

Your Customer Just Assigned: A Trade Creditor's Guide to the New Delaware ABC Act

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Abstract

Imagine this scenario: One morning, your credit team flags an alert: a key customer, organized in Delaware and owing you \$400,000, has executed an assignment for the benefit of creditors. There is inventory sitting in warehouses across three states and an open purchase order. What just happened, what do you do, how much of that receivable will you ever see, and when are you likely to see it?

On June 11, 2026, Delaware Governor Matt Meyer signed SB 267 into law, making Delaware the sixth state to adopt the Uniform Assignment for Benefit of Creditors Act.¹ Because more than 60 percent of publicly traded U.S. companies are organized in Delaware, this law has outsized practical impact for trade creditors nationwide. If you extend credit to any Delaware-organized entity (which you likely do) you will need to understand how this statute works in order to maximize your potential recovery.

What Is an ABC, and Why the Need for a New Statute?

An assignment for the benefit of creditors is a voluntary, company-initiated, state-law liquidation. The distressed company (the “**Assignor**”) transfers all of its assignable assets to an independent fiduciary (the “**Assignee**”), who collects, liquidates, and sometimes temporarily operates the business before distributing proceeds to creditors under a defined priority scheme. ABCs have long been viewed as cheaper, faster, and more flexible than Chapter 11 bankruptcy or a creditor-initiated receivership.

Under the old ABC regime, the primary issue was inconsistency. ABC laws varied dramatically from state to...

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¹ SB 267, An Act To Amend Title 10 And Title 30 Of The Delaware Code Relating To The Uniform Assignment For Benefit Of Creditors Act, signed by Gov. Matt Meyer, June 11, 2026; codified at 10 Del. C. §§ 7301A–7324A (the “Act”).