement to every nonfiling partner and to any other person named as a partner in the statement. Failure to send a copy of a statement to a partner or other person does not limit the effectiveness of the statement as to a person not a partner.
- (f) The Mayor may collect a fee for filing or providing a certified copy of a statement and for recording the statement.

Sec. 106. Governing law.

New Section 41-151.6

- (a) Except as otherwise provided in subsection (b) of this section or section 1101(a), the law of the jurisdiction in which a partnership has its chief executive office governs relations among the partners and between the partners and the partnership.
- (b) The law of District of Columbia governs relations among the partners and between the partners and the partnership and the liability of partners for an obligation of a limited liability partnership.

Sec. 107. Partnership subject to amendment or repeal of act.

A partnership governed by this act is subject to any amendment to or repeal of this act.

New Section 41-151.7

# TITLE 2 NATURE OF PARTNERSHIP

Sec. 201. Partnership as entity.

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

New Section 41-152.1

(b) A limited liability partnership continues to be the same entity that existed before the filing of a statement of qualification under section 1001.

Sec. 202. Formation of partnership.

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

New Section 41-152.2

- (b) An association formed under a statute other than this act, a predecessor statute, or a comparable statute of another jurisdiction is not a partnership under this act.
  - (c) In determining whether a partnership is formed, the following rules apply:
- (1) Joint tenancy, tenancy in common, tenancy by the entireties, joint property, common property, or part ownership does not by itself establish a partnership, even if the co-owners share profits made by the use of the property.
- (2) The sharing of gross returns does not by itself establish a partnership, even if the persons sharing them have a joint or common right or interest in property from which the returns are derived.
- (3) A person who receives a share of the profits of a business is presumed to be a partner in the business, unless the profits were received in payment:
  - (A) Of a debt by installments or otherwise;
- (B) For services as an independent contractor or of wages or other compensation to an employee;
  - (C) Of rent;
- (D) Of an annuity or other retirement or health benefit to a beneficiary, representative, or designee of a deceased or retired partner;
- (E) Of interest or other charge on a loan, even if the amount of payment varies with the profits of the business, including a direct or indirect present or future ownership of the collateral, or rights to income, proceeds, or increase in value derived from the collateral; or
- (F) For the sale of the goodwill of a business or other property by installments or otherwise.

Sec. 203. Partnership property.

New Section 41-152.3

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

Sec. 204. When property is partnership property.

New Section 41-152.4

**New Section** 

41-153.1

- (a) Property is partnership property if acquired in the name of:
  - (1) The partnership; or
- (2) One or more partners with an indication in the instrument transferring title to the property of the person's capacity as a partner or of the existence of a partnership but without an indication of the name of the partnership.
  - (b) Property is acquired in the name of the partnership by a transfer to:
    - (1) The partnership in its name; or
- (2) One or more partners in their capacity as partners in the partnership, if the name of the partnership is indicated in the instrument transferring title to the property.
- (c) Property is presumed to be partnership property if purchased with partnership assets, even if not acquired in the name of the partnership or of one or more partners with an indication in the instrument transferring title to the property of the person's capacity as a partner or of the existence of a partnership.
- (d) Property acquired in the name of one or more of the partners, without an indication in the instrument transferring title to the property of the person's capacity as a partner or of the existence of a partnership and without use of partnership assets, is presumed to be separate property, even if used for partnership purposes.

### TITLE 3

### RELATIONS OF PARTNERS TO PERSONS DEALING WITH PARTNERSHIP

Sec. 301. Partner agent of partnership.

Subject to the effect of a statement of partnership authority under section 303:

- (1) Each partner is an agent of the partnership for the purpose of its business. An act of a partner, including the execution of an instrument in the partnership name, for apparently carrying on in the ordinary course the partnership business or business of the kind carried on by the partnership binds the partnership, unless the partner had no authority to act for the partnership in the particular matter and the person with whom the partner was dealing knew or had received a notification that the partner lacked authority.
- (2) An act of a partner which is not apparently for carrying on in the ordinary course the partnership business or business of the kind carried on by the partnership binds the partnership only if the act was authorized by the other partners.

Sec. 302. Transfer of partnership property.

New Section 41-153.2

- (a) Partnership property may be transferred as follows:
- (1) Subject to the effect of a statement of partnership authority under section 303, partnership property held in the name of the partnership may be transferred by an instrument of transfer executed by a partner in the partnership name.
- (2) Partnership property held in the name of one or more partners with an indication in the instrument transferring the property to them in their capacity as partners or of the existence of a partnership, but without an indication of the name of the partnership, may be transferred by an instrument of transfer executed by the persons in whose name the property is held.
- (3) Partnership property held in the name of one or more persons other than the partnership, without an indication in the instrument transferring the property to them in their capacity as partners or of the existence of a partnership, may be transferred by an instrument of transfer executed by the persons in whose name the property is held.
- (b) A partnership may recover partnership property from a transferee only if it proves that execution of the instrument of initial transfer did not bind the partnership under section 301 and:
- (1) As to a subsequent transferee who gave value for property transferred under subsection (a)(1) and (2) of this section, proves that the subsequent transferee knew or had received a notification that the person who executed the instrument of initial transfer lacked authority to bind the partnership; or
- (2) As to a transferee who gave value for property transferred under subsection (a)(3) of this section, proves that the transferee knew or had received a notification that the property was partnership property and that the person who executed the instrument of initial transfer lacked authority to bind the partnership.
- (c) A partnership may not recover partnership property from a subsequent transferee if the partnership would not have been entitled to recover the property, under subsection (b) of this section, from any earlier transferee of the property.
- (d) If a person holds all of the partners' interests in the partnership, all of the partnership property vests in that person. The person may execute a document in the name of the partnership to evidence vesting of the property in that person and may file or record the document.

New Section 41-153.3

- Sec. 303. Statement of partnership authority.
- (a) A partnership may file a statement of partnership authority, which:
  - (1) Must include:
    - (A) The name of the partnership;
- (B) The street address of its chief executive office and of one office in District of Columbia, if there is one;

- (C) The names and mailing addresses of all of the partners or of an agent appointed and maintained by the partnership for the purpose of subsection (b) of this section; and
- (D) The names of the partners authorized to execute an instrument transferring real property held in the name of the partnership; and
- (2) May state the authority, or limitations on the authority, of some or all of the partners to enter into other transactions on behalf of the partnership and any other matter.
- (b) If a statement of partnership authority names an agent, the agent shall maintain a list of the names and mailing addresses of all of the partners and make it available to any person on request for good cause shown.
- (c) If a filed statement of partnership authority is executed pursuant to section 105(c) and states the name of the partnership but does not contain all of the other information required by subsection (a) of this section, the statement nevertheless operates with respect to a person not a partner as provided in subsections (d) and (e) of this section.
- (d) Except as otherwise provided in subsection (g) of this section, a filed statement of partnership authority supplements the authority of a partner to enter into transactions on behalf of the partnership as follows:
- (1) Except for transfers of real property, a grant of authority contained in a filed statement of partnership authority is conclusive in favor of a person who gives value without knowledge to the contrary, so long as and to the extent that a limitation on that authority is not then contained in another filed statement. A filed cancellation of a limitation on authority revives the previous grant of authority.
- (2) A grant of authority to transfer real property held in the name of the partnership contained in a certified copy of a filed statement of partnership authority recorded in the office for recording transfers of that real property is conclusive in favor of a person who gives value without knowledge to the contrary, so long as and to the extent that a certified copy of a filed statement containing a limitation on that authority is not then of record in the office for recording transfers of that real property. The recording in the office for recording transfers of that real property of a certified copy of a filed cancellation of a limitation on authority revives the previous grant of authority.
- (e) A person not a partner is deemed to know of a limitation on the authority of a partner to transfer real property held in the name of the partnership if a certified copy of the filed statement containing the limitation on authority is of record in the office for recording transfers of that real property.
- (f) Except as otherwise provided in subsections (d) and (e) of this section and sections 704 and 805, a person not a partner is not deemed to know of a limitation on the authority of a partner merely because the limitation is contained in a filed statement.

(g) Unless earlier canceled, a filed statement of partnership authority is canceled by operation of law 5 years after the date on which the statement, or the most recent amendment, was filed with the Mayor.

### Sec. 304. Statement of denial.

New Section 41-153.4

A partner or other person named as a partner in a filed statement of partnership authority or in a list maintained by an agent pursuant to section 303(b) may file a statement of denial stating the name of the partnership and the fact that is being denied, which may include denial of a person's authority or status as a partner. A statement of denial is a limitation on authority as provided in section 303(d) and (e).

Sec. 305. Partnership liable for partner's actionable conduct.

New Section

- (a) A partnership is liable for loss or injury caused to a person, or for a penalty incurred, as a result of a wrongful act or omission, or other actionable conduct, of a partner acting in the ordinary course of business of the partnership or with authority of the partnership.
- (b) If, in the course of the partnership's business or while acting with authority of the partnership, a partner receives or causes the partnership to receive money or property of a person not a partner, and the money or property is misapplied by a partner, the partnership is liable for the loss.

### Sec. 306. Partner's liability.

New Section 41-153.6

- (a) Except as otherwise provided in subsections (b) and (c) of this section, all partners are liable jointly and severally for all obligations of the partnership unless otherwise agreed by the claimant or provided by law.
- (b) A person admitted as a partner into an existing partnership is not personally liable for any partnership obligation incurred before the person's admission as a partner.
- (c) An obligation of a partnership incurred while the partnership is a limited liability partnership, whether arising in contract, tort, or otherwise, is solely the obligation of the partnership. A partner is not personally liable, directly or indirectly, by way of contribution or otherwise, for such an obligation solely by reason of being or so acting as a partner. This subsection applies notwithstanding anything inconsistent in the partnership agreement that existed immediately before the vote required to become a limited liability partnership under section 1001(b).

Sec. 307. Actions by and against partnership and partners.

New Section 41-153.7

- (a) A partnership may sue and be sued in the name of the partnership.
- (b) Except as otherwise provided in subsection (f) of this section, action may be brought against the partnership and, to the extent not inconsistent with section 306 of this section, any or all of the partners in the same action or in separate actions.

- (c) A judgment against a partnership is not by itself a judgment against a partner. A judgment against a partnership may not be satisfied from a partner's assets unless there is also a judgment against the partner.
- (d) A judgment creditor of a partner may not levy execution against the assets of the partner to satisfy a judgment based on a claim against the partnership unless the partner is personally liable for the claim under section 306 and:
- (1) A judgment based on the same claim has been obtained against the partnership and a writ of execution on the judgment has been returned unsatisfied in whole or in part;
  - (2) The partnership is a debtor in bankruptcy;
  - (3) The partner has agreed that the creditor need not exhaust partnership assets;
- (4) A court grants permission to the judgment creditor to levy execution against the assets of a partner based on a finding that partnership assets subject to execution are clearly insufficient to satisfy the judgment, that exhaustion of partnership assets is excessively burdensome, or that the grant of permission is an appropriate exercise of the court's equitable powers; or
- (5) Liability is imposed on the partner by law or contract independent of the existence of the partnership.
- (e) This section applies to any partnership liability or obligation resulting from a representation by a partner or purported partner under section 308.
- (f) A partner is not a proper party to an action against a partnership if that partner is not personally liable for the claim under section 306.

Sec. 308. Liability of purported partner.

New Section 41-153.8

- (a) If a person, by words or conduct, purports to be a partner, or consents to being represented by another as a partner, in a partnership or with one or more persons not partners, the purported partner is liable to a person to whom the representation is made, if that person, relying on the representation, enters into a transaction with the actual or purported partnership. If the representation, either by the purported partner or by a person with the purported partner's consent, is made in a public manner, the purported partner is liable to a person who relies upon the purported partnership even if the purported partner is not aware of being held out as a partner to the claimant. If partnership liability results, the purported partner is liable with respect to that liability as if the purported partner were a partner. If no partnership liability results, the purported partner is liable with respect to that liability jointly and severally with any other person consenting to the representation.
- (b) If a person is thus represented to be a partner in an existing partnership, or with one or more persons not partners, the purported partner is an agent of persons consenting to the representation to bind them to the same extent and in the same manner as if the purported partner were a partner, with respect to persons who enter into transactions in reliance upon the

representation. If all of the partners of the existing partnership consent to the representation, a partnership act or obligation results. If fewer than all of the partners of the existing partnership consent to the representation, the person acting and the partners consenting to the representation are jointly and severally liable.

- (c) A person is not liable as a partner merely because the person is named by another in a statement of partnership authority.
- (d) A person does not continue to be liable as a partner merely because of a failure to file a statement of dissociation or to amend a statement of partnership authority to indicate the partner's dissociation from the partnership.
- (e) Except as otherwise provided in subsections (a) and (b) of this section, persons who are not partners as to each other are not liable as partners to other persons.

# TITLE 4 RELATIONS OF PARTNERS TO EACH OTHER AND TO PARTNERSHIP

Sec. 401. Partner's rights and duties.

New Section 41-154.1

- (a) Each partner is deemed to have an account that is:
- (1) Credited with an amount equal to the money plus the value of any other property, net of the amount of any liabilities, the partner contributes to the partnership and the partner's share of the partnership profits; and
- (2) Charged with an amount equal to the money plus the value of any other property, net of the amount of any liabilities, distributed by the partnership to the partner and the partner's share of the partnership losses.
- (b) Each partner is entitled to an equal share of the partnership profits and is chargeable with a share of the partnership losses in proportion to the partner's share of the profits.
- (c) A partnership shall reimburse a partner for payments made and indemnify a partner for liabilities incurred by the partner in the ordinary course of the business of the partnership or for the preservation of its business or property.
- (d) A partnership shall reimburse a partner for an advance to the partnership beyond the amount of capital the partner agreed to contribute.
- (e) A payment or advance made by a partner which gives rise to a partnership obligation under subsection (c) or (d) of this section constitutes a loan to the partnership which accrues interest from the date of the payment or advance.
- (f) Each partner has equal rights in the management and conduct of the partnership business.
  - (g) A partner may use or possess partnership property only on behalf of the partnership.
- (h) A partner is not entitled to remuneration for services performed for the partnership, except for reasonable compensation for services rendered in winding up the business of the partnership.

- (i) A person may become a partner only with the consent of all of the partners.
- (j) A difference arising as to a matter in the ordinary course of business of a partnership may be decided by a majority of the partners. An act outside the ordinary course of business of a partnership and an amendment to the partnership agreement may be undertaken only with the consent of all of the partners.
- (k) This section does not affect the obligations of a partnership to other persons under section 301.

Sec. 402. Distributions in kind.

New Section 41-154.2

A partner has no right to receive, and may not be required to accept, a distribution in kind.

Sec. 403. Partner's rights and duties with respect to information.

New Section 41-154.3

- (a) A partnership shall keep its books and records, if any, at its chief executive office.
- (b) A partnership shall provide partners and their agents and attorneys access to its books and records. It shall provide former partners and their agents and attorneys access to books and records pertaining to the period during which they were partners. The right of access provides the opportunity to inspect and copy books and records during ordinary business hours. A partnership may impose a reasonable charge, covering the costs of labor and material, for copies of documents furnished.
- (c) Each partner and the partnership shall furnish to a partner, and to the legal representative of a deceased partner or partner under legal disability:
- (1) Without demand, any information concerning the partnership's business and affairs reasonably required for the proper exercise of the partner's rights and duties under the partnership agreement or this act; and
- (2) On demand, any other information concerning the partnership's business and affairs, except to the extent the demand or the information demanded is unreasonable or otherwise improper under the circumstances.

Sec. 404. General standards of partner's conduct.

New Section 41-154.4

- (a) The only fiduciary duties a partner owes to the partnership and the other partners are the duty of loyalty and the duty of care set forth in subsections (b) and (c) of this section.
- (b) A partner's duty of loyalty to the partnership and the other partners is limited to the following:
- (1) To account to the partnership and hold as trustee for it any property, profit, or benefit derived by the partner in the conduct and winding up of the partnership business or derived from a use by the partner of partnership property, including the appropriation of a partnership opportunity;

- (2) To refrain from dealing with the partnership in the conduct or winding up of the partnership business as or on behalf of a party having an interest adverse to the partnership; and
- (3) To refrain from competing with the partnership in the conduct of the partnership business before the dissolution of the partnership.
- (c) A partner's duty of care to the partnership and the other partners in the conduct and winding up of the partnership business is limited to refraining from engaging in grossly negligent or reckless conduct, intentional misconduct, or a knowing violation of law.
- (d) A partner shall discharge the duties to the partnership and the other partners under this act or under the partnership agreement and exercise any rights consistently with the obligation of good faith and fair dealing.
- (e) A partner does not violate a duty or obligation under this act or under the partnership agreement merely because the partner's conduct furthers the partner's own interest.
- (f) A partner may lend money to and transact other business with the partnership, and as to each loan or transaction the rights and obligations of the partner are the same as those of a person who is not a partner, subject to other applicable law.
- (g) This section applies to a person winding up the partnership business as the personal or legal representative of the last surviving partner as if the person were a partner.

Sec. 405. Actions by partnership and partners.

New Section 41-154.5

- (a) A partnership may maintain an action against a partner for a breach of the partnership agreement, or for the violation of a duty to the partnership, causing harm to the partnership.
- (b) A partner may maintain an action against the partnership or another partner for legal or equitable relief, with or without an accounting as to partnership business, to:
  - (1) Enforce the partner's rights under the partnership agreement;
  - (2) Enforce the partner's rights under this act, including:
    - (A) The partner's rights under sections 401, 403, or 404;
- (B) The partner's right on dissociation to have the partner's interest in the partnership purchased pursuant to section 701 or enforce any other right under title 6 or 7; or
- (C) The partner's right to compel a dissolution and winding up of the partnership business under section 801 or enforce any other right under title 8; or
- (3) Enforce the rights and otherwise protect the interests of the partner, including rights and interests arising independently of the partnership relationship.
- (c) The accrual of, and any time limitation on, a right of action for a remedy under this section is governed by other law. A right to an accounting upon a dissolution and winding up does not revive a claim barred by law.

Sec. 406. Continuation of partnership beyond definite term or particular undertaking.

New Section 41-154.6

- (a) If a partnership for a definite term or particular undertaking is continued, without an express agreement, after the expiration of the term or completion of the undertaking, the rights and duties of the partners remain the same as they were at the expiration or completion, so far as is consistent with a partnership at will.
- (b) If the partners, or those of them who habitually acted in the business during the term or undertaking, continue the business without any settlement or liquidation of the partnership, they are presumed to have agreed that the partnership will continue.

# TITLE 5 TRANSFEREES AND CREDITORS OF PARTNER

Sec. 501. Partner not co-owner of partnership property.

New Section 41-155.1

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

Sec. 502. Partner's transferable interest in partnership.

New Section 41-155.2

The only transferable interest of a partner in the partnership is the partner's share of the profits and losses of the partnership and the partner's right to receive distributions. The interest is personal property.

Sec. 503. Transfer of partner's transferable interest.

New Section 41-155.3

- (a) A transfer, in whole or in part, of a partner's transferable interest in the partnership:
  - (1) Is permissible:
- (2) Does not by itself cause the partner's dissociation or a dissolution and winding up of the partnership business; and
- (3) Does not, as against the other partners or the partnership, entitle the transferee, during the continuance of the partnership, to participate in the management or conduct of the partnership business, to require access to information concerning partnership transactions, or to inspect or copy the partnership books or records.
  - (b) A transferee of a partner's transferable interest in the partnership has a right:
- (1) To receive, in accordance with the transfer, distributions to which the transferor would otherwise be entitled:
- (2) To receive upon the dissolution and winding up of the partnership business, in accordance with the transfer, the net amount otherwise distributable to the transferor; and
- (3) To seek under section 801(6) a judicial determination that it is equitable to wind up the partnership business.

- (c) In a dissolution and winding up, a transferee is entitled to an account of partnership transactions only from the date of the latest account agreed to by all of the partners.
- (d) Upon transfer, the transferor retains the rights and duties of a partner other than the interest in distributions transferred.
- (e) A partnership need not give effect to a transferee's rights under this section until it has notice of the transfer.
- (f) A transfer of a partner's transferable interest in the partnership in violation of a restriction on transfer contained in the partnership agreement is ineffective as to a person having notice of the restriction at the time of transfer.

Sec. 504. Partner's transferable interest subject to charging order.

New Section 41-155.4

- (a) On application by a judgment creditor of a partner or of a partner's transferee, a court having jurisdiction may charge the transferable interest of the judgment debtor to satisfy the judgment. The court may appoint a receiver of the share of the distributions due or to become due to the judgment debtor in respect of the partnership and make all other orders, directions, accounts, and inquiries the judgment debtor might have made or which the circumstances of the case may require.
- (b) A charging order constitutes a lien on the judgment debtor's transferable interest in the partnership. The court may order a foreclosure of the interest subject to the charging order at any time. The purchaser at the foreclosure sale has the rights of a transferee.
  - (c) At any time before foreclosure, an interest charged may be redeemed:
    - (1) By the judgment debtor;
- (2) With property other than partnership property, by one or more of the other partners; or
- (3) With partnership property, by one or more of the other partners with the consent of all of the partners whose interests are not so charged.
- (d) This act does not deprive a partner of a right under exemption laws with respect to the partner's interest in the partnership.
- (e) This section provides the exclusive remedy by which a judgment creditor of a partner or partner's transferee may satisfy a judgment out of the judgment debtor's transferable interest in the partnership.

# TITLE 6 PARTNER'S DISSOCIATION

Sec. 601. Events causing partner's dissociation.

New Section 41-156.1

A partner is dissociated from a partnership upon the occurrence of any of the following events:

- (1) The partnership's having notice of the partner's express will to withdraw as a partner or on a later date specified by the partner;
- (2) An event agreed to in the partnership agreement as causing the partner's dissociation:
  - (3) The partner's expulsion pursuant to the partnership agreement;
  - (4) The partner's expulsion by the unanimous vote of the other partners if:
    - (A) It is unlawful to carry on the partnership business with that partner;
- (B) There has been a transfer of all or substantially all of that partner's transferable interest in the partnership, other than a transfer for security purposes, or a court order charging the partner's interest, which has not been foreclosed;
- (C) Within 90 days after the partnership notifies a corporate partner that it will be expelled because it has filed a certificate of dissolution or the equivalent, its charter has been revoked, or its right to conduct business has been suspended by the jurisdiction of its incorporation, there is no revocation of the certificate of dissolution or no reinstatement of its charter or its right to conduct business; or
- (D) A partnership that is a partner has been dissolved and its business is being wound up;
- (5) On application by the partnership or another partner, the partner's expulsion by judicial determination because:
- (A) The partner engaged in wrongful conduct that adversely and materially affected the partnership business;
- (B) The partner willfully or persistently committed a material breach of the partnership agreement or of a duty owed to the partnership or the other partners under section 404; or
- (C) The partner engaged in conduct relating to the partnership business which makes it not reasonably practicable to carry on the business in partnership with the partner;
  - (6) The partner:
    - (A) Becoming a debtor in bankruptcy;
    - (B) Executing an assignment for the benefit of creditors;
- (C) Seeking, consenting to, or acquiescing in the appointment of a trustee, receiver, or liquidator of that partner or of all or substantially all of that partner's property; or
- (D) Failing, within 90 days after the appointment, to have vacated or stayed the appointment of a trustee, receiver, or liquidator of the partner or of all or substantially all of the partner's property obtained without the partner's consent or acquiescence, or failing within 90 days after the expiration of a stay to have the appointment vacated;
  - (7) In the case of a partner who is an individual:
    - (A) The partner's death;

(B) The appointment of a guardian or general conservator for the partner;

or

- (C) A judicial determination that the partner has otherwise become incapable of performing the partner's duties under the partnership agreement;
- (8) In the case of a partner that is a trust or is acting as a partner by virtue of being a trustee of a trust, distribution of the trust's entire transferable interest in the partnership, but not merely by reason of the substitution of a successor trustee;
- (9) In the case of a partner that is an estate or is acting as a partner by virtue of being a personal representative of an estate, distribution of the estate's entire transferable interest in the partnership, but not merely by reason of the substitution of a successor personal representative; or
- (10) Termination of a partner who is not an individual, partnership, corporation, trust, or estate.

Sec. 602. Partner's power to dissociate; wrongful dissociation.

New Section 41-156.2

- (a) A partner has the power to dissociate at any time, rightfully or wrongfully, by express will pursuant to section 601(1).
  - (b) A partner's dissociation is wrongful only if:
    - (1) It is in breach of an express provision of the partnership agreement; or
- (2) In the case of a partnership for a definite term or particular undertaking, before the expiration of the term or the completion of the undertaking:
- (A) The partner withdraws by express will, unless the withdrawal follows within 90 days after another partner's dissociation by death or otherwise under section 601(6) through (10) or wrongful dissociation under this subsection;
- (B) The partner is expelled by judicial determination under section 601(5):
  - (C) The partner is dissociated by becoming a debtor in bankruptcy; or
- (D) In the case of a partner who is not an individual, trust other than a business trust, or estate, the partner is expelled or otherwise dissociated because it willfully dissolved or terminated.
- (c) A partner who wrongfully dissociates is liable to the partnership and to the other partners for damages caused by the dissociation. The liability is in addition to any other obligation of the partner to the partnership or to the other partners.

Sec. 603. Effect of partner's dissociation.

New Section

- (a) If a partner's dissociation results in a dissolution and winding up of the partnership business, title 8 applies; otherwise, title 7 applies.
  - (b) Upon a partner's dissociation:

- (1) The partner's right to participate in the management and conduct of the partnership business terminates, except as otherwise provided in section 803;
  - (2) The partner's duty of loyalty under section 404(b)(3) terminates; and
- (3) The partner's duty of loyalty under section 404(b)(1) and (2) and duty of care under section 404(c) continue only with regard to matters arising and events occurring before the partner's dissociation, unless the partner participates in winding up the partnership's business pursuant to section 803.

# TITLE 7 PARTNER'S DISSOCIATION WHEN BUSINESS NOT WOUND UP

Sec. 701. Purchase of dissociated partner's interest.

New Section 41-157.1

- (a) If a partner is dissociated from a partnership without resulting in a dissolution and winding up of the partnership business under section 801, the partnership shall cause the dissociated partner's interest in the partnership to be purchased for a buyout price determined pursuant to subsection (b) of this section.
- (b) The buyout price of a dissociated partner's interest is the amount that would have been distributable to the dissociating partner under section 807(b) if, on the date of dissociation, the assets of the partnership were sold at a price equal to the greater of the liquidation value or the value based on a sale of the entire business as a going concern without the dissociated partner and the partnership were wound up as of that date. Interest must be paid from the date of dissociation to the date of payment.
- (c) Damages for wrongful dissociation under section 602(b), and all other amounts owing, whether or not presently due, from the dissociated partner to the partnership, must be offset against the buyout price. Interest must be paid from the date the amount owed becomes due to the date of payment.
- (d) A partnership shall indemnify a dissociated partner whose interest is being purchased against all partnership liabilities, whether incurred before or after the dissociation, except liabilities incurred by an act of the dissociated partner under section 702.
- (e) If no agreement for the purchase of a dissociated partner's interest is reached within 120 days after a written demand for payment, the partnership shall pay, or cause to be paid, in cash to the dissociated partner the amount the partnership estimates to be the buyout price and accrued interest, reduced by any offsets and accrued interest under subsection (c) of this section.
- (f) If a deferred payment is authorized under subsection (h) of this section, the partnership may tender a written offer to pay the amount it estimates to be the buyout price and accrued interest, reduced by any offsets under subsection (c) of this section, stating the time of payment, the amount and type of security for payment, and the other terms and conditions of the obligation.

- (g) The payment or tender required by subsection (e) or (f) of this section must be accompanied by the following:
  - (1) A statement of partnership assets and liabilities as of the date of dissociation;
  - (2) The latest available partnership balance sheet and income statement, if any;
  - (3) An explanation of how the estimated amount of the payment was calculated;

and

- (4) Written notice that the payment is in full satisfaction of the obligation to purchase unless, within 120 days after the written notice, the dissociated partner commences an action to determine the buyout price, any offsets under subsection (c) of this section, or other terms of the obligation to purchase.
- (h) A partner who wrongfully dissociates before the expiration of a definite term or the completion of a particular undertaking is not entitled to payment of any portion of the buyout price until the expiration of the term or completion of the undertaking, unless the partner establishes to the satisfaction of the court that earlier payment will not cause undue hardship to the business of the partnership. A deferred payment must be adequately secured and bear interest.
- (i) A dissociated partner may maintain an action against the partnership, pursuant to section 405(b)(2)(B), to determine the buyout price of that partner's interest, any offsets under subsection (c) of this section, or other terms of the obligation to purchase. The action must be commenced within 120 days after the partnership has tendered payment or an offer to pay or within one year after written demand for payment if no payment or offer to pay is tendered. The court shall determine the buyout price of the dissociated partner's interest, any offset due under subsection (c) of this section, and accrued interest, and enter judgment for any additional payment or refund. If deferred payment is authorized under subsection (h) of this section, the court shall also determine the security for payment and other terms of the obligation to purchase. The court may assess reasonable attorney's fees and the fees and expenses of appraisers or other experts for a party to the action, in amounts the court finds equitable, against a party that the court finds acted arbitrarily, vexatiously, or not in good faith. The finding may be based on the partnership's failure to tender payment or an offer to pay or to comply with subsection (g) of this section.

Sec. 702. Dissociated partner's power to bind and liability to partnership.

New Section 41-157.2

- (a) For 2 years after a partner dissociates without resulting in a dissolution and winding up of the partnership business, the partnership, including a surviving partnership under title 9, is bound by an act of the dissociated partner which would have bound the partnership under section 301 before dissociation only if at the time of entering into the transaction the other party:
  - (1) Reasonably believed that the dissociated partner was then a partner;
  - (2) Did not have notice of the partner's dissociation; and

- (3) Is not deemed to have had knowledge under section 303(e) or notice under section 704(c).
- (b) A dissociated partner is liable to the partnership for any damage caused to the partnership arising from an obligation incurred by the dissociated partner after dissociation for which the partnership is liable under subsection (a) of this section.

Sec. 703. Dissociated partner's liability to other persons.

New Section 41-157.3

- (a) A partner's dissociation does not of itself discharge the partner's liability for a partnership obligation incurred before dissociation. A dissociated partner is not liable for a partnership obligation incurred after dissociation, except as otherwise provided in subsection (b) of this section.
- (b) A partner who dissociates without resulting in a dissolution and winding up of the partnership business is liable as a partner to the other party in a transaction entered into by the partnership, or a surviving partnership under title 9, within 2 years after the partner's dissociation, only if the partner is liable for the obligation under section 306 and at the time of entering into the transaction the other party:
  - (1) Reasonably believed that the dissociated partner was then a partner;
  - (2) Did not have notice of the partner's dissociation; and
- (3) Is not deemed to have had knowledge under section 303(e) or notice under section 704(c).
- (c) By agreement with the partnership creditor and the partners continuing the business, a dissociated partner may be released from liability for a partnership obligation.
- (d) A dissociated partner is released from liability for a partnership obligation if a partnership creditor, with notice of the partner's dissociation but without the partner's consent, agrees to a material alteration in the nature or time of payment of a partnership obligation.

Sec. 704. Statement of dissociation.

New Section 41-157.4

- (a) A dissociated partner or the partnership may file a statement of dissociation stating the name of the partnership and that the partner is dissociated from the partnership.
- (b) A statement of dissociation is a limitation on the authority of a dissociated partner for the purposes of section 303(d) and (e).
- (c) For the purposes of sections 702(a)(3) and 703(b)(3), a person not a partner is deemed to have notice of the dissociation 90 days after the statement of dissociation is filed.

Sec. 705. Continued use of partnership name.

New Section 41-157.5

Continued use of a partnership name, or a dissociated partner's name as part thereof, by partners continuing the business does not of itself make the dissociated partner liable for an obligation of the partners or the partnership continuing the business.

# TITLE 8 WINDING UP PARTNERSHIP BUSINESS

New Section 41-158.1

- Sec. 801. Events causing dissolution and winding up of partnership business.
- A partnership is dissolved, and its business must be wound up, only upon the occurrence of any of the following events:
- (1) In a partnership at will, the partnership's having notice from a partner, other than a partner who is dissociated under section 601(2) through (10), of that partner's express will to withdraw as a partner, or on a later date specified by the partner;
  - (2) In a partnership for a definite term or particular undertaking:
- (A) The expiration of 90 days after a partner's dissociation by death or otherwise under section 601(6) through (10) or wrongful dissociation under section 602(b), unless before that time a majority in interest of the remaining partners, including partners who have rightfully dissociated pursuant to section 602(b)(2)(A), agree to continue the partnership;
- (B) The express will of all of the partners to wind up the partnership business; or
  - (C) The expiration of the term or the completion of the undertaking;
- (3) An event agreed to in the partnership agreement resulting in the winding up of the partnership business;
- (4) An event that makes it unlawful for all or substantially all of the business of the partnership to be continued, but a cure of illegality within 90 days after notice to the partnership of the event is effective retroactively to the date of the event for purposes of this section;
  - (5) On application by a partner, a judicial determination that:
- (A) The economic purpose of the partnership is likely to be unreasonably frustrated;
- (B) Another partner has engaged in conduct relating to the partnership business which makes it not reasonably practicable to carry on the business in partnership with that partner; or
- (C) It is not otherwise reasonably practicable to carry on the partnership business in conformity with the partnership agreement; or
- (6) On application by a transferee of a partner's transferable interest, a judicial determination that it is equitable to wind up the partnership business:
- (A) After the expiration of the term or completion of the undertaking, if the partnership was for a definite term or particular undertaking at the time of the transfer or entry of the charging order that gave rise to the transfer; or
- (B) At any time, if the partnership was a partnership at will at the time of the transfer or entry of the charging order that gave rise to the transfer.

Sec. 802. Partnership continues after dissolution.

**New Section** 41-158.2

- (a) Subject to subsection (b) of this section, a partnership continues after dissolution only for the purpose of winding up its business. The partnership is terminated when the winding up of its business is completed.
- (b) At any time after the dissolution of a partnership and before the winding up of its business is completed, all of the partners, including any dissociating partner other than a wrongfully dissociating partner, may waive the right to have the partnership's business wound up and the partnership terminated. In that event:
- (1) The partnership resumes carrying on its business as if dissolution had never occurred, and any liability incurred by the partnership or a partner after the dissolution and before the waiver is determined as if dissolution had never occurred; and
- (2) The rights of a third party accruing under section 804(1) or arising out of conduct in reliance on the dissolution before the third party knew or received a notification of the waiver may not be adversely affected.

Sec. 803. Right to wind up partnership business.

New Section 41-158.3

New Section 41-158.4

- (a) After dissolution, a partner who has not wrongfully dissociated may participate in winding up the partnership's business, but on application of any partner, partner's legal representative, or transferee, the Superior Court of the District of Columbia, for good cause shown, may order judicial supervision of the winding up.
- (b) The legal representative of the last surviving partner may wind up a partnership's business.
- (c) A person winding up a partnership's business may preserve the partnership business or property as a going concern for a reasonable time, prosecute and defend actions and proceedings, whether civil, criminal, or administrative, settle and close the partnership's business, dispose of and transfer the partnership's property, discharge the partnership's liabilities, distribute the assets of the partnership pursuant to section 807, settle disputes by mediation or arbitration, and perform other necessary acts.

Sec. 804. Partner's power to bind partnership after dissolution.

- Subject to section 805, a partnership is bound by a partner's act after dissolution that:
  - (1) Is appropriate for winding up the partnership business; or
- (2) Would have bound the partnership under section 301 before dissolution, if the other party to the transaction did not have notice of the dissolution.

Sec. 805. Statement of dissolution.

New Section 41-158.5

- (a) After dissolution, a partner who has not wrongfully dissociated may file a statement of dissolution stating the name of the partnership and that the partnership has dissolved and is winding up its business.
- (b) A statement of dissolution cancels a filed statement of partnership authority for the purposes of section 303(d) and is a limitation on authority for the purposes of section 303(e).
- (c) For the purposes of sections 301 and 804, a person not a partner is deemed to have notice of the dissolution and the limitation on the partners' authority as a result of the statement of dissolution 90 days after it is filed.
- (d) After filing and, if appropriate, recording a statement of dissolution, a dissolved partnership may file and, if appropriate, record a statement of partnership authority which will operate with respect to a person not a partner as provided in section 303(d) and (e) in any transaction, whether or not the transaction is appropriate for winding up the partnership business.

Sec. 806. Partner's liability to other partners after dissolution.

New Section 41-158.6

- (a) Except as otherwise provided in subsection (b) of this section and section 306, after dissolution a partner is liable to the other partners for the partner's share of any partnership liability incurred under section 804.
- (b) A partner who, with knowledge of the dissolution, incurs a partnership liability under section 804(2) by an act that is not appropriate for winding up the partnership business is liable to the partnership for any damage caused to the partnership arising from the liability.

Sec. 807. Settlement of accounts and contributions among partners.

New Section 41-158.7

- (a) In winding up a partnership's business, the assets of the partnership, including the contributions of the partners required by this section, must be applied to discharge its obligations to creditors, including, to the extent permitted by law, partners who are creditors. Any surplus must be applied to pay in cash the net amount distributable to partners in accordance with their right to distributions under subsection (b) of this section.
- (b) Each partner is entitled to a settlement of all partnership accounts upon winding up the partnership business. In settling accounts among the partners, profits and losses that result from the liquidation of the partnership assets must be credited and charged to the partners' accounts. The partnership shall make a distribution to a partner in an amount equal to any excess of the credits over the charges in the partner's account. A partner shall contribute to the partnership an amount equal to any excess of the charges over the credits in the partner's account but excluding from the calculation charges attributable to an obligation for which the partner is not personally liable under section 306.
- (c) If a partner fails to contribute the full amount required under subsection (b) of this section, all of the other partners shall contribute, in the proportions in which those partners

share partnership losses, the additional amount necessary to satisfy the partnership obligations for which they are personally liable under section 306. A partner or partner's legal representative may recover from the other partners any contributions the partner makes to the extent the amount contributed exceeds that partner's share of the partnership obligations for which the partner is personally liable under section 306.

- (d) After the settlement of accounts, each partner shall contribute, in the proportion in which the partner shares partnership losses, the amount necessary to satisfy partnership obligations that were not known at the time of the settlement and for which the partner is personally liable under section 306.
- (e) The estate of a deceased partner is liable for the partner's obligation to contribute to the partnership.
- (f) An assignee for the benefit of creditors of a partnership or a partner, or a person appointed by a court to represent creditors of a partnership or a partner, may enforce a partner's obligation to contribute to the partnership.

# TITLE 9 CONVERSIONS AND MERGERS

Sec. 901. Definitions.

New Section 41-159.1

For the purposes of this title, the term:

- (1) "General partner" means a partner in a partnership and a general partner in a limited partnership.
  - (2) "Limited partner" means a limited partner in a limited partnership.
- (3) "Limited partnership" means a limited partnership created under the Uniform Limited Partnership Act of 1987, effective December 10, 1987 (D.C. Code § 41-401 to 41-499.25), predecessor law, or comparable law of another jurisdiction.
  - (4) "Partner" includes both a general partner and a limited partner.

Sec. 902. Conversion of partnership to limited partnership.

New Section 41-159.2

- (a) A partnership may be converted to a limited partnership pursuant to this section.
- (b) The terms and conditions of a conversion of a partnership to a limited partnership must be approved by all of the partners or by a number or percentage specified for conversion in the partnership agreement.
- (c) After the conversion is approved by the partners, the partnership shall file a certificate of limited partnership in the jurisdiction in which the limited partnership is to be formed. The certificate must include:
- (1) A statement that the partnership was converted to a limited partnership from a partnership;
  - (2) Its current and former name; and

- (3) A statement of the number of votes cast by the partners for and against the conversion and, if the vote is less than unanimous, the number or percentage required to approve the conversion under the partnership agreement.
- (d) The conversion takes effect when the certificate of limited partnership is filed or at any later date specified in the certificate.
- (e) A general partner who becomes a limited partner as a result of the conversion remains liable as a general partner for an obligation incurred by the partnership before the conversion takes effect. If the other party to a transaction with the limited partnership reasonably believes when entering the transaction that the limited partner is a general partner, the limited partner is liable for an obligation incurred by the limited partnership within 90 days after the conversion takes effect. The limited partner's liability for all other obligations of the limited partnership incurred after the conversion takes effect is that of a limited partner as provided in the Uniform Limited Partnership Act of 1987, effective December 10, 1987 (D.C. Code §§ 41-401 to 41-499.25).

Sec. 903. Conversion of limited partnership to partnership.

New Section 41-159.3

- (a) A limited partnership may be converted to a partnership pursuant to this section.
- (b) Notwithstanding a provision to the contrary in a limited partnership agreement, the terms and conditions of a conversion of a limited partnership to a partnership must be approved by all of the partners.
- (c) After the conversion is approved by the partners, the limited partnership shall cancel its certificate of limited partnership.
  - (d) The conversion takes effect when the certificate of limited partnership is canceled.
- (e) A limited partner who becomes a general partner as a result of the conversion remains liable only as a limited partner for an obligation incurred by the limited partnership before the conversion takes effect. Except as otherwise provided in section 306, the partner is liable as a general partner for an obligation of the partnership incurred after the conversion takes effect.

Sec. 904. Effect of conversion; entity unchanged.

New Section 41-159.4

- (a) A partnership or limited partnership that has been converted pursuant to this title is for all purposes the same entity that existed before the conversion.
  - (b) When a conversion takes effect:
- (1) All property owned by the converting partnership or limited partnership remains vested in the converted entity;
- (2) All obligations of the converting partnership or limited partnership continue as obligations of the converted entity; and
- (3) An action or proceeding pending against the converting partnership or limited partnership may be continued as if the conversion had not occurred.

Sec. 905. Merger of partnerships.

New Section 41-159.5

- (a) Pursuant to a plan of merger approved as provided in subsection (c) of this section, a partnership may be merged with one or more domestic or foreign partnerships or limited partnerships or other entities.
  - (b) The plan of merger must set forth:
    - (1) The name of each party to the merger;
    - (2) The name of the surviving entity into which the other entities will merge;
- (3) Whether the surviving entity is a partnership, limited partnership, or other entity and the status of each partner;
  - (4) The terms and conditions of the merger;
- (5) The manner and basis of converting the interests of each party to the merger into interests or obligations of the surviving entity, or into money or other property in whole or part; and
  - (6) The street address of the surviving entity's chief executive office.
  - (c) The plan of merger must be approved:
- (1) In the case of a partnership that is a party to the merger, by all of the partners, or a number or percentage specified for merger in the partnership agreement; and
- (2) In the case of a limited partnership or other entity that is a party to the merger, by the vote required for approval of a merger by the law of the state or foreign jurisdiction in which the limited partnership or entity is organized and, in the absence of such a specifically applicable law, by all of the partners or members of the entity, notwithstanding a provision to the contrary in the partnership agreement or organizational documents of the limited partnership or other entity.
- (d) After a plan of merger is approved and before the merger takes effect, the plan may be amended or abandoned as provided in the plan.
  - (e) The merger takes effect on the later of:
- (1) The approval of the plan of merger by all parties to the merger, as provided in subsection (c);
- (2) The filing of all documents required by law to be filed as a condition to the effectiveness of the merger; or
  - (3) Any effective date specified in the plan of merger.

Sec. 906. Effect of merger.

New Section 41-159.6

- (a) When a merger takes effect:
- (1) The separate existence of every party to the merger, other than the surviving entity, ceases;
- (2) All property owned by each of the merged parties to the merger vests in the surviving entity;

- (3) All obligations of every party to the merger become the obligations of the surviving entity; and
- (4) An action or proceeding pending against a party to the merger may be continued as if the merger had not occurred, or the surviving entity may be substituted as a party to the action or proceeding.
- (b) The Mayor of the District of Columbia is the agent for service of process in an action or proceeding against a surviving entity to enforce an obligation of a domestic entity that is a party to a merger. The surviving entity shall promptly notify the Department of the mailing address of its chief executive office and of any change of address. Upon receipt of process, the Department shall mail a copy of the process to the surviving entity.
- (c) A partner of a partnership that is a party to a merger does not become personally liable as a result of the merger for a liability or obligation of another person that is a party to the merger unless the partner consents to becoming personally liable by action taken in connection with the specific plan of merger approved by the partner. A partner who remains in or enters a domestic or foreign partnership or other entity that survives a merger or that enters a domestic or foreign partnership or other entity created by the terms of the plan of merger shall be treated as an incoming partner in the new or surviving partnership as of the effective date of the merger for the purpose of determining the partner's liability for a debt or obligation of the other partnerships or entities that are parties to the merger and in which the partner was not associated. However, if the surviving entity is a partnership or limited partnership, except as otherwise provided in section 306, a partner of the surviving entity is liable for all obligations of the surviving entity incurred after the merger takes effect, provided that, if the partner is a limited partner, those may be satisfied only out of property of the entity.
- (d) If the obligations incurred before the merger by a party to the merger are not satisfied out of the property of the surviving entity, the general partners of the partnership immediately before the effective date of the merger shall contribute the amount necessary to satisfy that party's obligations to the surviving entity, in the manner provided in section 807 or in the limited partnership statute of the jurisdiction in which the party was formed, as the case may be, as if the merged party were dissolved.
- (e) A partner of a party to a merger who does not become a partner of the surviving partnership or limited partnership is dissociated from the entity, of which that partner was a partner, as of the date the merger takes effect. The surviving entity shall cause the partner's interest in the entity to be purchased under section 701 or another statute of the jurisdiction in which the party was formed specifically applicable to that partner's interest with respect to a merger. The surviving entity is bound under section 702 by an act of a general partner dissociated under this subsection, and the partner is liable under section 703 for transactions entered into by the surviving entity after the merger takes effect.

Sec. 907. Statement of merger.

New Section 41-159.7

- (a) After a merger, the surviving entity may file a statement that one or more entities have merged into the surviving entity.
  - (b) A statement of merger must contain:
    - (1) The name of each party to the merger;
    - (2) The name of the surviving entity into which the other entities were merged;
- (3) The street address of the surviving entity's chief executive office and of an office in the District, if any; and
  - (4) The nature of the surviving entity.
- (c) For the purposes of section 302, property of the surviving entity which before the merger was held in the name of another party to the merger is property held in the name of the surviving entity upon filing a statement of merger.
- (d) A filed and, if appropriate, recorded statement of merger, executed and declared to be accurate pursuant to section 105(c), stating the name of a party to the merger in whose name property was held before the merger and the name of the surviving entity, but not containing all of the other information required by subsection (b) of this section, operates with respect to the entities named to the extent provided in subsection (c) of this section.
- (e) Any other statement or certificate required to be filed by applicable law must be filed.

Sec. 908. Exchange.

New Section 41-159.8

- (a) One or more domestic or foreign partnerships may adopt a plan of exchange by which a domestic or foreign partnership or other entity acquires all of the outstanding partnership interests of one or more domestic partnerships in exchange for cash or securities of the acquiring domestic or foreign partnership or other entity, if:
- (1) Each domestic or foreign partnership, the partnership interests of which are to be acquired under the plan of exchange, approves the plan of exchange in the manner prescribed in its partnership agreement; and
- (2) Each acquiring domestic or foreign partnership or other entity takes all action that may be required by the laws of the state under which it was formed or incorporated and as required by its partnership agreement or other constituent documents in order to effect the exchange.
- (b) Filing with the Department is not necessary to evidence or effect an interest exchange under this section for a domestic partnership that is a party to the interest exchange. When an interest exchange takes effect as provided in the plan of exchange:
- (1) The partnership interest of each domestic partnership that is to be acquired under the plan of exchange is considered exchanged as provided in the plan of exchange;
- (2) The former holders of the partnership interests exchanged under the plan of exchange are entitled only to the exchange rights provided in the plan of exchange; and

(3) The acquiring domestic or foreign partnership or other entity or entities are entitled to all rights, title, and interest with respect to the partnership interests so acquired and exchanged, subject to the provisions in the plan of exchange.

Sec. 909. Nonexclusive.

New Section 41-159.9

This title is not exclusive. Partnerships or limited partnerships may be converted or merged in any other manner provided by law.

## TITLE 10 LIMITED LIABILITY PARTNERSHIP

Sec. 1001. Statement of qualification.

New Section 41-160.1

- (a) A partnership may become a limited liability partnership pursuant to this section.
- (b) The terms and conditions on which a partnership becomes a limited liability partnership must be approved by the vote necessary to amend the partnership agreement except, in the case of a partnership agreement that expressly considers obligations to contribute, the vote necessary to amend those provisions.
- (c) After the approval required by subsection (b) of this section, a partnership may become a limited liability partnership by filing a statement of qualification. The statement must contain:
  - (1) The name of the partnership;
- (2) The street address of the partnership's chief executive office and, if different, the street address of an office in District of Columbia, if any;
- (3) If the partnership does not have an office in District of Columbia, the name and street address of the partnership's agent for service of process;
- (4) A statement that the partnership elects to be a limited liability partnership; and
  - (5) A deferred effective date, if any.
- (d) The agent of a limited liability partnership for service of process must be an individual who is a resident of the District or other person authorized to do business in the District.
- (e) The status of a partnership as a limited liability partnership is effective on the later of the filing of the statement or a date specified in the statement. The status remains effective, regardless of changes in the partnership, until it is canceled pursuant to section 105(d) or revoked pursuant to section 1003.
- (f) The status of a partnership as a limited liability partnership and the liability of its partners is not affected by errors or later changes in the information required to be contained in the statement of qualification under subsection (c) of this section.

- (g) The filing of a statement of qualification establishes that a partnership has satisfied all conditions precedent to the qualification of the partnership as a limited liability partnership.
- (h) An amendment or cancellation of a statement of qualification is effective when it is filed or on a deferred effective date specified in the amendment or cancellation.

Sec. 1002. Name.

New Section 41-160.2

The name of a limited liability partnership must end with "Registered Limited Liability Partnership", "Limited Liability Partnership", "R.L.L.P.", "L.L.P.", "RLLP," or "LLP".

Sec. 1003. Biennial report.

New Section 41-160.3

- (a) A limited liability partnership, and a foreign limited liability partnership authorized to transact business in District of Columbia, shall file a biennial report with the Mayor which contains:
- (1) The name of the limited liability partnership and the state or other jurisdiction under whose laws the foreign limited liability partnership is formed;
- (2) The street address of the partnership's chief executive office and, if different, the street address of an office of the partnership in District of Columbia, if any; and
- (3) If the partnership does not have an office in District of Columbia, the name and street address of the partnership's current agent for service of process in accordance with section 1004(c).
- (b) A biennial report must be filed between January 1 and April 1 of each second year following the calendar year in which a partnership files a statement of qualification or a foreign partnership becomes authorized to transact business in District of Columbia.
- (c) The Mayor may revoke the statement of qualification of a partnership that fails to file a biennial report when due or to pay the required filing fee. To do so, the Mayor shall provide the partnership at least 60 days written notice of intent to revoke the statement. The notice must be mailed to the partnership at its chief executive office set forth in the last filed statement of qualification or biennial report. The notice must specify the biennial report that has not been filed, the fee that has not been paid, and the effective date of the revocation. The revocation is not effective if the biennial report is filed and the fee is paid before the effective date of the revocation.
- (d) A revocation under subsection (c) of this section only affects a partnership's status as a limited liability partnership and is not an event of dissolution of the partnership.
- (e) A partnership whose statement of qualification has been revoked may apply to the Mayor for reinstatement within 2 years after the effective date of the revocation. The application must state:
  - (1) The name of the partnership and the effective date of the revocation; and
  - (2) That the ground for revocation either did not exist or has been corrected.

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

Sec. 1004. Registration and fees.

New Section 41-160.4

- (a) The Mayor may require that a limited liability partnership file a statement of qualification or statement of foreign qualification, or cancellation thereof or amendment thereto, and an biennial report, on forms provided by the Mayor. The Mayor may assess a fee for such filings in accordance with subsection (b) of this section.
- (b) The proposed fee schedule shall be submitted to the Council for a 45-day period of review, excluding Saturdays, Sundays, legal holidays, and days of Council recess. If the Council does not approve or disapprove the proposed rules, in whole or in part, by resolution within this 45-day review period, the proposed fee schedule shall be deemed approved. Nothing in this section shall affect any requirements imposed upon the Mayor by title I of the District of Columbia Administrative Procedure Act, approved October 21, 1968 (82 Stat. 1204; D.C. Code § 1-1501 et seq.).
- (c) Each limited liability partnership shall continuously maintain in the District of Columbia a registered agent for service of process on the partnership. The agent must be an individual who is a resident of the District of Columbia or a corporation that has the authority under its articles to act as a registered agent in the District of Columbia from whom the partnership has obtained written permission to serve as a registered agent.

# TITLE 11 FOREIGN LIMITED LIABILITY PARTNERSHIP

Sec. 1101. Law governing foreign limited liability partnership.

New Section 41-161.1

- (a) The laws under which a foreign limited liability partnership is formed govern relations among the partners and between the partners and the partnership and the liability of partners for obligations of the partnership.
- (b) A foreign limited liability partnership may not be denied a statement of foreign qualification by reason of any difference between the law under which the partnership was formed and thelaw of the District of Columbia.
- (c) A statement of foreign qualification does not authorize a foreign limited liability partnership to engage in any business or exercise any power that a partnership may not engage in or exercise in District of Columbia as a limited liability partnership.

Sec. 1102. Statement of foreign qualification.

(a) Before transacting business in District of Columbia, a foreign limited liability partnership must file a statement of foreign qualification. The statement must contain:

New Section 41-161.2

- (1) The name of the foreign limited liability partnership which satisfies the requirements of the state or other jurisdiction under whose laws it is formed and ends with "Registered Limited Liability Partnership", "Limited Liability Partnership", "R.L.L.P.", "L.L.P.", "RLLP," or "LLP";
- (2) The street address of the partnership's chief executive office and, if different, the street address of an office of the partnership in District of Columbia, if any;
- (3) If there is no office of the partnership in District of Columbia, the name and street address of the partnership's agent for service of process; and
  - (4) A deferred effective date, if any.
- (b) The agent of a foreign limited liability partnership for service of process must be an individual who is a resident of the District or other person authorized to do business in the District.
- (c) The status of a partnership as a foreign limited liability partnership authorized to do business in the District is effective on the later of the filing of the statement of foreign qualification or a date specified in the statement. The status remains effective, regardless of changes in the partnership, until it is canceled pursuant to section 105(d) or revoked pursuant to section 1003.
- (d) An amendment or cancellation of a statement of foreign qualification is effective when it is filed or on a deferred effective date specified in the amendment or cancellation.

Sec. 1103. Effect of failure to qualify.

New Section 41-161.3

- (a) A foreign limited liability partnership transacting business in District of Columbia may not maintain an action or proceeding in District of Columbia unless it has in effect a statement of foreign qualification.
- (b) The failure of a foreign limited liability partnership to have in effect a statement of foreign qualification does not impair the validity of a contract or act of the foreign limited liability partnership or preclude it from defending an action or proceeding in District of Columbia.
- (c) A limitation on personal liability of a partner of a foreign limited liability partnership are not waived solely by the foreign limited liability partnership's transacting business in District of Columbia without a statement of foreign qualification.
- (d) If a foreign limited liability partnership transacts business in District of Columbia without a statement of foreign qualification, the Mayor is its agent for service of process with respect to a right of action arising out of the transaction of business in District of Columbia.

Sec. 1104. Activities not constituting transacting business.

New Section 41-161.4

- (a) Activities of a foreign limited liability partnership which do not constitute transacting business for purposes of this title include:
  - (1) Mmaintaining, defending, or settling an action or proceeding;

- (2) Holding meetings of its partners or carrying on any other activity concerning its internal affairs;
  - (3) Maintaining bank accounts;
- (4) Maintaining offices or agencies for the transfer, exchange, and registration of the partnership's own securities or maintaining trustees or depositories with respect to those securities:
  - (5) Selling through independent contractors;
- (6) Soliciting or obtaining orders, whether by mail or through employees or agents or otherwise, if the orders require acceptance outside District of Columbia before they become contracts;
- (7) Creating or acquiring indebtedness, with or without a mortgage or other security interest in property;
- (8) Collecting debts or foreclosing mortgages or other security interests in property securing the debts, and holding, protecting, and maintaining property so acquired;
- (9) Conducting an isolated transaction that is completed within 30 days and is not one in the course of similar transactions; and
  - (10) Transacting business in interstate commerce.
- (b) For purposes of this title, the ownership in District of Columbia of incomeproducing real property or tangible personal property, other than property excluded under subsection (a) of this section, constitutes transacting business in the District of Columbia.
- (c) This section does not apply in determining the contacts or activities that may subject a foreign limited liability partnership to service of process, taxation, or regulation under any other law of the District of Columbia.

Sec. 1105. Action by Corporation Counsel.

New Section 41-161.5

The Corporation Counsel of the District of Columbia may maintain an action to restrain a foreign limited liability partnership from transacting business in the District of Columbia in violation of this title.

Sec. 1106. Applicability of act to foreign and interstate commerce.

New Section 41-161.6

- (a) A partnership or limited liability partnership organized and existing under this act may conduct its business, carry on its operations, and exercise the powers granted by this act in any state, territory, district, or possession of the United States or in any foreign country.
- (b) It is the intent of the Council that the legal existence of limited liability partnerships organized in the District of Columbia be recognized outside the boundaries of the District of Columbia and that, subject to any reasonable requirement of registration, a District of Columbia limited liability partnership transacting business outside the District of Columbia be granted full faith and credit.

(c) The liability of partners in a limited liability partnership organized and existing under this act for the debts and obligations of the limited liability partnership, or for the acts or omission of other partners, employees, or representatives of the limited liability partnership, shall at all times be determined solely and exclusively by the provisions of this act and any regulations promulgated hereunder.

## TITLE 12 MISCELLANEOUS PROVISIONS

Sec. 1201. Uniformity of application and construction.

New Section 41-162.1

This act shall be applied and construed to effectuate its general purpose to make uniform the law with respect to the subject of this act among states enacting it.

Sec. 1202. Savings clause.

New Section 41-162.2

This act does not affect an action or proceeding commenced or right accrued before this act takes effect.

Sec. 1203. Repealer.

Note, Sections

41-101 -41-148

Effective January 1, 1998, the Uniform Partnership Act, approved September 27, 1962 (76 Stat. 636; D.C. Code § 41-101 *et seq.*), is repealed.

New Section

41-162.3

Sec. 1204. Applicability.

(a) Before January 1, 1998, this act governs only a partnership formed:

- (1) After the effective date of this act, except a partnership that is continuing the business of a dissolved partnership under section 41 of the Uniform Partnership Act, approved September 27, 1962 (76 Stat. 636; D.C. Code § 41-140); and
- (2) Before the effective date of this act and which elects, as provided in subsection (c) of this section, to be governed by this act.
  - (b) On and after January 1, 1998, this act governs all partnerships.
- (c) Before January 1, 1998, a partnership voluntarily may elect, in the manner provided in is partnership agreement or by law for amending the partnership agreement to be governed by this act. The provisions of this act relating to the liability of the partnership's partners to third parties apply to limit those partners' liability to a third party who had done business with the partnership within one year before the partnership's election to be governed by this act only if the third party knows or has received notification of the partnership's election to be governed by this act.

Sec. 1205. Amendment to Uniform Limited Partnership Act.

Effective January 1, 1998, the Uniform Limited Liability Partnership Act of 1987, effective December 10, 1987 (D.C. Law 7-49; D.C. Code § 41-401 *et seq.*), is amended as follows:

Note, Sections 41-428, 41-499.25

- (1) Section 208(a) is amended to read as follows:
- "(a) For the purposes of this section, the term "business entity" shall include a corporation, a limited liability company, a partnership or an unincorporated business, a business trust or association, a real estate investment trust, a common law trust, or a Massachusetts trust.".
  - (2) A new section 1107 is added to read as follows:"

"Section 1107. Conversion of limited partnership to limited liability partnership.

- "(a) A limited partnership may become a limited liability partnership by:
- "(1) Obtaining approval of the terms and conditions of the limited partnership becoming a limited liability limited partnership by the vote necessary to amend the limited partnership agreement except, in the case of a limited partnership agreement that expressly considers contribution obligations, the vote necessary to amend those provisions;
- "(2) Filing a statement of qualification under section 1001(c) of the Uniform Partnership Act of 1996; and
- "(3) Complying with the requirements of sections 1002 to 1004 of the Uniform Partnership Act of 1996.
- "(b) A limited liability limited partnership continues to be the same entity that existed before the filing of a statement of qualification under section 1001(c) of the Uniform Partnership Act of 1996.
- "(c) Sections 306(c) and 307(f) of the Uniform Partnership Act of 1996 apply to both general and limited partners of a limited liability limited partnership.".

Sec. 1206. Conforming amendment.

Note, Section 29-372.2

Effective January 1, 1998, the District of Columbia Business Corporation Act, effective September 10, 1992 (D.C. Law 9 -144; D.C. Code § 29-301 *et seq.*), is amended by adding a new section 72c to read as follows:

"Sec. 72c. Merger or consolidation -- domestic corporation and partnership.

"(a) Any 1 or more domestic corporations may merge or consolidate with 1 or more domestic partnerships or partnerships of any state or states of the United States and 1 or more domestic partnerships or partnerships of any state or states of the United States may merge with or consolidate into it, unless the laws of the state or states forbid such a merger or consolidation. The corporation or corporations and the 1 or more partnerships may merge with or into a corporation, which may be any 1 of the corporations, or they may merge with or into a partnership, which may be any 1 of the partnerships, or they may consolidate into a new corporation or partnership formed by the consolidation, which may be a corporation or

partnership of the District or any state of the United States which permits such a merger or consolidation, pursuant to an agreement of merger or consolidation, as the case may be, complying and approved in accordance with this section.

- "(b) Each corporation and partnership shall enter into a written plan of merger or consolidation. The plan shall state (i) the terms and conditions of the merger or consolidation; (ii) the mode of carrying the same into effect; (iii) the manner of converting the shares of stock of each corporation and the partnership interests of each partnership into shares, partnership interests, or other securities of the entity surviving or resulting from the merger or consolidation, and if any shares of any corporation or any partnership interests of any partnership are not to be converted solely into shares, partnership interests, or other securities of the entity surviving or resulting from such a merger or consolidation, the cash, property, rights, or securities of any other corporation or entity which the holders of the shares or partnership interests are to receive in exchange for, or upon conversion of the shares or partnership interests and the surrender of any certificates evidencing them, which cash, property, rights, or securities of any other corporation or entity may be in addition to or in lieu of shares, partnership interests, or other securities of the entity surviving or resulting from such a merger or consolidation; and (iv) any details or provisions deemed desirable, including, without limiting the generality of the foregoing, a provision for the payment of cash in lieu of the issuance of fractional shares or interests of the surviving or resulting corporation or partnership. Any of the terms of the plan of merger or consolidation may be made dependent upon facts ascertainable outside the plan, provided that the manner in which the facts shall operate upon the terms of the plan is clearly and expressly set forth in the plan of merger or consolidation.
- "(c) The plan required by subsection (b) of this section shall be adopted and approved by each of the corporations in the same manner as is provided in sections 64 through 67 of the District of Columbia Business Corporation Act, approved June 8, 1954 (68 Stat. 206; D.C. Code §§ 29-364 through 29-367) ("Business Corporation Act"), and, in the case of the partnerships, in accordance with their partnership agreements and in accordance with the laws of the jurisdiction under which they are formed, as the case may be.
- "(d) Upon approval, articles of merger or consolidation shall be executed by each corporation, by its president or vice-president, and each partnership and shall set forth:
  - "(1) The plan of merger or consolidation; and
- "(2) As to each party to the merger or consolidation, a statement that the plan of merger or consolidation was approved in accordance with the articles of incorporation or partnership agreement and applicable law.
- "(e) The articles of merger or consolidation shall be filed with the Mayor as provided in section 68 of the Business Corporation Act and shall become effective for all purposes of the laws of the District when and as provided in section 69 of the Business Corporation Act with respect to the merger or consolidation of domestic corporations.

- "(f) If the surviving or new entity is to be governed by the laws of a jurisdiction other than the District and intends to do business in the District, it shall comply with the provisions of District law with respect to foreign partnerships or foreign corporations, and in every case it shall file with the Mayor:
- "(1) An agreement that it may be served with process in the District in any proceeding for the enforcement of any obligation of any corporation or partnership that is a party to the merger or consolidation and in any proceeding for the enforcement of the rights of a dissenting partner or shareholder of any District partnership or corporation against the surviving or new entity;
- "(2) An irrevocable appointment of the Mayor of the District as its agent to accept service of process in any proceeding pursuant to paragraph (1) of this subsection;
- "(3) An agreement that it will promptly pay to the dissenting partners or shareholders of any partnership or District corporation the amount, if any, to which they shall be entitled under the provisions of this act with respect to the rights of dissenting partners or shareholders; and
- "(4) The address of the registered agent to which the Mayor may mail a copy of any process against the surviving or new entity that may be served on the surviving or new entity.
- "(g) The effect of such a merger or consolidation shall be as provided in section 70 of the Business Corporation Act if the surviving or new entity is a corporation governed by the laws of the District. If the surviving or new entity is to be governed by the laws of any jurisdiction other than the District, the effect of such a merger or consolidation shall be as provided in section 70 of the Business Corporation Act except insofar as the laws of the other jurisdiction provide otherwise.".

### Sec. 1207. Fiscal impact statement.

The Council adopts the fiscal impact statement in the committee report as the fiscal impact statement required by section 602(c)(3) of the District of Columbia Self-Government and Governmental Reorganization Act, approved December 24, 1973 (87 Stat. 813; D.C. Code § 1-233(c)(3)).

Sec. 1208. Effective date.

This act shall take effect following approval by the Mayor (or in the event of veto by the Mayor, action by the Council to override the veto), approval by the Financial Responsibility and Management Assistance Authority as provided in section 203(a) of the District of Columbia Financial Responsibility and Management Assistance Act of 1995, approved April 17, 1995 (109 Stat. 116; D.C. Code § 47-392.3(a)), a 30-day period of Congressional review as provided in section 602(c)(1) of the District of Columbia Self-Government and Governmental

Reorganization Act, approved December 24, 1973 (87 Stat. 813; D.C. Code § 1-233(c)(1)), and publication in the District of Columbia Register.

Chairman

Council of the District of Columbia

Mayor

District of Columbia

APPROVED: December 24, 1996



### COUNCIL OF THE DISTRICT OF COLUMBIA

### COUNCIL PERIOD ELEVEN

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