

362.2-306 Person erroneously believing self limited partner.

- (1) Except as otherwise provided in subsection (2) of this section, a person that makes an investment in a business enterprise and erroneously but in good faith believes that the person has become a limited partner in the enterprise is not liable for the enterprise's obligations by reason of making the investment, receiving distributions from the enterprise, or exercising any rights of or appropriate to a limited partner if, on ascertaining the mistake, the person:
 - (a) Causes an appropriate certificate of limited partnership, amendment, or statement of correction to be signed and delivered to the Secretary of State for filing; or
 - (b) Withdraws from future participation as an owner in the enterprise by signing and delivering to the Secretary of State for filing a statement of withdrawal under this section.
- (2) A person that makes an investment described in subsection (1) of this section is liable to the same extent as a general partner to any third party that enters into a transaction with the enterprise, believing in good faith that the person is a general partner, before the Secretary of State files a statement of withdrawal, certificate of limited partnership, amendment, or statement of correction to show that the person is not a general partner.
- (3) If a person makes a diligent effort in good faith to comply with subsection (1)(a) of this section and is unable to cause the appropriate certificate of limited partnership, amendment, or statement of correction to be signed and delivered to the Secretary of State for filing, then the person has the right to withdraw from the enterprise pursuant to subsection (1)(b) of this section even if otherwise the withdrawal would breach an agreement with others that are or have agreed to become co-owners of the enterprise.

Effective: July 12, 2006

History: Created 2006 Ky. Acts ch. 149, sec. 120, effective July 12, 2006.

Legislative Research Commission Note (7/12/2006). In 2006 Ky. Acts ch. 149, sec. 120, it is apparent from the context of the section and from the uniform act on which it is based, that the reference to subsection (1)(a) in subsection (3) of this section should have been to (1)(b). Under the authority of KRS 7.136, the Statute Reviser has made this correction.