

48-2e-409 Standards of conduct for general partners.

- (1) A general partner owes to the limited partnership and, subject to Subsection 48-2e-1001(1), the other partners the duties of loyalty and care stated in Subsections (2) and (3).
- (2) The duty of loyalty of a general partner includes the duties:
 - (a) to account to the limited partnership and hold as trustee for it any property, profit, or benefit derived by the general partner:
 - (i) in the conduct or winding up of the limited partnership's activities and affairs;
 - (ii) from a use by the general partner of the limited partnership's property; or
 - (iii) from the appropriation of a limited partnership opportunity;
 - (b) to refrain from dealing with the limited partnership in the conduct or winding up of the limited partnership's activities and affairs as or on behalf of a person having an interest adverse to the limited partnership; and
 - (c) to refrain from competing with the limited partnership in the conduct or winding up of the limited partnership's activities and affairs.
- (3) The duty of care of a general partner in the conduct or winding up of the limited 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 general 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 general partner does not violate a duty or obligation under this chapter or under the partnership agreement solely because the general partner's conduct furthers the general partner's own interest.
- (6) All the partners of a limited partnership may authorize or ratify, after full disclosure of all material facts, a specific act or transaction by a general partner 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 limited partnership.
- (8) If, as permitted by Subsection (6) or the partnership agreement, a general partner enters into a transaction with the limited partnership which otherwise would be prohibited by Subsection (2)(b), the general partner's rights and obligations arising from the transaction are the same as those of a person that is not a general partner.

Enacted by Chapter 412, 2013 General Session