
A BILL FOR AN ACT

RELATING TO LIABILITY.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Chapter 414, Hawaii Revised Statutes, is
2 amended by adding a new section to part XIII to be appropriately
3 designated and to read as follows:

4 "§414- Successor liability; eliminated; exceptions.

5 (a) Upon a sale, lease, exchange, or other disposition of
6 property under section 414-331 or 414-332 from a corporation to
7 a successor corporation formed under this chapter or chapter
8 414D, the successor corporation shall not be liable for the
9 debts and liabilities of the predecessor corporation.

10 (b) Notwithstanding subsection (a), the successor
11 corporation may be held liable if:

12 (1) The successor corporation expressly or impliedly
13 agrees to assume the debts and liabilities of the
14 predecessor corporation;

15 (2) The alleged transactions between the two corporations
16 amount to a consolidation or merger of the
17 corporations;



1 (3) The successor corporation is a mere continuation or
2 reincarnation of the predecessor corporation; or

3 (4) Clear and convincing evidence proves that transferring
4 the assets from the predecessor corporation to the
5 successor corporation without the debts serves the
6 fraudulent purpose of escaping debt liability."

7 SECTION 2. Chapter 414D, Hawaii Revised Statutes, is
8 amended by adding a new section to part XI to be appropriately
9 designated and to read as follows:

10 "§414D- Successor liability; eliminated; exceptions.

11 (a) Upon a sale, lease, exchange, or other disposition of
12 property under section 414D-221 or 414D-222 from a corporation
13 to a successor corporation formed under this chapter or chapter
14 414, the successor corporation shall not be liable for the debts
15 and liabilities of the predecessor corporation.

16 (b) Notwithstanding subsection (a), the successor
17 corporation may be held liable if:

18 (1) The successor corporation expressly or impliedly
19 agrees to assume the debts and liabilities of the
20 predecessor corporation;



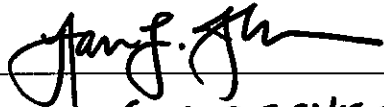
- 1 (2) The alleged transactions between the two corporations
- 2 amount to a consolidation or merger of the
- 3 corporations;
- 4 (3) The successor corporation is a mere continuation or
- 5 reincarnation of the predecessor corporation; or
- 6 (4) Clear and convincing evidence proves that transferring
- 7 the assets from the predecessor corporation to the
- 8 successor corporation without the debts serves the
- 9 fraudulent purpose of escaping debt liability."

10 SECTION 3. This Act does not affect rights and duties that
11 matured, penalties that were incurred, and proceedings that were
12 begun before its effective date.

13 SECTION 4. New statutory material is underscored.

14 SECTION 5. This Act shall take effect upon its approval.

15

INTRODUCED BY: 
(BY REQUEST)

JAN 22 2014



H.B. NO. 2497

Report Title:

Corporate Successor Liability; Eliminated; Exceptions

Description:

Eliminates corporate successor liability except under specified conditions.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

