

§1442. Power of general partners and persons dissociated as general partners to bind organization after conversion or merger

1. Act of general partner before conversion or merger. An act of a person that immediately before a conversion or merger became effective was a general partner in a converting or constituent limited partnership binds the converted or surviving organization after the conversion or merger becomes effective if:

A. Before the conversion or merger became effective, the act would have bound the converting or constituent limited partnership under section 1352; and [PL 2005, c. 543, Pt. C, §2 (NEW).]

B. At the time the 3rd party enters into the transaction, the 3rd party:

(1) Does not have notice of the conversion or merger; and

(2) Reasonably believes that the converted or surviving business is the converting or constituent limited partnership and that the person is a general partner in the converting or constituent limited partnership. [PL 2005, c. 543, Pt. C, §2 (NEW).]

[PL 2005, c. 543, Pt. C, §2 (NEW).]

2. Act of dissociated general partner before conversion or merger. An act of a person that before a conversion or merger became effective was dissociated as a general partner from a converting or constituent limited partnership binds the converted or surviving organization after the conversion or merger becomes effective if:

A. Before the conversion or merger became effective, the act would have bound the converting or constituent limited partnership under section 1352 if the person had been a general partner; and [PL 2005, c. 543, Pt. C, §2 (NEW).]

B. At the time the 3rd party enters into the transaction, less than 2 years have passed since the person dissociated as a general partner and the 3rd party:

(1) Does not have notice of the dissociation;

(2) Does not have notice of the conversion or merger; and

(3) Reasonably believes that the converted or surviving organization is the converting or constituent limited partnership and that the person is a general partner in the converting or constituent limited partnership. [PL 2005, c. 543, Pt. C, §2 (NEW).]

[PL 2005, c. 543, Pt. C, §2 (NEW).]

3. Liable for damage. If a person having knowledge of the conversion or merger causes a converted or surviving organization to incur an obligation under subsection 1 or 2, the person is liable:

A. To the converted or surviving organization for any damage caused to the organization arising from the obligation; and [PL 2005, c. 543, Pt. C, §2 (NEW).]

B. If another person is liable for the obligation, to that other person for any damage caused to that other person arising from the liability. [PL 2005, c. 543, Pt. C, §2 (NEW).]

[PL 2005, c. 543, Pt. C, §2 (NEW).]

SECTION HISTORY

PL 2005, c. 543, §C2 (NEW).

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