

48-1d-405 Standards of conduct for partners.

- (1) A partner owes to the partnership and the other partners the duties of loyalty and care stated in Subsections (2) and (3).
- (2) The duty of loyalty of a partner includes the duties:
 - (a) to account to the partnership and hold as trustee for it any property, profit, or benefit derived by the partner:
 - (i) in the conduct or winding up of the partnership's activities and affairs;
 - (ii) from a use by the partner of the partnership's property; or
 - (iii) from the appropriation of a partnership opportunity;
 - (b) to refrain from dealing with the partnership in the conduct or winding up of the partnership's activities and affairs as or on behalf of a person having an interest adverse to the partnership; and
 - (c) to refrain from competing with the partnership in the conduct of the partnership's activities and affairs before the dissolution of the partnership.
- (3) The duty of care of a partner in the conduct or winding up of the partnership's activities and affairs is to refrain from engaging in grossly negligent or reckless conduct, intentional misconduct, or a knowing violation of law.
- (4) A partner shall discharge the duties and obligations under this chapter or under the partnership agreement and exercise any rights consistently with the contractual obligation of good faith and fair dealing.
- (5) A partner does not violate a duty or obligation under this chapter or under the partnership agreement solely because the partner's conduct furthers the partner's own interest.
- (6) All the partners may authorize or ratify, after full disclosure of all material facts, a specific act or transaction that otherwise would violate the duty of loyalty.
- (7) It is a defense to a claim under Subsection (2)(b) and any comparable claim in equity or at common law that the transaction was fair to the partnership.
- (8) If, as permitted by Subsection (6) or the partnership agreement, a partner enters into a transaction with the partnership which otherwise would be prohibited by Subsection (2)(b), the partner's rights and obligations arising from the transaction are the same as those of a person that is not a partner.

Enacted by Chapter 412, 2013 General Session