

362.2-1111 Liability of general partner after conversion or merger.

- (1) A conversion or merger under KRS 362.2-1101 to 362.2-1113 does not discharge any liability under KRS 362.2-404 and 362.2-607 of a person that was a general partner in or dissociated as a general partner from a converting or constituent limited partnership, but:
 - (a) The provisions of this subchapter pertaining to the collection or discharge of that liability continue to apply to that liability;
 - (b) For the purposes of applying those provisions, the converted or surviving organization is deemed to be the converting or constituent limited partnership; and
 - (c) If a person is required to pay any amount under this subsection, then:
 1. The person has a right of contribution from each other person that was liable as a general partner under KRS 362.2-404 when the obligation was incurred and has not been released from that obligation under KRS 362.2-607; and
 2. The contribution due from each of those persons is in proportion to the right to receive distributions in the capacity of general partner in effect for each of those persons when the obligation was incurred.
- (2) In addition to any other liability provided by law:
 - (a) A person who immediately before a conversion or merger became effective was a general partner in a converting or constituent limited partnership that was not a limited liability limited partnership is personally liable for each obligation of the converted or surviving organization arising from a transaction with a third party after the conversion or merger becomes effective if, at the time the third party enters into the transaction, the third party;
 1. Does not have notice of the conversion or merger; and
 2. Reasonably believes that:
 - a. The converted or surviving business is the converting or constituent limited partnership;
 - b. The converting or constituent limited partnership is not a limited liability limited partnership; and
 - c. The person is a general partner in the converting or constituent limited partnership; and
 - (b) A person who was dissociated as a general partner from a converting or constituent limited partnership before the conversion or merger became effective is personally liable for each obligation of the converted or surviving organization arising from a transaction with a third party after the conversion or merger becomes effective if:
 1. Immediately before the conversion or merger became effective, the converting or surviving limited partnership was a not a limited liability limited partnership; and

2. At the time the third party enters into the transaction, less than two (2) years have passed since the person dissociated as a general partner and the third party:
 - a. Does not have notice of the dissociation;
 - b. Does not have notice of the conversion or merger; and
 - c. Reasonably believes that the converted or surviving organization is the converting or constituent limited partnership, the converting or constituent limited partnership is not a limited liability limited partnership, and the person is a general partner in the converting or constituent limited partnership.

Effective: July 12, 2006

History: Created 2006 Ky. Acts ch. 149, sec. 186, effective July 12, 2006.