



# California Corporate & Securities Law

## **Court of Appeal Decides Buy-Out Questions Under Re-RULPA**

By Keith Paul Bishop September 28, 2011

California's Uniform Limited Partnership Act of 2008, commonly known as Re-RULPA, established a mechanism by which partners can avoid a judicial dissolution of the partnership by purchasing for cash the partnership interest owned by the partners initiating the judicial dissolution proceeding. Cal. Corp. Code § 15908.02. This procedure was modeled after the buy-out procedures in the Beverly-Killea Limited Liability Company Act. Cal. Corp. Code § 17351. In fact, Section 15908.02(d) retains an erroneous reference to "any member".

What happens if the partners seeking a judicial dissolution dismiss their petition? In *Panakosta Partners, LP v. Hammer Lane Management, LLC*, Cal. Ct. Appeal Case No. C06812 (Sept. 27, 2011), the Third District Court of Appeal found that the dismissal of the petition for dissolution deprives the trial court of jurisdiction to grant the other partners' petition for a buyout.

The Court of Appeal also found that a petition for judicial dissolution constitutes activity protected under California's so-called "anti-SLAPP" statute, Cal. Code Civ. Proc. § 425.16. That statute facilitates the early dismissal of meritless claims aimed at chilling the First Amendment right of petition. The petitioners, however, did not prevail on their anti-SLAPP claim because the Court of Appeal found that the legislature did not intend to subject every motion for a buyout to the anti-SLAPP statute.

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