



California Corporate & Securities Law

One May Be The Loneliest Number But Its Not A Partnership

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Yesterday, a California Court of Appeal concluded that the idea of a one person partnership under the Revised Uniform Partnership Act has as much reality as a number whose square is a negative number. [Corrales v. Corrales](#) involved two brothers who used a “stationary-store form” to form a partnership. As the trial court observed, the partners then proceeded to ignore the agreement. But that’s not the point of this case or this post.

After a few years, one brother sent the other a “notice of dissociation” and litigation ensued. Under Corporations Code Section 16701, a partnership must buy out a dissociated partner’s interest. At trial, a big issue was the valuation of the partnership business pursuant to Section 16701. The Court of Appeal, however, found that this gargantuan issue was not even lilliputian. In fact, it was non-existent. Rather than decide the seemingly central question of value, the Court found that when the brother dissociated from the partnership, there was no longer any partnership because a partnership must consist of at least two persons (Corporations Code Section 16101(9)).

Dissociation was included in the RUPA to allow a partnership to avoid dissolution when a partner withdrew or was expelled. The corollary of the Court’s holding is that it is not possible to take advantage of the RUPA’s dissociation procedures in a two-person partnership.

Associate Justice [William Bedsworth](#) wrote the opinion in *Corrales*. I wrote about Justice Bedsworth’s syndicated column, *A Criminal Waste of Space*, in this April 2011 [post](#).

Careful readers will note that I referred above to the “Revised Uniform Partnership Act”. I did so because this is how the Court of Appeal denominated the act. However, the official name of California’s version of the RUPA is the “Uniform Partnership Act of 1994”. Corporations Code Section 16100. This statutory appellation is odd because the act was enacted in 1996, not 1994. Stats. 1996, c 1003 (AB 583).

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