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By: **Delegate Brown**  
Introduced and read first time: January 27, 2000  
Assigned to: Economic Matters

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Committee Report: Favorable with amendments  
House action: Adopted  
Read second time: March 1, 2000

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CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Maryland Uniform Commercial Code - Bulk Transfers - Repeal**

3 FOR the purpose of repealing Title 6 - Maryland Uniform Commercial Code - Bulk  
4 ~~Transfers; repealing certain provisions of law relating to bulk transfers under~~  
5 ~~Title 6; repealing a prohibition on boards of license commissioners and liquor~~  
6 ~~control boards from permitting the transfer of an alcoholic beverages license~~  
7 ~~until the transferor has complied with Title 6 of the Commercial Law Article;~~  
8 imposing certain requirements relating to bulk transfers of property of certain  
9 alcoholic beverages license holders; providing for the application of this Act;  
10 providing for a delayed effective date for certain provisions of this Act; and  
11 generally relating to bulk transfers.

12 BY repealing and reenacting, with amendments,  
13 Article 2B - Alcoholic Beverages  
14 Section 10-503(a)  
15 Annotated Code of Maryland  
16 (1998 Replacement Volume and 1999 Supplement)

17 BY repealing and reenacting, with amendments,  
18 Article - Commercial Law  
19 Section 1-105 and 2-403(4)  
20 Annotated Code of Maryland  
21 (1997 Replacement Volume and 1999 Supplement)

22 BY repealing  
23 Article - Commercial Law

1 Section 6-101 through 6-111, inclusive, and the title "Title 6. Bulk Transfers";  
2 and 9-111  
3 Annotated Code of Maryland  
4 (1997 Replacement Volume and 1999 Supplement)

5 BY repealing  
6 Article - Commercial Law  
7 Section 11-1304(d) and 19-102(c)  
8 Annotated Code of Maryland  
9 (1990 Replacement Volume and 1999 Supplement)

10 BY repealing and reenacting, with amendments,  
11 Article - Commercial Law  
12 Section 15-213 and 19-102(d)  
13 Annotated Code of Maryland  
14 (1990 Replacement Volume and 1999 Supplement)

15 BY repealing and reenacting, with amendments,  
16 Article - Tax - General  
17 Section 11-505 ~~and 13-802~~  
18 Annotated Code of Maryland  
19 (1997 Replacement Volume and 1999 Supplement)

20 BY repealing and reenacting, without amendments,  
21 Article - Tax - General  
22 Section 13-802  
23 Annotated Code of Maryland  
24 (1997 Replacement Volume and 1999 Supplement)

25 BY adding to  
26 Article 2B - Alcoholic Beverages  
27 Section 22-101 through 22-111, inclusive, to be under the new title "Title 22.  
28 Bulk Transfers - Alcoholic Beverages"  
29 Annotated Code of Maryland  
30 (1998 Replacement Volume and 1999 Supplement)

31 BY repealing and reenacting, with amendments,  
32 Article - Commercial Law  
33 Section 1-105  
34 Annotated Code of Maryland  
35 (1997 Replacement Volume and 1999 Supplement)  
36 (As enacted by Chapter 282 of the Acts of the General Assembly of 1999)

37 BY repealing

1 Article - Commercial Law  
 2 Section 6-102  
 3 Annotated Code of Maryland  
 4 (1997 Replacement Volume and 1999 Supplement)  
 5 (As enacted by Chapter 282 of the Acts of the General Assembly of 1999)

6 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
 7 MARYLAND, That the Laws of Maryland read as follows:

8 **Article 2B - Alcoholic Beverages**

9 10-503.

10 (a) (1) In this section, "board" means the board of license commissioners or  
 11 liquor control board, as the case may be, of the county or Baltimore City.

12 (2) Any holder of a license under this article, including a receiver or  
 13 trustee for the benefit of creditors, may be permitted to transfer the holder's place of  
 14 business to some other location or sell or assign the license and transfer the holder's  
 15 stock in trade to another person, but only if:

16 (i) An application for the transfer or sale has been made;

17 (ii) All retail sales, amusement, admission, and withholding taxes  
 18 have been paid to the Comptroller of the Treasury of the State;

19 (iii) A bulk transfer permit is obtained if the stock of alcoholic  
 20 beverages is to be transferred whether by sale, gift, inheritance, assignment, or  
 21 otherwise, and irrespective of whether or not consideration is paid; and

22 (iv) The new location or assignee is approved as in the case of an  
 23 original application for such a license.

24 (3) A transfer or assignment, when made, shall be endorsed upon the  
 25 license by the license issuing authority upon payment of a fee of \$20 in addition to the  
 26 costs of publication and notice, which shall be paid to the local collecting agent at the  
 27 time of the filing of the application for the transfer or sale. This section permits the  
 28 transfer of location and the assignment of license in the same application.

29 {(4) A board may not permit the transfer of an alcoholic beverages license  
 30 until the transferor has complied with ~~the Bulk Transfers Act, Commercial Law~~  
 31 ~~Article, Title 6~~ TITLE 22 OF THIS ARTICLE, and has certified such compliance, by  
 32 affidavit, to the board.}

33 {(5)} (4) The provisions of this section apply in every county and in  
 34 Baltimore City, unless otherwise provided in this section.

1 TITLE 22. BULK TRANSFERS - ALCOHOLIC BEVERAGES.

2 22-101.

3 (A) IN THIS TITLE THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

4 (B) "AUCTIONEER" MEANS A PERSON, OTHER THAN THE TRANSFEROR, WHO  
5 DIRECTS, CONTROLS, OR IS RESPONSIBLE FOR AN AUCTION.

6 (C) (1) "BULK TRANSFER" MEANS ANY TRANSFER IN BULK AND NOT IN THE  
7 ORDINARY COURSE OF A TRANSFEROR'S BUSINESS OF A MAJOR PART OF THE  
8 INVENTORY OF A LICENSE HOLDER UNDER THIS ARTICLE.

9 (2) "BULK TRANSFER" INCLUDES THE TRANSFER OF A SUBSTANTIAL  
10 PART OF THE EQUIPMENT OF AN ENTERPRISE ONLY IF IT IS MADE IN CONNECTION  
11 WITH THE BULK TRANSFER OF INVENTORY.

12 22-102.

13 (A) THE SALE, TRANSFER, OR ASSIGNMENT, IN BULK, OF ANY STOCK OF  
14 MERCHANDISE OR OF FIXTURES, PERTAINING TO THE MERCHANDISE, INCLUDING  
15 ANY SALE, TRANSFER, OR ASSIGNMENT MADE IN CONSIDERATION OF ANY EXISTING  
16 INDEBTEDNESS, OTHERWISE THAN IN THE ORDINARY COURSE OF TRADE AND IN  
17 THE USUAL CONDUCT OF BUSINESS BY A TRANSFEROR IS SUBJECT TO THIS TITLE.

18 (B) EXCEPT AS LIMITED BY § 22-103 OF THIS TITLE, ALL BULK TRANSFERS OF  
19 GOODS LOCATED WITHIN THIS STATE ARE SUBJECT TO THIS TITLE.

20 22-103.

21 (A) THE FOLLOWING TRANSFERS ARE NOT SUBJECT TO THIS TITLE:

22 (1) THOSE MADE TO GIVE SECURITY FOR THE PERFORMANCE OF AN  
23 OBLIGATION;

24 (2) GENERAL ASSIGNMENTS FOR THE BENEFIT OF ALL THE CREDITORS  
25 OF THE TRANSFEROR, AND SUBSEQUENT TRANSFERS BY THE ASSIGNEE;

26 (3) TRANSFERS IN SETTLEMENT OR REALIZATION OF A LIEN OR OTHER  
27 SECURITY INTEREST;

28 (4) SALE BY EXECUTORS, ADMINISTRATORS, RECEIVERS, TRUSTEES IN  
29 BANKRUPTCY, OR ANY PUBLIC OFFICER UNDER JUDICIAL PROCESS;

30 (5) SALES MADE IN THE COURSE OF JUDICIAL OR ADMINISTRATIVE  
31 PROCEEDINGS FOR THE DISSOLUTION OR REORGANIZATION OF A TRANSFEROR AND  
32 OF WHICH NOTICE IS SENT TO THE CREDITORS OF THE TRANSFEROR PURSUANT TO  
33 ORDER OF THE COURT OR ADMINISTRATIVE AGENCY;

34 (6) TRANSFERS TO A PERSON MAINTAINING A KNOWN PLACE OF  
35 BUSINESS IN THE TRANSFEROR'S STATE WHO BECOMES BOUND TO PAY THE DEBTS

1 OF THE TRANSFEROR IN FULL AND GIVES PUBLIC NOTICE OF THAT FACT, AND WHO  
2 IS SOLVENT AFTER BECOMING BOUND TO PAY THE DEBTS OF THE TRANSFEROR;

3 (7) A TRANSFER TO A NEW BUSINESS ENTERPRISE ORGANIZED TO TAKE  
4 OVER AND CONTINUE THE BUSINESS, IF PUBLIC NOTICE OF THE TRANSACTION IS  
5 GIVEN AND THE NEW ENTERPRISE ASSUMES THE DEBTS OF THE TRANSFEROR AND  
6 THE NEW ENTERPRISE RECEIVES NOTHING FROM THE TRANSACTION EXCEPT AN  
7 INTEREST IN THE NEW ENTERPRISE JUNIOR TO THE CLAIMS OF CREDITORS; AND

8 (8) TRANSFERS OF PROPERTY THAT IS EXEMPT FROM EXECUTION.

9 (B) PUBLIC NOTICE UNDER SUBSECTION (A)(6) OR (7) OF THIS SECTION MAY  
10 BE GIVEN BY PUBLISHING ONCE A WEEK FOR TWO CONSECUTIVE WEEKS IN A  
11 NEWSPAPER OF GENERAL CIRCULATION WHERE THE TRANSFEROR HAD ITS  
12 PRINCIPAL PLACE OF BUSINESS IN THIS STATE AN ADVERTISEMENT INCLUDING THE  
13 NAMES AND ADDRESSES OF THE TRANSFEROR AND TRANSFEREE AND THE  
14 EFFECTIVE DATE OF THE TRANSFER.

15 22-104.

16 (A) EXCEPT AS PROVIDED IN § 22-108 OF THIS TITLE WITH RESPECT TO AN  
17 AUCTION SALE, A BULK TRANSFER SUBJECT TO THIS TITLE IS INEFFECTIVE AGAINST  
18 ANY CREDITOR OF THE TRANSFEROR UNLESS:

19 (1) THE TRANSFEREE REQUIRES THE TRANSFEROR TO FURNISH A LIST  
20 OF TRANSFEROR'S EXISTING CREDITORS PREPARED AS STATED IN THIS SECTION;

21 (2) THE PARTIES PREPARE A SCHEDULE OF THE PROPERTY  
22 TRANSFERRED SUFFICIENT TO IDENTIFY IT; AND

23 (3) (I) THE TRANSFEREE PRESERVES THE LIST AND SCHEDULE FOR 6  
24 MONTHS FOLLOWING THE TRANSFER AND PERMITS INSPECTION AND COPYING OF  
25 EITHER OR BOTH AT ALL REASONABLE HOURS BY ANY CREDITOR OF THE  
26 TRANSFEROR; OR

27 (II) THE TRANSFEREE FILES THE LIST AND SCHEDULE IN THE  
28 OFFICE OF THE CLERK OF THE CIRCUIT COURT IN THE COUNTY IN WHICH THE  
29 PROPERTY WAS LOCATED AT THE TIME OF TRANSFER.

30 (B) THE LIST OF CREDITORS MUST BE SIGNED AND SWORN TO OR AFFIRMED  
31 BY THE TRANSFEROR OR THE TRANSFEROR'S AGENT AND CONTAIN:

32 (1) THE NAMES AND BUSINESS ADDRESSES OF ALL CREDITORS OF THE  
33 TRANSFEROR;

34 (2) THE AMOUNT OF THE DEBT, WHEN KNOWN; AND

35 (3) THE NAMES OF ALL PERSONS WHO ARE KNOWN TO THE  
36 TRANSFEROR TO ASSERT CLAIMS AGAINST THE TRANSFEROR EVEN IF THE CLAIMS  
37 ARE DISPUTED.

1 (C) IF THE TRANSFEROR IS THE OBLIGOR OF AN OUTSTANDING ISSUE OF  
2 BONDS OR DEBENTURES FOR WHICH THERE IS AN INDENTURE TRUSTEE, THE LIST  
3 OF CREDITORS NEED INCLUDE ONLY THE NAME AND ADDRESS OF THE INDENTURE  
4 TRUSTEE AND THE AGGREGATE OUTSTANDING PRINCIPAL AMOUNT OF THE ISSUE.

5 (D) RESPONSIBILITY FOR THE COMPLETENESS AND ACCURACY OF THE LIST  
6 OF CREDITORS RESTS ON THE TRANSFEROR, AND THE TRANSFER IS NOT RENDERED  
7 INEFFECTIVE BY ERRORS OR OMISSIONS UNLESS THE TRANSFEREE IS SHOWN TO  
8 HAVE HAD KNOWLEDGE OF THE ERRORS OR OMISSIONS.

9 22-105.

10 IN ADDITION TO THE REQUIREMENTS OF § 22-104 OF THIS TITLE, ANY BULK  
11 TRANSFER SUBJECT TO THIS TITLE, EXCEPT ONE MADE BY AUCTION SALE UNDER §  
12 22-108 OF THIS ARTICLE, IS INEFFECTIVE AGAINST ANY CREDITOR OF THE  
13 TRANSFEROR UNLESS AT LEAST 10 DAYS BEFORE THE TRANSFEREE TAKES  
14 POSSESSION OF THE GOODS OR PAYS FOR THE GOODS, WHICHEVER OCCURS FIRST,  
15 THE TRANSFEREE GIVES NOTICE OF THE TRANSFER IN THE MANNER AND TO THE  
16 PERSONS AS PROVIDED IN THIS TITLE.

17 22-106.

18 IN ADDITION TO THE REQUIREMENTS OF §§ 22-104 AND 22-105 OF THIS TITLE:

19 (1) EXCEPT FOR A BULK TRANSFER MADE BY SALE AT AUCTION UNDER §  
20 22-108 OF THIS TITLE, EVERY BULK TRANSFER SUBJECT TO THIS TITLE FOR WHICH  
21 NEW CONSIDERATION BECOMES PAYABLE, THE TRANSFEREE SHALL ASSURE THAT  
22 THE CONSIDERATION IS APPLIED TO PAY THOSE DEBTS OF THE TRANSFEROR THAT  
23 ARE EITHER SHOWN ON THE LIST FURNISHED BY THE TRANSFEROR OR FILED IN  
24 WRITING IN THE PLACE STATED IN THE NOTICE WITHIN 30 DAYS AFTER THE  
25 MAILING OF THE NOTICE.

26 (2) THE DUTY OF THE TRANSFEREE RUNS TO ALL DEBTORS OF THE  
27 TRANSFEROR, AND MAY BE ENFORCED BY ANY DEBTOR FOR THE BENEFIT OF ALL  
28 DEBTORS.

29 (3) IF ANY OF THE TRANSFEROR'S DEBTS ARE IN DISPUTE, THE SUM IN  
30 DISPUTE MAY BE WITHHELD FROM DISTRIBUTION UNTIL THE DISPUTE IS SETTLED  
31 OR ADJUDICATED.

32 (4) IF THE CONSIDERATION PAYABLE IS NOT ENOUGH TO PAY ALL OF  
33 THE TRANSFEROR'S DEBTS IN FULL, DISTRIBUTION SHALL BE MADE PRO RATA.

34 (5) WITHIN 10 DAYS AFTER TAKING POSSESSION OF THE GOODS, A  
35 TRANSFEREE MAY FILE A PETITION IN THE CIRCUIT COURT FOR THE COUNTY IN  
36 WHICH THE PLACE OF BUSINESS OF THE TRANSFEROR IS LOCATED AND PAY THE  
37 CONSIDERATION TO THE COURT, REQUESTING THAT THE COURT APPOINT A  
38 RECEIVER TO TAKE CHARGE OF THE DISTRIBUTION OF THE AGREED PURCHASE  
39 PRICE.

1           (6)     THE TRANSFEREE MAY DISCHARGE THE TRANSFEROR'S DUTY  
2 UNDER THIS SECTION BY GIVING NOTICE BY REGISTERED OR CERTIFIED MAIL TO  
3 THE CREDITORS REQUIRED TO RECEIVE NOTICE THAT:

4                   (I)     CONSIDERATION HAS BEEN PAID TO THE COURT; AND

5                   (II)    THE CREDITORS SHOULD FILE THEIR CLAIMS IN THE COURT;  
6 AND

7           (7)     IF A RECEIVERSHIP IS GRANTED, THE RECEIVER, AFTER FILING AN  
8 APPROVED BOND IN THE AMOUNT FIXED BY THE COURT, SHALL BE ENTITLED TO  
9 THE CUSTODY AND DISTRIBUTION OF THE AGREED PURCHASE PRICE UNDER THE  
10 ORDER OF THE COURT.

11 22-107.

12    (A)     THE NOTICE TO CREDITORS UNDER § 22-105 OF THIS TITLE SHALL STATE:

13                   (1)     THAT A BULK TRANSFER IS ABOUT TO BE MADE;

14                   (2)     THE NAMES AND BUSINESS ADDRESSES OF THE TRANSFEROR AND  
15 TRANSFEREE, AND ALL OTHER BUSINESS NAMES AND ADDRESSES USED BY THE  
16 TRANSFEROR WITHIN THE LAST 3 YEARS THAT ARE KNOWN TO THE TRANSFEREE;  
17 AND

18                   (3)     (I)     WHETHER OR NOT ALL THE DEBTS OF THE TRANSFEROR ARE  
19 TO BE PAID IN FULL AS THEY FALL DUE AS A RESULT OF THE TRANSACTION; AND

20                               (II)    THE ADDRESS TO WHICH CREDITORS SHOULD SEND THEIR  
21 BILLS.

22    (B)     IF THE DEBTS OF THE TRANSFEROR ARE NOT TO BE PAID IN FULL AS THEY  
23 FALL DUE OR IF THE TRANSFEREE IS UNSURE, THE NOTICE SHALL STATE FURTHER:

24                   (1)     THE LOCATION AND GENERAL DESCRIPTION OF THE PROPERTY TO  
25 BE TRANSFERRED AND THE ESTIMATED TOTAL OF THE TRANSFEROR'S DEBTS;

26                   (2)     THE ADDRESS WHERE THE SCHEDULE OF PROPERTY AND LIST OF  
27 CREDITORS MAY BE INSPECTED;

28                   (3)     WHETHER THE TRANSFER IS TO PAY EXISTING DEBTS AND IF SO THE  
29 AMOUNT OF THE DEBTS AND TO WHOM THE DEBTS ARE OWED;

30                   (4)     WHETHER THE TRANSFER IS FOR NEW CONSIDERATION AND IF SO  
31 THE AMOUNT OF THE CONSIDERATION AND THE TIME AND PLACE OF PAYMENT; AND

32                   (5)     IF THE TRANSFER IS FOR NEW CONSIDERATION, THE TIME AND  
33 PLACE WHERE CREDITORS OF THE TRANSFEROR ARE TO FILE THEIR CLAIMS.

34    (C)     THE NOTICE IN ANY CASE SHALL BE DELIVERED PERSONALLY OR SENT BY  
35 REGISTERED OR CERTIFIED MAIL TO:

1           (1)     THE COMPTROLLER;

2           (2)     ALL THE PERSONS SHOWN ON THE LIST OF CREDITORS FURNISHED  
3 BY THE TRANSFEROR; AND

4           (3)     ALL OTHER PERSONS WHO ARE KNOWN TO THE TRANSFEREE TO  
5 HOLD OR ASSERT CLAIMS AGAINST THE TRANSFEROR.

6 22-108.

7     (A)     A BULK TRANSFER IS SUBJECT TO THIS TITLE EVEN THOUGH IT IS BY  
8 SALE AT AUCTION, BUT ONLY IN THE MANNER AND WITH THE RESULTS STATED IN  
9 THIS SECTION.

10    (B)     THE TRANSFEROR SHALL FURNISH A LIST OF THE TRANSFEROR'S  
11 CREDITORS AND ASSIST IN THE PREPARATION OF A SCHEDULE OF THE PROPERTY TO  
12 BE SOLD AS PROVIDED IN § 22-104 OF THIS TITLE.

13    (C)     THE AUCTIONEER SHALL:

14           (1)     RECEIVE AND RETAIN THE LIST OF CREDITORS AND PREPARE AND  
15 RETAIN THE SCHEDULE OF PROPERTY FOR THE PERIOD STATED IN THIS TITLE;

16           (2)     GIVE NOTICE OF THE AUCTION PERSONALLY OR BY REGISTERED OR  
17 CERTIFIED MAIL AT LEAST 10 DAYS BEFORE IT OCCURS TO:

18                   (I)     THE COMPTROLLER;

19                   (II)    ALL PERSONS SHOWN ON THE LIST OF CREDITORS; AND

20                   (III)   ALL OTHER PERSONS WHO ARE KNOWN TO THE AUCTIONEER  
21 TO HOLD OR ASSERT CLAIMS AGAINST THE TRANSFEROR; AND

22           (3)     ASSURE THAT THE NET PROCEEDS OF THE AUCTION ARE APPLIED AS  
23 PROVIDED IN THIS TITLE.

24    (D)     (1)     FAILURE OF THE AUCTIONEER TO PERFORM ANY OF THE DUTIES  
25 REQUIRED BY THIS TITLE DOES NOT AFFECT THE VALIDITY OF THE SALE OR THE  
26 TITLE OF THE PURCHASERS.

27           (2)     FAILURE OF THE AUCTIONEER TO PERFORM ANY OF THE DUTIES  
28 REQUIRED BY THIS TITLE RENDERS THE AUCTIONEER LIABLE TO THE CREDITORS OF  
29 THE TRANSFEROR AS A CLASS FOR THE SUMS OWING TO THE CREDITORS FROM THE  
30 TRANSFEROR NOT EXCEEDING THE NET PROCEEDS OF THE AUCTION.

31           (3)     IF THE AUCTIONEER CONSISTS OF SEVERAL PERSONS, THE  
32 AUCTIONEER'S LIABILITY IS JOINT AND SEVERAL.

1 22-109.

2 (A) A CREDITOR HOLDING CLAIMS BASED ON TRANSACTIONS OR EVENTS  
 3 OCCURRING BEFORE THE BULK TRANSFER OF THE TRANSFEROR IS ENTITLED TO  
 4 RECEIVE NOTICE UNDER THIS TITLE.

5 (B) A PERSON WHO BECOMES A CREDITOR AFTER NOTICE TO CREDITORS IS  
 6 GIVEN UNDER THIS TITLE IS NOT ENTITLED TO RECEIVE NOTICE UNDER THIS TITLE.  
 7 22-110.

8 (A) IF THE TITLE OF A TRANSFEREE TO PROPERTY IS SUBJECT TO A DEFECT  
 9 AS A RESULT OF THE TRANSFEREE'S NONCOMPLIANCE WITH THE REQUIREMENTS  
 10 OF THIS TITLE, A PURCHASER OF ANY SUCH PROPERTY FROM THE TRANSFEREE WHO  
 11 DOES NOT PAY VALUE OR WHO TAKES WITH NOTICE OF THE NONCOMPLIANCE,  
 12 TAKES THE PROPERTY SUBJECT TO THE DEFECT.

13 (B) A PURCHASER FOR VALUE IN GOOD FAITH AND WITHOUT NOTICE TAKES  
 14 THE PROPERTY FREE OF THE DEFECT.

15 22-111.

16 (A) AN ACTION OR LEVY UNDER THIS TITLE MAY NOT BE BROUGHT OR MADE  
 17 MORE THAN 6 MONTHS AFTER THE DATE ON WHICH THE TRANSFEREE TOOK  
 18 POSSESSION OF THE GOODS UNLESS THE TRANSFER HAS BEEN CONCEALED.

19 (B) IF THE TRANSFER HAS BEEN CONCEALED, AN ACTION MAY BE BROUGHT  
 20 OR A LEVY MAY BE MADE WITHIN 6 MONTHS AFTER DISCOVERY OF THE TRANSFER.

21 **Article - Commercial Law**

22 1-105.

23 (1) Except as provided hereafter in this section, when a transaction bears a  
 24 reasonable relation to this State and also to another state or nation the parties may  
 25 agree that the law either of this State or of such other state or nation shall govern  
 26 their rights and duties. Failing such agreement Titles 1 through 10 of this article  
 27 apply to transactions bearing an appropriate relation to this State.

28 (2) Where one of the following provisions of Titles 1 through 10 of this article  
 29 specifies the applicable law, that provision governs and a contrary agreement is  
 30 effective only to the extent permitted by the law (including the conflict of laws rules)  
 31 so specified:

32 Rights of creditors against sold goods. § 2-402.

33 Applicability of the title on leases. §§ 2A-105 and 2A-106.

34 Applicability of the title on bank deposits and collections. § 4-102.

- 1 Governing law in the title on funds transfers. § 4A-507.
- 2 Letters of credit. § 5-116.
- 3 [Bulk transfers subject to the title on bulk transfers. § 6-102.]
- 4 Applicability of the title on investment securities. § 8-110.
- 5 Perfection provisions of the title on secured transactions. § 9-103.
- 6 2-403.

7 (4) The rights of other purchasers of goods and of lien creditors are governed  
8 by the title on secured transactions (Title 9)[, bulk transfers (Title 6)] and documents  
9 of title (Title 7).

10 [Title 6. Bulk Transfers.]

11 [6-101.

12 This title shall be known and may be cited as Maryland Uniform Commercial  
13 Code -- Bulk Transfers.]

14 [6-102.

15 (1) A "bulk transfer" is any transfer in bulk and not in the ordinary course of  
16 the transferor's business of a major part of the materials, supplies, merchandise or  
17 other inventory (§ 9-109) of an enterprise subject to this title.

18 (2) A transfer of a substantial part of the equipment (§ 9-109) of such an  
19 enterprise is a bulk transfer if it is made in connection with a bulk transfer of  
20 inventory, but not otherwise.

21 (3) The enterprises subject to this title are all those whose principal business  
22 is the sale of merchandise from stock, including those who manufacture what they  
23 sell, restaurants, and all vendors and sellers of alcoholic beverages, regardless of the  
24 form in which such beverages are sold, and regardless of whether sold on a wholesale  
25 or retail basis.

26 (4) Except as limited by the following section all bulk transfers of goods  
27 located within this State are subject to this title.]

28 [6-103.

29 The following transfers are not subject to this title:

- 30 (1) Those made to give security for the performance of an obligation;
- 31 (2) General assignments for the benefit of all the creditors of the  
32 transferor, and subsequent transfers by the assignee thereunder;

1 (3) Transfers in settlement or realization of a lien or other security  
2 interest;

3 (4) Sale by executors, administrators, receivers, trustees in bankruptcy,  
4 or any public officer under judicial process;

5 (5) Sales made in the course of judicial or administrative proceedings for  
6 the dissolution or reorganization of a corporation and of which notice is sent to the  
7 creditors of the corporation pursuant to order of the court or administrative agency;

8 (6) Transfers to a person maintaining a known place of business in this  
9 State who becomes bound to pay the debts of the transferor in full and gives public  
10 notice of that fact, and who is solvent after becoming so bound;

11 (7) A transfer to a new business enterprise organized to take over and  
12 continue the business, if public notice of the transaction is given and the new  
13 enterprise assumes the debts of the transferor and he receives nothing from the  
14 transaction except an interest in the new enterprise junior to the claims of creditors;

15 (8) Transfers of property which is exempt from execution.

16 Public notice under subsection (6) or subsection (7) may be given by publishing  
17 once a week for two consecutive weeks in a newspaper of general circulation where  
18 the transferor had its principal place of business in this State an advertisement  
19 including the names and addresses of the transferor and transferee and the effective  
20 date of the transfer.]

21 [6-104.

22 (1) Except as provided with respect to auction sales (§ 6-108), a bulk transfer  
23 subject to this title is ineffective against any creditor of the transferor unless:

24 (a) The transferee requires the transferor to furnish a list of his existing  
25 creditors prepared as stated in this section; and

26 (b) The parties prepare a schedule of the property transferred sufficient  
27 to identify it; and

28 (c) The transferee preserves the list and schedule for six months next  
29 following the transfer and permits inspection of either or both and copying therefrom  
30 at all reasonable hours by any creditor of the transferor, or files the list and schedule  
31 in the office of the clerk of the circuit court in the county in which the property was  
32 located at the time of transfer.

33 (2) The list of creditors must be signed and sworn to or affirmed by the  
34 transferor or his agent. It must contain the names and business addresses of all  
35 creditors of the transferor, with the amounts when known, and also the names of all  
36 persons who are known to the transferor to assert claims against him even though  
37 such claims are disputed. If the transferor is the obligor of an outstanding issue of  
38 bonds, debentures or the like as to which there is an indenture trustee, the list of

1 creditors need include only the name and address of the indenture trustee and the  
2 aggregate outstanding principal amount of the issue.

3 (3) Responsibility for the completeness and accuracy of the list of creditors  
4 rests on the transferor, and the transfer is not rendered ineffective by errors or  
5 omissions therein unless the transferee is shown to have had knowledge.]

6 [6-105.

7 In addition to the requirements of the preceding section any bulk transfer  
8 subject to this title except one made by auction sale (§ 6-108) is ineffective against  
9 any creditor of the transferor unless at least ten days before he takes possession of the  
10 goods or pays for them, whichever happens first, the transferee gives notice of the  
11 transfer in the manner and to the persons hereafter provided (§ 6-107).]

12 [6-106.

13 In addition to the requirements of the two preceding sections:

14 (1) Upon every bulk transfer subject to this title for which new consideration  
15 becomes payable except those made by sale at auction it is the duty of the transferee  
16 to assure that such consideration is applied so far as necessary to pay those debts of  
17 the transferor which are either shown on the list furnished by the transferor (§ 6-104)  
18 or filed in writing in the place stated in the notice (§ 6-107) within thirty days after  
19 the mailing of such notice. This duty of the transferee runs to all the holders of such  
20 debts, and may be enforced by any of them for the benefit of all.

21 (2) If any of said debts are in dispute the necessary sum may be withheld from  
22 distribution until the dispute is settled or adjudicated.

23 (3) If the consideration payable is not enough to pay all of the said debts in  
24 full, distribution shall be made pro rata.

25 (4) The transferee may within ten days after he takes possession of the goods  
26 file a petition in the circuit court for the county in which the place of business of the  
27 transferor is situated and pay the consideration into such court asking that a receiver  
28 or receivers be appointed by said court to take charge of the distribution of the agreed  
29 purchase price and the transferee may discharge his duty under this section by giving  
30 notice by registered or certified mail to all the persons to whom the duty runs that the  
31 consideration has been paid into that court and that they should file their claims  
32 there. If said receivership is granted then said receiver or receivers, upon  
33 qualification by filing an approved bond in the amount fixed by the court, shall be  
34 entitled to the custody and distribution of the agreed purchase price under orders of  
35 the court as in other receiverships.]

36 [6-107.

37 (1) The notice to creditors (§ 6-105) shall state:

38 (a) That a bulk transfer is about to be made; and

1 (b) The names and business addresses of the transferor and transferee,  
2 and all other business names and addresses used by the transferor within three years  
3 last past so far as known to the transferee; and

4 (c) Whether or not all the debts of the transferor are to be paid in full as  
5 they fall due as a result of the transaction, and if so, the address to which creditors  
6 should send their bills.

7 (2) If the debts of the transferor are not to be paid in full as they fall due or if  
8 the transferee is in doubt on that point then the notice shall state further:

9 (a) The location and general description of the property to be transferred  
10 and the estimated total of the transferor's debts;

11 (b) The address where the schedule of property and list of creditors (§  
12 6-104) may be inspected;

13 (c) Whether the transfer is to pay existing debts and if so the amount of  
14 such debts and to whom owing;

15 (d) Whether the transfer is for new consideration and if so the amount of  
16 such consideration and the time and place of payment; and

17 (e) If for new consideration the time and place where creditors of the  
18 transferor are to file their claims.

19 (3) The notice in any case shall be delivered personally or sent by registered or  
20 certified mail to:

21 (a) The Comptroller;

22 (b) All the persons shown on the list of creditors furnished by the  
23 transferor (§ 6-104); and

24 (c) All other persons who are known to the transferee to hold or assert  
25 claims against the transferor.]

26 [6-108.

27 (1) A bulk transfer is subject to this title even though it is by sale at auction,  
28 but only in the manner and with the results stated in this section.

29 (2) The transferor shall furnish a list of his creditors and assist in the  
30 preparation of a schedule of the property to be sold, both prepared as before stated (§  
31 6-104).

32 (3) The person or persons other than the transferor who direct, control or are  
33 responsible for the auction are collectively called the "auctioneer." The auctioneer  
34 shall:

1 (a) Receive and retain the list of creditors and prepare and retain the  
2 schedule of property for the period stated in this title (§ 6-104);

3 (b) Give notice of the auction personally or by registered or certified mail  
4 at least ten days before it occurs to:

5 (i) The Comptroller;

6 (ii) All persons shown on the list of creditors; and

7 (iii) All other persons who are known to the auctioneer to hold or  
8 assert claims against the transferor; and

9 (c) Assure that the net proceeds of the auction are applied as provided in  
10 this title (§ 6-106).

11 (4) Failure of the auctioneer to perform any of these duties does not affect the  
12 validity of the sale or the title of the purchasers, but if the auctioneer knows that the  
13 auction constitutes a bulk transfer such failure renders the auctioneer liable to the  
14 creditors of the transferor as a class for the sums owing to them from the transferor  
15 up to but not exceeding the net proceeds of the auction. If the auctioneer consists of  
16 several persons their liability is joint and several.]

17 [6-109.

18 The creditors of the transferor mentioned in this title are those holding claims  
19 based on transactions or events occurring before the bulk transfer, but creditors who  
20 become such after notice to creditors is given (§§ 6-105 and 6-107) are not entitled to  
21 notice.]

22 [6-110.

23 When the title of a transferee to property is subject to a defect by reason of his  
24 noncompliance with the requirements of this title, then:

25 (1) A purchaser of any of such property from such transferee who pays no  
26 value or who takes with notice of such noncompliance takes subject to such defect, but

27 (2) A purchaser for value in good faith and without such notice takes free  
28 of such defect.]

29 [6-111.

30 No action under this title shall be brought nor levy made more than six months  
31 after the date on which the transferee took possession of the goods unless the transfer  
32 has been concealed. If the transfer has been concealed actions may be brought or  
33 levies made within six months after its discovery.]

1 [9-111.

2 The creation of a security interest is not a bulk transfer under Title 6 (see §  
3 6-103).]

4 11-1304.

5 [(d) Repurchase of inventory under this section is not subject to the bulk  
6 transfers provisions of Title 6 of this article.]

7 15-213.

8 This subtitle does not repeal the law relating to:

9 (1) Fraudulent conveyances from one spouse to the other, as provided in  
10 §§ 4-205, 4-206, and 4-301 of the Family Law Article; OR

11 (2) Priorities and preferences in insolvency, as provided in Subtitle 1 of  
12 this title; or

13 (3) Bulk transfers, as defined in Title 6 of this article].

14 19-102.

15 [(c) Repurchase of inventory under this title is not subject to the bulk transfers  
16 provisions of Title 6 of this article.]

17 [(d)] (C) This title does not apply to a written or oral contract or agreement  
18 between a dealer and a supplier if, under the contract or agreement, the supplier does  
19 not require the dealer to order and maintain an inventory in excess of \$25,000 at  
20 current net price from the supplier.

21 **Article - Tax - General**

22 {11-505.

23 (a) (1) IN THIS SECTION:

24 (I) "BULK TRANSFER" MEANS ANY TRANSFER IN BULK AND NOT IN  
25 THE ORDINARY COURSE OF THE TRANSFEROR'S BUSINESS OF A MAJOR PART OF THE  
26 MATERIALS, SUPPLIES, MERCHANDISE OR OTHER INVENTORY OF AN ENTERPRISE  
27 SUBJECT TO THIS SECTION; AND

28 (II) "BULK TRANSFER" INCLUDES THE TRANSFER OF A  
29 SUBSTANTIAL PART OF THE EQUIPMENT OF AN ENTERPRISE ONLY IF IT IS MADE IN  
30 CONNECTION WITH THE BULK TRANSFER OF INVENTORY.

31 (2) THIS SECTION APPLIES TO AN ENTERPRISE WHOSE PRINCIPAL  
32 BUSINESS IS THE SALE OF MERCHANDISE FROM STOCK, INCLUDING THOSE  
33 MANUFACTURING WHAT THEY SELL, RESTAURANTS, AND ALL VENDORS OF

1 ALCOHOLIC BEVERAGES, REGARDLESS OF THE FORM IN WHICH THE BEVERAGES  
 2 ARE SOLD OR WHETHER THE VENDOR IS A WHOLESALER OR RETAILER.

3 (B) A transferee or auctioneer in a bulk transfer, ~~as defined in § 6-102 of the~~  
 4 ~~Commercial Law Article, shall mail to the Comptroller the notice to creditors, as~~  
 5 ~~required in §§ 6-107 and 6-108 of the Commercial Law Article, whether or not:~~

6 (1) ~~the transferor lists the Comptroller as a creditor; or~~

7 (2) ~~the transferee or auctioneer knows that the transferor owes any sales~~  
 8 ~~and use tax.~~

9 (b) ~~If the Comptroller finds that the transferor owes sales and use tax, the~~  
 10 ~~Comptroller shall file a claim for sales and use tax due from the transferor at the~~  
 11 ~~address required in the notice to creditors.~~

12 (c) ~~If the Comptroller files a claim under subsection (b) of this section, the~~  
 13 ~~transferee or auctioneer shall withhold the amount stated in the claim from~~  
 14 ~~distribution to the transferor.]~~

15 (C) THE NOTICE OF BULK TRANSFER SHALL STATE:

16 (1) THAT A BULK TRANSFER IS ABOUT TO BE MADE;

17 (2) THE NAMES AND BUSINESS ADDRESSES OF THE TRANSFEROR AND  
 18 TRANSFEEE, AND ALL OTHER BUSINESS NAMES AND ADDRESSES USED BY THE  
 19 TRANSFEROR WITHIN THE LAST 3 YEARS THAT ARE KNOWN TO THE TRANSFEEE;

20 (3) THE LOCATION AND GENERAL DESCRIPTION OF THE PROPERTY TO  
 21 BE TRANSFERRED;

22 (4) WHETHER THE TRANSFER IS TO PAY EXISTING DEBTS AND, IF SO,  
 23 THE AMOUNT OF THE DEBTS AND TO WHOM THEY ARE OWED; AND

24 (5) WHETHER THE TRANSFER IS FOR NEW CONSIDERATION AND, IF SO,  
 25 THE AMOUNT OF THE CONSIDERATION AND THE TIME AND PLACE OF PAYMENT.

26 (D) IF THE COMPTROLLER FINDS THAT THE TRANSFEROR OWES SALES AND  
 27 USE TAX, THE COMPTROLLER SHALL FILE A CLAIM FOR SALES AND USE TAX DUE  
 28 FROM THE TRANSFEROR AT THE ADDRESS OF THE TRANSFEEE'S BUSINESS.

29 (E) IF THE COMPTROLLER FILES A CLAIM UNDER SUBSECTION (D) OF THIS  
 30 SECTION, THE TRANSFEEE OR AUCTIONEER SHALL WITHHOLD THE AMOUNT  
 31 STATED IN THE CLAIM FROM DISTRIBUTION TO THE TRANSFEROR.

32 ¶13-802.

33 If the transferee or auctioneer in a bulk transfer fails to file the notice required  
 34 in § 11-505 of this article or to retain consideration in an amount equal to the claim  
 35 of the Comptroller for unpaid sales and use tax:

1 (1) any consideration in the bulk transfer is subject to a first priority  
2 right and lien for any sales and use tax that the transferor owes to the State; and

3 (2) the transferee or auctioneer is personally liable for the sales and use  
4 tax, interest and penalties that the transferor owes to the State.}

5 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland  
6 read as follows:

7 **Article - Commercial Law**

8 1-105.

9 (1) Except as provided hereafter in this section, when a transaction bears a  
10 reasonable relation to this State and also to another state or nation the parties may  
11 agree that the law either of this State or of such other state or nation shall govern  
12 their rights and duties. Failing such agreement Titles 1 through 10 of this article  
13 apply to transactions bearing an appropriate relation to this State.

14 (2) Where one of the following provisions of Titles 1 through 10 of this article  
15 specifies the applicable law, that provision governs and a contrary agreement is  
16 effective only to the extent permitted by the law (including the conflict of laws rules)  
17 so specified:

18 Rights of creditors against sold goods. § 2-402.

19 Applicability of the title on leases. §§ 2A-105 and 2A-106.

20 Applicability of the title on bank deposits and collections. § 4-102.

21 Governing law in the title on funds transfers. § 4A-507.

22 Letters of credit. § 5-116.

23 [Bulk transfers subject to the title on bulk transfers. § 6-103.]

24 Applicability of the title on investment securities. § 8-110.

25 Law governing perfection, the effect of perfection or nonperfection, and the  
26 priority of security interests. §§ 9-301 through 9-307.

27 [6-102.

28 (1) A "bulk transfer" is any transfer in bulk and not in the ordinary course of  
29 the transferor's business of a major part of the materials, supplies, merchandise or  
30 other inventory (§ 9-102) of an enterprise subject to this title.

31 (2) A transfer of a substantial part of the equipment (§ 9-102) of such an  
32 enterprise is a bulk transfer if it is made in connection with a bulk transfer of  
33 inventory, but not otherwise.

1       (3)       The enterprises subject to this title are all those whose principal business  
2 is the sale of merchandise from stock, including those who manufacture what they  
3 sell, restaurants, and all vendors and sellers of alcoholic beverages, regardless of the  
4 form in which such beverages are sold, and regardless of whether sold on a wholesale  
5 or retail basis.

6       (4)       Except as limited by the following section all bulk transfers of goods  
7 located within this State are subject to this title.]

8       SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall apply to  
9 bulk transfers made on or after October 1, 2000. Bulk transfers made before October  
10 1, 2000 shall remain subject to the provisions of law repealed or amended by this Act  
11 as though they had not been repealed or amended.

12       SECTION 4. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall  
13 take effect July 1, 2001.

14       SECTION 5. AND BE IT FURTHER ENACTED, That, except as provided in  
15 Section 4 of this Act, this Act shall take effect October 1, 2000.