

February 26, 1996 LB 681

PRESIDENT ROBAK: Thank you, Senator Kristensen. Senator Matzke.

SENATOR MATZKE: Madam President and members, I'll take you up on your invitation. I have another question, following the same line as previously. A few minutes ago you said that under the LLP, I think in your hypothetical situation of your partnership with Senator Dierks, you would not be liable for his mistakes. Now I take issue with that as a proper explanation of...

SENATOR KRISTENSEN: That might be overbroad.

SENATOR MATZKE: ...the effect of this bill. Unless his mistakes rose to the level of malpractice, negligent, or wrongful acts, you would in fact, would you not, be liable for his mistakes?

SENATOR KRISTENSEN: And you're precise, because what I...I was making a generalization that, yes, if his arose out of things that he did specifically, his malpractice, his oversight, his negligence, we're still in that together in terms of paying and being obligated for notes that we sign together, loans that we take out together, those are contractual things, obviously.

SENATOR MATZKE: Well,...

SENATOR KRISTENSEN: We are also... Well, go ahead.

SENATOR MATZKE: Specifically, if it was a mistake of judgment, in other words if you were in a partnership and one partner bought livestock at the wrong time and the market went down, that's a mistake. But you would still be liable, under an LLP, each partner, would you not?

SENATOR KRISTENSEN: If we were in the business of...if that's what we were doing was, let's say, having a farming operation and we made the judgment, yes, that's correct, because that's the business of which we're doing. If we were in the entity of preparing tax returns together and Senator Dierks makes a mistake, and it's a client that I know nothing about, I've not had any supervisory role in it, I've not done it, but he makes a collusive mistake, or agrees not to report income, or does something wrong with that client, that's his assets that are on the line, not mine. And that would.... You're correct in