

TITLE 20: DEPARTMENT OF COMMERCE

SUBCHAPTER 20-50.3 PARTNERSHIP REGULATIONS

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Subchapter Authority: 37 TTC § 52; 4 CMC § 4705.

Subchapter History: Territorial Register, volume 1, number 1, pages 31-36 (July 15, 1974).

Commission Comment: The Trust Territory of the Pacific Islands government originally published Partnership Regulations applicable in the CNMI as a part of the Trust Territory Corporations, Partnerships and Associations Regulations. See Territorial Register, volume 1, number 1, pages 5 36 (July 15, 1974).

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4 CMC § 4201 created a Registrar of Corporations within the Office of the Attorney General. Former 4 CMC § 4202 authorized the Registrar, with the approval of the Governor and Attorney General, to prescribe rules and regulations governing corporations, partnerships and associations.

The regulations promulgated by the Trust Territory of the Pacific Islands, as amended by the Registrar of Corporations, governed all corporations and partnerships in the Commonwealth until July 1990. In July 1990, pursuant to the authority of former 4 CMC § 4202, the Registrar issued the 1990 Business Corporation Regulations and subsequent amendments. See NMIAC, title 20, chapter 50.1; see also 4 CMC § 4202 (1990).

NMIAC § 20 50.1 1620 (Business Corporation Regulations § 17.05), codified at 4 CMC § 4705, repealed the parts of the Trust Territory Regulations regulating for profit corporations, effective July 25, 1990. However, the Trust Territory provisions regulating partnerships were not repealed and remained in effect.

PL 10-7 (effective May 10, 1996), the “Commonwealth Business Corporation Regulation Act,” codified at 4 CMC §§ 4251 4705, enacted the 1990 Business Corporation Regulations (as amended in 1994) as statutory law. See PL 10-7 §§ 1 and 3; see also NMIAC, title 20, chapter 50.1. Pursuant to 4 CMC § 4705, the provisions of the Trust Territory regulations governing partnerships continued in effect in the CNMI. Specifically, 4 CMC § 4705 does not repeal Trust Territory Regulations, title 37, chapter 5. See Territorial Register, volume 1, number 1, pages 31-36 (July 15, 1974).

In 1997, the Governor transferred the Registrar of Corporations and the remaining legal functions of that office in regards to corporations of the Commonwealth from the Office of the Attorney General to the Department of Commerce. See Executive Order 97-03 (November 13, 1997).

Attorney General Opinion No. 05-12 (August 12, 2005), 27 Com. Reg. 24812 (Aug. 22, 2005), addresses the status of the Trust Territory regulations for partnerships and non-profit corporations. The Attorney General concluded that because the Trust Territory’s 1974 regulations for partnerships and non-profit corporations have never been repealed or superceded, they remain in full force and effect pursuant to the transitional provisions of the CNMI Constitution and other laws. Attorney General Opinion No. 05-12 is reprinted in full in chapter 20-50.2.

Part 001 - General Provisions

[Reserved.]

Part 100 - Partnerships in General

§ 20-50.3-101 Registration and Annual Statements

(a) Whenever any general or limited partnership is formed under the laws of the Territory to do business in the Territory, or any partnership formed under the laws of any other jurisdiction shall do business in the Territory, the partnership shall file in the office of the Registrar the registration and annual statements hereinafter provided. Every partnership now existing under the laws of the Territory shall also file the annual statements hereinafter provided. A registration statement shall be filed by any partnership formed under the laws of the Territory within thirty days after the partnership is formed and by a partnership formed under the laws of any other jurisdiction within thirty days after the commencement of business in the Territory. An annual statement shall be filed on or before March 31 of each year, as of December 31 of the preceding year. Every registration statement shall contain the following termination:

- (1) The name of the partnership;
- (2) The nature of the partnership (whether general, limited, special, or other);

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- (3) The name, citizenship, and residence of each partner, and whether he is a general, limited, special, or other kind of partner;
 - (4) The nature of the partnership business;
 - (5) The location of the principal place of business of the partnership in the Territory and, if the partnership is one formed under the laws of any other jurisdiction, the name of the jurisdiction and the location of the principal place of business of the partnership;
 - (6) The date the partnership was formed and, if the partnership is one formed under the laws of any other jurisdiction, the date the partnership commenced business in the Territory;
 - (7) The fact that none of the partners is either a minor or an incompetent person.
- (b) Every annual statement shall contain the information specified in subsections (a)(1), (3), (4), (5), and (7) above.
- (c) The registration statement shall be acknowledged by each partner. Each annual statement shall be certified as correct by any general partner. A registration statement need not be filed by any limited partnership which has complied with § 20-50.3-202.

Modified, 1 CMC 3806(c), (d), (g).

History: Territorial Register, volume 1, number 1, pages 31-36 (July 15, 1974).

Commission Comment: The original paragraphs were not designated. The commission designated subsections (a) through (c).

In subsection (a)(7), the commission replaced the final semi-colon with a period to correct a manifest error.

§ 20-50.3-105 Forms to be Furnished by Registrar; Acknowledgments

The registration, annual, and other statements required by this part shall be filed on forms to be furnished by the Registrar. Statements required to be acknowledged shall be acknowledged before a notary public or other officers in the manner provided by law for acknowledgment of deeds.

History: Territorial Register, volume 1, number 1, pages 31-36 (July 15, 1974).

§ 20-50.3-110 Partnership Name

No partnership shall take or use a name which is identical with any name registered in the office of the Registrar under any statute, or which is so nearly similar to any such name as to lead to confusion or uncertainty. No statement or certificate of any partnership showing a name in violation of the provisions hereof shall be recorded by the Registrar.

Modified, 1 CMC § 3806(g).

History: Territorial Register, volume 1, number 1, pages 31-36 (July 15, 1974).

Commission Comment: The commission deleted the repeated word “any” to correct a manifest error.

§ 20-50.3-115 Partnership Name; Change of

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(a) Whenever any partnership changes its partnership name, it shall within thirty days thereafter file in the office of the Registrar a statement showing:

- (1) The registered name of the partnership, and
- (2) The new name of the partnership.

(b) Provided, that the statement need not be filed by a limited partnership which has filed a writing to amend its certificate pursuant to § 20-50.3-248. The statement shall be signed and certified as correct by any general partner.

Modified, 1 CMC 3806(c), (g).

History: Territorial Register, volume 1, number 1, pages 31-36 (July 15, 1974).

Commission Comment: The original paragraphs were not designated. The commission designated subsections (a) and (b).

In subsection (a)(2), the commission replaced the final semi-colon with a period to correct a manifest error.

§ 20-50.3-120 Foreign Partnerships, Powers and Liabilities

A partnership formed under the laws of any other jurisdiction, shall, on filing a registration statement as required by subpart

§ 20-50.3-101 and subject to continuing compliance with the other provisions of this part, have the same powers and privileges, and be subject to the same disabilities as are by law conferred up on partnerships formed under the laws of the Territory, provided always that the purposes for which the partnership is formed are not repugnant to or in conflict with any law of the Territory.

Modified, 1 CMC § 3806(c).

History: Territorial Register, volume 1, number 1, pages 31-36 (July 15, 1974).

§ 20-50.3-125 Admission, Withdrawal or Death of a Partner

Whenever a new partner is admitted to any partnership, or a partner withdraws from any partnership, or whenever any partner dies, a statement of the admission, withdrawal, or death shall be filed in the office of the Registrar, within thirty days after the addition, withdrawal, or death; provided that the statement need not be filed by a limited partnership which has filed a writing to amend its certificate pursuant to § 20-50.3-248. The statement shall be acknowledged by each partner added or withdrawn, except as hereinafter provided, and by all other remaining partners. If a partner withdraws and cannot be located, the statement shall set forth those facts and need not be signed or acknowledged by the partner.

Modified, 1 CMC § 3806(c), (g).

History: Territorial Register, volume 1, number 1, pages 31-36 (July 15, 1974).

Commission Comment: The commission corrected the spelling of “except.”

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§ 20-50.3-130 Statement of Dissolution

Whenever any partnership is dissolved, a statement thereof showing the cause of the dissolution shall be filed in the office of the Registrar within thirty days after dissolution; provided, that the statement need not be filed by a limited partnership which has filed a writing to cancel its certificate pursuant to § 20-50.3-248. The statement shall be acknowledged by all partners except in such cases as the circumstances make it obviously impossible to secure the signature of one of more partners, which circumstances shall be set forth in the statement.

Modified, 1 CMC 3806(c).

History: Territorial Register, volume 1, number 1, pages 31-36 (July 15, 1974).

§ 20-50.3-135 Taxes, etc., a Prior Lien on Partnership Property on Dissolution

Upon dissolution of a partnership, any lawful taxes, imposts, license fees, or assessments for which the partnership, or any partner in respect thereof, is liable shall constitute a prior lien upon the assets of the partnership but not as against the interest of those creditors who have prior recorded liens.

History: Territorial Register, volume 1, number 1, pages 31-36 (July 15, 1974).

§ 20-50.3-140 Record of Statements

The Registrar shall cause books or files to be kept in his office, in which shall be recorded the several particulars required by this part to be filed in his office.

History: Territorial Register, volume 1, number 1, pages 31-36 (July 15, 1974).

§ 20-50.3-145 Cancellation of Registration

If any partnership, whether general, limited, special, or other, fails or neglects for a period of two years to file any annual statement as required by this part, the Registrar may cancel the registration or the certificate, as the case may be, of the partnership. The cancellation of the registration or certificate shall not relieve the partners of liability for the penalties for the failure to file any statement or certificate required by this part.

History: Territorial Register, volume 1, number 1, pages 31-36 (July 15, 1974).

§ 20-50.3-150 Partnership Between Husband and Wife: Prima Facie Proof

If any business tax return is filed by, or license to do business is issued in the names of, both husband and wife, the tax return or license shall constitute prima facie proof, insofar as the Territory or any of its political subdivisions is concerned, that a partnership in the business exists between husband and wife in respect of the business. If the business tax return is filed by, or

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license is issued in the name of, one of them only, it shall constitute like proof that the husband and wife are not partners in respect of the business.

History: Territorial Register, volume 1, number 1, pages 31-36 (July 15, 1974).

§ 20-50.3-155 Minors and Incompetent Persons

A minor or incompetent person may not be a partner, but may have a beneficial interest in a partnership through a trustee or duly appointed guardian. The trustee or guardian may be a limited partner only.

Modified, 1 CMC § 3806(g).

History: Territorial Register, volume 1, number 1, pages 31-36 (July 15, 1974).

Commission Comment: The commission changed the word “persons” to “person” to correct a manifest error.

§ 20-50.3-160 Not Applicable to Corporations

Nothing in this part shall apply to corporations or incorporated companies.

History: Territorial Register, volume 1, number 1, pages 31-36 (July 15, 1974).

§ 20-50.3-165 Partnerships Heretofore Formed

Any partnership heretofore formed and existing under the laws of this Territory may elect to continue its existence under this chapter by complying with the provisions set forth in this chapter, whereupon this chapter shall apply to such partnerships the same as to partnerships formed under this chapter.

History: Territorial Register, volume 1, number 1, pages 31-36 (July 15, 1974).

Part 200 - Limited Partnerships

§ 20-50.3-201 Limited Partnerships Defined

A limited partnership is a partnership formed by two or more persons under § 20-50.3-202, having as members one or more general partners and one or more limited partners. The limited partners as such shall not be bound by the obligations of the partnership.

Modified, 1 CMC 3806(c).

History: Territorial Register, volume 1, number 1, pages 31-36 (July 15, 1974).

§ 20-50.3-202 Formation

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(a) Two or more persons, each of whom may be an individual or a corporation and any of whom may be acting in a fiduciary capacity, desirous of forming a limited partnership, shall sign, acknowledge, and file a certificate, as follows:

(1) The certificate shall state:

(i) The name of the partnership;

(ii) The character of the business;

(iii) The location of the principal place of business;

(iv) The name, citizenship, and place of residence of each member, general and limited partners being respectively designated;

(v) The term for which the partnership is to exist;

(vi) The amount of cash and a description of and the agreed value of the other property contributed by each limited partner;

(vii) The additional contributions, if any, agreed to be made by each limited partner and the times at which or events on the happening of which they are to be made;

(viii) The time, if agreed upon, when the contribution of each limited partner is to be returned;

(ix) The share of the profits or the other compensation by way of income which each limited partner is to receive by reason of his contributions;

(x) The right, if given, of a limited partner to substitute an assignee as contributor in his place, and the terms and conditions of the substitution;

(xi) The right, if given, of the partners to admit additional limited partners;

(xii) The right, if given, of one or more of the limited partners to priority over other limited partners, as to contributions or as to compensation by way of income and the nature of the priority;

(xiii) The right, if given, of the remaining general partner or partners to continue the business on the death, retirement, or insanity of a general partner; and

(xiv) The right, if given, of a limited partner to demand and receive property other than cash in return for his contribution.

(2) The certificate shall be acknowledged by each of the persons before some officer authorized to take acknowledgments of deeds, and shall be filed in the office of the Registrar.

(b) The Registrar shall preserve the certificate and keep a record of the same, which shall be duly indexed.

History: Territorial Register, volume 1, number 1, pages 31-36 (July 15, 1974).

Commission Comment: The original paragraphs were not designated. The commission designated subsections (a) and (b).

§ 20-50.3-204 Business Which May Be Carried on

A limited partnership may carry on any lawful business.

History: Territorial Register, volume 1, number 1, pages 31-36 (July 15, 1974).

§ 20-50.3-206 Character of Limited Partner's Contribution

The contributions of a limited partner may be cash or other property, but not services.

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History: Territorial Register, volume 1, number 1, pages 31-36 (July 15, 1974).

§ 20-50.3-208 Partnership Name

- (a) The surname of a limited partner shall not appear in the partnership name, unless
 - (1) It is also the surname of a general partner, or
 - (2) Prior to the time when the limited partner became such the business had been carried on under a name in which his surname appeared.

- (b) A limited partner whose name appears in a partnership name contrary to the foregoing provisions is liable as a general partner to partnership creditors who extend credit to the partnership without actual knowledge that he is not a general partner.

Modified, 1 CMC § 3806(f).

History: Territorial Register, volume 1, number 1, pages 31-36 (July 15, 1974).

Commission Comment: The original paragraphs were not designated. The commission designated subsections (a) and (b).

§ 20-50.3-210 Liability for False Statements in Certificate

If the certificate contains a false statement, one who suffers loss by reliance on the statement may hold liable any party to the certificate who knew the statement to be false,

- (a) At the time he signed the certificate, or

- (b) Subsequently, but within a sufficient time before the statement was relied upon to enable him to cancel or amend the certificate, or to file a petition for its cancellation or amendment as provided in § 20-50.3-248(c).

Modified, 1 CMC 3806(c), (f).

History: Territorial Register, volume 1, number 1, pages 31-36 (July 15, 1974).

§ 20-50.3-212 Limited Partner not Liable to Creditors

A limited partner shall not become liable as a general partner unless, in addition to the exercise of his rights and powers as a limited partner, he takes part in the control of the business.

History: Territorial Register, volume 1, number 1, pages 31-36 (July 15, 1974).

§ 20-50.3-214 Admission of Additional Limited Partners

After the formation of a limited partnership, additional limited partners may be admitted upon filing an amendment to the original certificate in accordance with the requirements of § 20-50.3-248.

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Modified, 1 CMC 3806(c).

History: Territorial Register, volume 1, number 1, pages 31-36 (July 15, 1974).

§ 20-50.3-216 Rights, Powers, and Liabilities of a General Partner

A general partner shall have all the rights and powers and be subject to all the restrictions and liabilities of a partner in a partnership without limited partners, except that without the written consent or ratification of the specific act by all the limited partners, a general partner or all of the general partners have no authority to:

- (a) Do any act in contravention of the certificates;
- (b) Do any act which would make it impossible to carry on the ordinary business of the partnership;
- (c) Confess a judgment against the partnership;
- (d) Posses partnership property, or assign their rights in specific partnership property, for other than a partnership purpose;
- (e) Admit a person as a general partner;
- (f) Admit a person as a limited partner, unless the right so to do is given in the certificate;
- (g) Continue the business with partnership property on the death, retirement, or insanity of a general partner, unless the right so to do is given in the certificate.

History: Territorial Register, volume 1, number 1, pages 31-36 (July 15, 1974).

§ 20-50.3-218 Rights of a Limited Partner

- (a) A limited partner shall have the same rights as a general partner to:
 - (1) Have the partnership books kept at the principal place of business of the partnership, and at all times to inspect and copy any of them;
 - (2) Have on demand true and full information of all things affecting the partnership, and a formal account of partnership affairs whenever circumstances render it just and reasonable; and
 - (3) Have dissolution and winding up by decree of court.
- (b) A limited partner shall have the right to receive a share of the profits or other compensation by way of income, and to the return of his contribution as provided in § 20-50.3-228 and § 20-50.3-230.

Modified, 1 CMC § 3806(c), (g).

History: Territorial Register, volume 1, number 1, pages 31-36 (July 15, 1974).

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Commission Comment: The original paragraphs were not designated. The commission designated subsections (a) and (b).

In subsection (a)(2), the commission corrected the spelling of “full” to correct a manifest error.

§ 20-50.3-220 Status of a Person Erroneously Believing Himself a Limited Partner

A person who has contributed to the capital of a business conducted by a person or partnership, erroneously believing that he has become a limited partner in a limited partnership, is not, by reason of his exercise of the rights of a limited partner, a general partner with the person or in the partnership carrying on the business, or bound by the obligations of that person or partnership; provided that on ascertaining the mistake he promptly renounces his interest in the profits of the business, or other compensation by way of income.

History: Territorial Register, volume 1, number 1, pages 31-36 (July 15, 1974).

§ 20-50.3-222 One Person Both General and Limited Partner

(a) A person may be a general partner and a limited partner in the same partnership at the same time.

(b) A person who is a general, and also at the same time a limited partner shall have all the rights and powers and be subject to all the restrictions of a general partner; except that, in respect to his contribution, he shall have the rights against the other members which he would have had if he were not also a general partner.

History: Territorial Register, volume 1, number 1, pages 31-36 (July 15, 1974).

Commission Comment: The original paragraphs were not designated. The commission designated subsections (a) and (b).

§ 20-50.3-224 Loans and Other Business Transactions With Limited Partner

(a) A limited partner also may loan money to and transact other business with the partnership, and, unless he is also a general partner, receive on account of resulting claims against the partnership, with general creditors, a pro rata share of the assets. No limited partner shall in respect to any such claim

(1) Receive or hold as collateral security any partnership property, or

(2) Receive from a general partner or the partnership any payment, conveyance, or release from liability, if at the time the assets of the partnership are not sufficient to discharge partnership liabilities to persons not claiming as general or limited partners.

(b) The receiving of collateral security, or a payment, conveyance, or release in violation of this subpart is a fraud on the creditors of the partnership.

Modified, 1 CMC § 3806(f).

History: Territorial Register, volume 1, number 1, pages 31-36 (July 15, 1974).

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Commission Comment: The original paragraphs were not designated. The commission designated subsections (a) and (b).

§ 20-50.3-226 Relation of Limited Partners Inter Se

Where there are several limited partners the members may agree that one or more of the limited partners shall have a priority over other limited partners as to the return of their contributions, as to their compensation by way of income, or as to any other matter. If such an agreement is made it shall be stated in the certificate, and in the absence of the statement all the limited partners shall stand upon equal footing.

History: Territorial Register, volume 1, number 1, pages 31-36 (July 15, 1974).

§ 20-50.3-228 Compensation of Limited Partner

A limited partner may receive from the partnership the share of the profits or the compensation by way of income stipulated for in the certificate; provided that, after the payment is made, whether from the property of the partnership or that of a general partner, the partnership assets are in excess of all liabilities of the partnership except liabilities to limited partners on account of their contributions and to general partner.

History: Territorial Register, volume 1, number 1, pages 31-36 (July 15, 1974).

§ 20-50.3-230 Withdrawal or Reduction of Limited Partner's Contributions

- (a) A limited partner shall not receive from a general partner or out of partnership property any part of his contribution until
- (1) All liabilities of the partnership, except liabilities to general partners and to limited partners on account of their contributions, have been paid or there remains property of the partnership sufficient to pay them;
 - (2) The consent of all members is had, unless the return of the contribution may be rightfully demanded under subsection (b); and
 - (3) The certificate is cancelled or so amended as to set forth the withdrawal or reduction.
- (b) Subject to subsection (a) a limited partner may rightfully demand the return of his contribution
- (1) On the dissolution of a partnership; or
 - (2) When the date specified in the certificate for its return has arrived; or
 - (3) After he has given six months' notice in writing to all other members if no time is specified in the certificate either for the return of the contribution or for the dissolution of the partnership.
- (c) In the absence of any statement in the certificate to the contrary or the consent of all members, a limited partner, irrespective of the nature of his contribution, has only the right to demand and receive cash in return for his contribution.
- (d) A limited partner may have the partnership dissolved and its affairs wound up when

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- (1) He rightfully but unsuccessfully demands the return of his contribution, or
- (2) The other liabilities of the partnership have not been paid, or the partnership property is insufficient for their payment as required by subsection (a) and the limited partner would otherwise be entitled to the return of his contribution.

Modified, 1 CMC § 3806(f).

History: Territorial Register, volume 1, number 1, pages 31-36 (July 15, 1974).

§ 20-50.3-232 Liability of Limited Partner to Partnership

- (a) A limited partner is liable to the partnership
 - (1) For the difference between his contribution as actually made and that stated in the certificate as having been made, and
 - (2) For any unpaid contribution which he agreed in the certificate to make in the future at the time and on the conditions stated in the certificate.
- (b) A limited partner holds as trustee for the partnership
 - (1) Specific property stated in the certificate as contributed by him, but which was not contributed or which has been wrongfully returned, and
 - (2) Money or other property wrongfully paid or conveyed to him on account of his contribution.
- (c) The liabilities of a limited partner as set forth in this section can be waived or compromised only by the consent of all members; but a waiver or compromise shall not affect the right of a creditor of a partnership, who extended credit or whose claim arose after the filing and before a cancellation or amendment of the certificate, to enforce such liabilities.
- (d) When a contributor has rightfully received the return in whole or in part of the capital of his contribution, he is nevertheless liable to the partnership for any sum, not in excess of the return with interest, necessary to discharge its liabilities to all creditors who extended credit or whose claims arose before the return.

Modified, 1 CMC § 3806(f), (g).

History: Territorial Register, volume 1, number 1, pages 31-36 (July 15, 1974).

Commission Comment: The original paragraphs were not designated. The commission designated subsections (a) through (d).

In subsection (c), the commission changed the word “of” to “or” to correct a manifest error.

§ 20-50.3-234 Nature of Limited Partner’s Interest in Partnership

A limited partner’s interest in the partnership is personal property and is assignable.

History: Territorial Register, volume 1, number 1, pages 31-36 (July 15, 1974).

§ 20-50.3-236 Assignment of

- (a) A substituted limited partner is a person admitted to all the rights of a limited partner who has died or has assigned his interest in a partnership.
- (b) An assignee, who does not become a substituted limited partner, has no right to require any information or account of the partnership transactions or to inspect the partnership books; he is only entitled to receive the share of the profits or other compensation by way of income, or the return of his contribution, to which his assignor would otherwise be entitled.
- (c) An assignee may become a substituted limited partner if all the members (except the assignor) consent thereto or if the assignor, being thereunto empowered by the certificate gives the assignee that right.
- (d) An assignee becomes a substituted limited partner when the certificate is appropriately amended in accordance with § 20-50.3-248.
- (e) The substituted limited partner has all the rights and powers, and is subject to all the restrictions and liabilities of his assignor, except those liabilities of which he was ignorant at the time he became a limited partner and which could not be ascertained from the certificate.
- (f) The substitution of the assignee as a limited partner does not release the assignor from liability to the partnership under § 20-50.3-210 and § 20-50.3-232.

Modified, 1 CMC 3806(c).

History: Territorial Register, volume 1, number 1, pages 31-36 (July 15, 1974).

Commission Comment: The original paragraphs were not designated. The commission designated subsections (a) through (f).

§ 20-50.3-238 Effect of Retirement, Death, or Insanity of a General Partner

The retirement, death, or insanity of a general partner dissolves the partnership, unless the business is continued by the remaining general partners under a right so to do stated in the certificate, or with the consent of all members.

History: Territorial Register, volume 1, number 1, pages 31-36 (July 15, 1974).

§ 20-50.3-240 Death of Limited Partner

- (a) On the death of a limited partner his executor or administrator shall have all the rights of a limited partner for the purpose of settling his estate, and such power as the deceased had to constitute his assignee a substituted limited partner.

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(b) The estate of a deceased limited partner shall be liable for all his liabilities as a limited partner.

History: Territorial Register, volume 1, number 1, pages 31-36 (July 15, 1974).

Commission Comment: The original paragraphs were not designated. The commission designated subsections (a) and (b).

§ 20-50.3-242 Rights of Creditors of Limited Partner

(a) On due application to a court of competent jurisdiction by any creditors of a limited partner, the court may charge the interest of the indebted limited partner with payment of the unsatisfied amount of such claim; and may appoint a receiver, and make all other orders, directions, and inquiries which the circumstances of the case may require.

(b) The interest may be redeemed with the separate property of any general partner, but may not be redeemed with partnership property.

(c) The remedies conferred by subsection (a) shall not be deemed exclusive of others which may exist.

(d) Nothing in this part shall be held to deprive a limited partner of his statutory exemption.

History: Territorial Register, volume 1, number 1, pages 31-36 (July 15, 1974).

§ 20-50.3-244 Distribution of Assets

(a) In settling accounts after dissolution the liabilities of the partnership shall be entitled to payment in the following order:

- (1) Those to creditors, in the order of priority as provided by law, except those to limited partners on account of their contributions, and to general partners;
- (2) Those to limited partners in respect to their share of the profits and other compensation by way of income on their contributions;
- (3) Those to limited partners in respect to the capital of their contributions;
- (4) Those to general partners other than for capital and profits;
- (5) Those to general partners in respect to profits;
- (6) Those to general partners in respect to capital.

(b) Subject to any statement in the certificate or to subsequent agreement, limited partners share in the partnership assets in respect to their claims for capital and in respect to their claims for profits or for compensation by way of income on their contributions respectively in proportion to the respective amounts of their claims.

History: Territorial Register, volume 1, number 1, pages 31-36 (July 15, 1974).

Commission Comment: The original paragraphs were not designated. The commission designated subsections (a) and (b).

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§ 20-50.3-246 When Certificate Shall Be Cancelled or Amended

- (a) The certificate shall be cancelled when the partnership is dissolved or all limited partners cease to be such.
- (b) A certificate shall be amended when:
 - (1) There is a change in the name of partnership or in the amount or character of the contribution of any limited partner;
 - (2) A person is substituting as a limited partner;
 - (3) An additional limited partner is admitted;
 - (4) A person is admitted as a general partner;
 - (5) A general partner retires, dies, or becomes insane, and the business is continued under § 20-50.3-238;
 - (6) There is a change in the character of the business of the partnership;
 - (7) There is a false or erroneous statement in the certificate;
 - (8) There is a change in the time as stated in the certificate, for the dissolution of the partnership or for the return of a contribution;
 - (9) A time is fixed for the dissolution of the partnership, or the return of a contribution, no time having been specified in the certificate; or
 - (10) The members desire to make a change in any other statement in the certificate to represent accurately the agreement between them.

Modified, 1 CMC 3806(c).

History: Territorial Register, volume 1, number 1, pages 31-36 (July 15, 1974).

Commission Comment: The original paragraphs were not designated. The commission designated subsections (a) and (b).

§ 20-50.3-248 Requirements for Amendment and for Cancellation of Certificate

- (a) The writing to amend a certificate shall
 - (1) Conform to the requirements of § 20-50.3-202(a)(1) as far as necessary to set forth clearly the change in the certificate which it is desired to make; and
 - (2) Be signed and acknowledged by all members. An amended substituting a limited partner, or adding a limited or general partner, shall be signed and acknowledged also by the member to be substituted or added, and when a limited partner is to be substituted, the amendment shall also be signed and acknowledged by the assigning limited partner.
- (b) The writing to cancel a certificate shall be signed and acknowledged by all members.
- (c) A person desiring the cancellation or amendment of a certificate, if any person designated above as a person who must execute the writing refuses to do so, may bring a suit in equity in the High Court for an order directing the cancellation or amendment thereof.
- (d) If the court finds that the petitioner has a right to have the writing executed by a person who refuses to do so it shall order the Registrar to record the cancellation or amendment of the

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certificate; and where the certificate is to be amended, the court shall also cause to be filed in the office of the Registrar a certified copy of its decree setting forth the amendment.

- (e) A certificate is amended or cancelled when there is filed in the office of the Registrar
 - (1) A writing in accordance with subsection (a) or (b), or
 - (2) A certified copy of the order of court in accordance with subsection (d).

(f) After the certificate is duly amended in accordance with this section, the amended certificate shall thereafter be for all purposes the certificate provided for by this part.

Modified, 1 CMC § 3806(c), (f).

History: Territorial Register, volume 1, number 1, pages 31-36 (July 15, 1974).

§ 20-50.3-250 Parties to Actions

A contributor, unless he is a general partner, is not a proper party to proceedings by or against a partnership, except where the object is to enforce a limited partner's right against or liability to the partnership.

Modified, 1 CMC § 3806(g).

History: Territorial Register, volume 1, number 1, pages 31-36 (July 15, 1974).

Commission Comment: The commission corrected the spelling of "partner's."

§ 20-50.3-252 Rules of Construction

The rule that statutes in derogation of the common law are to be strictly construed shall have no application to this part.

History: Territorial Register, volume 1, number 1, pages 31-36 (July 15, 1974).

§ 20-50.3-254 Rules for Cases Not Provided for

In any case not provided for in this part the rules of law and equity, including the law merchant, shall govern.

History: Territorial Register, volume 1, number 1, pages 31-36 (July 15, 1974).