

Matthew Schindel, Jeff Dorrill, Troy Christensen, Aubrey Edkins and Haley King Author Partnership Law Article in SMU Annual Texas Survey

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I. Introduction

Over the survey period, Texas courts presided over cases that further refined the realm of partnership law. Courts were generally strict interpreters of statutes, dissecting and focusing on the language of the law. Courts highlighted the need to focus on the basics, be it on contract formation, documentation of contributions, or corporate formalities. Courts further stressed the importance in adhering to the exact statutory language (including defining the continuity of ownership status), a type of judgment—for or against a partnership—and even what constitutes a person. These details can have a drastic effect on the distributions, liability, or the very existence of the entity. Practitioners must heed the warnings of these cases as they strive to carefully study and respect statutory requirements, ensuring that their clients' positions are furthered and not lost. This article is divided into four sections that will discuss partnership law cases concerning (1) partnership formation and profit share allocations; (2) veil piercing; (3) personal liability of a venture; and (4) derivative suit standing.

II. Partnership Formation and Record Keeping Requirements

A. Partnership Formation and Term Sheets

Rainier Southlake DST v. Woodbury Strategic Partners Fund, LP presents a reminder of the requirements for an enforceable term sheet and its use in proving the formation of a partnership. Rainier Southlake DST (Rainier) purchased a twenty-one building portfolio in Southlake, Texas, with a \$15,400,000.00 loan from Midland Loan Services (Midland) on which Rainier later defaulted.

Excerpted from the *SMU Annual Texas Survey*. To read the full article, click [here](#).