**Section 2765.225 Requirement for Privity in Order to Have a Predecessor Successor Relationship**

In order for a predecessor successor relationship to exist under Section 1507 of the Act, there must be privity between the predecessor employing unit and the successor employing unit.

a) EXAMPLE: AAA Oil Company, that owns all the equipment and inventory at a gas station, leases the station to Company B that becomes a liable employer under the Act. When Company B's lease expires, AAA Oil Company refuses to renew the lease and, instead, leases the station to Company C. Company C is not a successor to Company B because there is no privity between Company B and Company C.

b) EXAMPLE: Mr. Johnson operates a restaurant. Bank A has a chattel mortgage on the fixtures of the restaurant and Bank B has a mortgage on the building that houses the restaurant. Both Bank A and Bank B foreclose on their mortgages and Mr. Johnson goes out of business. The banks sell their interests in the restaurant fixtures and building to Mr. Moore who opens another restaurant at this same location. Mr. Moore is not a successor to Mr. Johnson because there is no privity between Mr. Moore and Mr. Johnson.

(Source: Amended at 43 Ill. Reg. 6480, effective May 14, 2019)