

New Precedent Related to 503(B)(9) Changes Landscape for Creditors Seeking Administrative Expense Claims

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When a debtor files for bankruptcy, its creditors are forced to line up to receive payment in order of priority, as established by the Bankruptcy Code. While the claims of vendors and trade creditors would typically be last in line as general unsecured creditors, often receiving pennies on the dollar, Congress provided special incentives for creditors who provide necessary goods and services to the debtor, within a specified timeframe, by giving these creditors administrative expense claims. An administrative expense claim can be extremely valuable because it...

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