

Practice Contact

Robert A. Bell, Jr.
614.464.5469
rabell@vorys.com

Unsecured Creditors, Suppliers, and Vendors

When a debtor files for bankruptcy, unsecured creditors, suppliers, and vendors face significant risks. The risks include being paid little, or nothing, on amounts owed by the debtor before the bankruptcy, losing future business if the debtor ceases its operations, losing the source of products that may be vital to the creditor's operations, and defending claims by the trustee or the debtor-in-possession for return of payments the debtor has made to the creditor, supplier, or vendor. Our lawyers have experience in addressing such risks and helping our clients to achieve their goals with respect to bankrupt debtors.

Although unsecured creditors, suppliers, and vendors often are at a disadvantage when a debtor files for bankruptcy, they nevertheless may seek certain remedies. Our lawyers have experience with each of those remedies. In our experience, more assertive creditors tend to recover greater value than passive creditors, and we are fully prepared to assist our clients in actively asserting their rights.

Our attorneys have successfully handled the following issues faced by unsecured creditors, suppliers, and vendors, among others:

- Defense against preference claims that seek the return of monies previously paid to creditors
- Defense against turnover actions
- Defense against fraudulent transfer claims
- Defense against other litigation by the debtor against creditors
- Contract and lease rights
- Reclamation of goods delivered before bankruptcy
- Priority claims (wages, benefits, taxes)
- Recovery of property owned by the creditor but held by the debtor
- Adequacy of disclosure statements
- Plan negotiations

(Unsecured Creditors, Suppliers, and Vendors Continued)

- Essential supplier orders (allowing faster payment)
- Landlord representation
- Possessory liens held by creditors
- Proofs of claim