

§ 59-304. Person erroneously believing himself limited partner.

(a) Except as provided in subsection (b), a person who makes a contribution to a business enterprise and erroneously but in good faith believes that the person has become a limited partner in the enterprise is not a general partner in the enterprise and is not bound by its obligations by reason of making the contribution, receiving distributions from the enterprise, or exercising any rights of a limited partner, if, on ascertaining the mistake, he:

- (1) Causes an appropriate certificate of limited partnership [or] certificate of amendment to be executed and filed; or
- (2) Withdraws from future equity participation in the enterprise.

(b) A person who makes a contribution of the kind described in subsection (a) of this section is liable as a general partner to any third party who transacts business with the enterprise in the case in which:

- (1) The third party actually believed in good faith that the person was a general partner at the time of the transaction; and
 - (2) The third party transacted business with the enterprise before either:
 - a. An appropriate certificate has been filed pursuant to subsection (a) of this section to reflect that the person is not a general partner; or
 - b. The person has given notice to the partnership of withdrawal from future equity participation and before the withdrawal was effective.
- (1985 (Reg. Sess., 1986), c. 989, s. 2; 1999-362, s. 19.)