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Hold on license transfer
arising out of old debt

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An issue has arisen whether the board must require satisfaction of a debt arising out of the operation of a licensed business prior to license transfer if a judicial action on the debt is barred by the statute of limitations.

Under AS 04.11.360(4)(b), the board must deny transfer of a license if the transferor has not paid all debts arising from the conduct of the licensed business. Title 4 contains no definitions of the term "debt," so a general definition would apply. I would use the definition of "a specified sum of money owing to one person from another." Black's Law Dictionary 363 (5th ed. 1979).

The general rule is that a statute of limitations bars the remedy, but will not discharge the debt. See generally 54 C.J.S • 11 (1987). In other words, the debt continues to exist even if the creditor couldn't bring an action in court to obtain payment.

Unless the debt has been discharged by satisfaction or extinguished by the courts, it is my interpretation that "debt" would include unpaid obligations, such as this one, no matter how old. For the sake of this advice, I am assuming that there is no dispute over the amount of the unpaid obligation or that it arose out of the operation of the business.

TW:nmr