

1 HOUR CLE CREDIT

AVOIDING SUCCESSOR LIABILITY IN AN ASSET SALE –

Answer each statement with “True” or “False.”

1. Generally, there are three methods to purchase or sell a business.

TRUE OR FALSE

2. In a merger, the surviving entity is not responsible for the liabilities of the former entities.

TRUE OR FALSE

3. In an asset sale, the general rule is that a successor entity is not liable for the acts of its predecessor.

TRUE OR FALSE

4. There are three exceptions to the general rule that a successor entity is not liable for the acts of its predecessor.

TRUE OR FALSE

5. In an asset sale, the seller’s existing liabilities should not be contained in the asset purchase and sale agreement.

TRUE OR FALSE

6. An asset purchase agreement should not expressly state which existing liabilities of seller, if any, will be assumed by the purchaser.

TRUE OR FALSE

7. Successor liability may arise if the asset sale was fraudulently made in order to escape liability for the seller’s debts.

TRUE OR FALSE

8. If a buyer expressly or impliedly agrees to assume the debts of the seller, the buyer may be liable for such debts.

TRUE OR FALSE

9. If a shareholder of the selling entity acquires only an insubstantial amount of shares in the purchasing entity, the continuity of shareholders exception will not be imposed.

TRUE OR FALSE

10. It is important to have a written agreement memorializing the parties’ understanding in an asset sale.

TRUE OR FALSE

CERTIFICATION: This self-study activity has been approved for one hour of continuing legal education credit by the Nevada Board of Continuing Legal Education.

THREE EASY STEPS TO CLE CREDIT – \$45

TEST 30 AVOIDING SUCCESSOR LIABILITY IN AN ASSET SALE

1) Read the article on pages 23-24 **2)** Answer the quiz questions above. Each question has only one correct answer.

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