

Small Business Reorganization Act in Practice: Issues and Strategies for Creditors in Small Business Bankruptcies

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This article discusses the new rules in place for small businesses filing for Chapter 11 relief following passage of the Small Business Reorganization Act of 2019. The article evaluates challenges trade creditors may face when seeking to defend their claims in the new Subchapter V schema and possible solutions to those challenges. The article concludes with outstanding questions creditors should keep in mind when getting involved in these cases.

Introduction

In 2019, Congress passed the Small Business Reorganization Act of 2019 ("SBRA"), which created a new option for small businesses seeking the benefits of Chapter 11 of the Bankruptcy Code. Subchapter V of Chapter 11 (11 U.S.C. §§ 1181-1195) ("Subchapter V") a faster, more streamlined process for restructuring...

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