

362.335 Rights of partners to application of partnership property.

- (1) When dissolution is caused in any way, except in contravention of the partnership agreement, each partner as against his co-partners and all persons claiming through them in respect of their interest in the partnership, unless otherwise agreed, may have the partnership property applied to discharge its liabilities, and the surplus applied to pay in cash the net amount owing to the respective partners. But if dissolution is caused by expulsion of a partner, bona fide under the partnership agreement and if the expelled partner is discharged from all partnership liabilities, either by payment or agreement under subsection (2) of KRS 362.325, he shall receive in cash only the net amount due him from the partnership.
- (2) When dissolution is caused in contravention of the partnership agreement the rights of the partners shall be as follows:
 - (a) Each partner who has not caused dissolution wrongfully shall have:
 - (I) All the rights specified in subsection (1) of this section, and
 - (II) The right, as against each partner who has caused the dissolution wrongfully, to damages for breach of the agreement.
 - (b) The partners who have not caused the dissolution wrongfully, if they all desire to continue the business in the same name, either by themselves or jointly with others, may do so, during the agreed term for the partnership and for that purpose may possess the partnership property, provided they secure the payment by bond approved by the court, or pay to any partner who has caused the dissolution wrongfully, the value of his interest in the partnership at the dissolution, less any damages recoverable under subdivision (II) of paragraph (a) of subsection (2) of this section, and in like manner indemnify him against all present or future partnership liabilities.
 - (c) A partner who has caused the dissolution wrongfully shall have:
 - (I) If the business is not continued under the provisions of paragraph (b) of this subsection, all the rights of a partner under subsection (1) of this section, subject to subdivision (II) of paragraph (a) of this subsection.
 - (II) If the business is continued under paragraph (b) of this subsection the right as against his co-partners and all claiming through them in respect of their interests in the partnership, to have the value of his interest in the partnership, less any damages caused to his co-partners by the dissolution, ascertained and paid him in cash, or the payment secured by bond approved by the court, and to be released from all existing liabilities of the partnership; but in ascertaining the value of the partner's interest the value of the goodwill of the business shall not be considered.

Effective: June 26, 2007

History: Repeal the prior repeal contained in 2006 Ky. Acts ch. 149, sec. 239, which was to have been effective January 1, 2008, 2007 Ky. Acts ch. 137, sec. 180, effective June 26, 2007. -- Repealed 2006 Ky. Acts ch. 149, sec. 239, effective January 1, 2008. -- Created 1954 Ky. Acts ch. 38, sec. 38, effective June 17, 1954.