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220.0500 **Partnership.** If one general partner buys out the other general partners, no change in ownership will occur if there are limited partners remaining who own the majority interest in the capital and profits of the partnership. C 9/24/82.

(916) 445-4588

September 24, 1982

Dear Mr. Lipson:

This is in response to your September 17, 1982, letter in which you request an opinion as to whether the following transaction results in a change in ownership:

A limited partnership with general partners A, B, and C owns 10%, 15% and 22.5%, respectively, and limited partners D and E own 40% and 12.5%, respectively. The proposed transaction contemplates C buying out A's interest, and B becoming a limited partner, as a result of which C's general partnership goes from a minority (22.5/47.5) to the entire general partnership interest. No person obtained a majority of the outstanding partnership interest.

To constitute a change in ownership under Section 64 (c), a single person must obtain a majority interest in the partnership. In your case no one person has a majority interest. While it can be argued that one should look only to the holdings of the general partners interest in the determining whether one person has obtained majority interest in the partnership, this concept has not been, as of yet, accepted by the Legislature. Although this limited language was amended into AB 152 in 1981, it was deleted just before the bill was passed by the Legislature. (Copy enclosed.) Only this will tell whether the rationale of only looking to the general partners' interest will become law.

September 24, 1982

Summarily, it is our opinion that the above described transaction does not constitute a change in ownership.

Very truly yours,

Glenn L. Rigby
Assistant Chief Counsel

GLR: fr
Enclosure
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