To: Mr. Jack H. Leam

From: Stanley G. Lerner

______ sold the fixed assets of its California stores to its affiliate, ______, which in turn leased said fixed assets to ______. Subsequently, on January 31, 1955, ______ Inc., resold the fixed assets in question back to ______. Then on March 31, 1955, ______ sold its entire business to ______.

The sale by ______ Inc., of the fixed assets in question to ______ became the basis of a sales tax determination against ______ which to date remains unpaid.

The question is whether ______ became liable as successor pursuant to Section 6811 and 6812 to ______, which liability in turn would be passed on to ______ pursuant to the same sections.

In order for there to be a successor’s liability pursuant to the above sections, there must be a sale of all or substantially all of the business assets or stock of goods.

In the instant problem ______ did not sell its business nor did it sell a stock of goods, since “stock” or “stock of goods” refers only to goods or chattels which a tradesman holds for sale or traffic (see 40 Words and Phrases 760). Therefore, we are of the opinion that the liability of ______, Inc., arising out of its sale back to ______ is not passed on to ______ as a successor.