

## GENERAL PARTNERHIP QUESTION NO. 1

Xavier and Zeke are both photographers working in Miami Beach, Florida. They decided to go into business together. To memorialize their agreement, each signed a short document which said:

### MEMORANDUM OF OPERATION

Xavier and Zeke agree to conduct their business together under the name "Photography Studio" for the purpose of taking wedding photographs and custom portraits. The business will use Xavier's Hasselblad cameras and lenses (worth \$30,000). The business will be located in Zeke's apartment, south of 5<sup>th</sup> Street, in Miami Beach, with Zeke paying up to \$30,000 to renovate a spare room into a studio and film development lab.. Xavier will take the photos for the customers who need wedding and other out of office photo services and Zeke will take the photos for customers who want portraits, each by appointment.

/s/ Xavier

/s/ Zeke

In six months, the Photography Studio business had serviced many customers and had made a profit of \$50,000. Xavier and Zeke divided this profit equally. The next month, Xavier decided to take portrait photos on his own, working out of his small cottage in North Miami Beach. Xavier called this business "Photography Studio-North Beach Branch" but he only worked in this business pursuit on his time off from photo shoots for Photography Studio. Xavier put a sign up on his lawn that advertised Photography Studio--North Beach; he did not tell Zeke about this side business, nor did he share any of the profits from this business with Zeke.

Zeke had become very busy with portraits in South Beach so he asked his friend and photography buddy Dominique to help him. He asked her "Would you like to become a member of Photography Studio?" Dominique said "sure" and began taking portraits at Zeke's apartment. Naturally, Xavier did not know anything about this new development (but efforts from Dominique contributed to Photograph Studio's profits).

Zeke asked Dominique to order film and printing supplies from Bettina who ran a photo supply business. Zeke introduced Dominique to Bettina as his "associate, as well as good friend." Dominique thereafter placed monthly orders with Bettina for supplies, acting like a business manager. As luck would have it, Bettina also provided photo supplies to Xavier at his cottage in North Miami Beach. Bettina had seen Xavier at the South Beach location on numerous occasions as well, usually picking up film supplies for a photo shoot or dropping off the Hasselblad for Zeke to use.

One day when Bettina was visiting Photography Studio in South Beach, Dominique asked if she could order some extra supplies and pay for them next month. Bettina said "Of course—North and South, Photography Studio is my best customer in Miami-Dade County!". To make matters complicated, Dominique took these extra supplies and moved out of town, without leaving a forwarding address.

**Answer the following questions:**

1. Did Xavier and Zeke form a partnership or any other form of business organization? Give details for your answer.

2. Did Dominique become a member of any business organization formed by Xavier and Zeke? Explain why or why not.

**FOR QUESTIONS 3. THROUGH 12. ASSUME THAT XAVIER AND ZEKE FORMED A PARTNERSHIP**

3. Did Xavier breach any duty or contractual arrangement with Zeke? Explain.

4. Did Zeke breach any duty or contractual arrangement with Xavier? Explain.

5. From whom (other than Dominique) may Bettina recover the price of the supplies which Dominique ordered and then took out of state?

6. To what assets might Bettina look for repayment if she can get a judgment?

7. What legal device might Bettina seek to use to facilitate recovery?

8. Suppose Xavier is fed up with the whole Dominique affair and he tells Bettina “Here, I am assigning you my entire interest in Photography Studio—now leave me alone.” Can Xavier do this? If so, following such an assignment, what is Bettina's legal status vis a vis the Photography Studio business?

9. Can Xavier take his camera equipment and go home to North Beach?

10. Identify any action or actions that might result in the termination of the partnership (assuming one was formed).

11. If the partnership terminated, how would its affairs be terminated and its assets distributed?

12. Are there any state filings that Xavier or Zeke should have made?