

Alerts & Publications



Journal of Bankruptcy Law: CARES Act Expands Simpler Bankruptcy Restructuring Under New Subchapter V to Businesses With up to US\$7.5 Million in Debt

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KEY CONTACTS

Evan M. Jones

Los Angeles

D: +1-213-430-6236

Jennifer Taylor

San Francisco

D: +1-415-984-8922

O'Melveny partners Evan Jones and Jennifer Taylor co-authored this *Journal of Bankruptcy Law* article on the expansion of a simpler form of bankruptcy restructuring for small businesses under the CARES Act.

“Small businesses have historically faced a high barrier to reorganizing through Chapter 11 because, perhaps counterintuitively, bankruptcy has simply been too expensive an option. Not only transaction costs and time required to complete the process, but the likely loss of ownership by small business owners kept small businesses away,” Jones and Taylor write. “To address these issues and provide small businesses a more meaningful opportunity to restructure in Chapter 11, Congress passed the Small Business Reorganization Act of 2019, which became effective in February 19, 2020. More recently, the Coronavirus Aid, Relief, and Economic Security (‘CARES’) Act expanded the scope of small businesses that may qualify for Subchapter V relief. As more small businesses suffer the impact of the global pandemic, this newly available tool may provide the avenue to recovery for many small businesses—not to mention their vendors and employees.”

Read the full article [here](#).