

A Look at the Small Business Reorganization Act

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Introduction and Overview

Broad Overview

- Subchapter V goals, implementation, and shortcomings

Caselaw

- Current nationwide landscape of Subchapter V cases

Q&A

- Practitioner tips

Impact

Potential impact of SBRA?

- Preliminary estimate is that approximately 40% of chapter 11 debtors in cases filed after October 1, 2007, would qualify as a small business debtor, and that 25% of chapter 11 individuals would qualify as a small business
- Likely that the SBRA will have a significant impact on the bankruptcy landscape

Broad Overview

Pre-SBRA, small businesses enterprises had difficulty reorganizing

- Chapter 11 administrative costs
- Difficult confirmation requirements regardless of size
- Excessive creditor influence

Subchapter V meant to minimize obstacles/reduce costs by streamlining process

Changes

Debtor remains in possession/controls assets/files plan

No UCC appointment unless for cause

No disclosure statement requirements

Plan can be confirmed without class support

90 day plan requirement

Trustee doesn't operate business, but monitors progress, accounts property

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