



Legal Note - Limited Liability Partnerships

Modern business entities are seldom organized as general partnerships in light of the generally unlimited liability of the partners for the debts of the partnership. Similarly, the general partner of a limited partnership is liable for the debts and liabilities of the limited partnership. Unlike corporations and limited liability companies, which generally insulate owners from the liabilities of the entity, general partners remain liable for entity obligations.

Surprisingly, however, we continue to see active Florida partnerships.

Fortunately, limited and general partnerships may (in many states) convert to a more protective entities (such as the LLC), generally insulating the prior general partner from liabilities of the business. Moreover, if conversion is not legally available or practically feasible, several states, including Florida, permit a general partnership to become a limited liability partnership (“LLP”) at minimal expense and complexity. Once authorized, the general partnership may file a “statement of qualification” with the Department of State to seamlessly transform the general partnership to an LLP. Once filed, obligations incurred by the partnership after filing are solely obligations of the entity.