# PART - II PARTNERSHIPS

## REVISED PARTNERSHIP ACT

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An Act to modernize the partnership law of the Republic of the Marshall Islands by repealing the Partnership Act and replacing it with the Revised Partnership Act in order to make it more amenable for businesses to organize in the Republic of the Marshall Islands as a partnership.

Commencement: May, 2005

Source: P.L. 2005-28

Section A. **Repeal.**

The Marshall Islands Partnership Act, P.L. 1990-91, §20.1 – §20.49, is hereby repealed.

Section B. **Adoption.**

The Marshall Islands Revised Partnership Act is hereby adopted in its entirety in the following manner:

## DIVISION I:

## GENERAL PROVISIONS.

**§1. Definitions.**

As used in this Act, unless the context otherwise requires, the term:

(1) "business" includes every trade, occupation and profession, the holding or ownership of property and any other activity for profit.

(2) "certificate" means a certificate of partnership existence under section 29 of this Act, a certificate of dissociation under section 53 of this Act, a certificate of dissolution under section 59 of this Act, an amendment or cancellation of any of the foregoing under section 5 of this division, a certificate of correction and a corrected certificate under section 15 of this division, a certificate of conversion to partnership under section 62 of this Act, a certificate of merger or consolidation under section 63 of this Act, a certificate of partnership domestication under section 65 of this Act, a certificate of transfer under section 66 of this Act, and a certificate of termination of a certificate with a future effective date and a certificate of amendment of a certificate with a future effective date under section 5(8) of this division.

(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 a transferee of all or a part of a partner's economic interest.

(4)"economic interest" means a partner's share of the profits and losses of a partnership and the partner's right to receive distributions.

(5) “High Court” means the High Court of the Republic of the Marshall Islands.

(6) "liquidating trustee" means a person, other than a partner, carrying out the winding up of a partnership.

(7) “non-resident partnership” means a domestic partnership not doing business in the Republic of the Marshall Islands. “Not doing business in the Marshall Islands” will have the same meaning as found in the Marshall Islands Business Corporations Act (BCA), 52 MIRC Part I.

(8) "partner" means a person who has been admitted to a partnership as a partner of the partnership.

(9) "partnership" or “domestic partnership” means an association of two or more persons formed under section 21 of this Act, to carry on any business, purpose or activity.

(10) "partnership agreement" means the agreement, whether written, oral or implied, among the partners concerning the partnership, including amendments to the partnership agreement. A partnership is not required to execute its partnership agreement. A partnership is bound by its partnership agreement whether or not the partnership executes the partnership agreement.

(11) "partnership at will" means a partnership that is not a partnership for a definite term or particular undertaking.

(12) "partnership for a definite term or particular undertaking" means a partnership in which the partners have agreed to remain partners until the expiration of a definite term or the completion of a particular undertaking.

(13) "partnership interest" or "partner's interest in the partnership" means all of a partner's interests in the partnership, including the partner's economic interest and all management and other rights.

(14) "person" means a natural person, partnership, limited partnership, trust, estate, limited liability company, association, corporation, custodian, nominee or any other individual or entity in its own or any representative capacity, in each case, whether domestic or foreign.

(15) "property" means all property, real, personal or mixed, tangible or intangible, or any interest therein.

(16) “Registrar of Corporations” means the Registrar of domestic partnerships. The Registrar for resident partnerships is the Registrar of Corporations responsible for resident domestic and authorized foreign corporations. The Registrar for non-resident partnerships is The Trust Company of the Marshall Islands, Inc.

(17) “resident domestic partnership” means a domestic partnership doing business in the Republic of the Marshall Islands.

(18) "transfer" includes an assignment, conveyance, lease, mortgage, deed, and encumbrance. **[P.L. 2005-28, §1.]**

**§2. Knowledge and notice.**

**(**1) A person knows a fact if the person has actual knowledge of it.

(2) A person has notice of a fact:

(a) if the person knows of it;

(b) if the person has received a notification of it;

(c) if the person has reason to know it exists from all of the facts known to the person at the time in question; or

(d) by reason of a filing or recording of a certificate to the extent provided by and subject to the limitations set forth in this Act.

(3) A person notifies or gives a notification to another by taking steps reasonably required to inform the other person in the ordinary course, whether or not the other person obtains knowledge of it.

(4) A person receives a notification when the notification:

(a) comes to the person's attention; or

(b) is received at the person's place of business or at any other place held out by the person as a place for receiving communications.

(5) Except as otherwise provided in subsection (6) 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.

(6) 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. **[P.L. 2005-28, §2.]**

**§3. Effect of partnership agreement; non-waivable provisions.**

(1) Except as otherwise provided in subsection (2) 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.

(2) The partnership agreement may not:

(a) vary the rights and duties under section 5 of this division except to eliminate the duty to provide copies of certificates to all of the partners;

(b) restrict a partner's rights to obtain information as provided in section 37 of this Act, except as permitted by section 37(6) of this Act;

(c) eliminate the obligation of good faith and fair dealing under section 38(4) of this Act, but the partnership agreement may restrict the obligation or prescribe the standards by which the performance of the obligation is to be measured;

(d) vary the power to dissociate as a partner under section 48(1) of this Act, except to require the notice under section 47(1) of this Act to be in writing;

(e) vary the right of a court to expel a partner in the events specified in section 47(5) of this Act;

(f) vary the requirement to wind up the partnership business in cases specified in sections 55(4)-(6) of this Act; or

(3) Notwithstanding anything to the contrary contained in this section, sections 20, 22 and 43 of this Act may be modified only to the extent provided in a certificate of partnership existence and in a partnership agreement.

(4) It is the policy of this Act to give maximum effect to the principle of freedom of contract and to the enforceability of partnership agreements.

(5) A partner or another person shall not be liable to the partnership or the other partners or another person that is a party to or otherwise bound by a partnership agreement for the partner's or other person's good faith reliance on the provisions of the partnership agreement. **[P.L. 2005-28, §3.]**

**§4. Supplemental principles of law.**

(1) In any case not provided for in this Act, the rules of law and equity shall govern.

(2) No obligation of a partner to a partnership arising under a partnership agreement or a separate agreement or writing, and no note, instruction or other writing evidencing any such obligation of a partner, shall be subject to the defense of usury, and no partner shall interpose the defense of usury with respect to any such obligation in any action. **[P.L. 2005-28, §4.]**

**§5. Execution, filing and recording of statements and certificates.**

(1) A certificate may be filed with the Registrar of Corporations by delivery to the Registrar of Corporations of the signed copy of the certificate.

(2) A certificate filed by a partnership must be executed by at least one (1) partner or by one (1) or more authorized persons. The execution of a certificate by an individual as, or on behalf of, a partner or other person named as a partner in a certificate constitutes an oath or affirmation, under the penalties of perjury, that, to the best of the individual's knowledge and belief, the facts stated therein are true. A person who executes a certificate as an agent or fiduciary need not exhibit evidence of his/her authority as a prerequisite to filing. Any signature on any certificate authorized to be filed with the Registrar of Corporations under any provision of this Act may be a facsimile, a conformed signature or an electronically transmitted signature. Upon delivery of any certificate, the Registrar of Corporations shall record the date of its delivery. Unless the Registrar of Corporations finds that any statement

or certificate does not conform to law, upon receipt of all filing fees required by law the Registrar of Corporations shall:

(a) certify that the certificate has been filed with the Registrar of Corporations by endorsing upon the original certificate the word "Filed", and the date of the filing. This endorsement is conclusive of the date of its filing in the absence of actual fraud;

(b) file and index the endorsed certificate;

(c) prepare and return to the person who filed it or the person's representative, a copy of the signed certificate similarly endorsed, and shall certify such copy as a true copy of the signed certificate; and

(d) cause to be entered such information from the certificate as the Registrar of Corporations deems appropriate into the Registrar, and such information and a copy of such certificate shall be permanently maintained as a public record on a suitable medium.

(3) A person authorized by this Act to file a certificate may amend or cancel the certificate by filing an amendment or cancellation that names the partnership, identifies the certificate, and states the substance of the amendment or cancellation. A person authorized by this Act to file a certificate who becomes aware that such certificate was false when made, or that any matter described in the certificate has changed, making the certificate false in any material respect, shall promptly amend the certificate. Upon the filing of a certificate amending or correcting a certificate (or judicial decree of amendment) with the Registrar of Corporations, or upon the future effective date of a certificate amending or correcting a certificate (or judicial decree thereof), as provided for therein, the certificate being corrected or amended shall be corrected or amended as set forth therein. Upon the filing of a certificate of cancellation (or judicial decree thereof), or a certificate of merger or consolidation which acts as a certificate of cancellation, or a certificate of transfer, or upon the future effective date of a certificate of cancellation (or a judicial decree thereof) or of a certificate of merger or consolidation which acts as a certificate of cancellation, or a certificate of transfer, as provided for therein, or as specified in section 10(3) of this division, the certificate of partnership existence is cancelled. A certificate of partnership existence shall be cancelled upon the dissolution and the completion of winding up of the partnership, or as provided in section 10(3) of this division, or upon the filing of a certificate of merger or consolidation if the domestic partnership is not the surviving or resulting entity in a merger or consolidation, or upon the filing of a certificate of transfer. A certificate of cancellation shall be filed with the Registrar of Corporations to accomplish the cancellation of a certificate of partnership existence upon the dissolution and the completion of winding up of a domestic partnership and shall set forth:

(a) the name of the partnership;

(b) the date of filing of its certificate of partnership existence; and

(c) any other information the person filing the certificate of cancellation determines.

Upon the filing of a certificate of partnership domestication, or upon the future effective date of a certificate of partnership domestication, the entity filing the certificate of partnership domestication is domesticated as a partnership with the effect provided in section 65 of this Act. Upon the filing of a certificate of conversion to partnership, or upon the future effective date of a certificate of conversion to partnership, the entity filing the certificate of conversion to partnership is converted to a partnership with the effect provided in section 62 of this Act.

(4) A person who files a certificate pursuant to this section shall promptly send a copy of the certificate to every non-filing partner and to any other person named as a partner in the certificate. Failure to send a copy of a certificate to a partner or other person does not limit the effectiveness of the certificate as to a person not a partner.

(5) The filing of a certificate of partnership existence under section 29 of this Act with the Registrar of Corporations shall make it unnecessary to file any other document.

(6) A certificate filed with the Registrar of Corporations shall be effective if there has been substantial compliance with the requirements of this Act.

(7) A certificate shall be effective at the time of its filing with the Registrar of Corporations or at any later date specified in the certificate.

(8) If any certificate filed in accordance with this Act provides for a future effective date and if, prior to such future effective date set forth in such certificate, the transaction is terminated or its terms are amended to change the future effective date or any other matter described in such certificate so as to make such certificate false or inaccurate in any respect, such certificate shall, prior to the future effective date set forth in such certificate, be terminated or amended by the filing of a certificate of termination or certificate of amendment of such certificate, executed in the same manner as the certificate being terminated or amended is required to be executed in accordance with this section, which shall identify the certificate which has been terminated or amended and shall state that the certificate has been terminated or the manner in which it has been amended. Upon the filing of a certificate of amendment of a certificate with a future effective date, the certificate identified in such certificate of amendment is amended. Upon the filing of a certificate of termination of a certificate with a future effective date, the certificate identified in such certificate of termination is terminated.

(9) A fee as determined by the Registrar shall be paid at the time of the filing of a certificate. **[P.L. 2005-28, §5.]**

**§6. Governing law.**

(1) The law of the Marshall Islands governs relations among the partners and between the partners and the partnership.

(2) If (a) a partnership agreement provides for the application of the laws of the Marshall Islands, and (b) the partnership files with the Registrar of Corporations a certificate of partnership existence, then the partnership agreement shall be governed by and construed under the laws of the Marshall Islands. **[P.L. 2005-28, §6.]**

**§7. Reserved power of the Marshall Islands to alter or repeal Act.**

All provisions of this Act may be altered from time to time or repealed and all rights of partners are subject to this reservation. Unless expressly stated to the contrary in this Act, all amendments of this Act shall apply to partnerships and partners whether or not existing at the time of the enactment of any such amendment. **[P.L. 2005-28, §7.]**

**§8. Name of partnership.**

(1) The name of the partnership shall contain the words "Partnership."

(2) The name of a partnership may contain the name of a partner.

(3) The name of a partnership to be included in the certificate of partnership existence must be such as to distinguish it upon the records of the Registrar of Corporations from the name on such records of any partnership or limited partnership organized under the laws of

the Marshall Islands and reserved, registered, formed or organized with the Registrar of Corporations; provided, however, that a partnership may be registered under any name which is not such as to distinguish it upon the records of the Registrar of Corporations from the name on such records of any, partnership or limited partnership reserved, registered, formed or organized under the laws of the Marshall Islands with the written consent of the other partnership or limited partnership, which written consent shall be filed with the Registrar of Corporations. **[P.L. 2005-28, §8.]**

**§9. Indemnification.**

Subject to such standards and restrictions, if any, as are set forth in its partnership agreement, a partnership may, and shall have the power to, indemnify and hold harmless any partner or other person from and against any and all claims and demands whatsoever. **[P.L. 2005-28, §9.]**

**§10. Registered agent for the service of process.**

(1) Every domestic partnership formed under sections 21 and 29 of this Act, shall designate a registered agent in the Marshall Islands upon whom process against such entity or any notice or demand required or permitted by law to be served may be served. The agent for a partnership having a place of business in the Marshall Islands shall be a resident domestic corporation having a place of business in the Marshall Islands or a natural person, resident of and having a business address in the Marshall Islands.

(2) The registered agent for a non-resident partnership shall be The Trust Company of the Marshall Islands, Inc.

(3) A domestic partnership which fails to maintain a registered agent as required by this Act shall be dissolved or its authority to do business or registration shall be revoked, as the case may be, in accordance with section 71 of this Act.

(4) Manner of service.

(a) Resident domestic partnership. Service of process on a resident domestic partnership may be made on the registered agent in the manner provided by law for the service of summons as if the registered agent were a defendant.

(b) Non-resident partnership.

(i) Service of process on a non-resident domestic partnership may be made on the registered agent in the manner provided by law for the service of summons as if the registered agent were a defendant; or

(ii) Service of process may be sent to the registered agent via registered mail or courier as if the registered agent were a defendant.

(5) Any registered agent of a partnership may resign as such agent upon filing a written notice thereof with the Registrar of Corporations; provided, however that the registered agent shall notify the partnership not less than thirty (30) days prior to such filing and resignation. The registered agent shall mail or cause to be mailed to the partnership at the last known address of the partnership, within or without the Marshall Islands, or at the last known address of the person at whose request the partnership was formed, notice of the resignation of the agent. No designation of a new registered agent shall be accepted for filing until all charges owing to the former registered agent shall have been paid.

(6) A designation of a registered agent under this section may be made, revoked,or changed by filing an appropriate notification with the Registrar of Corporations.

(7) The designation of a registered agent shall terminate upon filing a notice of resignation provided that the registered agent certifies that the partnership was notified not less than thirty (30) days prior to such filing as provided by subsection (5) of this section.

(8) A registered agent, when served with process, notice or demand for the partnership which it represents, shall transmit the same to the partnership by personal notification or in the following manner: Upon receipt of the process, notice or demand, the registered agent shall cause a copy of such paper to be mailed to the partnership named therein at its last known address. Such mailing shall be by registered mail. As soon thereafter as possible if process was issued in the Marshall Islands, the registered agent may file with the clerk of the Marshall Islands court issuing the process or with the agency of the Government issuing the notice or demand either the receipt of such registered mailing or an affidavit stating that such mailing has been made, signed by the registered agent, or if the agent is a partnership, by an officer of the same, properly notarized. Compliance with the provisions of this subsection shall relieve the registered agent from any further obligation to the partnership for service of the process, notice or demand, but the agent's failure to comply with the provisions of this subsection shall in no way affect the validity of the service of the process, notice or demand.

(9) A registered agent for service of process acting pursuant to the provisions of this section shall not be liable for the actions or obligations of the partnership for whom it acts. The registered agent shall not be a party to any suit or action against the partnership or arising from the acts or obligations of the partnership. If the registered agent is named in any such action, the action shall be dismissed as to such agent. **[P.L. 2005-28, §10.]**

**§11. Attorney-General as agent for service of process.**

(1) Whenever a domestic partnership fails to maintain a registered agent in the Marshall Islands, or whenever its registered agent cannot be found at its business address, then the Attorney-General shall be an agent of such partnership upon whom process or notice or demand required or permitted by law to be served or may be served. The Attorney-General shall also be agent for service of process of a partnership whenever authorized under this Act.

(2) Service on the Attorney-General as agent of a domestic partnership shall be made by personally delivering to and leaving with him or his/her deputy or with any person authorized by the Attorney-General to receive such service, at the office of the Attorney-General in Majuro Atoll, duplicate copies of such process together with the statutory fee. The Attorney-General shall promptly send one of such copies by registered mail return receipt requested, to such partnership at the business address of its registered agent, or if there is no such office, the Attorney-General shall mail such copy, in the case of a resident domestic partnership, in care of the partner or authorized person named in its certificate of partnership at his address stated therein, or in the case of a non-resident domestic partnership, at the address of the partnership without the Marshall Islands, or if none, at the last known address of the partner or authorized person in the certificate of partnership; or in the case of a partnership which has transferred its domicile out of the Marshall Islands to such partnership's registered agent as shown in the certificate of transfer of domicile. **[P.L. 2005-28, §11.]**

**§12. Doing business.**

A limited partnership, a partnership, a limited liability company, a business or other trust or association, or a corporation formed or organized under the laws of any foreign country or other foreign jurisdiction shall not be deemed to be doing business in the Marshall Islands solely by reason of its being a partner in a domestic partnership. **[P.L. 2005-28, §12.]**

**§13. Restated certificate of partnership existence.**

(1) A certificate of partnership existence may be restated by integrating into a single instrument all of the provisions of the certificate of partnership existence which are then in effect and operative as a result of there having been theretofore filed one (1) or more amendments pursuant to section 5(3) of this division or other instruments having the effect of amending a certificate of partnership existence and the certificate of partnership existence may be amended or further amended by the filing of a restated certificate of partnership existence. The restated certificate of partnership existence shall be specifically designated as such in its heading and shall set forth:

(a) the present name of the partnership, and if it has been changed, the name under which the partnership was originally formed**;**

(b) the date of filing of the original certificate of partnership existence with the Registrar of Corporations;

(c) the information required to be included pursuant to section 29(1) of this Act; and

(d) any other information desired to be included therein.

(2) Upon the filing of the restated certificate of partnership existence with the Registrar of Corporations, or upon the future effective date of a restated certificate of partnership existence as provided for therein, the initial certificate of partnership existence, as theretofore amended, shall be superseded; thenceforth, the restated certificate of partnership existence, including any further amendment made thereby, shall be the certificate of partnership existence of the partnership, but the original date of formation of the partnership shall remain unchanged.

(3) Any amendment effected in connection with the restatement of the certificate of partnership existence shall be subject to any other provision of this Act, not inconsistent with this section, which would apply if a separate amendment were filed to effect such amendment. **[P.L. 2005-28, §13.]**

**§14. Execution, amendment or cancellation by judicial order.**

(1) If a person required by this Act to execute any certificate fails or refuses to do so, any other person who is adversely affected by the failure or refusal, may petition the High Court to direct the execution of the certificate. If the High Court finds that the execution of the certificate is proper and that any person so designated has failed or refused to execute the certificate, the High Court shall order the Registrar of Corporations to file an appropriate certificate.

(2) If a person required to execute a partnership agreement or amendment thereof fails or refuses to do so, any other person who is adversely affected by the failure or refusal may petition the High Court to direct the execution of the partnership agreement or amendment thereof. If the High Court finds that the partnership agreement or amendment thereof should be executed and that any person so designated has failed or refused to do so, the High Court shall enter an order granting appropriate relief. **[P.L. 2005-28, §14.]**

**§15. Certificate of correction; corrected certificate.**

(1) Whenever any certificate authorized to be filed with the Registrar of Corporations under any provision of this Act has been so filed and is an inaccurate record of the action therein referred to, or was defectively or erroneously executed, such certificate may be corrected by filing with the Registrar of Corporations a certificate of correction of such certificate. The certificate of correction shall specify the inaccuracy or defect to be corrected, shall set forth the portion of the certificate in corrected form and shall be executed and filed as required by this Act. The certificate of correction shall be effective as of the date the original certificate was filed, except as to those persons who are substantially and adversely affected by the correction, and as to those persons the certificate of correction shall be effective from the filing date.

(2) In lieu of filing a certificate of correction, a certificate may be corrected by filing with the Registrar of Corporations a corrected certificate which shall be executed and filed as if the corrected certificate were the certificate being corrected, and a fee shall be paid to and collected by the Registrar of Corporations for filing of the corrected certificate. The corrected certificate shall be specifically designated as such in its heading, shall specify the inaccuracy or defect to be corrected, and shall set forth the entire certificate in corrected form. A certificate corrected in accordance with this section shall be effective as of the date the original certificate was filed, except as to those persons who are substantially and adversely affected by the correction and as to those persons the certificate as corrected shall be effective from the filing date. **[P.L. 2005-28, §15.]**

**§16. Business transactions of partner with the partnership.**

Except as provided in the partnership agreement, a partner may lend money to, borrow money from, act as a surety, guarantor or endorser for, guarantee or assume one (1) or more specific obligations of, provide collateral for and transact other business with, the partnership and, subject to other applicable law, has the same rights and obligations with respect thereto as a person who is not a partner. **[P.L. 2005-28, §16.]**

**§17. Contractual appraisal rights.**

A partnership agreement or an agreement of merger or consolidation may provide that contractual appraisal rights with respect to a partnership interest or another interest in a partnership shall be available for any class or group of partners or partnership interests in connection with any amendment of a partnership agreement, any merger or consolidation in which the partnership is a constituent party to the merger or consolidation, any conversion of the partnership to another business form, any transfer to or domestication in any jurisdiction by the partnership, or the sale of all or substantially all of the partnership's assets. The High Court shall have jurisdiction to hear and determine any matter relating to any such appraisal rights for resident domestic partnerships. Any court, which can assert jurisdiction pursuant to its rules, shall have jurisdiction to hear and determine any matter relating to any such appraisal rights for non-resident domestic partnerships. **[P.L. 2005-28,17.]**

**§18. Contested matters relating to partners; contested votes.**

(1) Upon application of any partner of a partnership which is formed under the laws of the Marshall Islands, the High Court may hear and determine the validity of any admission, election, appointment or dissociation of a partner of the partnership, and the right of any person to become or continue to be a partner of the partnership, and to that end make

such order or decree in any such case as may be just and proper, with power to enforce the production of any books, papers and records relating to the issue. In any such application, the partnership shall be named as a party, and service of copies of the application upon the partnership shall be deemed to be service upon the partnership and upon the person or persons whose right to be a partner is contested and upon the person or persons, if any, claiming to be a partner or claiming the right to be a partner; and the person upon whom service is made shall forward immediately a copy of the application to the partnership and to the person or persons whose right to be a partner is contested and to the person or persons, if any, claiming to be a partner or the right to be a partner, in a postpaid, sealed, registered letter addressed to such partnership and such person or persons at their post-office addresses last known to the person upon whom service is made or furnished to the person upon whom service is made by the applicant partner. The High Court may make such order respecting further or other notice of such application as it deems proper under the circumstances.

(2) Upon application of any partner of a partnership which is formed under the laws of the Marshall Islands, the High Court may hear and determine the result of any vote of partners upon matters as to which the partners of the partnership, or any class or group of partners, have the right to vote pursuant to the partnership agreement or other agreement or this Act (other than the admission, election, appointment or dissociation of partners). In any such application, the partnership shall be named as a party, and service of the application upon the person upon whom service is made shall be deemed to be service upon the partnership, and no other party need be joined in order for the High Court to adjudicate the result of the vote. The High Court may make such order respecting further or other notice of such application as it deems proper under the circumstances.

(3) Nothing herein contained limits or affects the right to serve process in any other manner now or hereafter provided by law. This section is an extension of and not a limitation upon the right otherwise existing of service of legal process upon nonresidents.

**§19. Interpretation and enforcement of partnership agreement.**

Any action to interpret, apply or enforce the provisions of a partnership agreement of a partnership which is formed under the laws of the Marshall Islands or doing business in the Marshall Islands, or the duties, obligations or liabilities of such partnership to the partners of the partnership, or the duties, obligations or liabilities among partners or of partners to such partnership, or the rights or powers of, or restrictions on, such partnership or partners, including actions authorized by section 39 of this Act, may be brought in the High Court. **[P.L. 2005-28, §19.]**

## DIVISION II - NATURE OF PARTNERSHIP

**§20. Partnership as entity.**

A partnership is a separate legal entity which is an entity distinct from its partners unless otherwise provided in a certificate of partnership existence and in a partnership agreement. **[P.L. 2005-28, §21.]**

**§21. Formation of partnership; powers.**

(1) A partnership is formed when two (2) or more persons agree to carry on as co-owners a business for profit and file a certificate of partnership existence pursuant to section 29 of this division.

(2) A partnership shall possess and may exercise all the powers and privileges granted by this Act or by any other law or by its partnership agreement, together with any powers incidental thereto, including such powers and privileges as are necessary or convenient to the conduct, promotion or attainment of the business, purposes or activities of the limited partnership.

(3) Notwithstanding any provision of this Act to the contrary, without limiting the general powers enumerated in subsection (2) of this section, a partnership shall, subject to such standards and restrictions, if any, as are set forth in its partnership agreement, have the power and authority to make contracts of guaranty and suretyship and enter into interest rate, basis, currency, hedge or other swap agreements or cap, floor, put, call, option, exchange or collar agreements, derivative agreements or other agreements similar to any of the foregoing. **[P.L. 2005-28, §1.]**

**§22. Partnership property.**

Unless otherwise provided in a certificate of partnership existence and in a partnership agreement, property acquired by a partnership is property of the partnership and not of the partners individually. **[P.L. 2005-28, §22.]**

**§23. When property is partnership property.**

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

(a) the partnership; or

(b) one (1) or more persons 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.

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

(a) the partnership in its name; or

(b) one (1) or more persons in their capacity as partners in the partnership, if the name of the partnership is indicated in the instrument transferring title to the property.

(3) 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 (1) or more persons 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.

(4) Property acquired in the name of one (1) or more persons, 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. **[P.L. 2005-28, §23.]**

**§24. Admission without contribution or partnership interest.**

Each person to be admitted as a partner to a partnership formed under section 21 of this division may be admitted as a partner and may receive a partnership interest in the partnership without making a contribution or being obligated to make a contribution to the partnership. Each person to be admitted as a partner to a partnership formed under section 21 of this division may be admitted as a partner without acquiring an economic interest in the partnership. Nothing contained in this section shall affect a partner's liability under section 32 of this Act. **[P.L. 2005-28, §24.]**

**§25. Form of contribution.**

The contribution of a partner may be in cash, property or services rendered, or a promissory note or other obligation to contribute cash or property or to perform services. **[P.L. 2005-28, §25.]**

**§26. Liability for contribution.**

(1) A partner is obligated to the partnership to perform any promise to contribute cash or property or to perform services, even if the partner is unable to perform because of death, disability or any other reason. If a partner does not make the required contribution of property or services, the partner is obligated at the option of the partnership to contribute cash equal to that portion of the value of the contribution that has not been made. The foregoing option shall be in addition to, and not in lieu of, any other rights, including the right to specific performance, that the partnership may have against such partner under the partnership agreement or applicable law.

(2) A partnership agreement may provide that the partnership interest of any partner who fails to make any contribution that the partner is obligated to make shall be subject to specified penalties for, or specified consequences of, such failure. Such penalty or consequence may take the form of reducing or eliminating the defaulting partner's interest in the partnership, subordinating the partner's partnership interest to that of nondefaulting partners, a forced sale of the partner's partnership interest, forfeiture of the partner's partnership interest, the lending by other partners of the amount necessary to meet the partner's commitment, a fixing of the value of the partner's partnership interest by appraisal or by formula and redemption or sale of the partner's partnership interest at such value, or other penalty or consequence. **[P.L. 2005-28, §26.]**

## DIVISION III:
## RELATIONS OF PARTNERS TO PERSONS DEALING WITH PARTNERSHIP

**§27. Partner agent of partnership.**

Subject to the effect of a certificate of partnership existence under section 29 of this division:

(1) each partner is an agent of the partnership for the purpose of its business, Purposes or activities. 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's business, purposes or activities or business, purposes or activities 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 had notice that the partner lacked authority.

(2) an act of a partner which is not apparently for carrying on in the ordinary course the partnership's business, purposes or activities or business, purposes or activities of the kind carried on by the partnership binds the partnership only if the act was authorized by the other partners. **[P.L. 2005-28, §27.]**

**§28. Transfer of partnership property.**

(1) Partnership property may be transferred as follows:

(a) subject to the effect of a certificate of partnership existence under section 29 of this division, 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;

(b) partnership property held in the name of one (1) or more partners with an indication in the instrument transferring the property to them of 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; and

(c) partnership property held in the name of one (1) or more persons other than the partnership, without an indication in the instrument transferring the property to them of 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.

(2) 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 27 of this division and:

(a) as to a subsequent transferee who gave value for property transferred under subsections (1)(a) and (b) of this section, proves that the subsequent transferee had notice that the person who executed the instrument of initial transfer lacked authority to bind the partnership; or

(b) as to a transferee who gave value for property transferred under subsection (1)(c) of this section, proves that the transferee had notice that the property was partnership property and that the person who executed the instrument of initial transfer lacked authority to bind the partnership.

(3) 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 (2) of this section, from any earlier transferee of the property.

(4) 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. **[P.L. 2005-28, §28.]**

**§29. Certificate of partnership existence.**

(1) A partnership must file a certificate of partnership existence, which:

(a) must include:

(i) the name of the partnership; and

(ii) the name and address of the registered agent for service of process required to be maintained by section 10 of this Act; and

(b) may state:

(i) the names of the partners authorized to execute an instrument transferring real property held in the name of the partnership;

(ii) 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

(iii) any other matter.

(2) A certificate of partnership existence supplements the authority of a partner to enter into transactions on behalf of the partnership as follows:

(a) except for transfers of real property, a grant of authority contained in a certificate of partnership existence 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 certificate. A filed cancellation of a limitation on authority revives the previous grant of authority; or

(b) a grant of authority to transfer real property held in the name of the partnership contained in a certified copy of a certificate of partnership existence 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 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 cancellation of a limitation on authority revives the previous grant of authority.

(3) 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 certificate containing the limitation on authority is of record in the office for recording transfers of that real property.

(4) Except as otherwise provided in subsections (2) and (3) of this section and sections 53 and 59 of this Act, 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 certificate. **[P.L. 2005-28, §29.]**

**§30. Denial of status as partner.**

If a person named in a certificate of partnership existence is or may be adversely affected by being so named, the person may petition the High Court to direct the correction of the certificate. If the High Court finds that correction of the certificate is proper and that an authorized person has failed or refused to execute and file a certificate of correction or a corrected certificate, the High Court shall order the Registrar of Corporations to file an appropriate correction. **[P.L. 2005-28, §30.]**

**§31. Partnership liable for partner's actionable conduct.**

(1) 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.

(2) 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. **[P.L. 2005-28, §31.]**

**§32. Partner's liability.**

(1) Except as otherwise provided in subsection (2) 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.

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

**§33. Actions by and against partnership and partners.**

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

(2) An action may be brought against the partnership and, to the extent not inconsistent with section 32 of this division, any or all of the partners in the same action or in separate actions.

(3) A judgment against a partnership is not by itself a judgment against a partner. A judgment against a partnership may not be satisfied from the assets of a partner liable as provided in section 32 of this division for a partnership obligation unless there is also a judgment against the partner for such obligation.

(4) 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:

(a) the claim is for an obligation of the partnership for which the partner is liable as provided in section 32 of this division and either:

(i) 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;

(ii) the partnership is a debtor in bankruptcy;

(iii) the partner has agreed that the creditor need not exhaust partnership assets; or

(iv) 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

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

(5) This section applies to any obligation of the partnership resulting from a representation by a partner or purported partner under section 34 of this division. **[P.L. 2005-28, §33.]**

**§34. Liability of purported partner.**

(1) 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 a partnership obligation results, the purported partner is liable with respect to that obligation as if the purported partner were a partner. If no partnership obligation results, the purported partner is liable with respect to that obligation jointly and severally with any other person consenting to the representation.

(2) 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.

(3) A person is not liable as a partner merely because the person is named by another in a certificate of partnership existence.

(4) A person does not continue to be liable as a partner merely because of a failure to file a certificate of dissociation or to amend a certificate of partnership existence to indicate the partner's dissociation from the partnership.

(5) Except as otherwise provided in subsections (1) and (2) of this section, persons who are not partners as to each other are not liable as partners to other persons. **[P.L. 2005-28, §34.]**

## DIVISION IV:
## RELATIONS OF PARTNERS TO EACH OTHER AND TO PARTNERSHIP

### §35. Partner's rights and duties.

(1)Each partner is deemed to have an account that is:

(a) 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

(b) 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.

(2) 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.

(3) In addition to indemnification under section 9 of this Act, 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; however, no person shall be required as a consequence of any such indemnification to make any payment to the extent that the payment is inconsistent with section 32(2) of this Act.

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

(5) A payment or advance made by a partner which gives rise to a partnership obligation under subsection (3) or (4) of this section constitutes a loan to the partnership which accrues interest from the date of the payment or advance.

(6) Each partner has equal rights in the management and conduct of the partnership business and affairs.

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

(8) A partner is not entitled to remuneration for services performed for the partnership, except for reasonable compensation for services rendered in winding up the partnership.

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

(10) 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 may be undertaken only with the consent of all of the partners.

(11) This section does not affect the obligations of a partnership to other persons under section 27 of this Act.

(12) A partner has the power and authority to delegate to one (1) or more other persons the partner's rights and powers to manage and control the business and affairs of the partnership, including to delegate to agents, officers and employees of the partner or the partnership, and to delegate by a management agreement or other agreement with, or otherwise to, other persons. Such delegation by a partner shall not cause the partner to cease to be a partner of the partnership or cause the person to whom any such rights and powers have been delegated to be a partner of the partnership.

(13) Unless otherwise provided in a partnership agreement or another agreement, a partner shall have no preemptive right to subscribe to any additional issue of partnership interests or another interest in a partnership. **[P.L. 2005-28, §35.]**

**§36. Distributions in kind.**

A partner, regardless of the nature of the partner's contribution, has no right to demand and receive any distribution from a partnership in kind. A partner may not be compelled to accept a distribution of any asset in kind from a partnership to the extent that the percentage of the asset distributed to the partner exceeds a percentage of that asset which is equal to the percentage in which the partner shares in distributions from the partnership. A partner may be compelled to accept a distribution of any asset in kind from a partnership to the extent that the percentage of the asset distributed to the partner is equal to a percentage of that asset which is equal to the percentage in which the partner shares in distributions from the partnership. **[P.L. 2005-28, §36.]**

**§37. Partner's rights and duties with respect to information.**

(1) Each partner and the partnership shall provide partners, former partners and the legal representative of a deceased partner or partner under a legal disability and their agents and attorneys, access to the books and records of the partnership and other information concerning the partnership's business and affairs (in the case of former partners, only with respect to the period during which they were partners) upon reasonable demand, for any purpose reasonably related to the partner's interest as a partner in the partnership. The right of access shall include access to:

(a) true and full information regarding the status of the business and financial condition of the partnership;

(b) promptly after becoming available, a copy of the partnership's financial statements or tax filings**,** if applicable, for each year;

(c) a current list of the name and last known business, residence or mailing address of each partner;

(d) a copy of any certificate and written partnership agreement and all amendments thereto, together with executed copies of any written powers of attorney pursuant to which the certificate or the partnership agreement and any amendments thereto have been executed;

(e) true and full information regarding the amount of cash and a description and statement of the agreed value of any other property or services contributed by each partner and which each partner has agreed to contribute in the future, and the date on which each partner became a partner; and

(f) other information regarding the affairs of the partnership as is just and reasonable. The right of access includes the right to examine and make extracts from books and records and other information concerning the partnership's business and affairs. The partnership agreement may provide for, and in the absence of such provision in the partnership agreement, the partnership or the partner from whom access is sought may impose, reasonable standards (including standards governing what information and documents are to be furnished at what time and location and at whose expense) with respect to exercise of the right of access.

(2) A partnership agreement may provide that the partnership shall have the right to keep confidential from partners for such period of time as the partnership deems reasonable, any information which the partnership reasonably believes to be in the nature of trade secrets or other information the disclosure of which the partnership in good faith believes is not in the best interest of the partnership or could damage the partnership or its business or affairs or which the partnership is required by law or by agreement with a third party to keep confidential.

(3) A partnership and its partners may maintain the books and records and other information concerning the partnership in other than a written form if such form is capable of conversion into written form within a reasonable time.

(4) Any demand by a partner under this section shall be in writing and shall state the purpose of such demand.

(5) Any action to enforce any right arising under this section may be brought in the High Court. If the partnership or a partner refuses to permit access as described in subsection (1)(c) of this section or does not reply to a demand that has been made within five (5) business days after the demand has been made, the demanding partner, former partner, or legal representative of a deceased partner or partner under a legal disability may apply to the High Court for an order to compel such disclosure. The High Court is hereby vested with jurisdiction to determine whether or not the person making the demand is entitled to the books and records or other information concerning the partnership's business and affairs sought. The High Court may summarily order the partnership or partner to permit the demanding partner, former partner or legal representative of a deceased partner or partner under a legal disability and their agents and attorneys to provide access to the information described in subsection (1)(c) of this section and to make copies or extracts therefrom; or the High Court may summarily order the partnership or partner to furnish to the demanding partner, former partner or legal representative of a deceased partner or partner under a legal disability and their agents and attorneys the information described in subsection (1)(c) of this section on the condition that the partner, former partner or legal representative of a deceased partner or partner under a legal disability first pay to the partnership or to the partner from whom access is sought the reasonable cost of obtaining and furnishing such information and on such other conditions as the High Court deems appropriate. When a demanding partner, former partner or legal representative of a deceased partner or partner under a legal disability seeks to obtain access to information described in subsection (1)(c) of this section, the demanding partner, former partner or legal representative of a deceased partner or partner under a legal disability shall first establish (a) that the demanding partner, former partner or legal representative of a deceased partner or partner under a legal disability has complied with the provisions of this section respecting the form and manner of making demand for obtaining access to such information and (b) that the information the demanding partner, former partner or legal representative of a deceased partner or partner under a legal disability

seeks is reasonably related to the partner's interest as a partner in the partnership. The High Court may, in its discretion, prescribe any limitations or conditions with reference to the access to information, or award such other or further relief as the High Court may deem just and proper.

(6) The rights of a partner to obtain information as provided in this section may be restricted in an original partnership agreement or in any subsequent amendment approved or adopted by all of the partners and in compliance with any applicable requirements of the partnership agreement. **[P.L. 2005-28, §37.]**

**§38. General standards of partner's conduct.**

(1) 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 (2) and (3) of this section.

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

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

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

(c) to refrain from competing with the partnership in the conduct of the partnership business or affairs before the dissolution of the partnership.

(3) A partner's duty of care to the partnership and the other partners in the conduct and winding up of the partnership business or affairs is limited to refraining from engaging in grossly negligent or reckless conduct, intentional misconduct, or a knowing violation of law.

(4) 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.

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

(6) A partner may lend money to, borrow money from, act as a surety, guarantor or endorser for, guarantee or assume one (1) or more specific obligations of, provide collateral for and transact other business with, the partnership and, subject to other applicable law, has the same rights and obligations with respect thereto as a person who is not a partner.

(7) This section applies to a person winding up the partnership business or affairs as the personal or legal representative of the last surviving partner as if the person were a partner. **[P.L. 2005-28, §38.]**

**§39. Actions by partnership and partners; derivative actions.**

(1) 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.

(2) 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:

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

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

(i) the partner's rights under sections 35, 37 or 38 of this division;

(ii) the partner's right on dissociation to have the partner's interest in the partnership purchased pursuant to section 50 of this Act or enforce any other right under Division VI or VII of this Act; or

(iii) the partner's right to compel a dissolution and winding up of the partnership business under section 55 of this Act or enforce any other right under Division VIII of this Act; or

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

(3) 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.

(4) A partner may bring a derivative action in the High Court in the right of a partnership to recover a judgment in the partnership's favor.

(5) In a derivative action, the plaintiff must be a partner at the time of bringing the action and:

(a) at the time of the transaction of which the partner complains; or

(b) the partner's status as a partner had devolved upon the partner by operation of law or pursuant to the terms of the partnership agreement from a person who was a partner at the time of the transaction.

(6) In a derivative action, the complaint shall set forth with particularity the effort, if any, of the plaintiff to secure initiation of the action by the partnership or the reason for not making the effort.

(7) If a derivative action is successful, in whole or in part, as a result of a judgment, compromise or settlement of any such action, the court may award the plaintiff reasonable expenses, including reasonable attorney's fees, from any recovery in any such action or from a partnership. **[P.L. 2005-28, §39.]**

**§40. Continuation of partnership beyond definite term or particular undertaking.**

(1) 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.

(2) If the partners, or those of them who habitually acted in the business or affairs during the term or undertaking, continue the business or affairs without any settlement or liquidation of the partnership, they are presumed to have agreed that the partnership will continue. **[P.L. 2005-28, §40.]**

**§41. Classes and voting.**

(1) A partnership agreement may provide for classes or groups of partners having such relative rights, powers and duties as the partnership agreement may provide, and may make provision for the future creation in the manner provided in the partnership agreement of additional classes or groups of partners having such relative rights, powers and duties as may from time to time be established, including rights, powers and duties senior to existing classes and groups of partners. A partnership agreement may provide for the taking of an action, including the amendment of the partnership agreement, without the vote or approval

of any partner or class or group of partners, including an action to create under the provisions of the partnership agreement a class or group of partnership interests that was not previously outstanding. A partnership agreement may provide that any partner or class or group of partners shall have no voting rights.

(2) The partnership agreement may grant to all or certain identified partners or a specified class or group of the partners the right to vote separately or with all or any class or group of the partners on any matter. Voting by partners may be on a per capita, number, financial interest, class, group or any other basis.

(3) A partnership agreement may set forth provisions relating to notice of the time, place or purpose of any meeting at which any matter is to be voted on by any partners, waiver of any such notice, action by consent without a meeting, the establishment of a record date, quorum requirements, voting in person or by proxy, or any other matter with respect to the exercise of any such right to vote.

(4) On any matter that is to be voted on, consented to or approved by partners, the partners may take such action without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the partners having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all partners entitled to vote thereon were present and voted. On any matter that is to be voted on by partners, the partners may vote in person or by proxy, and such proxy may be granted in writing, by means of electronic transmission or as otherwise permitted by applicable law. Unless otherwise provided in a partnership agreement, a consent transmitted by electronic transmission by a partner or by a person or persons authorized to act for a partner shall be deemed to be written and signed for purposes of this subsection. For purposes of this subsection, the term "electronic transmission" means any form of communication not directly involving the physical transmission of paper that creates a record that may be retained, retrieved and reviewed by a recipient thereof and that may be directly reproduced in paper form by such a recipient through an automated process.

(5) If a partnership agreement provides for the manner in which it may be amended, it may be amended in that manner or with the approval of all the partners or as otherwise permitted by law. If a partnership agreement does not provide for the manner in which it may be amended, the partnership agreement may be amended with the approval of all the partners or as otherwise permitted by law. **[P.L. 2005-28, §41.]**

### §42. Remedies for breach of partnership agreement.

A partnership agreement may provide that (1) a partner who fails to perform in accordance with, or to comply with the terms and conditions of, the partnership agreement shall be subject to specified penalties or specified consequences, and (2) at the time or upon the happening of events specified in the partnership agreement, a partner shall be subject to specified penalties or specified consequences. Such specified penalties or specified consequences may include and take the form of any penalty or consequence set forth in section 26(2) of this Act. **[P.L. 2005-28, §42.]**

## DIVISION V:
## TRANSFEREES AND CREDITORS OF PARTNER

### §43. Partner not co-owner of partnership property.

Unless otherwise provided in a certificate of partnership existence and in a partnership agreement, a partner is not a co-owner of partnership property and has no interest in specific partnership property. **[P.L. 2005-28, §43.]**

**§44. Partner's economic interest in partnership; personal property.**

A partnership interest is personal property. Only a partner's economic interest may be transferred. **[P.L. 2005-28, §44.]**

**§45. Transfer of partner's economic interest.**

(1) A transfer, in whole or in part, of a partner's economic interest in the partnership:

(a) is permissible;

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

(c) does not entitle the transferee to participate in the management or conduct of the partnership business or affairs, to require access to information concerning partnership transactions, or to inspect or copy the partnership books or records.

(2) A transferee of a partner's economic interest in the partnership has a right:

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

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

(c) to seek under section 55(6) of this Act a judicial determination that it is equitable to wind up the partnership business or affairs.

(3) 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.

(4) Upon transfer, the transferor retains the rights and duties of a partner other than the economic interest transferred.

(5) A partnership need not give effect to a transferee's rights under this section until it has notice of the transfer. Upon request of a partnership or a partner, a transferee must furnish reasonable proof of a transfer.

(6)A transfer of a partner's economic interest in the partnership in violation of a restriction on transfer contained in a partnership agreement is ineffective.

(7)Notwithstanding anything to the contrary under applicable law, a partnership agreement may provide that a partner's economic interest may not be transferred prior to the dissolution and winding up of the partnership.

(8)A partnership interest in a partnership may be evidenced by a certificate of partnership interest issued by the partnership. A partnership agreement may provide for the transfer of any partnership interest represented by such a certificate and make other provisions with respect to such certificates.

(9)Except to the extent assumed by agreement, until a transferee of a partnership interest becomes a partner, the transferee shall have no liability as a partner solely as a result of the transfer.

(10)A partnership may acquire, by purchase, redemption or otherwise, any partnership interest or other interest of a partner in the partnership. Any such interest so acquired by the partnership shall be deemed canceled. **[P.L. 2005-28, §45.]**

**§46. Partner's economic interest subject to charging order.**

(1) On application by a judgment creditor of a partner or of a partner's transferee, a court having jurisdiction may charge the economic 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 which receiver shall have only the rights of a transferee, and the court may make all other orders, directions, accounts and inquiries the judgment debtor might have made or which the circumstances of the case may require.

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

(3) At any time before foreclosure, an economic interest charged may be redeemed:

(a) by the judgment debtor;

(b) with property other than partnership property, by one (1) or more of the other partners; or

(c) by the partnership with the consent of all of the partners whose interests are not so charged.

(4) This Act does not deprive a partner of a right under exemption laws with respect to the partner's economic interest in the partnership.

(5) 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 economic interest in the partnership.

(6) No creditor of a partner shall have any right to obtain possession of, or otherwise exercise legal or equitable remedies with respect to, the property of the partnership. **[P.L. 2005-28, §46.]**

**DIVISION VI:**
**PARTNER'S DISSOCIATION**

**§47. Events causing partner's dissociation.**

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 on a later date specified by the partner in the notice or, if no later date is specified, then upon receipt of notice;

(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 or affairs with that partner; or

(b) there has been a transfer of all or substantially all of that partner's economic interest, other than a transfer for security purposes, or a court order charging the partner's interest which, in either case, has not been foreclosed;

(5) on application by or for the partnership or another partner to the High Court, the partner's expulsion by determination by the High Court because:

(a) the partner engaged in wrongful conduct that adversely and materially affected the partnership business or affairs;

(b) the partner willfully or persistently committed a material breach of either the partnership agreement or of a duty owed to the partnership or the other partners; or

(c) the partner engaged in conduct relating to the partnership business or affairs which makes it not reasonably practicable to carry on the business or affairs in partnership with the partner;

(6) the partner's:

(a) making an assignment for the benefit of creditors;

(b) filing a voluntary petition in bankruptcy;

(c) being adjudged as bankrupt or insolvent, or having entered against that partner an order for relief in any bankruptcy or insolvency proceeding;

(d) filing a petition or answer seeking for that partner any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any statute, law or regulation;

(e) filing an answer or other pleading admitting or failing to contest the material allegations of a petition filed against that partner in any proceeding of this nature;

(f) seeking, consenting to or acquiescing in the appointment of a trustee, receiver or liquidator of that partner or of all or any substantial part of that partner's properties; or

(g) failing, within 120 days after its commencement, to have dismissed any proceeding against that partner seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any statute, law or regulation, or failing, within ninety (90) days after the appointment without that partner's consent or acquiescence, to have vacated or stayed the appointment of a trustee, receiver or liquidator of that partner or of all or any substantial part of that partner's properties, or failing, within ninety (90) days after the expiration of any such 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 economic interest, 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 economic interest, but not merely by reason of the substitution of a successor personal representative;

(10) the expiration of ninety (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 existence has been terminated or its certificate of incorporation has been revoked, or its right to conduct business has been suspended by the jurisdiction of its

incorporation, if there is no revocation of the certificate of dissolution or no reinstatement of its existence, its certificate of incorporation or its right to conduct business;

(11) a partnership, a limited liability company, a trust or a limited partnership that is a partner has been dissolved and its business is being wound up; or

(12) termination of a partner who is not an individual, partnership, corporation, trust, limited partnership, limited liability company or estate. **[P.L. 2005-28, §47.]**

**§48. Partner's power to dissociate; wrongful dissociation.**

(1) A partner has the power to dissociate at any time, rightfully or wrongfully, by express will pursuant to section 47(1) of this division.

(2) A partner's dissociation is wrongful only if any of the following apply:

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

(b) 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 if any of the following apply:

(i) the partner withdraws by express will, unless the withdrawal follows within ninety (90) days after another partner's dissociation by death or otherwise under sections 47(6)-(12) of this division or wrongful dissociation under this subsection;

(ii) the partner is expelled by judicial determination under section 47(5) of this division;

(iii) the partner is dissociated under section 47(6) of this division; or

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

(3) A partner who wrongfully dissociates is liable to the partnership and to the other partners for damages caused by the dissociation. Such liability is in addition to any other obligation of the partner to the partnership or to the other partners. **[P.L. 2005-28, §48.]**

**§49. Effect of partner's dissociation.**

(1) If a partner's dissociation results in a dissolution and winding up of the partnership business, Division VIII of this Act applies; otherwise, Division VII of this Act applies.

(2) Upon a partner's dissociation:

(a) the partner's right to participate in the management and conduct of the partnership business terminates, except as otherwise provided in section 57 of this Act;

(b) the partner's duty of loyalty under section 38(2)(c) of this Act terminates; and

(3) the partner's duty of loyalty under section 38(2)(a) and (b) of this Act and duty of care under section 38(3) of this Act 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 57 of this Act. **[P.L. 2005-28, §49.]**

**DIVISION VII:**
**PARTNER'S DISSOCIATION WHEN BUSINESS OR AFFAIRS NOT WOUND UP**

**§50. Purchase of dissociated partner's partnership interest.**

(1) If a partner is dissociated from a partnership without resulting in a dissolution and winding up of the partnership business or affairs under section 55 of this Act, the partnership shall cause the dissociated partner's interest in the partnership to be purchased for a buyout price determined pursuant to subsection (2) of this section.

(2) The buyout price of a dissociated partner's partnership interest is an amount equal to the fair value of such partner's economic interest as of the date of dissociation based upon such partner's right to share in distributions from the partnership. Interest must be paid from the date of dissociation to the date of payment.

(3) Damages for wrongful dissociation under section 48(2) of this Act, 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.

(4) A partnership shall indemnify a dissociated partner whose partnership interest is being purchased against all partnership obligations, whether incurred before or after the dissociation, except partnership obligations incurred by an act of the dissociated partner under section 51 of this division.

(5) If no agreement for the purchase of a dissociated partner's partnership 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 (3) of this section.

(6) If a deferred payment is authorized under subsection (8) 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 (3) 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.

(7) The payment or tender required by subsection (5) or (6) of this section must be accompanied by the following:

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

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

(c) a written explanation of how the estimated amount of the payment was calculated; and

(d) written notice which shall state 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 in the High Court under subsection (9) of this section to determine the buyout price of that partner's partnership interest, any offsets under subsection (3) of this section or other terms of the obligation to purchase.

(8) 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 High Court that earlier payment will not cause undue hardship to the business of the partnership. A deferred payment must bear interest and,

to the extent it would not cause undue hardship to the business of the partnership, be adequately secured.

(9) A dissociated partner may maintain an action against the partnership, pursuant to section 39(2)(b)(ii) of this Act, to determine the buyout price of that partner's partnership interest, any offsets under subsection (3) 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 High Court shall determine the buyout price of the dissociated partner's partnership interest, any offset due under subsection (3) of this section, and accrued interest, and enter judgment for any additional payment or refund. If deferred payment is authorized under subsection (8) of this section, the High Court shall also determine the security, if any, for payment and other terms of the obligation to purchase. The High 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 High Court finds equitable, against a party that the High 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 (7) of this section. **[P.L. 2005-28, §50.]**

**§51. Dissociated partner's power to bind and liability to partnership.**

(1) For one (1) year after a partner dissociates without resulting in a dissolution and winding up of the partnership business, the partnership, including a surviving partnership under Division IX of this Act, is bound by an act of the dissociated partner which would have bound the partnership under section 27 of this Act before dissociation only if at the time of entering into the transaction the other party:

(a) reasonably believed that the dissociated partner was then a partner and reasonably relied on such belief in entering into the transaction;

(b) did not have notice of the partner's dissociation; and

(c) is not deemed to have had knowledge under section 29(3) of this Act or notice under section 53(3) of this division.

(2) 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 (1) of this section. **[P.L. 2005-28, §51.]**

**§52. Dissociated partner's liability to other persons.**

(1) 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 (2) of this section.

(2) 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 Division IX of this Act, within one (1) year after the partner's dissociation, only if the partner is liable for the obligation under section 32 of this Act and at the time of entering into the transaction the other party:

(a) reasonably believed that the dissociated partner was then a partner and reasonably relied on such belief in entering into the transaction;

(b) did not have notice of the partner's dissociation; and

(c) is not deemed to have had knowledge under section 29(3) of this Act or notice under section 53(3) of this division.

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

(4) 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. **[P.L. 2005-28, §52.]**

**§53. Certificate of dissociation.**

(1) A dissociated partner or, after the filing by the partnership of a certificate of partnership existence, the partnership may file a certificate of dissociation stating the name of the partnership and that the partner is dissociated from the partnership.

(2) A certificate of dissociation is a limitation on the authority of a dissociated partner for the purposes of sections 29(2) and (3) of this Act.

(3) For the purposes of sections 51(1)(c) and 52(2)(c) of this division, a person not a partner is deemed to have notice of the dissociation sixty (60) days after the certificate of dissociation is filed. **[P.L. 2005-28, §53.]**

**§54. Continued use of partnership name.**

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. **[P.L. 2005-28, §54.]**

## DIVISION VIII:
## WINDING UP PARTNERSHIP BUSINESS OR AFFAIRS.

**§55. Events causing dissolution and winding up of partnership business or affairs.**

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 pursuant to sections 47(2)-(12) of this Act, of that partner's express will to withdraw as a partner, on a later date specified by the partner in the notice or, if no later date is specified, then upon receipt of notice;

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

(a) within ninety (90) days after a partner's dissociation by death or otherwise under sections 47(6)-(12) of this act or wrongful dissociation under section 48(2) of this Act, at least half of the remaining partners express the will to wind up the partnership business, for which purpose a partner's rightful dissociation pursuant to section 48(2)(b)(i) of this Act constitutes the expression of that partner's will to wind up the partnership business;

(b) the express will of all of the partners to wind up the partnership business or affairs; 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 or affairs;

(4) an event that makes it unlawful for all or substantially all of the business or affairs of the partnership to be continued, but a cure of such illegality within ninety (90) days after the partnership has notice of the event is effective retroactively to the date of the event for purposes of this section;

(5) on application by or for a partner to the High Court, the entry of a decree of dissolution of a partnership by the High Court upon a determination by the High Court that it is not reasonably practicable to carry on the partnership business, purpose or activity in conformity with the partnership agreement; or

(6) on application by a transferee of a partner's economic interest to the High Court, a determination by the High Court that it is equitable to wind up the partnership business or affairs:

(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. **[P.L. 2005-28, §55.]**

**§56. Partnership continues after dissolution.**

(1) Subject to subsection (2) of this section, a partnership continues after dissolution only for the purpose of winding up its business or affairs. The partnership is terminated when the winding up of its business or affairs is completed.

(2) At any time after the dissolution of a partnership and before the winding up of its business or affairs 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 or affairs wound up and the partnership terminated. In that event:

(a) the partnership resumes carrying on its business or affairs 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

(b) the rights of a third party accruing under section 58(1) of this division 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. **[P.L. 2005-28, §56.]**

**§57. Right to wind up partnership business or affairs.**

(1) A partner at the time of dissolution, including a partner who has dissociated but not wrongfully, may participate in winding up the partnership's business or affairs, but on application of any partner or a partner's legal representative or transferee, the High Court for good cause shown, may order judicial supervision of the winding up.

(2) The legal representative of the last surviving partner may wind up a partnership's business or affairs.

(3) The persons winding up the partnership's business or affairs may, in the name of, and for and on behalf of, the partnership, prosecute and defend suits, whether civil, criminal or administrative, gradually settle and close the partnership's business or affairs, dispose of and convey the partnership's property, discharge or make reasonable provision for the partnership's liabilities, distribute to the partners pursuant to section 61 of this division any

remaining assets of the partnership, and perform other acts which are necessary or convenient to the winding up of the partnership's business or affairs. **[P.L. 2005-28, §57.]**

**§58. Partner's power to bind partnership after dissolution.**

Subject to section 59 of this division, a partnership is bound by a partner's act after dissolution that:

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

(2) would have bound the partnership under section 27 of this Act before dissolution, if the other party to the transaction did not have notice of the dissolution. **[P.L. 2005-28, §58.]**

**§59. Certificate of dissolution.**

(1) After dissolution, a partnership may file a certificate of dissolution stating the name of the partnership and that the partnership has dissolved and is winding up its business or affairs.

(2) A certificate of dissolution cancels a filed certificate of partnership existence for the purposes of section 29(2) of this Act and is a limitation on authority for the purposes of section 29(3) of this Act.

(3) For the purposes of sections 27 and 58 of this Act, a person not a partner is deemed to have notice of the dissolution and the limitation on the partners' authority as a result of a certificate of dissolution sixty (60) days after it is filed.

(4) After filing a certificate of dissolution, a dissolved partnership may file a certificate of partnership existence which will operate with respect to a person not a partner as provided in sections 29(2) and (3) of this Act in any transaction, whether or not the transaction is appropriate for winding up the partnership business or affairs.

(5) If a partnership which has dissolved fails or refuses to file a certificate of dissolution, any partner or dissociated partner who is or may be adversely affected by the failure or refusal may petition the High Court to direct the filing. If the Court finds that the certificate of dissolution should be filed and that the partnership has failed or refused to do so, it shall enter an order granting appropriate relief. **[P.L. 2005-28, §59.]**

**§60. Partner's liability to other partners after dissolution.**

(1) Except as otherwise provided in subsection (2) of this section and section 32 of this Act, after dissolution, a partner is liable to the other partners for the partner's share of any partnership obligation incurred under section 58 of this division.

(2) A partner who, with knowledge of the dissolution, causes the partnership to incur an obligation under section 58(2) of this division by an act that is not appropriate for winding up the partnership business or affairs is liable to the partnership for any damage caused to the partnership arising from the obligation. **[P.L. 2005-28, §60.]**

**§61. Settlement of accounts and contributions among partners.**

(1) In winding up a partnership's business or affairs, the assets of the partnership, including the contributions of the partners required by this section, must be applied to pay or make reasonable provision to pay the partnership's 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 (2) of this section.

(2) Each partner is entitled to a settlement of all partnership accounts upon winding up the partnership business or affairs. 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 32 of this Act.

(3) After the settlement of accounts, each partner shall contribute, in the proportion in which the partner shares partnership losses, the amount necessary to pay or make reasonable provision to pay partnership obligations that were not known at the time of the settlement and for which the partner is personally liable under section 32 of this Act.

(4) If a partner fails to contribute, all of the other partners shall contribute, in the proportions in which those partners share partnership losses, the additional amount necessary to pay or make reasonable provision to pay the partnership obligations for which they are personally liable under section 32 of this Act.

(5) 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 32 of this Act.

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

(7) 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. **[P.L. 2005-28, §61.]**

## DIVISION IX:
## CONVERSION; MERGER; DOMESTICATION; AND TRANSFER

### §62. Conversion of certain entities to a domestic partnership.

(1) As used in this section, the term "other entity" means a domestic corporation or any other unincorporated business, including a limited partnership, or a limited liability company.

(2) Any other entity may convert to a domestic partnership by complying with subsection (8) of this section and filing with the Registrar of Corporations in accordance with section 5 of this Act:

(a) a certificate of conversion to partnership that has been executed in accordance with section 5 of this Act; and

(b) a certificate of partnership existence that complies with section 29 of this Act and has been executed in accordance with section 5 of this Act.

(3) The certificate of conversion to partnership shall state:

(a) the date on which and jurisdiction where the other entity was first created, formed or otherwise came into being;

(b) the name of the other entity immediately prior to the filing of the certificate of conversion to partnership;

(c) the name of the partnership as set forth in its certificate of partnership existence filed in accordance with subsection (2) of this section; and

(d) the future effective date (which shall be a date certain) of the conversion to a partnership if it is not to be effective upon the filing of the certificate of conversion to partnership and the certificate of partnership existence.

(4) Upon the filing with the Registrar of Corporations of the certificate of conversion to partnership and the certificate of partnership existence or upon the future effective date of the certificate of conversion to partnership and the certificate of partnership existence, the other entity shall be converted into a partnership and the partnership shall thereafter be subject to all of the provisions of this Act, except that the existence of the partnership shall be deemed to have commenced on the date the other entity commenced its existence.

(5) The conversion of any other entity into a partnership shall not be deemed to affect any obligations or liabilities of the other entity incurred prior to its conversion to a partnership, or the personal liability of any person incurred prior to such conversion.

(6) When any conversion shall have become effective under this section, for all purposes of the laws of the Marshall Islands, all of the rights, privileges and powers of the other entity that has converted, and all property, real, personal and mixed, and all debts due to such other entity, as well as all other things and causes of action belonging to such other entity, shall remain vested in the domestic partnership to which such other entity has converted and shall be the property of such domestic partnership, and the title to any real property vested by deed or otherwise in such other entity shall not revert or be in any way impaired by reason of this Act; but all rights of creditors and all liens upon any property of such other entity shall be preserved unimpaired, and all debts, liabilities and duties of the other entity that has converted shall remain attached to the domestic partnership to which such other entity has converted, and may be enforced against it to the same extent as if said debts, liabilities and duties had originally been incurred or contracted by it in its capacity as a domestic partnership.

(7) Unless otherwise agreed, the converting other entity shall not be required to wind up its affairs or pay its liabilities and distribute its assets, and the conversion shall not be deemed to constitute a dissolution of such other entity and shall constitute a continuation of the existence of the converting other entity in the form of a domestic partnership. When another entity has been converted to a domestic partnership pursuant to this section, the domestic partnership shall, for all purposes of the laws of the Marshall Islands, be deemed to be the same entity as the converting other entity.

(8) Prior to filing a certificate of conversion to partnership with the Registrar of Corporations, the conversion shall be approved in the manner provided for by the document, instrument, agreement or other writing, as the case may be, governing the internal affairs of the other entity and the conduct of its business or by applicable law, as appropriate, and a partnership agreement shall be approved by the same authorization required to approve the conversion; provided, that in any event, such approval shall include the approval of any person who, at the effective date of the conversion, shall be a partner of the partnership.

(9) In connection with a conversion hereunder, rights or securities of, or interests in, the other entity which is to be converted to a domestic partnership may be exchanged for or converted into cash, property, rights or securities of or interests in such domestic partnership or, in addition to or in lieu thereof, may be exchanged for or converted into cash, property, rights or securities of or interests in another domestic partnership or other entity.

(10) In connection with the conversion of any other entity to a domestic partnership, a person is admitted as a partner of the domestic partnership at the time provided in and upon compliance with the partnership agreement. For the purpose of section 32(2) of this Act, a

person who, at the effective date of the conversion of any other entity to a domestic partnership, is a partner of the partnership, shall be deemed admitted as a partner of the partnership at the effective date of such conversion. **[P.L. 2005-28, §62.]**

**§63. Merger or consolidation.**

(1) As used in this section, "other business entity" means a corporation, association, or an unincorporated business, including a limited liability company, a limited partnership and a foreign partnership, but excluding a domestic partnership.

(2) Pursuant to an agreement of merger or consolidation, one (1) or more domestic partnerships may merge or consolidate with or into one (1) or more domestic partnerships or one (1) or more other business entities formed or organized under the laws of the Marshall Islands or any foreign country or other foreign jurisdiction, or any combination thereof, with such domestic partnership or other business entity as the agreement shall provide being the surviving or resulting domestic partnership or other business entity. Unless otherwise provided in the partnership agreement, a merger or consolidation shall be approved by each domestic partnership which is to merge or consolidate by all of its partners. In connection with a merger or consolidation hereunder, rights or securities of, or interests in, a domestic partnership or other business entity which is a constituent party to the merger or consolidation may be exchanged for or converted into cash, property, rights or securities of, or interests in, the surviving or resulting domestic partnership or other business entity or, in addition to or in lieu thereof, may be exchanged for or converted into cash, property, rights or securities of, or interests in a domestic partnership or other business entity which is not the surviving or resulting domestic partnership or other business entity in the merger or consolidation. Notwithstanding prior approval, an agreement of merger or consolidation may be terminated or amended pursuant to a provision for such termination or amendment contained in the agreement of merger or consolidation.

(3) If a domestic partnership is merging or consolidating under this section, the domestic partnership or other business entity surviving or resulting in or from the merger or consolidation shall file a certificate of merger or consolidation executed by at least one (1) partner on behalf of the domestic partnership when it is the surviving or resulting entity with the Registrar of Corporations. The certificate of merger or consolidation shall state:

(a) the name and jurisdiction of formation or organization of each of the domestic partnerships and other business entities which is to merge or consolidate;

(b) that an agreement of merger or consolidation has been approved and executed by each of the domestic partnerships and other business entities which is to merge or consolidate;

(c) the name of the surviving or resulting domestic partnership or other business entity;

(d) the future effective date (which shall be a date certain) of the merger or consolidation if it is not to be effective upon the filing of the certificate of merger or consolidation;

(e) that the agreement of merger or consolidation is on file at a place of business of the surviving or resulting domestic partnership or other business entity, and shall state the address thereof;

(f) that a copy of the agreement of merger or consolidation will be furnished by the surviving or resulting domestic partnership or other business entity, on request

and without cost, to any partner of any domestic partnership or any person holding an interest in any other business entity which is to merge or consolidate; and

(g) if the surviving or resulting entity is not formed, organized or created under the laws of the Marshall Islands, a statement that such surviving or resulting entity agrees that it may be served with process in the Marshall Islands in any action, suit or proceeding for the enforcement of any obligation of any domestic partnership which is to merge or consolidate, irrevocably appointing the Attorney-General as its agent to accept service of process in any such action, suit or proceeding and specifying the address to which a copy of such process shall be mailed to it by the Attorney-General. In the event of service hereunder upon the Attorney-General, the procedures set forth in section 11 of this Act shall be applicable, except that the plaintiff in any such action, suit or proceeding shall furnish the Attorney-General with the address specified in the certificate of merger or consolidation provided for in this section and any other address which the plaintiff may elect to furnish, together with copies of each process as required by the Attorney-General, and the Attorney-General shall notify such surviving or resulting entity at all such addresses furnished by the plaintiff in accordance with the procedures set forth in section 11 of this Act.

(4) Unless a future effective date is provided in a certificate of merger or consolidation, in which event a merger or consolidation shall be effective at any such future effective date, a merger or consolidation shall be effective upon the filing with the Registrar of Corporations of a certificate of merger or consolidation.

(5) A certificate of merger or consolidation shall act as a certificate of cancellation of the certificate of partnership existence for a domestic partnership which is not the surviving or resulting entity in the merger or consolidation. Whenever this section requires the filing of a certificate of merger or consolidation, such requirement shall be deemed satisfied by the filing of an agreement of merger or consolidation containing the information required by this section to be set forth in the certificate of merger or consolidation.

(6) An agreement of merger or consolidation approved in accordance with subsection (2) of this section may (a) effect any amendment to the partnership agreement or (b) effect the adoption of a new partnership agreement for a domestic partnership if it is the surviving or resulting partnership in the merger or consolidation. Any amendment to a partnership agreement or adoption of a new partnership agreement made pursuant to the foregoing sentence shall be effective at the effective date of the merger or consolidation. The provisions of this subsection shall not be construed to limit the accomplishment of a merger or of any of the matters referred to herein by any other means provided for in a partnership agreement or other agreement or as otherwise permitted by law, including that the partnership agreement of any constituent domestic partnership to the merger or consolidation (including a domestic partnership formed for the purpose of consummating a merger or consolidation) shall be the partnership agreement of the surviving or resulting domestic partnership.

(7) When any merger or consolidation shall have become effective under this section, for all purposes of the laws of the Marshall Islands, all of the rights, privileges and powers of each of the domestic partnerships and other business entities that have merged or consolidated, and all property, real, personal and mixed, and all debts due to any of said domestic partnerships and other business entities, as well as all other things and causes of action belonging to each of such domestic partnerships and other business entities, shall be vested in the surviving or resulting domestic partnership or other business entity, and shall

thereafter be the property of the surviving or resulting domestic partnership or other business entity as they were of each of the domestic partnerships and other business entities that have merged or consolidated, and the title to any real property vested by deed or otherwise, under the laws of the Marshall Islands, in any of such domestic partnerships and other business entities, shall not revert or be in any way impaired by reason of this Act; but all rights of creditors and all liens upon any property of any of said domestic partnerships and other business entities shall be preserved unimpaired, and all debts, liabilities and duties of each of the said domestic partnerships and other business entities that have merged or consolidated shall thenceforth attach to the surviving or resulting domestic partnership or other business entity, and may be enforced against it to the same extent as if said debts, liabilities and duties had been incurred or contracted by it. Unless otherwise agreed, a merger or consolidation of a domestic partnership, including a domestic partnership which is not the surviving or resulting entity in the merger or consolidation, shall not require such domestic partnership to wind up its affairs or pay its liabilities and distribute its assets under Division VIII of this Act.

(8) Except as provided by agreement with a person to whom a partner of a domestic partnership is obligated, a merger or consolidation of a domestic partnership that has become effective shall not affect any obligation or liability existing at the time of such merger or consolidation of a partner of a domestic partnership which is merging or consolidating.

(9) If a domestic partnership is a constituent party to a merger or consolidation that shall have become effective, but the domestic partnership is not the surviving or resulting entity of the merger or consolidation, then a judgment creditor of a partner of such domestic partnership may not levy execution against the assets of the partner to satisfy a judgment based on a claim against the surviving entity of the merger or consolidation unless:

(a) the claim is for an obligation of the domestic partnership for which the partner is liable as provided in section 32 of this Act and either:

(i) a judgment based on the same claim has been obtained against the surviving or resulting entity of the merger or consolidation and a writ of execution on the judgment has been returned unsatisfied in whole or in part;

(ii) the surviving or resulting entity of the merger or consolidation is a debtor in bankruptcy;

(iii) the partner has agreed that the creditor need not exhaust the assets of the domestic partnership that was not the surviving or resulting entity of the merger or consolidation;

(iv) the partner has agreed that the creditor need not exhaust the assets of the surviving or resulting entity of the merger or consolidation; or

(v) a court grants permission to the judgment creditor to levy execution against the assets of the partner based on a finding that the assets of the surviving or resulting entity of the merger or consolidation that are subject to execution are clearly insufficient to satisfy the judgment, that exhaustion of the assets of the surviving or resulting entity of the merger or consolidation is excessively burdensome, or that the grant of permission is an appropriate exercise of the court's equitable powers; or

(b) liability is imposed on the partner by law or contract independent of the existence of the surviving or resulting entity of the merger or consolidation.

(10) Unless otherwise provided in an agreement of merger or consolidation, a person acquiring an economic interest in a surviving or resulting domestic partnership pursuant to a

merger or consolidation approved in accordance with subsection (2) of this section is admitted as a partner of the surviving or resulting domestic partnership at the time provided in and upon compliance with the partnership agreement of the surviving or resulting domestic partnership. **[P.L. 2005-28, §63.]**

**§64. Approval of conversion of a domestic partnership.**

(1) Upon compliance with this section, a partnership may convert to a domestic corporation or any other unincorporated business, including a limited partnership, or a limited liability company of the Marshall Islands.

(2) If the partnership agreement specifies the manner of authorizing a conversion of the partnership, the conversion shall be authorized as specified in the partnership agreement. If the partnership agreement does not specify the manner of authorizing a conversion of the partnership and does not prohibit a conversion of the partnership, the conversion shall be authorized in the same manner as is specified in the partnership agreement for authorizing a merger or consolidation that involves the partnership as a constituent party to the merger or consolidation. If the partnership agreement does not specify the manner of authorizing a conversion of the partnership or a merger or consolidation that involves the partnership as a constituent party and does not prohibit a conversion of the partnership, the conversion shall be authorized by the approval by all the partners.

(3) Unless otherwise agreed, the conversion of a domestic partnership to another business form pursuant to this section shall not require such partnership to wind up its affairs or pay its liabilities and distribute its assets under Division VIII of this Act.

(4) In connection with a conversion of a domestic partnership to another business form pursuant to this section, rights or securities of or interests in the domestic partnership which is to be converted may be exchanged for or converted into cash, property, rights or securities of or interests in the business form into which the domestic partnership is being converted or, in addition to or in lieu thereof, may be exchanged for or converted into cash, property, rights or securities of or interests in another business form. **[P.L. 2005-28, §64.]**

**§65. Domestication of non-Marshall Islands entities.**

(1)As used in this section, "non-Marshall Islands entity" means a foreign limited partnership, or a corporation, association, or any other unincorporated business, including a general partnership or a limited liability company, formed, incorporated, created or that otherwise came into being under the laws of any foreign country or other foreign jurisdiction.

(2) Any non-Marshall Islands entity may become domesticated as a partnership in the Marshall Islands by complying with subsection (7) of this section and filing with the Registrar of Corporations:

(a) a certificate of partnership domestication that has been executed in accordance with section 5 of this Act; and

(b) a certificate of partnership existence that complies with section 29 of this Act and has been executed in accordance with section 5 of this Act.

(3) The certificate of partnership domestication shall state:

(a) the date on which and jurisdiction where the non-Marshall Islands entity was first formed, incorporated, created or otherwise came into being;

(b) the name of the non-Marshall Islands entity immediately prior to the filing of the certificate of partnership domestication;

(c) the name of the partnership as set forth in the certificate of partnership existence filed in accordance with subsection (2) of this section;

(d) the future effective date (which shall be a date certain) of the domestication as a partnership if it is not to be effective upon the filing of the certificate of partnership domestication and the certificate of partnership existence;

(e) the jurisdiction that constituted the seat, siege social, or principal place of business or central administration of the non-Marshall Islands entity, or any other equivalent thereto under applicable law, immediately prior to the filing of the certificate of partnership domestication;

(f) that the transfer of the domicile has been approved by all necessary action;

(g) that the transfer of domicile is not expressly prohibited under the laws of the foreign domicile;

(h) that the transfer of domicile is made in good faith and will not serve to hinder, delay or defraud existing partners, creditors, claimants or other parties in interest; and

(i) the name and address of the partnership's registered agent in the Marshall Islands.

(4) Upon the filing with the Registrar of Corporations of the certificate of partnership domestication and the certificate of partnership existence or upon the future effective date of the certificate of partnership domestication and the certificate of partnership existence, the non-Marshall Islands entity shall be domesticated as a partnership in the Marshall Islands and the partnership shall thereafter be subject to all of the provisions of this Act, provided that the existence of the partnership shall be deemed to have commenced on the date the non-Marshall Islands entity commenced its existence in the jurisdiction in which the non-Marshall Islands entity was first formed, incorporated, created or otherwise came into being.

(5) The domestication of any non-Marshall Islands entity as a partnership in the Registrar of Corporations shall not be deemed to affect any obligations or liabilities of the non-Marshall Islands entity incurred prior to its domestication as a partnership in the Marshall Islands, or the personal liability of any person therefor.

(6) The filing of a certificate of partnership domestication shall not affect the choice of law applicable to the non-Marshall Islands entity, except that from the effective date of the domestication, the laws of the Marshall Islands, including the provisions of this Act, shall apply to the non-Marshall Islands entity to the same extent as if the non-Marshall Islands entity had been formed as a partnership on that date.

(7)Prior to filing a certificate of partnership domestication with the Registrar of Corporations, the domestication shall be approved in the manner provided for by the document, instrument, agreement or other writing, as the case may be, governing the internal affairs of the non-Marshall Islands entity and the conduct of its business or by applicable non-Marshall Islands law, as appropriate, and a partnership agreement shall be approved by the same authorization required to approve the domestication; provided that, in any event, such approval shall include the approval of any person who, at the effective date of the domestication, shall be a partner of the partnership.

(8) When any domestication shall have become effective under this section, for all purposes of the laws of the Marshall Islands, all of the rights, privileges and powers of the non-Marshall Islands entity that has been domesticated, and all property, real, personal and mixed, and all debts due to such non-Marshall Islands entity, as well as all other things and causes of action belonging to such non-Marshall Islands entity, shall remain vested in the

domestic partnership to which such non-Marshall Islands entity has been domesticated and shall be the property of such domestic partnership, and the title to any real property vested by deed or otherwise in such non-Marshall Islands entity shall not revert or be in any way impaired by reason of this Act; but all rights of creditors and all liens upon any property of such non-Marshall Islands entity shall be preserved unimpaired, and all debts, liabilities and duties of the non-Marshall Islands entity that has been domesticated shall remain attached to the domestic partnership to which such non-Marshall Islands entity has been domesticated, and may be enforced against it to the same extent as if said debts, liabilities and duties had originally been incurred or contracted by it in its capacity as a domestic partnership. The rights, privileges, powers and interests in property of the non-Marshall Islands entity, as well as the debts, liabilities and duties of the non-Marshall Islands entity, shall not be deemed, as a consequence of the domestication, to have been transferred to the domestic partnership to which such non-Marshall Islands entity has domesticated for any purpose of the laws of the Marshall Islands.

(9) When a non-Marshall Islands entity has become domesticated as a domestic partnership pursuant to this section, the domestic partnership shall, for all purposes of the laws of the Marshall Islands, be deemed to be the same entity as the domesticating non-Marshall Islands entity. Unless otherwise agreed, or as required under applicable non-Marshall Islands law, the domesticating non-Marshall Islands entity shall not be required to wind up its affairs or pay its liabilities and distribute its assets, and the domestication shall not be deemed to constitute a dissolution of such non-Marshall Islands entity and shall constitute a continuation of the existence of the domesticating non-Marshall Islands entity in the form of a domestic partnership.

(10) In connection with a domestication hereunder, rights or securities of, or interests in, the non-Marshall Islands entity that is to be domesticated as a domestic partnership may be exchanged for or converted into cash, property, rights or securities of, or interests in, such domestic partnership or, in addition to or in lieu thereof, may be exchanged for or converted into cash, property, rights or securities of, or interests in, another domestic partnership or other entity.

(11) In connection with the domestication of a non-Marshall Islands entity as a partnership in the Marshall Islands, a person is admitted as a partner of the domestic partnership at the time provided in and upon compliance with the partnership agreement. For the purpose of section 32(2) of this Act, a person who, at the effective date of the domestication of any non-Marshall Islands entity as a domestic partnership, is a partner of the partnership, shall be deemed admitted as a partner of the partnership at the effective date of such domestication. **[P.L. 2005-28, §65.]**

**§66. Transfer of domestic partnerships.**

(1) Upon compliance with the provisions of this section, any domestic partnership may transfer to or domesticate in any jurisdiction that permits the transfer or domestication in such jurisdiction of a limit liability company.

(2) Unless otherwise provided in a partnership agreement, the transfer or domestication described in subsection (1) of this section shall be approved in writing by all of the partners. If all of the partners of the partnership or such other vote as may be stated in a partnership agreement shall approve the transfer or domestication described in subsection

(1) of this section, a certificate of transfer shall be filed with the Registrar of Corporations in accordance with section 5 of this Act. The certificate of transfer shall state:

(a) the name of the partnership and, if it has been changed, the name under which its certificate of partnership existence was originally filed;

(b) the date of the filing of its original certificate of partnership existence with the Registrar of Corporations;

(c) the jurisdiction to which the partnership shall be transferred or in which it shall be domesticated;

(d) the future effective date (which shall be a date certain) of the transfer or domestication to the jurisdiction specified in subsection (2)(c) of this section if it is not to be effective upon the filing of the certificate of transfer;

(e) that the transfer or domestication of the partnership has been approved in accordance with the provisions of this section;

(f) in the case of a certificate of transfer;

(i) that the existence of the partnership as a partnership of the Marshall Islands shall cease when the certificate of transfer becomes effective; and

(ii) the agreement of the partnership that it may be served with process in the Marshall Islands in any action, suit or proceeding for enforcement of any obligation of the partnership arising while it was a partnership of the Marshall Islands, and that it irrevocably appoints the Attorney General as its agent to accept service of process in any such action, suit or proceeding; and

(g) The address to which a copy of the process shall be mailed to it by the Attorney-General. In the event of service hereunder upon the Attorney-General, the procedures set forth in section 11 of this Act shall be applicable, except that the plaintiff in any such action, suit or proceeding shall furnish the Attorney-General with address specified in this subsection and any other address that the plaintiff may elect to furnish, together with copies of such process as required by the Attorney-General, and the Attorney-General shall notify the partnership that has transferred or domesticated out of the Marshall Islands at all such addresses furnished by the plaintiff in accordance with the procedures set forth in section 11 of the Act.

(3) Upon the filing with the Registrar of Corporations of the certificate of transfer or upon the future effective date of the certificate of transfer and payment to the Registrar of Corporations of all fees prescribed in this Act, the Registrar of Corporations shall certify that the partnership has filed all documents and paid all fees required by this Act, and thereupon the partnership shall cease to exist as a partnership of the Marshall Islands. Such certificate of Registrar of Corporations shall be prima facie evidence of the transfer or domestication by such partnership out of the Marshall Islands.

(4) The transfer or domestication of a partnership out of the Marshall Islands in accordance with this section and the resulting cessation of its existence as a partnership of the Marshall Islands pursuant to a certificate of transfer shall not be deemed to affect any obligations or liabilities of the partnership incurred prior to such transfer or domestication or the personal liability of any person incurred prior to such transfer or domestication, nor shall it be deemed to affect the choice of law applicable to the partnership with respect to matters arising prior to such transfer or domestication. Unless otherwise agreed, the transfer or domestication of a partnership out of the Marshall Islands in accordance with this section shall not require such partnership to wind up its affairs or pay its liabilities and distribute its assets under Division VIII of this Act.

(5) In connection with a transfer or domestication of a domestic partnership to or in another jurisdiction pursuant to subsection (1) of this section, rights or securities of, or

interests in, such partnership may be exchanged for or converted into cash, property, rights or securities of, or interests in, the business form in which the partnership will exist in such other jurisdiction as a consequence of the transfer or domestication or, in addition to or in lieu thereof, may be exchanged for or converted into cash, property, rights or securities of, or interests in, another business form. **[P.L. 2005-28, §66.]**

## DIVISION X: MISCELLANEOUS

### §67. Uniformity of application and construction.

(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. The rule that statutes in derogation of the common law are to be strictly construed shall have no application to this Act.

(2) This Act shall be applied and construed to make the laws of the Marshall Islands, with respect to the subject matter hereof, uniform with the laws of the State of Delaware of the United States of America. Insofar as it does not conflict with any other provision of this Act, or the decisions of the High and Supreme Courts of the Republic of the Marshall Islands which takes precedence, the non-statutory law of the State of Delaware is hereby adopted as the law of the Marshall Islands. This subsection shall not apply to resident domestic partnerships. **[P.L. 2005-28, §67.]**

### §68. Short title.

This Act may be cited as the "Marshall Islands Revised Partnership Act". **[P.L. 2005-28, §68.]**

### §69. Severability clause.

If any provision of this Act or its application to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of this Act which can be given effect without the invalid provision or application, and to this end the provisions of this Act are severable. **[P.L. 2005-28, §69.]**

### §70. Fees.

(1) No document required to be filed under this Act shall be effective until the applicable fee required by this Registrar of Corporations is paid. An annual fee must be paid to the Registrar of Corporations for the continued existence of the partnership.

(2) The annual fee shall be due and payable on the anniversary date of the filing of a certificate of partnership existence. The Registrar of Corporations shall receive the annual fee. **[P.L. 2005-28, §70.]**

### §71. Cancellation of certificate of partnership existence for failure to pay annual fee.

The certificate of partnership existence of a partnership shall be deemed to be canceled if the partnership shall fail to pay the annual fee due under section 70 of this division for a period of one (1) year from the date it is due, such cancellation to be effective on the first anniversary of such due date. **[P.L. 2005-28, §71.]**

### §72. Reinstatement of partnership.

(1) A partnership whose certificate of partnership existence has been canceled pursuant to sections 10(3) or 71 of this Act may be reinstated by filing with the Registrar of Corporations a certificate of reinstatement accompanied by payment of the annual fee due under section 70 of this division and all penalties thereon for each year for which such partnership neglected, refused or failed to pay such annual fee, including each year between the cancellation of its certificate of partnership existence and its revival. The certificate of reinstatement shall set forth:

(a) the name of the partnership at the time its certificate of partnership existence was canceled and, if such name is not available at the time of reinstatement, the name under which the partnership is to be reinstated;

(b) the date of filing of the original certificate of partnership existence of the partnership;

(c) the name and address of the partnership's registered agent in the Marshall Islands;

(d) a statement that the certificate of reinstatement is filed by one or more partners of the partnership authorized to execute and file the certificate of reinstatement to reinstate the partnership;

(e) that the reinstatement will not cause injury to any person including without limitations the partners, former partners, or creditors of the partnership;

(f) the petitioners agree to hold harmless the Registrar of Corporations for any costs, fees or expenses for any claims or liabilities arising from the reinstatement of the partnership; and

(g) any other matters the partner or partners executing the certificate of reinstatement determine to include therein.

(2) The certificate of reinstatement shall be deemed to be an amendment to the certificate of partnership existence of the partnership, and the partnership shall not be required to take any further action to amend its certificate of partnership existence under section 5 of this Act with respect to the matters set forth in the certificate of reinstatement.

(3) Upon the filing of a certificate of reinstatement, a partnership shall be reinstated with the same force and effect as if its certificate of partnership existence had not been canceled pursuant to sections 10(3) or 71 of this Act. Such reinstatement shall validate all contracts, acts, matters and things made, done and performed by the partnership, its partners, employees and agents during the time when its certificate of partnership existence was canceled pursuant to sections 10(3) or 71 of this Act, with the same force and effect and to all intents and purposes as if the certificate of partnership existence had remained in full force and effect. All real and personal property, and all rights and interests, which belonged to the partnership at the time its certificate of partnership existence was canceled pursuant to sections 10(3) or 71 of this Act, or which were acquired by the partnership following the cancellation of its certificate of partnership existence pursuant to sections 10(3) or 71 of this Act, and which were not disposed of prior to the time of its reinstatement, shall be vested in the partnership after its reinstatement as fully as they were held by the partnership at, and after, as the case may be, the time its certificate of partnership existence was canceled pursuant to sections 10(3) or 71 of this Act. After its reinstatement, the partnership and its partners shall have the same liability for all contracts, acts, matters and things made, done or performed in the partnership's name and on its behalf by its partners, employees and agents as the partnership and its partners would have had if the partnership's certificate of partnership existence had at all times remained in full force and effect. **[P.L. 2005-28, §72.]**

**§73. Exemptions for non-resident entities.**

(1) Notwithstanding any provision of the Income Act of 1989 (11 MIRC, Chapter 1A), or any other law or regulation imposing taxes or fees now in effect or hereinafter enacted, a non-resident partnership; and (solely for the purposes of this section) the Administrator and Trust Company duly appointed by the Cabinet to act in the capacity of the Registrar of Corporations for non-resident entities pursuant to this Act and as the Maritime Administrator created pursuant to the Marshall Islands Maritime Act 1990 (34 MIRC, Chapter 3A), shall be exempt from any corporate tax, net income tax on unincorporated businesses, corporate profit tax, income tax, withholding tax on revenues of the entity, asset tax, tax reporting requirements on revenues of the entity, stamp duty, exchange controls or other fees or taxes other than those imposed by section 70 of this division.

(2) Interest, dividends, royalties, rents, payments (including payments to creditors), compensation or other distributions of income paid by a non-resident partnership to another non-resident partnership or to individuals or entities which are not citizens or residents of the Marshall Islands are exempt from any tax or withholding provisions of the laws of the Marshall Islands. **[P.L. 2005-28, §73.]**

**§74. Repeals.**

As of the effective date of the Marshall Islands Revised Partnership Act, the Partnership Act, P.L. 1990-91, § 20.1 – § 20.49, is repealed. **[P.L. 2005-28, §74.]**

**§75. Applicability.**

On and after the effective date of the Marshall Islands Revised Partnership Act, this Act governs all partnerships. **[P.L. 2005-28, §75.]**

**§76. Effective Date.**

This Act shall take effect in accordance with the relevant provisions of Rules of Procedures of the Nitijela and the relevant provisions of the Constitution of the Republic of the Marshall Islands**.**

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