

■ Case Highlights ■

Successful representation on behalf of a CEO obtaining innocent verdict in a criminal complaint for failure to make severance payments

The CEO of an IT company ("IT Company"), upon the IT Company obtaining shares of another company ("Target Company"), undertook that new employment agreements were entered into between the IT Company and the employees of the Target Company. The employees continued their employment at the IT Company, and then resigned before continuing the employment for one year. The employees then filed a lawsuit against the IT Company seeking severance pay, as well as a criminal complaint against the CEO for a violation of the Act on the Guarantee of Employees' Retirement Benefits, on the ground that the employment relationships were succeeded along with the acquisition of the shares of the Target Company and that their continuous service period exceeded one year when having included the service period at the Target Company.

Jipyong represented the CEO and argued that there could not be any employment succession because the share purchase agreement did not amount to the business transfer and, even if it were deemed that there were employment succession, it would not be effective because the CEO of the Target Company, after the execution of the share purchase agreement, failed to fulfill the relevant obligations under the agreement, thereby leading to the IT Company's cancellation of the agreement and also resulting in extinguishing validity of the employee succession.

The court accepted the CEO's argument and declared the verdict of innocence.

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