

If a Partner Engages in Unscrupulous Activities, How Does it Affect the Other Partners?

**Rav Yitzchok Grossman**

**Question:** If one partner does something illegal on behalf of the partnership - for example, he buys something on the black market - and the partnership is assessed a hefty fine, are all the partners liable for this loss?

**Answer:** The halacha is that if a partner engages in illegal activity or in sinful activity - meaning that it is against halacha, even if it is not against the law - it is considered a deviation from the partnership; therefore, if any losses are incurred as a result of this activity, he bears all the losses.

If profits were made as a result of the illegal or sinful activity, there is a *machlokes* Acharonim whether these profits are split or not. Some Acharonim rule that the fact that he engaged in improper conduct does not entitle this partner to a greater share of the profits; therefore, the profits must be split. Other Acharonim disagree and say that once one partner deviates from the partnership by breaking the law or sinning, he is completely on his own and is entitled to all the profits, just like he has to bear all the losses.

The Chida makes an interesting distinction between whether the improper act was fundamental to the business deal or incidental. For example, if he flouted halacha and engaged in business with *treif* food, that is a fundamental deviation, and the above rules would apply. If, however, he did a normal business deal but he drove there on Shabbos, although he did a terrible *aveirah*, it was only incidental. Since the business deal itself was not against halacha, the Chida rules that the ordinary laws of division of profits and losses would still apply.