

IN Practice

ABC IS ALTERNATIVE TO BK

Solvency options other than bankruptcy, such as an assignment for benefit of creditors, often work well for clients and counsel

By David R. Haberbush

Assignments for Benefit of Creditors (ABC) are not for everyone. Sometimes a company's individual circumstances do warrant a Chapter 7 or Chapter 11 bankruptcy filing. The best way to determine the merit of an individual case is to consult a firm with the experience to understand when bankruptcy is advisable, and will clearly lay out the clients options, providing solutions that offer a transition from insolvency to something less harsh, less time-consuming and less costly.

Small firm business lawyers often see clients with great ideas, the right team, a solid infrastructure, a hot product or service ready to take off. But, for any number of reasons, the client has insufficient capital to get ahead of the research and development curve and get that product or service to market to generate needed revenue. Or internal bick-

ering or succession issues threaten to derail years of hard work and decades of dreams. Clients arrive in counsel's offices to discuss the inevitability of bankruptcy. But less messy, less costly, and less harsh options exist.

A legal, but often underutilized option, an ABC, is one such alternative. An ABC offers a distressed business owner a way to keep the business running, and employees employed, while assets are liquidated, claims settled and various restructurings discussed.

An ABC is not rocket science. In fact, it's this relative ease of execution that makes ABCs, when appropriate, an attractive alternative to a protracted, complicated bankruptcy proceeding.

David R. Haberbush is the founder-principal of Equitable Transitions, specializing in solvency options for small and mid-sized companies. He can be reached at dhaberbush@equitabletransitions.com

