

SENATE BILL NO. 329—SENATORS LIPPARELLI, HAMMOND,
ROBERSON; GUSTAVSON AND HARDY

MARCH 16, 2015

Referred to Committee on Judiciary

SUMMARY—Revises provisions relating to partnerships.
(BDR 7-784)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: No.

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EXPLANATION – Matter in *bolded italics* is new; matter between brackets [omitted material] is material to be omitted.

AN ACT relating to partnerships; exempting, under certain
circumstances, certain persons from liability as a partner
by estoppel and liability as a purported partner; and
providing other matters properly relating thereto.

Legislative Counsel's Digest:

1 Existing law sets forth various provisions governing partnerships, including the
2 formation of such business associations and the rights and obligations of partners in
3 a partnership. (Chapter 87 of NRS) Under existing law, partnerships are governed
4 either by the provisions of the Uniform Partnership Act, which were enacted in
5 1931, or the more recent provisions of the Uniform Partnership Act, which were
6 enacted in 1997, depending on the date of the partnership's formation. (NRS
7 87.025, 87.4314) Also under existing law, a person who is not an actual partner of a
8 partnership may be held liable as a partner under certain circumstances and as a
9 result of the words or conduct of the person. (NRS 87.160, 87.4332) This bill
10 provides that those provisions do not apply to a person who announces an
11 association of persons for the sole purpose of business development, regardless of
12 whether such an announcement uses, or the association is described by, certain
13 terms, so long as the business development is undertaken in furtherance of forming
14 an entity in accordance with title 7 of NRS.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 **Section 1.** NRS 87.160 is hereby amended to read as follows:
2 87.160 1. When a person, by words spoken or written or by
3 conduct, represents himself or herself, or consents to another
4 representing him or her to any one, as a partner in an existing



partnership or with one or more persons not actual partners, the person is liable to any such person to whom such representation has been made who has, on the faith of such representation, given credit to the actual or apparent partnership, and if the person has made such representation or consented to its being made in a public manner the person is liable to such person, whether the representation has or has not been made or communicated to such person so giving credit by or with the knowledge of the apparent partner making the representation or consenting to its being made.

(a) When a partnership liability results, the person is liable as though the person were an actual member of the partnership.

(b) When no partnership liability results, the person is liable jointly with the other persons, if any, so consenting to the contract or representation as to incur liability, otherwise separately.

2. When a person has been thus represented to be a partner in an existing partnership, or with one or more persons not actual partners, the person is an agent of the persons consenting to such representation to bind them to the same extent and in the same manner as though he or she were a partner in fact, with respect to persons who rely upon the representation. Where all the members of the existing partnership consent to the representation, a partnership act or obligation results; but in all other cases it is the joint act or obligation of the person acting and the persons consenting to the representation.

3. This section does not apply to any person who, by words spoken or written or by conduct, announces an association of persons for the sole purpose of business development, regardless of whether such an announcement uses, or the association of persons is described by, the terms "partnering" or "joint venturing" or any other similar term, so long as the business development is undertaken in furtherance of forming an entity in accordance with title 7 of NRS.

Sec. 2. NRS 87.4332 is hereby amended to read as follows:

87.4332 1. If a person, by words or conduct, purports to be a partner, or consents to being represented by another as a partner, in a partnership or with one or more persons not partners, the purported partner is liable to a person to whom the representation is made, if that person, relying on the representation, enters into a transaction with the actual or purported partnership. If the representation, either by the purported partner or by a person with the purported partner's consent, is made in a public manner, the purported partner is liable to a person who relies upon the purported partnership even if the purported partner is not aware of being held out as a partner to the claimant. If partnership liability results, the purported partner is liable with respect to that liability as if the



purported partner were a partner. If no partnership liability results, the purported partner is liable with respect to that liability jointly and severally with any other person consenting to the representation.

2. If a person is thus represented to be a partner in an existing partnership, or with one or more persons not partners, the purported partner is an agent of persons consenting to the representation to bind them to the same extent and in the same manner as if the purported partner were a partner, with respect to persons who enter into transactions in reliance upon the representation. If all of the partners of the existing partnership consent to the representation, a partnership act or obligation results. If fewer than all of the partners of the existing partnership consent to the representation, the person acting and the partners consenting to the representation are jointly and severally liable.

3. A person is not liable as a partner merely because the person is named by another in a statement of partnership authority.

4. A person does not continue to be liable as a partner merely because of a failure to file a statement of dissociation or to amend a statement of partnership authority to indicate the partner's dissociation from the partnership.

5. Except as otherwise provided in subsections 1 and 2, persons who are not partners as to each other are not liable as partners to other persons.

6. Subsections 1 and 2 do not apply to any person who, by words spoken or written or conduct, announces an association of persons for the sole purpose of business development, regardless of whether such an announcement uses, or the association of persons is described by, the terms "partnering" or "joint venturing" or any other similar term, so long as the business development is undertaken in furtherance of forming an entity in accordance with title 7 of NRS.

