

# MARKS & WEINBERG, P.C.

**People's Insurance Company of China  
v. Independent Radiator Sales, Inc.  
1999 WL 144521 (S.D. N.Y.1999)**

Defendant purchased a New York corporation that bought and sold radiators. Defendant assumed the corporation's premises and equipment leases, insurance and utility obligations, all of the accounts receivable, most of the inventory, and all of the accounts payable except for the debt owed to the Plaintiff which manufactured radiators.

Defendant assured Plaintiff that it would rectify the situation and pay the debt, but after two years passed and Plaintiff had not received payment, it sued to recover the debt. The court held the Defendant liable for the debts owed for the radiators. New York law holds a purchaser liable for the debts of the seller if (1) the purchaser expressly or impliedly assumed such debts; (2) the transaction was a consolidation or merger of the seller and purchaser; (3) the purchasing corporation was a mere continuation of the selling corporation; or (4) the transaction is entered into fraudulently in order to escape liability for such debts. The court reasoned that repeated correspondence with Plaintiff on company letterhead regarding the debt implicitly obligated Defendant to pay the debt. The transaction was not a consolidation or merger, or a continuation of the selling corporation.



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