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THE UNIFORM LIMITED PARTNERSHIP ACT.

On August 28th of last year the Conference of Commissioners on Uniform State Laws meeting in Chicago adopted a limited partnership act and recommended it to the legislatures of the several states. The first state to adopt the act is Pennsylvania, the act becoming part of the law of the state on April 12th.

The committee of the Conference charged with the duty of preparing the tentative drafts for submission to the Conference was the Committee on Commercial Law, the same committee which has been responsible for the acts on negotiable instruments, bills of lading, warehouse receipts, sales of goods, and partnership. The writer, acting for the New York Drafting Association, served the Commercial Law Committee in the capacity of draftsman; that is, he was responsible for placing before the Committee the successive tentative drafts. But, as in the case of all other commercial acts recently issued by the Conference, the two successive drafts of this limited partnership act submitted to the Conference were the joint work of the Commercial Law Committee and the draftsman, every sentence being hammered out by round table discussions. The Conference itself, composed as it is of lawyers appointed by the governors of the several states, devoted many hours of the 1915 and 1916 sessions to a full discussion of the general principles on which the act is based, and to the wording of each section.

The term "limited partnership" is sometimes employed to denote an association for carrying on business with a view to profit, in which, as in a corporation, the liability of all the members is limited to their contributions to the common fund, or to some multiple of such contributions, but in which the other legal incidents are not identical with those of an association organized under the general incorporation law of the state. These associations are not partnerships and are incorrectly designated as "limited partnerships." A true limited partnership is an association in which the liability of one or more but not all of the members is limited to their contributions to the common fund; the liability of the other member or members for the debts of the association being unlimited. The members whose liability is limited are usually referred to as "limited" or "special partners," while those whose liability is unlimited are referred to as "general partners."

The first limited partnership act in the United States was that adopted by the State of New York in 1822; the other commercial states during the ensuing thirty years followed her example, until today all the states, except New Mexico, have such an act. The various statutes follow the language of the New York statute with little material variation. The New York act was modeled on the *Société en Commandite* of the French Commercial Code. The Surrogate, Alexander W. Bradford, speaking in 1850, of the New York statute, in his opinion in *Ames v. Downing*,¹ gives an account of the origin of this French business association. He says:

"The system of limited partnerships, which was introduced by statute into this state, and subsequently very generally adopted in many other states of the Union, was borrowed from the French Code. 3 Kent, 36; *Code de Commerce*. It has existed in France from the time of the middle ages; mention being made of it in the most ancient commercial records and in the early mercantile regulations of Marseilles and Montpellier. In the vulgar latinity of the middle ages it was styled *commenda*, and in Italy *accommoda*. In the statutes of Pisa and Florence, it is recognized as far back as the year 1160; also in the ordinance of Louis-le-Hutin, of 1315; the statutes of Marseilles, 1253; of Geneva of 1588. In the middle

¹ 1 Bradf. 351 (N. Y. 1850).

ages it was one of the most frequent combinations of trade and was the basis of the active and widely extended commerce of the opulent maritime cities of Italy. It contributed largely to the support of the great and prosperous trade carried along the shores of the Mediterranean; was known in Languedoc, Provence, and Lombardy, entered into most of the industrial occupations and pursuits of the age and even travelled under the protection of the arms of the Crusaders to the City of Jerusalem. At a period when capital was in the hands of nobles and clergy, who, from pride or caste, or canonical regulations, could not engage directly in trade, it afforded the means of secretly embarking in commercial enterprises and reaping the profits of such lucrative pursuits without personal risks, and thus the vast wealth, which otherwise would have lain dormant in the coffers of the rich, became the foundation by means of this ingenious idea of that great commerce which made princes of the merchants, elevated the trading classes and brought the commons into position as an influential estate of the commonwealth."

The statement of Judge Bradford indicates the economic and business conditions which the limited partnership is intended to meet. In Venice in the middle ages the merchants, under whose immediate direction the maritime ventures were carried on, were willing to be liable without limit for the debts incurred in their prosecution. The noble classes were willing to risk the amount contributed to the capital of an enterprise in return for a share in the expected profits. Even had the modern business corporation been fully developed, as today, there would have been many cases in which *société en commendite* or limited partnership would have been better fitted to the needs of the parties. In the limited partnership the limited partner may be sure of the active interest of the general partners, who are the directors of the enterprise, because such partners are, while the directors of a corporation are not, liable without limit for the debts. On the other hand, the general partners secure the additional funds necessary for the prosecution of the business, and yet remain in control of the business; while if a corporation is formed, all the contributors to the capital stock acquire the right to take part in the management to the extent of a right to vote for the board of directors.

Again, turning a partnership into a corporation in many cases involves a loss of credit, because the partners who have up

to the time of the transformation actually conducted the business, cease to be liable without limit for the debts.

Of course, there are many incidents of a corporation which under a great variety of conditions render it a more suitable business organization than a limited partnership or any other form of business association. The very fact that all the members are liable only for the amount contributed to the common fund makes the corporate form of business organization peculiarly adapted to large enterprises. In large enterprises the obligations incurred are large. Few would subscribe to the common fund if, by so doing, they risked having their entire fortune swept away if the enterprise was unsuccessful.

The fact, however, that the modern corporation is a business association peculiarly adapted to meet many conditions does not mean that there is no need for other forms of statutory business associations. On the contrary, the aim of the legislature should be to enable business men about to associate for the purpose of carrying on a business, to choose, among several possible forms of organization, the one best suited to their special needs. It is a matter of regret that unlike the business men on the continent of Europe, or even England, the American business man is, in the great majority of cases, practically forced today to choose between only two forms: the common law partnership and the corporation.

One of the chief reasons why the American business man is thus limited in organizing a business association to the formation of a partnership or corporation, is the failure of the limited partnership acts to meet the business need for which they were designed.

The Conference on Uniform State Laws in preparing a limited partnership act had a larger problem to face than merely to choose the best among the conflicting provisions of existing state statutes. No existing limited partnership act, and no combination of the provisions of existing acts would make a satisfactory uniform statute. Existing acts are in more than one respect fundamentally defective. A short statement of the nature of these fundamental defects will show the real nature of the problems

with which the Conference was obliged to deal, and also serve to emphasize the fundamental differences between the existing acts and the new uniform law.

If a person in business by himself or if a partnership desires to secure additional capital without forming a corporation or other statutory business association, there are at least three classes of contracts which can be made with those from whom the capital is secured. One, the ordinary loan on interest; another, the loan where the lender, in lieu of interest, takes a share in the profits of the business; and third, those cases in which the person advancing the capital secures, besides a share in the profits, some measure of control over the business.

At first, in the absence of statutes, the courts, both in this country and in England, assumed that one interested in a business is bound by its obligations, carrying the application of this principle so far that a contract, where the only evidence of interest was a share of the profits, made one who supposed himself a lender, and who was probably unknown to the creditors at the times they extended their credits, unlimitedly liable as a partner to such creditors.² The influence of cases so holding lasted in England until the decision in *Cox v. Hickman*,³ and in this country in some states until a much later period.⁴

Later decisions have much modified the earlier cases. The lender who takes a share in the profits, except possibly in one or two of our jurisdictions, does not by reason of that fact run the risk of being held as a partner.⁵ If, however, his contract falls within the third class mentioned, and he has any measure of control over the business, he at once runs serious risk of being held liable for the debts of the business as a partner, the risk increasing as he increases his control.⁶

² *Grace v. Smith*, 2 W. Bl. 1998 (Eng. 1776); *Young v. Axtell*, 2 H. Bl. 235 (Eng. 1793).

³ H. L. Cas. 268 (Eng. 1860).

⁴ See *Hacket v. Stanley*, 115 N. Y. 625 (1889).

⁵ On this subject a leading opinion is that of the late Judge Doe, of New Hampshire, in *Eastman v. Clark*, 53 N. H. 276 (1872).

⁶ See specially the opinion of Sir George Jessel in *Pooley v. Driver*, L. R. 5 Ch. Div. 458 (Eng. 1876).

As stated, the first limited partnership act was adopted by New York in 1822; the other commercial states, during the ensuing thirty years, followed her example. These statutes were adopted and to a considerable degree interpreted by the courts during that period when it was generally held that any interest in a business made the person holding the interest liable for the obligations incurred in carrying it on. As a result the courts usually assumed in the interpretation of these statutes two principles as fundamental.

First.—That a limited (or, as he is also called, a special) partner, is a partner in all respects like any other partner, except that to obtain the privilege of a limitation of his liability he can show that he has exactly conformed to the statutory requirements in respect to filing a certificate and refrained from participation in the conduct of the business.

Second.—The limited partner, on any failure to follow the requirements in regard to the certificate, or on any participation in the conduct of his business, loses his privilege of limited liability, and becomes, as far as those dealing with the business are concerned, in all respects, a partner.

The courts in thus interpreting the statutes, although they made an American partnership with limited members something very different from the French *Société en Commendite* from which the idea of the original statutes was derived, unquestionably carried out the intent of those responsible for their adoption. This is shown by the very wording of the statutes themselves. For instance, all the statutes require that all partners, limited and general, shall sign a certificate, and nearly all state that "If any false statement be made in such certificate all the persons interested in such partnership shall be liable for all the engagements thereof as general partners."

The practical result of the spirit shown in the language and in the interpretation of existing statutes, coupled with the fact that a man may now lend money to a partnership and take a share in the profits in lieu of interest without running serious danger of becoming bound for partnership obligations, has, to a very

great extent, deprived the existing statutory provisions for limited partners of any usefulness. Indeed, apparently, their use is largely confined to associations in which those who conduct the business have not more than one limited partner; and this for the obvious reason that while the certificate must state the amount and character of the contribution of each limited partner, a false statement by one limited partner, not only makes him a general partner, but makes all the other limited partners general partners also, although they had no reason to believe that the statement of their colleague was untrue.

Again, the fact that no one is hurt by a false statement in the certificate is immaterial. Being false in fact all the limited partners become liable as general partners. Thus in the Massachusetts case of *Haggerty v. Foster*,⁷ the certificate stated that Foster had contributed cash to a certain amount, when he had given to one of the partners an order to sell United States bonds belonging to him, and then in the custody of a bank, the par value of the bonds being equal to the amount of cash which the certificate declared he had contributed. These bonds were actually sold above par and the proceeds acquired by the partnership, so that instead of the creditors being hurt, they were actually benefited by the variation between the statement in the certificate and the fact. Nevertheless, the court held Foster liable as a general partner for all the debts of the partnership, saying:

"It is wholly immaterial that the transaction at the time was honestly intended and understood by the parties to be sufficient; that the securities actually transferred afforded the means by which their cash value was in fact subsequently realized; or that creditors were not actually defrauded."

A reference to the Pennsylvania case of *Fourth Street National Bank v. Whitaker*,⁸ will further serve to show why business men hesitate to take advantage of existing limited partnership acts. As in most states, the Pennsylvania Act, which has just been repealed by the adoption of the new Uniform Act, contained a section,⁹ which stated that:

⁷ 103 Mass. 17 (1869).

⁸ 170 Pa. 297 (1895).

⁹ Act of March 21, 1836, P. L. 143, Sec. 12.

"Every alteration which shall be made in the names of the parties, in the nature of the business, or in the capital or shares thereof, or in any matter specified in the original certificate shall be deemed a dissolution of the partnership, and every such partnership which shall in any manner be carried on after any such alteration shall have been made, shall be deemed a general partnership."

That is, all the limited partners become unlimitedly liable for all the debts of the partnership, unless the partnership "is renewed as a special partnership." To renew as a limited partnership at the end of the term for which the first limited partnership has been formed, a new certificate must be filed, and if this new certificate contains any false statement, no matter how innocently made, all the limited partners become unlimitedly liable. In the case referred to *A, B, C, et al.*, formed a limited partnership under the Pennsylvania Act of 1836. The original certificate correctly set forth that A and B were limited partners and had contributed \$100,000 each. At the end of the term for which the partnership was created the partners desired to renew. Acting under the supplemental Act of March 30, 1865,¹⁰ they applied for an appointment of an appraiser of the goods belonging to the partnership, and on his report to the effect that these were sufficient to pay all the debts of the firm and leave a balance of more than the original contributions of the limited partners, they filed a renewal certificate, in which they set forth that the amount of their original contributions remained unimpaired. There appears to have been no question that in making this statement they were acting in good faith. As a matter of fact, however, while the property of the partnership was probably more than \$200,000,—the aggregate of the contributions of the limited partners,—the debts were more than sufficient to wipe out all assets, and, therefore, the contributions of the limited partners were more than impaired; they were lost. A and B, because of this false statement, were held unlimitedly liable for all the partnership debts. The court could hardly have avoided this result in view of the wording of the act, although the total possible harm which the unintentional false statement could have possibly done

¹⁰ P. L. 446.

to the creditors was \$200,000. Small wonder that statutes, the language of which necessitates such decisions, are of little practical use to individuals or partnerships seeking contributions to their business capital, and that the acts thus fail to meet the economic need which lead to their adoption.

Practically all the differences between the new Uniform Act and the existing statutes are due to the desire of the Conference to present to the legislatures of the several states an act, under which a person willing to invest his money in a business for a share in the profits, may become a limited partner, with the same sense of security from any possibility of unlimited liability as the subscribers to the shares of a corporation.

The act proceeds on the assumption that no public policy requires a person who contributes to the capital of a business, acquires an interest in the profits, and some degree of control over the conduct of the business, to become bound for the obligations of the business, provided creditors have no reason to believe at the times their credits were extended that such person was so bound. It, therefore, deals in a radically different manner from former limited partnership acts with the consequences of a false statement in the certificate.

Section 6 provides that if there is a false statement in the certificate, one who suffers loss by reliance on such statement may hold liable any limited partner who knew the statement to be false when he signed the certificate, or within sufficient time before the statement was relied on to have had the certificate cancelled or amended.¹¹

Again, suppose a person is asked to contribute to the capital of a business conducted by a person or partnership, and that he does so, believing he has become a limited partner, but the certificate required to be filed is not filed, or being filed is so defective that no limited partnership has been formed. Under existing acts a person in the position described runs a danger of becoming a general partner, if he takes a share in the profits, and a still greater danger if he exercises a limited partner's right to look

¹¹ The process of cancelling or amending a certificate is set forth in section 25 (3) of the act.

over the books and give advice to his supposed co-partners. It is immaterial that he may have thought all things had been done necessary for the formation of the limited partnership, and also that the persons doing business with the partnership may at the time they extended credit believe he was a limited partner. Section 11 of the Uniform Act meets this situation by providing that a person who has contributed to the capital of a business conducted by a person or partnership, erroneously believing that he has become a limited partner in a limited partnership, is not, by reason of his exercise of the rights of a limited partner, a general partner with the person or in the partnership carrying on the business; provided that on ascertaining the mistake he promptly renounces his interest in the profits of the business or other compensation by way of income.

Under existing acts a limited partner is in effect a general partner securing limited liability by complying with the requisites stated in the act. In the Uniform Act the person who contributes the capital, though in accordance with custom called a limited partner, is not in any sense a partner; he is a member of an association having two classes of members, the general partners, and the contributors called limited partners.

As limited partners are not partners securing limited liability by filing a certificate, every detail of which must be complied with, the association is formed when substantial compliance in good faith is had with the requirements for a certificate.¹²

Under existing acts the question whether a limited partner having paid his contribution in full, and, thereafter, loaning money to the partnership shall be treated in respect to such loan as a partner making an advance or as an ordinary creditor, has been the subject of conflicting decisions,¹³ although logically under the theory that a limited partner is in all respects a partner, except that his liability is limited, it follows that for further ad-

¹² Sec. 2 (2).

¹³ In *White v. Hackett*, 20 N. Y. 178 (1859), and *Downing's App.*, 44 Pa. 150 (1863), also *Jaffe v. Crum*, 88 Mo. 669 (1886), the limited partner was treated as a partner in respect to such further advance. *Clapp v. Tracy*, 35 Conn. 463 (1863), *contra*.

vances beyond his contributions he should be treated as a partner and postponed to the other creditors. Under the Uniform Act, however, a limited partner, not being in any sense a partner, is not debarred from loaning money or transacting other business with the partnership as any other non-member; provided he does not, in respect to such transaction, accept from the partnership collateral security, or receive from any partner or the partnership any payment, conveyance or release from liability, if at the time the assets of the partnership are not sufficient to discharge its obligations to persons not general or limited partners.¹⁴

So, also, as limited partners are not in the Uniform Act principals in partnership transactions. Their liability, except for known false statements in the certificate,¹⁵ is to the partnership, not to the creditors of the partnership.¹⁶ The general partners cannot, however, waive any liability of the limited partners to the prejudice of such creditors.¹⁷

Perhaps that section of the act which will have as great practical effect as any in inducing small partnerships desiring additional capital to form a limited partnership under the act, rather than a corporation, is section 13, which permits a person to be a general partner and a special partner at the same time. This provision enables the partners to divide the entire capital of the partnership into shares, and themselves subscribe to the partnership fund on the same basis in respect to a share in the profits and as to capital in case of dissolution as outside contributors. A person who is a general, and also at the same time a limited partner, has all the rights and powers and is subject to all the liabilities of a general partner, except that, in respect to his contribution, he has the rights against the other members which he would have had if he were not also a general partner. If, therefore, A, B and C are limited partners, A and B being also general partners, on the winding up of the partnership after the payment of all debts due outsiders, the remaining assets, would be

¹⁴ Sec. 13.

¹⁵ Sec. 7.

¹⁶ Sec. 17.

¹⁷ Sec. 17 (3).

used first to pay back *pro rata* the contributions of A, B and C as limited partners.

Other sections of minor, but nevertheless of considerable importance deserve notice.

Section 9 makes clear the rights and powers of a general partner, a matter which existing acts fail to touch. The Uniform Act declares that a general partner shall have all the rights and powers and be subject to all the restrictions and liabilities of a partner in a partnership without limited partners, except that without the written consent or ratification of the specific act by all the limited partners, a general partner or all of the general partners have no authority to

- “(a) Do any act in contravention of the certificate.
- (b) Do any act which would make it impossible to carry on the ordinary business of the partnership.
- (c) Confess a judgment against the partnership.
- (d) Possess partnership property, or assign their rights in specific partnership property, for other than a partnership purpose.
- (e) Admit a person as general partner.
- (f) Admit a person as a limited partner, unless the right so to do is given in the certificate.
- (g) Continue the business with partnership property on the death, retirement or insanity of a general partner, unless the right so to do is given in the certificate.”

Section 10 deals with the rights of a limited partner; providing that he shall have the right to receive the share in the profits stipulated for in the certificate,¹⁸ and a return of his contribution after all liabilities of the partnership to persons not general or limited partners have been paid.¹⁹ It also declares that a limited partner shall have the same rights as a general partner to

- “(a) Have the partnership books kept at the principal place of business of the partnership, and at all times to inspect and copy any of them.
- (b) Have on demand true and full information of all things affecting the partnership, and a formal account of partnership affairs whenever circumstances render it just and reasonable, and
- (c) Have dissolution and winding-up by decree of court.”

Perhaps the detail with which the Uniform Act covers sub-

¹⁸ Sec. 15.

¹⁹ Sec. 16.

jects of practical importance which are only dealt with in a general way by existing acts, is best shown by the different methods employed in treating the subject of assignment of a limited partner's interest. In the original limited partnership acts this subject was treated logically under the theory that a limited partner was in all respects except as to his liability a partner. Thus, an attempted assignment of his interest by a limited partner was as effective to produce a dissolution of the partnership as an assignment by a general partner of his interest. By supplemental or amending acts, however, limited partners were permitted to assign. The Pennsylvania statute on the subject, the Act of April 16, 1858,²⁰ one of the acts specifically repealed by the recent act putting in force the Uniform Act, is typical. It provides that a limited (special) partner, with the assent of his partners, in writing, first had and obtained, may sell or assign his interest in a limited partnership without causing thereby a dissolution of the partnership. The treatment of the subject in section 19 of the Uniform Act is as follows:

"(1) A limited partner's interest is assignable.

(2) A substituted limited partner is a partner admitted to all the rights of a limited partner who has died or has assigned his interest in the partnership.

(3) An assignee, who does not become a substituted limited partner, has no right to require any information or account of the partnership transactions or to inspect the partnership books; he is only entitled to receive the share of the profits or other compensation by way of income, or the return of his contribution to which his assignor would otherwise be entitled.

(4) An assignee shall have the right to become a substituted limited partner if all the members (except the assignor) consent thereto, or if the assignor, being thereunto empowered by the certificate, gives the assignee that right.

(5) An assignee becomes a substituted limited partner when the certificate is appropriately amended in accordance with Section 25.

(6) The substituted limited partner has all the rights and powers, and is subject to all the restrictions and liabilities of his assignor, except those liabilities of which he was ignorant at the time he became a limited partner and which could not be ascertained from the certificate.

²⁰ P. L. 689, 691.

(7) The substitution of the assignee as a limited partner does not release the assignor from liability to the partnership under Sections 6 and 17."

Section 22 adopts the same procedure to subject the interest of the limited partner in the partnership to the payment of his separate creditors as is adopted in the Uniform Partnership Act to subject the interest of the partner to the payment of his separate debts.²¹ Section 22 provides:

"On due application to a court of competent jurisdiction by any judgment creditor of a limited partner, the court may charge the interest of the indebted limited partner with payment of the unsatisfied amount of the judgment debt; and may appoint a receiver, and make all other orders, directions, and inquiries which the circumstances of the case may require."

In those states where a creditor on beginning an action can attach debts due the defendant before he has obtained a judgment against the defendant, the commissioners recommended that paragraph 1 of this section read as follows:

"On due application to a court of competent jurisdiction by any creditor of a limited partner, the court may charge the interest of the indebted limited partner with payment of the unsatisfied amount of such claim; and may appoint a receiver and make all other orders, directions and inquiries which the circumstances of the case may require."

Among the pitfalls for the unwary limited partner under prior acts, are the provisions for renewal certificates, if it is desired to continue the limited partnership after the time originally stated in the certificate for its termination. Thus section 11 of the Pennsylvania Act of 1836 provided as the statutes of the great majority of the states still provide, that

"Every renewal or continuance of such partnership beyond the time originally fixed for its duration shall be certified, acknowledged and recorded, and an affidavit of a general partner be made and filed, and notice be given in the manner herein required for its original formation, and every such partnership which shall be otherwise renewed and continued shall be deemed a general partnership."

The unfortunate consequences of any false statement in a

²¹ See section 28 of the Uniform Partnership Act.

renewal certificate, though innocently made, has been shown. In the Uniform Act, the limited partner is fully protected from being caught in the trap of unlimited liability, and at the same time, the provisions for amending and cancelling a certificate are set forth in an administrative detail not found in the more or less vague language of existing acts. Sections 24 and 25 of the Uniform Act deal with the question of when the certificate shall be cancelled or amended,²² and the requisites for cancellation and amendment.²³ If any statement in the original certificate has ceased to be true the certificate contains a false statement. Any limited partner knowing the statement to be false within a sufficient time before the statement was relied upon to enable him to cancel or amend the certificate under the provisions of section 25, is, as previously explained, under section 6 liable to one who suffers loss by reliance on such statement. Knowing that the certificate contains by reason of changed circumstances, a false statement, it is his duty to see that the certificate is amended to correspond with present facts. But under section 25 (1) a writing to cancel or amend a certificate must be sworn to by all the partners, general and limited. Paragraphs 3 and 4, therefore of this section provide that a person desiring the cancellation or amendment of a certificate, if any of the other limited or general partners refuse to join him in signing the required writing, may file in the proper court a petition for an order of cancellation or amendment. The certificate is actually amended or cancelled, as the case may be, when there is filed for record the proper writing duly signed, or a certified copy of the order which the court has made in respect to the petition.

Under section 30 of the Uniform Act any existing limited partnership formed under any statute of the state prior to the adoption of the act, may become a limited partnership under the Uniform Act; or, if its members prefer, they can continue to be governed by the provisions of the act under which their limited partnership was formed until the expiration of the term; and

²² Sec. 24.

²³ Sec. 25.

even at the expiration of the term, they may renew under the provisions of the act under which their partnership was formed, provided the original partnership articles contained a clause of renewal.

In Pennsylvania the adoption of the Uniform Act was complicated by the fact that there were two acts in the state under which limited partnerships could be formed. The act under which practically all the limited partnerships in the state were organized was the Act of March 31, 1836, its amendments and supplements; which act, as has already been pointed out, was practically identical with nearly all other limited partnership acts throughout the United States. There was also the Act of May 9, 1899,²⁴ which provided for the formation of two kinds of business associations: a joint stock association, that is, one in which the liability of all the members is limited to the amounts contributed to the common stock, and the other a true limited partnership, that is, an association in which the liability of some, but not all, of the members was limited to their contributions to the common stock. The Commissioners on Uniform Laws not only recommended the adoption of the Uniform Act, but the repeal of all other acts under which a limited partnership may be formed. In Pennsylvania, therefore, in order to carry out this recommendation, it was necessary to pass two acts: one, the Uniform Limited Partnership Act, containing a section specifically repealing the Act of March 21, 1836, and its numerous amendments and supplements; the other, an act amending the Act of 1899 in such a way as to confine hereafter its scope to the organization of business associations in which the liability of all the members is limited. In each act specific provisions had to be made for existing partnerships formed under the act repealed and amended.

These details are mentioned not only because they have practical interest in a state which has recently enacted the Uniform Limited Partnership Act, but also because they illustrate the fact that those locally interested in the adoption of uniform

²⁴ Amended by the Act of July 9, 1901.

acts are often confronted with problems of no little difficulty in preparing the act for adoption by their state legislature. Add to this that the work of looking after the passage of any act through the legislature requires the exercise of tact, also often involves the expenditure of much time, and that the commissioners serve without pay, and it is only a matter of wonder that these commercial acts have been adopted to as great an extent as they have. While it is true that in some states the commissioners have failed to secure the adoption of more than one or two of their commercial acts, in others a considerable proportion have already become law, while in such states as Maryland, Massachusetts and Pennsylvania, where the commissioners have shown extraordinary diligence, practically all—in Pennsylvania all—the uniform commercial acts are already part of the law of the state.

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