

# A Look at the Small Business Reorganization Act

by:

Hon. Eduardo V. Rodriguez

U.S. Bankruptcy Court, Southern District of Texas, McAllen Division

Hon. Stacey G. C. Jernigan

U.S. Bankruptcy Court, Northern District of Texas, Dallas Division

Lisa L. Lambert

Office of the United States Trustee

Jarrold Martin

Chamberlain, Hrdlicka, White, Williams & Aughtry

Behrooz Vida

The Vida Law Firm

1

## DISCLAIMER

### Disclaimer regarding Judge Jernigan and Judge Rodriguez:

- This material does not constitute the official position of Judge Jernigan and Judge Rodriguez or of any court and should not be construed as an indication of future rulings involving the Small Business Reorganization Act of 2019

### Disclaimer regarding the Office of the United States Trustee

- The views expressed by Lisa Lambert do not necessarily reflect the views of the U.S. Department of Justice or the Office of the U.S. Trustee.”

2

# 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

Find the full text of this and thousands of other resources from leading experts in dozens of legal practice areas in the [UT Law CLE eLibrary \(utcle.org/elibrary\)](https://utcle.org/elibrary)

Title search: A Look at the Small Business Reorganization Act

Also available as part of the eCourse

[2020 Jay L. Westbrook Bankruptcy eConference](#)

First appeared as part of the conference materials for the  
39<sup>th</sup> Annual Jay L. Westbrook Bankruptcy Conference session  
"Small Business Reorganization Act of 2019"