Changes to Preference Practices Under New Bankruptcy Law



Image by NY Photographic

The recently signed "Small Business Reorganization Act of 2019″ creates a subchapter to Chapter 11 for small business debtors, i.e. those with no more than $2,725,625 in secured and unsecured debts combined, to address the unique issues faced by those companies in the bankruptcy process, explains **Timothy J. McKeon** in a post on **Mintz' website**.

In addition to the creation of "subchapter V" to Chapter 11, the SBRA also makes important amendments to statutory provisions governing preference actions.

The new rule requires a debtor or trustee to consider a party's statutory defenses "based on reasonable due diligence in the circumstances of the case and taking into account a party's known or reasonably knowable affirmative defenses" prior to commencing an action under section 547, McKeon writes.

Read the article.