Asset Protection in the Partnership Context:
What's All the Hoopla?

Florida law under RUPA prohibits a judgment creditor from executing against or attaching partnership property in order to satisfy a partner's debt

by Thomas O. Wells

Practitioners have been bombarded in recent years with literature and seminars extolling the benefits of transferring property to a partnership for asset protection. This article analyzes whether, under Florida law, property transferred to a partnership is actually protected from the claims of creditors of a general or limited partner. It also offers language to be incorporated into a partnership agreement in order to minimize the disruption to the partnership and the nondebtor partners that may be caused by a debtor partner's judgment creditor. In addition, this article examines the various arguments which a partner's creditor may use to levy against property owned by a partnership and whether a creditor should obtain a charging order or an assignment of the debtor partner's interest in a partnership. Finally, this article explores the future status of transfers to partnerships to facilitate asset protection in light of the Revised Uniform Partnership Act which is being drafted for adoption in Florida by a drafting committee of the Business and Tax sections of The Florida Bar.

Interest in a General Partnership

• *Property Rights of a General Partner.* In order to analyze the rights of a creditor against a debtor partner's interest, we must first analyze the rights of the debtor partner in the partnership. The property rights of a partner in a general partnership consist of: 1) the partner's right of co-ownership with the other partners in specific partnership property as tenants in the partnership; 2) the partner's interest in the partnership; and 3) the partner's right to participate in the management of the partnership.[1] A general partner's right in specific partnership property is not subject to attachment or execution, except on a claim against the general partnership,[2] and may not be assigned unless all of the partners assign their right in the same property.[3] A partner may not assign his or her right to participate in the management of the general partnership absent an agreement among the other partners.[4] The only property right a debtor partner may assign without approval of the other partners or which may be obtained involuntarily by a judgment creditor of the debtor partner is that partner's interest in the general partnership, consisting of that partner's share of the profits and surplus of the partnership.[5]

• *Charging Order.* A judgment creditor has several rights against a debtor partner's interest in the partnership. One of those rights is that a judgment creditor may obtain a "charging order,"[6] a mechanism by which the court "charges" the interest of the debtor partner with payment of the unsatisfied amount of the judgment together with interest. In furtherance of a charging order, the court may appoint a receiver to receive the debtor partner's share of profits from the partnership and any other amounts due or to become due to the debtor partner from the partnership.[7] The purpose of the charging order is to prevent disruption of the partnership business and the consequent injustice to the other partners which could otherwise arise from the immediate levy and sale of the debtor partner's interest in a partnership.[8] This concern for the disruption to the partnership's business and the resulting injustice to the nondebtor partners is also the rationale for prohibiting the creditor of a debtor partner from levying on partnership assets.[9]

The effectiveness of a charging order is limited, however, because the partners have the right to establish by agreement the time and amounts of distributions made by the partnership to each partner.[10] Thus, if the partnership agreement designates that distributions will only be made at such times and in such amounts as the partners may unanimously determine in their sole discretion, the partners can limit distributions made to the creditor. There is no statutory or common law right in Florida which allows a creditor with a charging order to force the partnership to distribute funds to the creditor.

In order to minimize the disruption to the partnership and the nondebtor partners that may be caused by a debtor partner's judgment creditor obtaining a charging order, the following

provision should be considered for incorporation into the partnership agreement:

Distributions of Net Cash. Distributions of net cash shall be made from time to time as the partners may unanimously determine in their sole discretion. For purposes of this paragraph, net cash shall mean the gross cash which the partnership has on-hand, less amounts used to pay or establish reserves for all partnership expenses, debt payments (principal and interest), capital improvements, capital replacements and contingencies, all as determined by a majority of the partners in their sole discretion.

• *Foreclosure and Sale of Partnership Interest.* The second right of a judgment creditor against a debtor partner's interest in a partnership is to petition the court for foreclosure and sale of such interest.[11] The problem for the judgment creditor in seeking relief under this remedy is that the assignee of the debtor partner's interest in the partnership is only entitled to receive the profits that the debtor partner would otherwise receive under the partnership agreement.[12] The assignee is not entitled: a) to interfere in the management or administration of the partnership's business or affairs; b) to require any information or account of the partnership's transactions; or c) to inspect the partnership's books during the continuance of the partnership. In addition, under Revenue Ruling 77-137, 1977-1 C.B. 178, the assignee must include the allocated share of partnership income in the assignee's gross income even though the partnership may not distribute any cash to the assignee. The only right the assignee may have to receive a distribution from the partnership is upon application to the court for dissolution of the partnership after the termination of the partnership's specified term or particular undertaking, or at any time sooner if the partnership is a partnership at will.[13] These limited rights of the assignee greatly reduce the marketability of the debtor partner's interest and the foreclosure or sale proceeds to be recovered by the judgment creditor from this process.

Another problem with this remedy for the judgment creditor is that the nondebtor partners may redeem or purchase the debtor partner's interest in the partnership prior to the foreclosure or sale of such interest in order to avoid disruption to the partnership's business. If your client desires to limit the disruption to the partnership that may result from the foreclosure and sale of a debtor partner's interest in the partnership and to benefit the nondebtor partners to the detriment of the judgment creditor and the debtor partner, the following provision should be considered for incorporation into the partnership agreement:

Unless otherwise permitted, an assignee is not entitled to become a partner in the limited partnership or exercise any rights or powers of a partner in the partnership

Redemption of Partner's Interest in the Partnership. No partner may sell, assign, transfer, or otherwise dispose of or mortgage, hypothecate or otherwise encumber or permit or suffer an encumbrance, by operation of law or otherwise, of all or any part of the partner's interest in the partnership, or income therefrom or rights attributable thereto (collectively referred to as a "transfer"), except as otherwise agreed in writing by all of the partners in their sole discretion. If any partner (a "defaulting partner") transfers all or any part of his or her interest in the partnership in violation of this paragraph, then one or more of the other partners (collectively, the "nondefaulting partners") may (but shall not be required to) purchase, and the defaulting partner shall sell, all of the defaulting partner's interest in the partnership to the nondefaulting partners who have elected in writing to exercise such right within 60 days of the date of the notice from the partnership to the nondefaulting partners of such invalid transfer (the "notice date"). The nondefaulting partner(s) shall purchase the defaulting partner's interest in the partnership by depositing with the partnership within 10 days after the expiration of the foregoing 60-day period a certified or cashier's check in the amount of 50 percent of the defaulting partner's positive capital account balance (the "purchase price"), as determined at the close of business on the notice date. If no nondefaulting partner elects to purchase the defaulting partner's interest in the partnership, then the partnership may (but shall not be required to) purchase, and the defaulting partner shall sell, all of the defaulting partner's interest in the partnership to the partnership if the partnership tenders a certified or cashier's check in the amount of the purchase price within 30 days of the expiration of the foregoing 60-day period. If two or more nondefaulting partners elect to purchase the defaulting partner's interest in the partnership, then such nondefaulting partners shall pay a portion of the purchase price and shall purchase a portion of the defaulting partner's interest in the partnership based upon their respective positive capital account balance as determined at the close of business on the notice date, or if no nondefaulting partner has a positive capital account balance, pro rata among such nondefaulting partners. The defaulting partner's right to distribution of net cash and allocations of profits and losses from the partnership and any other right attributable to the defaulting partner as a partner in the partnership shall be suspended immediately upon an invalid transfer and shall be distributed and reallocated to the nondefaulting partners until the defaulting partner's interest in the partnership is transferred either to the nondefaulting partner(s) or the partnership, as the case may be.

• *Actions Available to the Debtor Partner.* The third right of a judgment creditor against a debtor partner's interest in the partnership is to petition the court to order such actions as are available to the debtor partner.[14] If the debtor partner may cause the partnership to dissolve and distribute the surplus cash after satisfaction of the partnership's liabilities, then the court also has the right to order that the partnership be dissolved and the surplus cash be distributed to the judgment creditor of the debtor partner. The debtor partner (and therefore the court) may dissolve the partnership when no definite term or undertaking is specified and the partnership agreement does not otherwise provide the partner with a right to dissolve the partnership.[15] Therefore, in order to limit this right of dissolution, the partnership agreement must provide for a definite term (typically 50 years) or specifically define the partnership's undertaking.

• *Actions That the Circumstances of the Case May Require.* A fourth right of the judgment creditor against a debtor partner's interest in the partnership is to petition the court to take any action which the circumstances of the case may require.[16] Although there have been no cases in Florida defining this right, an open issue is whether this general power under F.S. §620.695(1) allows a court to grant a judgment creditor the right to levy on the partnership's underlying assets if all or a majority of the partners are

indebted to the creditor even though F.S. §620.68(2)(c) prohibits a partner's judgment creditor from levying on partnership assets. For example, assume that a father and son are jointly liable to a judgment creditor and own all of the partnership interests in an unrelated real estate development general partnership. Can a judgment creditor who has the right to obtain a charging order on 100 percent of the partnership interests levy against the real estate owned by such partnership? In *Evans v. Galardi*, 16 Cal.3d 311, 128 Cal. Rptr. 25, 33 (1976), the California Supreme Court rejected any implied exception to the required use of the statutory charging order procedure even though the judgment debtors owned 100 percent of the partnership interests because the partnership was a viable business organization and the judgment creditor had failed to show that he was unable to secure satisfaction of his judgment by use of a charging order or by levy and execution against the debtors' other personally owned property. Query whether the result changes if the partnership only owns marketable securities (*i.e.*, is not a viable business organization), which are divisible, and the judgment debtor(s) owns all or substantially all of the interest in the partnership.

To protect against this argument, the partnership agreement should contain a paragraph stating the purpose of the partnership, that the partnership is a viable business organization and that the partners would be greatly prejudiced if the assets of the partnership were levied upon to satisfy the debts of the partners. For example, if the partnership were formed by a father and his son with the father contributing raw land to the partnership, the following provision may be incorporated into the partnership agreement:

Business and Purpose. The business and purpose of the partnership is and shall be to receive, purchase, hold, own, develop, subdivide, lease, market, sell, and otherwise deal in real estate and to do all such other related activities for the production of income and profit as may be permitted for a general partnership organized under the laws of the State of Florida. The partners agree and acknowledge that the assets of the partnership: a) are vital to the success of the partnership; b) are necessary for the partnership to produce income and profit for the benefit of all partners; and c) may not be used to satisfy the individual debts of any partner as provided under Section 620.68(2)(c), Florida Statutes.

• *Dissolution of Partnership Upon Partner's Bankruptcy.* The judgment creditor may consider commencing bankruptcy proceedings against the debtor partner[17] because a general partnership is dissolved if the debtor partner files or is involuntarily forced into bankruptcy.[18] Upon dissolution of the partnership, the judgment creditor who has obtained a charging order will receive the debtor partner's share of surplus cash.[19] For this reason, practitioners should recommend that their clients transfer property to a limited partnership and only retain a limited partner's interest in such partnership if such clients desire to avoid this type of partnership dissolution.[20]

A judgment creditor may obtain a charging order against a debtor partner's interest in a limited partnership.[21] However, in contrast to a judgment creditor's rights against a debtor partner's interest in a general partnership, a judgment creditor does not have the right to foreclose against the debtor partner's interest in a limited partnership,[22] and the court does not have the general authority to take such actions as the debtor partner might have otherwise taken or as the circumstances of the case may require.[23] The judgment creditor has only the rights of an assignee of the partnership interest. Unless the partnership agreement provides otherwise, an assignee is not entitled to become a partner in the limited partnership or exercise any rights or powers of a partner in the partnership.[24] Further, the limited partnership agreement can restrict the amount and timing of distributions made to its partners[25] and thereby limit the amount received by the judgment creditor under the charging order. Because a judgment creditor's rights against a debtor partner's interest in a general partnership are greater than those rights against a partner's interest in a limited partnership, practitioners who are concerned with asset protection generally should counsel their clients to consider operating as a limited partnership rather than a general partnership.

In drafting a limited partnership agreement, practitioners should con-

sider the following provisions, as well as the provisions set forth above:

Withdrawal of Partner or Capital. No partner may withdraw from the partnership nor may withdraw or make demand to withdraw capital from the partnership without the prior written consent of the general partner and at least two-thirds of the limited partners, which consent may be withheld for any reason or for no reason. If a court or other tribunal determines that a partner may withdraw from the partnership notwithstanding the foregoing provision, the amount of the distribution paid to the withdrawing partner upon such withdrawal shall be equal to 50 percent of that partner's positive capital account balance as determined on the close of business on the day prior to such withdrawal. No partner shall have the right to receive property other than cash from the partnership, except that the general partner and at least two-thirds of the limited partners may, from time to time, direct the partnership to make distributions of property other than cash to the partners.

Capital Accounts. A capital account shall be established for each partner. No partner shall receive any interest with respect to that partner's capital account nor shall have a right to demand the return of the contribution to the capital of the partnership except as otherwise provided in this partnership agreement with respect to the dissolution of the partnership.

As with a general partnership, a judgment creditor of a general partner in a limited partnership may consider commencing bankruptcy proceedings against the general partner. Unless the limited partnership agreement provides otherwise, the general partner is deemed to have withdrawn from the partnership upon the earlier of: a) 120 days after the commencement of an involuntary bankruptcy proceeding which has not been dismissed; b) 90 days after the appointment of a trustee, receiver, or liquidator of the partner or of all or substantially all of his or her or its assets if such appointment has not been vacated or stayed; or c) 90 days after the stay of such appointment if such appointment has not yet been vacated.[26] Upon withdrawal, the withdrawing partner (or his or her assignee under F.S. §620.152(1)(c) or judgment creditor under F.S. §620.153) is entitled to receive any distribution as provided under the partnership agreement or if not otherwise provided in the agreement, the fair value of the debtor partner's interest in the partnership.[27] The other partners may eliminate this method of recovery by the judgment creditor by waiving the withdrawal event of the debtor general partner.[28] The following provision should be considered:

Waiver of Withdrawal Event; Reconstitution. Upon the written consent of all partners other than the general partner which would cease to be a partner in the partnership in the absence of this paragraph, the partnership may waive any event of withdrawal of the general partner as provided under Section 620.124, Florida Statutes. If the partnership elects not to waive an event of withdrawal of the general partner and there is at least one other general partner that is not withdrawing, then the partnership shall not be dissolved and the remaining general partner shall continue the business of the partnership in the place and stead of the withdrawing general partner. If the partnership elects not to waive an event of withdrawal of the general partner and there is no remaining general partner after such withdrawal, then the partners who have not withdrawn may, within 90 days of such withdrawal, appoint a successor general partner and elect to continue the business of the partnership. In such case, the partnership shall not be dissolved.

Fraudulent Conveyance

Notwithstanding the asset protection afforded by the mechanics of the partnership laws and the previously suggested partnership agreement provisions, creditors may obtain avoidance of the transfer of property to the partnership, an attachment against the property transferred to the partnership, an appointment of a receiver to take charge of the property transferred to the partnership, or levy of execution on the asset transferred to the partnership or its proceeds if the transfer of such property is a fraudulent conveyance.[29] A fraudulent conveyance occurs as to present creditors if the partner transfers property to the partnership: a) with actual intent to hinder, delay, or defraud any creditor of the partner;[30] b) without receiving a reasonably equivalent value in exchange for the transfer and either the partner was engaged or was about to engage in a business or transaction for which the remaining assets of the partner were unreasonably small in relation to the business or transaction or the partner intended to incur, or believed or reasonably should have believed, the partner would incur debts beyond his or her ability to pay as they become due;[31] c) without receiving reasonably equivalent value in exchange for the transfer and the partner was insolvent at that time or became insolvent as a result of the transfer;[32] or d) which partnership was an insider (*i.e.*, the debtor partner or a relative of the debtor partner is a general partner of the partnership) that was owed a debt by the partner, the partner was insolvent at that time and the partnership had reasonable cause to believe that the partner was insolvent.[33] Creditors with claims against the partner that arose after the transfer may seek a fraudulent conveyance in connection with the transfers described in a) or b) above.

If the partner is insolvent at the time of the transfer to the partnership or becomes insolvent as a result of such transfer, the partnership can argue that it took the property in good faith and for reasonably equivalent value in defense of a claim under b) above[34] or that it gave the partner new value or accepted the transfer of property in the ordinary course of its own business or financial affairs and the business or financial affairs of the partner in defense of a claim under d) above.[35] The interest the partner receives in the partnership in exchange for the transfer of property should have some value. However, the transaction may be closely scrutinized when the transfer is to a family partnership with the transferor retaining a limited interest in the partnership or when the transferor is the only partner transferring tangible assets to the partnership. If the value of the transferor's interest in the partnership is substantially less than the value of the property transferred to the partnership, the partnership may not be able to argue successfully that it transferred reasonably equivalent value to the transferor partner.

Effective October 1, 1993, any conversion by a debtor of an asset that results in the proceeds of the asset becoming exempt by law from the claims of creditors of the debtor is a fraudulent asset conversion as to those creditors if the debtor made the conversion with the intent to hinder, delay, or defraud the creditors, regardless of whether the creditors' claims to such asset arose prior to or after the conversion.[36] A "conversion" means every mode, direct or indirect, absolute or conditional, of changing or disposing of an asset, such that the products or proceeds of the asset become immune or exempt by law from claims of creditors of the debtor and the products or proceeds of the asset remain property of the debtor.[37] The creditor has four

years to challenge the transfer of an asset as a fraudulent asset conversion.[38]

It is not clear from the legislative history or the language of this statute whether this law is intended to apply to a transfer of property to a partnership in which the transferor retains a partnership interest. Against such an argument, the debtor partner can point out to the court that a charging order allows the creditor to receive the distributions to which the debtor partner would otherwise be entitled.[39] In that the "products or proceeds of the asset" have not become immune or exempt by law from the claims of creditors of the debtor partner as a result of the transfer of the asset to the partnership, the debtor partner could argue that this transfer should not be deemed a fraudulent asset conversion.

Assignment v. Charging Order

A judgment creditor of a debtor partner should be concerned with whether it should accept an assignment of a debtor partner's interest in a partnership after default in full or partial satisfaction of the debt owed, or pursue a charging order against such interest. As with any debt collection procedure, an assignment benefits the judgment creditor by eliminating the legal costs related to subsequent judicial proceedings while providing the creditor with substantially the same benefits (*i.e.*, the right to receive the profits and liquidating distribution to which the debtor partner would otherwise be entitled).[40] A further benefit provided through an assignment is that the assignee of either a general or limited partner's interest in a limited partnership may become a limited partner if the limited partnership agreement grants such right to the debtor partner.[41] As a partner, the creditor may withdraw upon not less than six months' prior written notice[42] and receive its withdrawing partner's distribution under F.S. §620.144, if the partnership agreement does not specify the time or events upon which a limited partner may withdraw or a definite time for dissolution and winding up of the limited partnership. In addition, the assignee creditor may enforce the requirement of the partners in a general partnership or the general partners in a limited partnership to contribute toward the satisfaction of partnership liabilities[43] and thereby increase the potential assets to be distributed to the assignee upon dissolution of the partnership.[44]

The creditor should be aware of the potential costs in accepting an assignment of the debtor partner's interest. First, it appears that the assignee creditor will have to include in its gross income the debtor partner's allocable share of partnership income.[45] Revenue Ruling 77-137 does not appear to extend to the receipt of funds from a charging order which would ordinarily be treated as a repayment of a debt and which may or may not result in income to the judgment creditor. Second, an assignee that becomes a limited partner is liable to the partnership for: a) the assignor partner's obligation to contribute cash or property to, or to perform services for, the partnership; b) any improper distributions previously paid to the assignor partner within the last six years; and c) any distributions previously paid to the assignor partner within the last year which are necessary to discharge the partnership's liabilities to creditors who extended credit to the partnership during the period in which the property distributed to the assignor partner was held by the partnership.[46] Third, with respect to a debtor partner's interest in a general partnership, the court is given broad authority to grant such orders which the circumstances of the case may require.[47] The acceptance of an assignment of the partnership interest probably eliminates the judgment creditor's right to obtain such court order. Therefore, due to the potential, unliquidated costs attributable to an assignment of the debtor partner's interest in a partnership, most creditors should generally obtain a charging order rather than an assignment of the debtor partner's interest.

Florida Revised Uniform Partnership Act

The Business and Tax sections of The Florida Bar are in the process of drafting and modifying the Revised Uniform Partnership Act ("RUPA") for adoption in Florida. This law would revise Florida's existing Uniform Partnership Act governing general partnerships in Florida. Although there is no specific prohibition against the attachment or execution of partnership property for a claim against a partner, §501 of RUPA is similar to F.S. §620.68(2)(b), by providing that no partner has an interest in partnership property that can be voluntarily or involuntarily transferred. Therefore, the judgment creditor of a partner cannot acquire any rights against partnership property without consent from the other partners. In addition, §504(a) of RUPA is very similar to F.S. §620.695(1), by allowing the judgment creditor to petition a court with jurisdiction to grant the creditor a charging order with respect to the debtor partner's interest in the general partnership. The court also is authorized under §504(a) to make all other orders, directions, accounts and inquiries which the debtor partner might have made or which the circumstances of the case may require. Section 504(b) allows the creditor to foreclose against the debtor partner's interest in the general partnership. Section 504(e) codifies common law by providing that §504 is the exclusive remedy by which a judgment creditor of a partner may satisfy a judgment out of the partner's interest in the general partnership.

Conclusion

In general, if property transferred to a partnership is not voidable as a fraudulent conveyance, current Florida law prohibits, and prospective Florida law under RUPA will prohibit, a judgment creditor from executing against or attaching partnership property in order to satisfy the debt of a partner.

In order to minimize the disruption to the partnership and the nondebtor partners attributable to a debtor partner's judgment creditor, a well-drafted partnership agreement may include provisions that limit distributions to partners, limit transfers of partnership interests, provide for redemption of a partner's interest, state a business purpose of the partnership, limit the ability to withdraw (or withdraw capital) from the partnership, and grant the partners the ability to waive an event of withdrawal.

Due to the greater rights granted to a judgment creditor against a debtor partner's interest in a general partnership, practitioners should consider recommending that their clients operate as limited partnerships rather than general partnerships.

Judgment creditors should be wary of accepting an assignment of a debtor

partner's interest in lieu of pursuing a charging order.

Finally, practitioners who provide counseling in this area should closely follow the evolving caselaw relating to the rights of creditors levying against partnership property to satisfy the claims against debtor partners. This area of the law is likely to change as use of partnerships for asset protection becomes more prevalent. ☐

[1] FLA. STAT. §§620.675 and 620.68(1).
[2] FLA. STAT. §620.68(2)(c).
[3] FLA. STAT. §620.68(2)(b).
[4] FLA. STAT. §620.69(1).
[5] FLA. STAT. §620.685.
[6] FLA. STAT. §620.695(1). *Krauth v. First Continental Dev-Con, Inc.*, 351 So. 2d 1106, 1108 (Fla. 4th D.C.A. 1977) ("At common law [a partner's interest in a partnership] was subject to levy and sale under execution, but that was changed by the Uniform Partnership Act, which has made the statutory charging order the only means by which a judgment creditor can legally command payment from a debtor's partnership interest."). *See also Anderson v. Potential Enterprises, Ltd.*, 596 So. 2d 488, 491 (Fla. 5th D.C.A. 1992); *In re Canto*, 84 B.R. 773, 776 (Bankr. N.D. Fla. 1988); *Atlantic Mobile Homes, Inc. v. LeFever*, 481 So. 2d 1002, 1003 (Fla. 4th D.C.A. 1986); and *In re Jam Fine Furniture, Inc.*, 19 B.R. 578, 582 (Bankr. S.D. Fla. 1982). Note that the Florida Legislature recently endorsed the "charging order" remedy by granting a judgment creditor of a member of a limited liability company the right to apply to a court of competent jurisdiction for a charging order. *See* FLA. STAT. §608.433(4) (effective October 1, 1993).
[7] These additional amounts presumably include the debtor partner's right to receive payment for its capital and profits interest in the partnership following the dissolution and winding up of the partnership. *See* FLA. STAT. §620.645(1) and §620.755(3). Note that under both §620.645 and §620.755, the partnership agreement can limit or even eliminate the debtor partner's right to receive such distribution and thereby further limit the rights of a creditor of the debtor partner who has obtained a charging order.
[8] *Myrick v. Second National Bank of Clearwater*, 335 So. 2d 343, 345 (Fla. 2d D.C.A. 1976).
[9] *Id.* at 345.
[10] FLA. STAT. §620.645.
[11] FLA. STAT. §620.695(2). *See also Myrick v. Second National Bank of Clearwater*, 335 So. 2d at 345.
[12] FLA. STAT. §620.69(2).
[13] FLA. STAT. §620.715(2).
[14] FLA. STAT. §620.695(1).
[15] FLA. STAT. §§620.71(1)(b) and 620.71(2).
[16] FLA. STAT. §620.695(1).
[17] Under §303(b)(2), if there are fewer than 12 creditors, then a creditor with a claim of more than $5,000 may commence involuntary bankruptcy proceedings against the debtor partner. Under §303(b)(1), Title 11, U.S.C.A. (1993), if there are 12 or more creditors, then three creditors who are owed more than $5,000 may commence involuntary bankruptcy proceedings against the debtor partner.
[18] FLA. STAT. §620.71(5).
[19] FLA. STAT. §620.755(2)(c) and (d).
[20] The bankruptcy of a limited partner does not cause the dissolution of a limited partnership under FLA. STAT. §620.157.
[21] *In re Dutch Inn of Orlando, Ltd.*, 2 B.R. 268, 272-273 (Bankr. M.D. Fla. 1980) (rights of a judgment creditor against a general partner's interest in a limited partnership); and *In re Stocks*, 110 B.R. 65, 66-67 (Bankr. N.D. Fla. 1989) (rights of a judgment creditor against a limited partner's interest in a limited partnership).
[22] *Compare* FLA. STAT. §§620.153 and 620.695(2). *In re Stocks*, 110 B.R. at 67.
[23] *Compare* FLA. STAT. §§620.153 and 620.695(1).
[24] FLA. STAT. §620.152(1)(b).
[25] FLA. STAT. §620.139.
[26] FLA. STAT. §620.124(5).
[27] FLA. STAT. §620.144.
[28] FLA. STAT. §620.124.
[29] FLA. STAT. §726.108.
[30] FLA. STAT. §726.105(1)(a).
[31] FLA. STAT. §726.105(1)(b).
[32] FLA. STAT. §726.106(1).
[33] FLA. STAT. §726.106(2).
[34] FLA. STAT. §726.109(2).
[35] FLA. STAT. §726.109(6).
[36] FLA. STAT. §222.30(2).
[37] FLA. STAT. §222.30(1).
[38] FLA. STAT. §222.30(5).
[39] FLA. STAT. §§620.153 and 620.695(1).
[40] FLA. STAT. §620.69(1) and (2) relating to general partnerships, and §620.152(1)(c) relating to a limited partnership.
[41] FLA. STAT. §620.154(1)(a). Under FLA. STAT. §620.154(2), the assignee limited partner has, to the extent assigned, the rights and powers, and is subject to the restrictions and liabilities, of a limited partner under the partnership agreement and the Florida Revised Uniform Limited Partnership Act (1986).
[42] FLA. STAT. §620.143. Because of this §620.143, many limited partnership agreements provide for a definite time for dissolution, such as 50 years after the filing of the certificate of limited partnership.
[43] FLA. STAT. §620.755(5) for general partnerships, and FLA. STAT. §620.186, for limited partnerships.
[44] FLA. STAT. §620.755(2)(c) and (d) for general partnerships, and FLA. STAT. §620.162(2) and (3), for limited partnerships.
[45] Rev. Rul. 77-137, 1977-1 C.B. 178; *Evans v. Commissioner*, 447 F.2d 547, 71-2 U.S.T.C. 9597 (7th Cir. 1971).
[46] FLA. STAT. §620.154(2).
[47] FLA. STAT. §620.695(1).

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