

Hello!
Inadvertent Partnerships

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LLCs, LPs and Partnerships
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Definition of Partnership

Association of 2 or more persons

To carry on

A business

As co-owners

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Implications in Definition

Does *not* require:

- Written or even oral agreement, although “association” implies some sort of understanding
- Participants to identify themselves as partners
- Business actually be conducted, only that they “associate[e] . . . to carry on a business”

Does require:

- Business be intended for profit
- Associating as owners and not in some other relationship; e.g.
 - employer-employee
 - lender-borrower
 - landlord-tenant

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Factors Indicating Partnership

Receiving or right to receive ***profits***

Expression of ***intent*** to be partners

Participating or right to participate in ***control***

Sharing or agreement to share ***losses or liabilities***

Making or agreeing to make ***contributions***

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How to Assess Factors

Ingram v. Deere (Tex. 2009)

Factors considered as a whole

No one factor is determinative

Absence of any factor means no partnership

Presence of all factors means partnership

Only one factor typically is not enough

All other circumstances:

- Factfinder determines
- Reviewed for sufficiency of evidence

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Factors Not Sufficient by Themselves

Receipt of or the right to receive profits in repayment of debt, as wages, as rent, in liquidation of a former partner's interest or in consideration of the sale of a business

Co-ownership of property (as opposed to operating a business on or with the property)

Sharing of or the right to share gross returns (as opposed to net profits)

Co-ownership of mineral property even if subject to a joint operating agreement

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