

§1071. Purchase of dissociated partner's interest

1. Purchase of interest if no dissolution. If a partner is dissociated from a partnership without resulting in a dissolution and winding up of the partnership business under section 1081, the partnership shall cause the dissociated partner's interest in the partnership to be purchased for a buyout price determined pursuant to subsection 2.

[PL 2005, c. 543, Pt. A, §2 (NEW).]

2. Buyout price. The buyout price of a dissociated partner's interest is the amount that would have been distributable to the dissociating partner under section 1087, subsection 2 if, on the date of dissociation, the assets of the partnership were sold at a price equal to the greater of the liquidation value or the value based on a sale of the entire business as a going concern without the dissociated partner and the partnership were wound up as of that date. Interest must be paid from the date of dissociation to the date of payment.

[PL 2005, c. 543, Pt. A, §2 (NEW).]

3. Damages for wrongful dissociation; interest. Damages for wrongful dissociation under section 1062, subsection 2, 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.

[PL 2005, c. 543, Pt. A, §2 (NEW).]

4. Indemnification. A partnership shall indemnify a dissociated partner whose interest is being purchased against all partnership liabilities, whether incurred before or after the dissociation, except liabilities incurred by an act of the dissociated partner under section 1072.

[PL 2005, c. 543, Pt. A, §2 (NEW).]

5. Payment after 120 days. If no agreement for the purchase of a dissociated partner's interest is reached within 120 days after a written demand for payment, the partnership shall pay, or cause to be paid, in cash to the dissociated partner the amount the partnership estimates to be the buyout price and accrued interest, reduced by any offsets and accrued interest under subsection 3.

[PL 2005, c. 543, Pt. A, §2 (NEW).]

6. Deferred payment. If a deferred payment is authorized under subsection 8, 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, stating the time of payment, the amount and type of security for payment and the other terms and conditions of the obligation.

[PL 2005, c. 543, Pt. A, §2 (NEW).]

7. Disclosures with payment or tender. The payment or tender required by subsection 5 or 6 must be accompanied by the following:

A. A statement of partnership assets and liabilities as of the date of dissociation; [PL 2005, c. 543, Pt. A, §2 (NEW).]

B. The latest available partnership balance sheet and income statement, if any; [PL 2005, c. 543, Pt. A, §2 (NEW).]

C. An explanation of how the estimated amount of the payment was calculated; and [PL 2005, c. 543, Pt. A, §2 (NEW).]

D. Written notice that the payment is in full satisfaction of the obligation to purchase unless, within 120 days after the written notice, the dissociated partner commences an action to determine the buyout price, any offsets under subsection 3 or other terms of the obligation to purchase. [PL 2005, c. 543, Pt. A, §2 (NEW).]

[PL 2005, c. 543, Pt. A, §2 (NEW).]

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

[PL 2005, c. 543, Pt. A, §2 (NEW).]

9. Dissociated partner's action against partnership. A dissociated partner may maintain an action against the partnership, pursuant to section 1045, subsection 2, paragraph B, subparagraph (2), to determine the buyout price of that partner's interest, any offsets under subsection 3, or other terms of the obligation to purchase. The action must be commenced within 120 days after the partnership has tendered payment or an offer to pay or within one year after written demand for payment if no payment or offer to pay is tendered. The court shall determine the buyout price of the dissociated partner's interest, any offset due under subsection 3, and accrued interest, and enter judgment for any additional payment or refund. If deferred payment is authorized under subsection 8, the court shall also determine the security for payment and other terms of the obligation to purchase. The court may assess reasonable attorney's fees and the fees and expenses of appraisers or other experts for a party to the action, in amounts the court finds equitable, against a party that the court finds acted arbitrarily, vexatiously or not in good faith. The finding may be based on the partnership's failure to tender payment or an offer to pay or to comply with subsection 7.

[PL 2005, c. 543, Pt. A, §2 (NEW).]

SECTION HISTORY

PL 2005, c. 543, §A2 (NEW).

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