

362.1-932 Circumstances preventing distribution -- Liability for unlawful distribution.

- (1) A limited liability partnership shall not make a distribution to the extent that at the time of and after giving effect to the distribution, all liabilities of the limited liability partnership exceed the fair value of the assets of the limited liability partnership, other than liabilities to partners or transferees on account of their transferable interest in liabilities for which the recourse of creditors is limited to specified property. The fair value of property that is subject to a liability for which the recourse of partners is limited shall be included in the assets of the limited liability partnership only to the extent that the fair value of that property exceeds that liability.
- (2) A partner or transferee of a limited liability partnership who receives a distribution in violation of subsection (1) of this section is liable to the partnership for the amount of that distribution. A proceeding under this section shall be barred unless it is commenced within two (2) years of the date on which the distribution is paid to the partner or transferee.
- (3) This section does not affect any obligation or liability of a partner or transferee of a limited liability partnership under an agreement or other applicable law for the amount of a distribution.
- (4) For purposes of this section, the term "distribution" does not include amounts constituting reasonable compensation for present or past services or reasonable payments made in the ordinary course of business pursuant to a bona fide retirement plan or other benefits program.

Effective: July 15, 2010

History: Created 2010 Ky. Acts ch. 133, sec. 5, effective July 15, 2010.

Formerly codified as KRS 362.1-1003.