

# MARKS & WEINBERG, P.C.

## PSINET v. Cisco Systems Capital Corporation

271 B.R. 1 (S.D. NY 12/18/01)

In this case, the lease was held to be a transaction intended a security interest. Perhaps the most interesting aspect is that the court ruled that the lessee's right to terminate the lease early did not cause the lease to qualify as a lease under UCC § 1-201 (37) contradicting authority in other states. The court's (correct) reasoning was that PSINet was required to pay the total cost of the equipment through the termination value calculation and, therefore, the lease was not subject to termination by the lessee within the meaning of the definition of security interest in the UCC.

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