



“AN ACT TO REPEAL THE FRAUDULENT CONVEYANCE ACT, CHAPTER 8 OF LIBERIAN COMMERCIAL CODE, TITLE 7 OF THE LIBERIAN CODE OF LAWS REVISED, AND TO ENACT IN LIEU THEREOF A NEW CHAPTER 8 OF THE LIBERIAN COMMERCIAL CODE ENTITLED THE INSOLVENCY AND RESTRUCTURING ACT”

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AN ACT TO REPEAL THE FRAUDULENT
CONVEYANCE ACT, CHAPTER 8 OF LIBERIAN
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CHAPTER 8 OF THE LIBERIAN COMMERCIAL CODE
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CHAPTER 8: INSOLVENCY AND RESTRUCTURING ACT

PREAMBLE

WHEREAS, market conditions, the ability to obtain financing, business management choices, and other factors affect the profitability of businesses and do sometimes lead to varying situations of financial distress during which a business entity may become unable to meet its obligations to creditors as those obligations become due; and

WHEREAS, it is necessary to establish specific and transparent legal procedures to govern the determination and declaration of insolvency of business entities and the consequent administration thereof; and

WHEREAS, the existence and implementation of a balanced and comprehensive insolvency legal regime promotes the provision of credit which in turn leads to economic growth and stability;

NOW THEREFORE, it is enacted by the House of Representatives and the Senate, in Legislature assembled:

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SUB-CHAPTER 1: GENERAL PROVISIONS

§ 8.1 Short Title.

This Chapter of the Code shall be cited as the Insolvency and Restructuring Act.

§ 8.2 Scope and Application.

- (1) This Act shall apply to and govern the filing, hearing, determination of all matters and proceedings relating to insolvency, restructuring and/or liquidation of all business entities, not-for-profit entities or organizations and Persons. In particular, this Act shall regulate the conditions and the manner of initiating an insolvency proceeding and the consequent implementation of a judicially approved restructuring or liquidation of a Debtor.
- (2) The Act shall apply to all Persons resident or operating in Liberia.
- (3) This Act does not apply to the following entities:
 - (a) Bank and non-bank financial institutions regulated by the Central Bank of Liberia.
 - (b) Domestic non-resident corporations and maritime entities registered under Liberian laws; and
 - (c) Agencies and departments and other units of the Republic of Liberia, except that nothing contained in this Section shall prohibit a Legal Entity owned in whole or part by the Republic of Liberia that is engaged in business as a Trader from becoming a Debtor under this law.

§ 8.3 Purpose of the Act; Rules of Construction

- (1) The purpose of the Act is to achieve the following objectives:
 - (a) to provide uniform, fair, and efficient procedures for the payment of Claims held by Creditors against a Debtor;
 - (b) to provide for certainty in the marketplace, which in turn promotes economic stability and growth;

- (c) to ensure that the administration, and if necessary, the liquidation, of a Debtor is transparent and predictable, and that it provides incentives for gathering and providing information to Creditors and other parties in interest;
- (d) to maximize the value of the assets of a Debtor for the benefit of his/her Creditors and, where possible, to enable the sale and/or continuity of any business conducted by the Debtor;
- (e) to strike a balance between Liquidation and Reorganization;
- (f) to ensure equitable treatment of similarly situated Creditors;
- (g) to provide for the timely, efficient and impartial resolution of insolvency cases;
- (h) to identify, collect, preserve and protect an insolvency estate; and
- (i) to provide for the distribution of a Debtor's assets according to priorities as established under Section 8.53 of this Act, with creditors of equal rank taking equal proportionate share of the proceeds of the liquidated assets.

(2) This Act shall be interpreted in such consistent and fair manner as to further its purpose and objectives, having regard to the interest of all Claimants of the Debtors.

§ 8.4 Definitions

(1) The following terms in this law shall have the meaning set forth below:

“Act” means this law and any amendment thereof.

“Administrator” means a competent professional person, natural or legal, duly licensed and/or approved by the Commercial Court to manage or oversee the management of the business of an insolvent debtor by performing the duties set forth in Section 8.17 of this Act.

“Agreement for Settlement” means an agreement under which the Debtor may retain ownership of its Property in exchange for the payment of all or a portion of the claims of Creditors in installments or on such other terms as may be agreed to by the Creditors and approved by the Assigned Judge.

“Assigned Judge” means a Judge of the Commercial Court assigned to an insolvency Case pursuant to Section 8.9 of this Act.

“Bank Account” means a bank account opened by an Administrator in each case in which an Administrator is appointed, and into which proceeds from administration of the bankruptcy case are deposited

“Bankruptcy” means both (i) the state of Insolvency, and (ii) the procedures by which an Insolvent undergoes a judiciary supervised reorganization or liquidation.

“Business Entities” mean legal entities created and operating for profit

“Chief Judge” means the Chief Judge of the Commercial Court.

“Claim” means a right to payment arising out of contract, statutory obligations or otherwise, and includes right to payment for unpaid taxes, goods sold, services provided, money lent, injury to person or property, or any other ground upon which a debt may arise under applicable law.

“Clerk” means the Clerk of the Commercial Court.

“Commencement Date” means the date on which an Insolvency Petition is filed with the Commercial Court.

“Conflict of Interest” means the existence of a situation where a person has pecuniary interest or relationship with one or more persons interested in an insolvency case, which makes it difficult for the person to be or perceived to be objective and independent in respect of matter relating the insolvency case.

“Court” means the Commercial Court

“Commercial Court” means the court established by an Act amending the Judiciary Law, Title 17 Liberian Code of Laws Revised, approved on September 29, 2010 and published in handbills on September 30, 2010.

“Creditor” means a person that holds a Claim against a Debtor.

“Debtor” means (i) a Person against whom another person has a Claim and/or (ii) who files an insolvency application or against whom an insolvency application is filed under this Act.

“Estate” means [insert definition].

“Debtor-in-Possession (DIP)” means a debtor, by agreement or consent of creditors, is allowed by the Insolvency Court to continue to manage his/her/its business under the supervision of an Administrator.

“Exempt Property” means any property that a Debtor is permitted to retain as exempt from liquidation procedures under Section 8.38 of this Act.

“Going Concern” means all of the things that are necessary for the continued operation of a business. A Going Concern can be of a unit of a business, the entire business, or an operationally restructured business.

“Insolvent” means a financial condition under which a Person is unable to pay his/her/its debt or meet his/her/his other contractual or statutory financial obligations as they become due.

“Insolvency Case” means a case or petition for (i) Reorganization or (ii) Liquidation.

“Insolvency Order” means an order of the Court declaring a Debtor to be insolvent and subjecting such Debtor to either reorganization or liquidation in accordance with the provisions of this Act.

“Involuntary Insolvency Case” means a case or petition filed by Creditor(s) of a Debtor requesting judicial declaration that a Debtor is insolvent and should therefore be a subject of one or more of the insolvency procedures established by this Act.

“Legal Entities” means corporations, partnerships, limited liability companies and other entities created by law and that have the ability and power to acquire assets, enter into contracts with other Persons and sue and be sued.

“Letter of Authority” means a letter signed by the Chief Judge or, in the absence of the Chief Judge, the Assigned Judge, appointing an Administrator and granting to the Administrator full power and responsibility to carry out and enforce the provisions of this law, subject to the oversight of the Assigned Judge as provided in this Act.

“Liquidation” means the satisfaction of the claims of Creditors by the application of the proceeds received from sale of the bankruptcy Debtor’s property, which in the case of a debtor who is a legal person, extinguishes the indebtedness or leads to the termination of the existence of said Debtor.

“Liquidation Plan” means a plan comprising of a schedule of the assets and liabilities of the Debtor and the proposed method for sale of the assets and payment of the liabilities as well as the time frame for completing such sale and payment of claims.

“**Not-For Profit Organizations**” mean legal entities that are created and operating not for profit, but for charity or other socially beneficial purpose.

“**Ordinary Course of Business**” means the normal activities of a Debtor in its day-to-day operations prior to becoming Insolvent or the filing of an Insolvency Petition.

“**Person**” means a natural or legal person carrying on a business, including a corporation, a limited liability company, a partnership (including a general or limited partnership), a business trust, or any other entity or group having a separate legal existence under applicable law, or a governmental entity or body.

“**Petition**” means a written application that is filed by either the Debtor or a Creditor to commence an insolvency case under this Act. A petition filed by the Debtor shall be referred to as a “voluntary petition” while a petition filed by Creditor(s) of the Debtor shall be referred to as an “involuntary petition.”

“**Property**” means all property in which the Debtor has any ownership interest as defined in Section 8.37 and every species of valuable right or interest that is subject to ownership, has an exchangeable value, or adds to one’s wealth or estate. Examples include but are not limited to common, real, incorporeal, intangible, personal, public, intellectual, patented and tangible property.

“**Reorganization**” means a restructuring of the business of a Debtor in accordance with a plan approved by Creditors through redefining of the Debtor-Creditor relationship, change of the legal status of the Debtor and/or such other change or manner envisaged by the reorganization plan approved by creditors of the debtor.

“**Reorganization Case**” means a case or petition filed voluntarily by a debtor, seeking temporary relief from the payment of claims based on the Debtor’s submission of a reorganization plan and the approval of the submitted reorganization plan by the Court; a Reorganization Case may also originate as an involuntary case that continues with the intention of reorganization rather than liquidation, as provided for in this Law

“**Reorganization Petition**” means a Petition in which the Debtor states the intent to reorganize under an Agreement for Settlement, or any other case filed under this Law in which the Administrator or Debtor-in-Possession (DIP) intends to obtain approval of an Agreement for Settlement.

“**Secured Claim**” means a Claim held by a Creditor the repayment of which is secured by a lien, pledge, hypothecation or other interest in moveable or

immovable property to the extent valid under applicable law. A claim shall be a Secured Claim to the extent of the value of the collateral securing such Claim.

“Secured Creditor” means any Creditor that holds a Secured Claim.

“Small Business” means a Debtor with less than Fifteen (15) **employees**, less than Five Million Liberian Dollars (**LS\$5,000,000.00**) turnover per year, with twelve (12) or less Creditors, and less than One Million Liberian Dollars (**LS\$1,000,000.00**) as the total amount of debt.

“Tax Authorities” means the Liberia Revenue Authority and any other agency of the Government of Liberia as well as any other public authority, such as a municipality, entitled to collect taxes from a Debtor.

“Commencement Date” means the filing date and time that is indicated or stamped on an insolvency petition by the Clerk.

“Trader” means a natural or legal person engaged in commerce regardless of whether such commerce is in the form of manufacturing, trade, services or otherwise. A director/manager/owner of a legal entity that is a Debtor, who has guaranteed the Debtor’s debts personally, may be considered a Trader for purposes of this Act.

“Unsecured Claim” means a Claim that is not secured by any collateral or lien on real and/or personal property, or by special priority provided in this Act.

“Voluntary Insolvency Case” means a case or petition filed by a Debtor requesting judicial declaration that such Debtor is insolvent and should therefore be a subject of one or more of the insolvency procedures established by this Act.

§ 8.5 Eligibility to be a Debtor.

- (1) A Person who is or has been engaged in business may become a Debtor under this Act:
 - (a) in the case of the filing of a voluntary petition, if such person is insolvent or is experiencing financial difficulties that may lead to insolvency and exercises good-faith in requesting relief under this Act; or
 - (b) in the case of the filing of an involuntary petition against the Person by one or more of the Person's Creditors, if such person is determined to be Insolvent by the Commercial Court.

SUB-CHAPTER 2: ASSIGNMENT AND HEARING OF INSOLVENCY CASES

§ 8.6 Jurisdiction

The Commercial Court shall have **exclusive jurisdiction** over all insolvency cases under this Act, regardless of the amount involved and notwithstanding any monetary limits or thresholds, and all matters relating to the administration of a Debtor's Property and Estate or the disposition thereof.

§ 8.7 Functions and Power of the Commercial Court in respect of Insolvency Cases

- (1) In keeping with the provisions of this Act and the purpose hereof, the Commercial Court shall also have the power to:
 - (a) Determine the existence of insolvency;
 - (b) Issue an interim order staying any proceedings against the Debtor following the Commencement Date of an insolvency case but before a final Insolvency Order;
 - (c) Appoint an Administrator;
 - (d) Remove an Administrator for Cause;
 - (e) Approve Administrative expenses for administration of an insolvency case;
 - (f) Approve the amount of compensation for the Administrator;
 - (g) Decide objections relating to activities of the Administrator;
 - (h) Consider a proposed reorganization plan with the right to (i) reject it, (ii) amend it or (ii) schedule a hearing for review of a submitted reorganization plan;
 - (i) Issue a ruling confirming the adoption of a reorganization plan or its rejection;
 - (j) Issue an order on the main distribution of the assets of the bankruptcy estate;
 - (k) Review periodic and final reports from the Administrator;

- (1) Make other rulings and issue such other interim and final orders, processes or judgments that are necessary or appropriate to effectuate the provisions of this Act.
- (2) The Commercial Court shall also have the right and power to refer a dispute arising at every state of an Insolvency case to Alternative Dispute Resolution procedures, including but not limited to mediation, according to the provisions of Section 8.25; provided that no such referral shall work to prejudice to any party to the proceeding.

§ 8.8 Requirement of a Written Petition to commence an Insolvency case

- (1) Every Insolvency Case shall be commenced by an Insolvency Petition filed in accordance with the Civil Procedure Law.
- (2) An Insolvency Petition may be filed by a Debtor or a Creditor or a group of Creditors. A petition filed by the Debtor shall commence a Voluntary Insolvency Case in accordance with Section 8.19 of this Act while a petition filed by or on behalf of any Creditor(s) shall be required for the commencement of an Involuntary Insolvency case in accordance with Section 8.20 of this Act.

§ 8.9 Assignment of Insolvency Cases to Commercial Court Judges

- (1) Upon the filing of an insolvency case, the Chief Judge of the Commercial Court shall assign it to one of the Commercial Court Judges who shall thereby become an Assigned Judge in respect of that case.
- (2) Assignment of cases shall be done in a rotating order and in a manner that ensures fair balance of workload for all the Judges of the Commercial Court. When one of the Judges has a larger workload compared to the others, either because of (i) the number or (ii) the complexity of cases assigned to the judge, the Chief Judge shall ensure that no additional insolvency case assignment is made to the Judge until the caseload is equalized and assignments of equal number or complexity are made to the remaining Judges.

§8.10 Hearing of an Insolvency Case or Petition

- (1) A person or party who has been served a copy of a petition for insolvency shall, be required to assert any claim or defense or interpose any objection he/she/it has by filing a responsive pleading to the Petition within ten (10) days of the service as provided for such pleadings in the Civil Procedure Law.
- (2) Upon showing that a Petition filed to commence an insolvency case has been served physically or by publication in keeping with law, the assigned Judge shall promptly issue a notice of assignment for hearing of the Petition. Subject to the provisions of

the Civil Procedure Law, a hearing of an Insolvency Petition shall be assigned and/or commenced within fifteen (15) days as of the service of the Petition,

- (3) The hearing of an Insolvency Petition shall be conducted in accordance with the Civil Procedure Law, with the Assigned Judge serving as the trier of facts. An Insolvency Case or Petition shall be proven by showing the existence of insolvency in keeping with the provisions of this Act.

§ 8.11 Relief That Court May Grant Upon Hearing of an Insolvency Petition

(1) On hearing an Insolvency Case or Petition, the Assigned Judge may:

- A. Dismiss it for failure to prove that the Debtor is insolvent pursuant to Paragraph C; provided that the failure to grant an insolvency petition shall not at any time be based on the ground that the Debtor has no known assets;
- B. Make any interim order as warranted by the circumstances and equity, pending a further hearing of the Petition and/or a final order; or
- C. Enter an Insolvency Order, declaring the Debtor insolvent, if the Debtor meets the following test:
 - (i) the Debtor's debts exceed the debtor's assets at current valuation, or
 - (ii) the person is unable generally to pay debts as they become due and demand for payment of same is made.
- D. If, following a demand for payment, a debtor is in arrears in the payment of more than 20% of the debt(s) for more than ninety (90) days, the debtor is **presumed** to be Insolvent under Paragraph C (ii) of this Section 8.11, although the presumption may be rebutted.

(2) The Assigned Judge shall appoint an Administrator to take over Debtor's operations, or allow the Debtor to continue to operate his/her/its business with supervision of an Administrator, and such appointment or approval shall be made part of the Insolvency Order or subsequent to the Insolvency Order.

§ 8.12 Notice of Commencement of an Insolvency Case and Orders Therein

1. The commencement of an Insolvency Case shall be notified to all known creditors and interested Persons through statutorily mandated procedures and publication on the premises of the Debtor and also the Commercial Court.
2. The notice of the commencement of an Insolvency Case shall be served by the Court on all known creditors either (i) by personal service or (ii) through service by publication, in keeping with Sections 8.3 and 9.2 of the Civil Procedure Law.

3. Besides service of notice to known creditors, additional notice of the commencement of an insolvency case shall also be published in a reputable newspaper of general circulation at least once a week for two (2) consecutive weeks as a notice to all other potential interested parties as well as the public, provided that the additional notice provided under this Subsection shall suffice as notice to the public and any Creditor or interested person whose address or identity was not known and could not have been found by diligent investigation at the time of the service of the notice of commencement of the Insolvency case.
4. A certified copy of the order of insolvency shall forthwith be delivered to the Registrar of the Liberia Business Registry for filing along with other information in the file of the Registrar pertaining to the Debtor, as well as any order converting a Reorganization Case to a Liquidation Case, and the order closing the case. A copy of each of such order shall also be posted on the premises of the Court.
5. Creditors subsequently identified by the Debtor pursuant to Section 8.22 of this Act shall be notified of the Insolvency case directly by the Commercial Court in keeping with the procedures for service of papers, as established by Section 8.3 of the Civil procedure Law.

SUB-CHAPTER 3: ADMINISTRATOR-APPOINTMENT, QUALIFICATIONS, DUTIES, POWERS AND LIABILITIES

§ 8.13 Appointment of Administrator

- (1) Following the filing of an insolvency case but (i) prior to or (ii) upon a hearing of the Petition, the Assigned Judge shall designate a person who does not have a conflicting interest with the Debtor or any Creditor of the Debtors to serve as Administrator of the Case. The Debtor's management may also remain in place, at the discretion of the Assigned Judge, as an interim Debtor-in-Possession under the supervision of the Administrator, if the case is proposed to be a Reorganization Case or there is reason to believe the Debtor will continue operating even in liquidation.
- (2) A Person may not be appointed and shall not accept appointment as an Administrator of a Debtor if such Person has or has had a conflict of interest as a result of any business, financial, social or other tie, directly or indirectly, with the Debtor, persons associated with the Debtor, or any other person having a material interest in the estate of the Debtor.
- (3) For purpose of this Act, a "conflict of interest" exists where (i) the Administrator's pecuniary interest or (ii) relationship with any person interested in the insolvency case may make it difficult or appear to make it difficult for the Administrator to exercise objectivity, impartiality and independence in the performance of his/her/its work, which

includes, but is not limited to, circumstances in which the Administrator may exploit his/her professional capacity for personal gain or benefit.

(4) In particular a Person may not be appointed and shall not accept appointment as an Administrator of a Debtor if the Person:

- i. Is a relative, by birth or marriage, of the Assigned Judge or the director or a member of the board of directors of the Debtor;
- ii. Is jointly or otherwise liable with the Debtor for its obligations;
- iii. Has been a director or manager of the Debtor;
- iv. Has been employed by the Debtor;
- v. Is a creditor of the Debtor;
- vi. Is indebted to the Debtor;
- vii. Has worked as an advisor to the Debtor; or
- viii. Is engaged in a business that is competitive with that of the Debtor

For the avoidance of doubt, the above list of relationships in this subsection (4) is not exhaustive.

§ 8.14 Qualification of an Administrator

(1) An Administrator shall be a person duly licensed or approved by the Commercial Court to serve as an insolvency administrator and whose name shall be on a list of current eligible, qualified administrators to be maintained publicly as provided in this Section 8.14; provided, however, that for a period of not more than eighteen (18) months following the effective date of this Act, the administrator need not be a licensed professional, but may be anyone deemed competent by the Commercial Court, preferably a licensed public accountant in good standing with the Liberia Institute of Certified Public Accountants.

(2) The licensing and supervision of Administrators shall be carried out by the Commercial Court.

(3) An administrator may be a natural person or a legal person, except that the same qualification and minimum competency shall be required of every administrator. Appointment of Administrators shall be made considering the qualifications of the Administrator.

(4) In unusual circumstances, such as the filing of a large or complex case, the Assigned Judge may, with the consent of a majority of the Creditors, assign a particular Administrator to a case if, in the judgment of the Assigned Judge, such Administrator is particularly qualified to handle the case.

- (5) The Commercial Court shall maintain a register of persons eligible or licensed to serve as Administrators along with their years of experience, compliance with professional performance requirements and compliance with established requirements, including ethical duties, licensing requirements and continuing education requirements.
- (6) The Commercial Court shall:
 - a. Maintain a publicly accessible list of (i) persons who have been qualified and licensed to serve as Administrators in cases and (ii) current assignment of each Administrator, including whether an assignment was random or as directed by the Assigned Judge;
 - b. Establish standards and procedures to ensure that all persons on the list of licensed Administrators are competent, qualified, honest and diligent; and
 - c. Require regular reporting of activities and accounts from all Administrators, and ensure their regular supervision and examination, including auditing when necessary.

§ 8.15 Requirement for Approval of Appointment by Creditors

- (1) The Administrator designated by the Assigned Judge in keeping with the provisions of Section 8.13 shall be approved at the first meeting of creditors by a simple majority of votes. Any number of all creditors duly informed of an Insolvency Case and cited to a meeting of Creditors shall constitute a quorum of Creditors for all purposes provided under this Act. If the Administrator is not approved, another candidate shall be recommended by the Assigned Judge, subject to the same approval process. The Debtor or Creditors may also recommend candidates for designation by the Assigned Judge as the Administrator, subject to the same approval process. The Administrator appointed pursuant to Section 8.13 shall remain in place as an interim Administrator, fulfilling the duties of Administrator, until he or she is approved or replaced.

§ 8.16 Reporting and Addressing Administrator's Conflict of Interest

- (1) Any Creditor(s) may challenge the appointment of an Administrator either for conflict of interest or lack of qualification. A challenge to an Administrator's appointment shall be promptly determined or resolved based on preponderance of evidence, taking into consideration the need for transparency and efficiency as well as the existence of safeguards and other factors as are equitable to all parties
- (2) A designated Administrator shall, within two (2) business days of his/her/its designation, make a declaration that no association or relationship or other circumstance constituting or resulting in a conflict of interest exists. If the Administrator cannot make such a

declaration within the indicated time, his/her/its appointment or designation shall be automatically revoked.

- (3) The Administrator shall file with the Clerk a verified statement of any connections the Administrator may have with the Debtor or any Creditor, including past and present business, familial, or social relations with the Debtor or any Creditor. The Administrator shall supplement this statement with any new findings that may create a conflict of interest within two (2) business days after the filing of the list of Creditors by the Debtor as required hereunder. This statement shall be reviewed immediately by the Assigned Judge and/or Supervisor of Administrators to determine if the person selected is free of any conflict of interest in relation to a particular case.
- (4) Upon the determination that the selected Administrator does not have a disqualifying conflict of interest, the Assigned Judge shall immediately issue a Letter of Authority appointing the Administrator and delegating to the Administrator full power and responsibility to carry out the Administrator's responsibilities under this law and with respect to the specified insolvency case
- (5) From the time of his/her/its appointment, an Administrator shall be under a continuing obligation to inform the Supervisor of Administrator and the Assigned Judge of any conflict of interest if it should occur or become apparent after the appointment. The Assigned Judge shall terminate the appointment of the Administrator at any time if it is determined that the Administrator has an association or relationship constituting a conflict of interest and shall appoint another person to be the Administrator.
- (6) The Assigned Judge may remove the Administrator for cause. A Creditor or Debtor may raise a reason as "cause" for removal of the Administrator by motion to the Assigned Judge. An Administrator may only be removed after a hearing, which shall occur following twenty (20) days written notice to the Administrator, the Debtor and all Creditors. The notice shall state the basis for the application for the removal. The Administrator and/or any party may oppose the removal of the Administrator. The Assigned Judge shall remove an Administrator where cause is shown in keeping with this Act.
- (7) Where an Administrator is removed, the Assigned Judge shall determine, on a prorata basis, a fair compensation to be paid to him/her/it for services performed in the case prior to the removal; provided that such services are unrelated to the reasons for the removal of the Administrator.
- (8) The Administrator shall serve until the insolvency case has been concluded or until the Administrator resigns, is incapacitated or removed for cause by the Assigned Judge. If the Administrator resigns, dies, or is removed for cause, a successor Administrator shall be appointed in keeping with the same procedures established herein for the designation, appointment and approval of an Administrator.

§ 8.17 Duties and Powers of Administrator.

- (1) The Administrator shall have the following duties and powers:
 - a. Meet with the Debtor forthwith at the Debtor's primary place of business, which in any case shall be within two (2) calendar days of the receipt of the Letter of Authority.
 - b. Take control either by taking possession or securing by lock (or other appropriate means) of all Property as the Administrator may deem appropriate or necessary to preserve the Property pending its final disposition.
 - c. Conduct an inventory of the Property within ten (10) business days of the Receipt of the Letter of Authority.
 - d. Investigate the financial affairs of the Debtor.
 - e. Examine Claims filed by Creditors and file objections to Claims to the extent that they are not valid in accordance with the provisions of this Act.
 - f. Make a prompt written recommendation to the Assigned Judge, with justification predicated on commercial grounds, on whether the business of the Debtor should be (i) continued and the Case treated as a Reorganization Case, or (ii) the business of the Debtor should be sold as a going concern, or (iii) the Debtor's assets should be liquidated according to a Liquidation Plan. In making such recommendation, an Administrator shall be required to give principal consideration to the possible marketing and sale value of any business operated by the debtor as a Going Concern.
 - g. Provide periodic reports to the Assigned Judge in a form and with as much reasonable frequency as may be directed by the Assigned Judge, beginning with monthly reports which may be modified to at least quarterly reports.
 - h. Pay the expenses for the administration of the bankruptcy case but only with the written approval of the Assigned Judge.
 - i. Bring lawsuits or file appeals as Administrator or in the name of the Debtor in any court of competent jurisdiction including the Commercial Court, or in a foreign court having jurisdiction, including but not limited to appealing adverse judgments establishing liability of the Debtor prior to the filing of the case and lawsuits against any persons who refuse, after demand, to turnover Property or money or property that is subject to being rescinded in accordance with Section 8.39 and 8.40 of this Act, or against any person that the Administrator determines

is in breach of obligations owed to the Debtor for the payment of money or for other performance.

- j. Amicably resolve disputes arising in connection with administration of the insolvency case.
- k. Participate in alternative dispute resolution proceedings as may be appropriate in connection with the administration of the insolvency case.
- l. Schedule and preside over meetings of creditors.
- m. Hire attorneys, accountants, auctioneers, appraisers, or other professionals as necessary to administer a bankruptcy case but only with the written order of the Assigned Judge.
- n. In the case of Reorganization, oversee Debtor's continuing operations and if the Debtor's management has been left in charge as Debtor-in-Possession, to provide oversight over Debtor-in-Possession.
- o. Perform other responsibilities and duties prescribed for the Administrator by this Act or by the Assigned Judge.

§ 8.18 Liability of an Administrator

- (1) Subject to paragraph (2) of this Section, the Administrator shall be personally liable for any loss of Property or to Creditors arising from:
 - (a) Criminal activity or corruption by the Administrator in the form of bribes, favoritism, or otherwise undertaken while administering Property;
 - (b) Collusion by the Administrator with any Creditor, buyer or other person in connection with administering assets of the estate;
 - (c) Theft by the Administrator of assets of the estate, including money in bank accounts, cash, or any other property;
 - (d) Dishonesty by the Administrator or in dealing with the Commercial Court, Assigned Judge, Debtor, or Creditors in connection with his/her/its administration of the case; or
 - (e) Gross negligence, recklessness, or bad faith by the Administrator in dealing with Property or in connection with his administration of the case.
- (2) The Administrator shall not be personally liable for any loss of Property if:

- (a) The action leading to the alleged loss was taken pursuant to authority granted under this Act and was approved by the Assigned Judge after full disclosure of all material facts;
 - (b) The action leading to the alleged loss was taken by the Administrator in the good faith exercise of his/her/its business judgment and was consistent with standards of business judgment as they exist in the community; or
 - (c) The action leading to the alleged loss was not the result of bad faith, theft, purposeful deception, or willful and malicious behavior.
- (3) Each Administrator shall be required to post a bond or procure liability insurance at the time of being licensed, and the bond shall continue to be valid for as long as the Administrator remains licensed. The amount and condition of the bond shall be established, regulated and monitored by the Commercial Court.
- (4) Any action against the Administrator arising out of the administration of an insolvency case must be presented first to the Assigned Judge, who may refer it to alternative dispute resolution.

SUB-CHAPTER 4: COMMENCEMENT AND DISPOSITION OF AN INSOLVENCY CASE

§ 8.19 Commencement of a Voluntary Insolvency Case

- (1) A voluntary insolvency case shall be commenced by the Debtor or a Person legally empowered by Debtor to act on its behalf filing a voluntary petition for either a reorganization or liquidation of his/her/its business.
- (2) The petition in a Voluntary Insolvency Case shall include the following information:
- (a) The name of the Debtor and the Debtor's street and mailing address.
 - (b) A schedule of the Debtors assets and liabilities as well as list of all the Debtor's known Creditors and their contact information, including last known mailing address of each of such known creditors
 - (c) All names the Debtor has used during the previous two years.

- (d) A general description of the type of business in which the Debtor is engaged and addresses of all locations at which the Debtor conducts business.
- (e) A statement whether the case is a Reorganization Case or a liquidation case.
- (f) The basis for the assertion that Debtor is an eligible Debtor in accordance with Section 8.5 of this Act; and
- (g) Any such other information reasonably necessary to give adequate notice to all interested persons and also facilitate a timely determination of the Petition.

§ 8.20 Commencement of an Involuntary Insolvency Case

- (1) An Involuntary Insolvency Case shall be commenced in keeping with the Civil Procedure Law by the filing of a verified written Petition by one or more creditors of the Debtor. A Petition for an Involuntary Insolvency case shall state, inter alia, with reasonable details the basis on which the creditor(s) would have the Debtor to be declared insolvent.
- (2) If the Assigned Judge determines that there is no reasonable basis for the commencement of an Involuntary Insolvency Case because the Petition therefor was filed in bad faith and for an improper purpose, the Person against whom the case was filed may bring an action against the Creditor(s) who filed the case in the Commercial Court for any damages suffered as a result of the improper filing.
- (3) Pending the hearing of the Petition in an Involuntary Insolvency Case, the Debtor may continue to operate the Debtor's business in the ordinary course of business, unless otherwise directed by the Assigned Judge based on a determination by the Assigned Judge that imposing restrictions on the operation of the Debtor's business is necessary to prevent fraud or similar misconduct.
- (4) If the Assigned Judge determines that the Debtor is insolvent and that protection of Creditors demands it, an Administrator shall be immediately appointed in accordance with the provisions of Sections 8.13 and 8.15 of this Act.
- (5) The Clerk shall immediately notify the Debtor and other parties appearing at the initial meeting about the appointment of the Administrator.

§ 8.21 Surrender of Records and/or Property by Debtor

- (1) Within Ten (10) days after the hearing of an Insolvency Case pursuant to Sections 8.10 and 8.11 of this Act, the Debtor shall file with the Commercial Court:
 - (a) a complete and accurate list of all of his/her/its Creditors together with their names, addresses, amounts owed, and collateral, if any;

- (b) a complete and accurate list of all Property including a listing of all tangible and intangible assets he/she/it owns, whether owned wholly or in part, together with an estimate of the value of his/her/its interest in each; and
 - (c) copies of all financial records, including all financial statements of the Debtor; and
 - (d) Copies of all executory and ongoing written contracts (for example, leases) to which the Debtor was a party and had contractual rights or duties as of the Commencement Date.
- (1) The Debtor shall provide the Commercial Court and/or the Administrator, if an Administrator is appointed, such additional information relating to the Debtor's assets, liabilities, and financial transactions as may be needed or requested; except that the failure of a Debtor to have revealed any Creditor who was known or should have been known by the Debtor at the time of a Petition for a Voluntary Case or after the hearing of any insolvency case pursuant to Section 8.10 may create a presumption of lack of good faith by the Debtor, which may be considered by the Assigned Judge in the administration of the case, including deciding on applications made by the Debtor.
 - (2) Where an Administrator is appointed and he or she so requests, the Debtor shall deliver to the Administrator either possession or control of all non-exempt property in the possession of the Debtor including but not limited to moveable property, bank accounts, accounts receivable, and cash.
 - (3) The Administrator may, upon notice to the Commercial Court or Assigned Judge and interested parties, authorize the Debtor in writing to make transfers in the Ordinary Course of Business.
 - (4) The Commercial Court may prescribe official forms to be used by the Debtor in fulfilling its obligations under this Section.

§ 8.22 Initial Meeting of Creditors and other Interested Parties.

1. Within thirty (30) days as of the Commencement Date of an Insolvency case and **provided notice of the commencement of the Insolvency case has been served in keeping with Section 8.12 of this Act**, the Assigned Judge shall convene the first (1st) meeting of all creditors which agenda shall include such matters as provided in Section 8.23 of this Act.
2. Creditors and/or Claimants who appear at the meeting personally, through representative or proxy, shall be considered to constitute a quorum sufficient to appoint the Committee of Creditors. If new Creditors have been identified from additional information obtained pursuant to Section 8.21 of this Act, the Assigned Judge may at

his discretion delay the meeting of all creditors until 45 days after the Commencement Date of the Insolvency Case.

3. The Committee of Creditors described in Section 8.28, with each Creditor nominating his/her/its representative, shall be appointed by the Assigned Judge at the first meeting of creditors described in this section.
4. The Debtor shall attend the initial meeting of creditors, and provide any information on its/his/her affairs that is requested by Creditors or the Administrator. The Debtor shall attend subsequent meetings of Creditors as may be scheduled by the Court or the Administrator, if directed to do so by the Court or Administrator.

§ 8.23 Subsequent Meetings of Creditors.

- (1) Following the holding of the Initial meeting provided for under Section 8.22 of this Act and the appointment of an Administrator, the appointed Administrator shall schedule and preside over the meetings of Creditors to facilitate their participation in the administration of the case.
- (2) All Creditors and their designated representatives may attend and participate in any scheduled meeting of Creditors.
- (3) For a Small Business, the Administrator may notify creditors of the Commencement Date of the case, but may decide not to schedule a meeting of Creditors unless one of the Creditors requests the meeting. The notice to Creditors of a Small Business shall notify such Creditors of their right to request a meeting and to question the Debtor.
- (4) The Debtor, if so directed by the Administrator, shall attend and answer questions submitted by the Administrator and any Creditor at any scheduled meetings of Creditors.
- (5) The agenda for the meetings of Creditors shall be determined by the Administrator and may include:
 - (a) Questioning the Debtor concerning the Debtor's acts, conduct, property, liabilities or other matters relating to the Debtor's financial affairs.
 - (b) At the initial meeting of Creditors, if the business of the Debtor is still operating and has not been terminated pursuant to Section 8.26 of this Act, the Administrator together with the Creditors in attendance may formulate a recommendation to the Assigned Judge on whether or not the business should be continued pending a final resolution on a Liquidation Plan or an Agreement for Settlement.

- (c) Determining the best method to pay Claims of Creditors including sale of the business of the Debtor as a going concern or the sale of its assets in individual lots or piece meal.
- (d) Considering the need for a obtaining an appraisal of Property.
- (e) Considering any proposals by the Debtor or the Administrator for a continuation of the business under an Agreement for Settlement.
- (f) Considering the property claimed as exempt by the Debtor and whether or not to object to the claimed exemption under Section 8.38 of this Act.

§8.24 Declaration for Reorganization.

- (1) At the time of filing a Voluntary Insolvency case, the Debtor may state that the goal of the case is Reorganization. Where the Debtor so states, the Debtor shall state in the Petition or in a separate submission to be filed **within ten (10) days of the filing of the Petition** all relevant information on the financial and business affairs of the Debtor sufficient to permit the Assigned Judge and all interested persons to determine whether there is a reasonable likelihood of approval of an Agreement for Settlement that will produce a more favorable result for Creditors, the Debtor and other interested persons than a Liquidation Plan.
- (2) If the Case is filed by any Creditor(s) as an Involuntary Insolvency case, the Debtor may make an application to the Assigned Judge to convert the case to a Voluntary Case for Reorganization.
- (3) The Assigned Judge may permit the Debtor's current management to remain in place as Debtor-in-Possession (DIP), to manage day to day affairs of the Debtor, while a determination is made to approve the case for Reorganization or Liquidation. In every case where the Debtor is allowed to remain in possession, the Assigned Judge shall appoint an Administrator to supervise Debtor's management.
- (6) The Assigned Judge shall approve and grant Reorganization of the Debtor if the Administrator has recommended it, or if the Debtor has requested it and the Administrator agrees or has not objected to it. The Administrator shall make recommendation specified in Section 8.17(1) (f) within 15 days of opening the case or sooner. If the Administrator has not made such recommendation, and the Debtor has requested that the insolvency be a Reorganization Case, the case shall be treated as a Reorganization Case until the Administrator makes a contrary recommendation. Where Reorganization is not feasible as determined by the Assigned Judge, taking into consideration the Administrator's recommendation, the Debtor shall be subject to Liquidation.
- (7) All Creditors shall be notified of the decision to grant Reorganization. A Creditor may object to granting Reorganization within 15 days of being notified of the Reorganization.

A hearing shall be scheduled to hear such debtor's objection, with notice to all Creditors. Unless an appropriate bond is posted in keeping with applicable laws, a Creditor's objection will not prevent the Debtor's continuing operation and the case will go forward as a Reorganization Case regardless of objection until the Assigned Judge decides that the case should not be a Reorganization Case or an appellate court decides otherwise.

- (8) Where Reorganization of the Debtor is agreed, the Assigned Judge may, in consultation with the Creditors, order that the Debtor be a Debtor-in-Possession (DIP) to be managed or supervised by an Administrator.
- (9) Without prejudice to the provisions of Subsection (3) of this Section 8.24, in a Reorganization Case, pending a determination by the Assigned Judge on the Administrator's recommendation, the Debtor is authorized to continue to operate the Debtor's business in the ordinary course, unless the Assigned Judge determines that imposing restrictions on the operation of the Debtor's business is necessary to prevent fraud or similar misconduct.
- (10) A Debtor authorized to operate the business during the administration of the case shall have the authority and power to conduct only the following specifically enumerated activities:
 - a. purchase goods and services in the ordinary course of business and timely pay for such goods and services;
 - b. enter into and perform contracts in the ordinary course of business;
 - c. pay the wages and other amounts owed to employees for work performed by them after the opening of the Insolvency Case. Executive compensation shall be subject to approval of the Administrator;
 - d. comply with applicable laws, including criminal, labor, environmental, consumer protection and competition laws; and
 - e. do such other acts as may be approved by the Assigned Judge
- (11) The Debtor-In-Possession shall operate under the supervision of an Administrator and shall comply with any restrictions or limitations imposed by the Assigned Judge concerning the operation of the business.
- (12) A Debtor-in-Possession shall not undertake operation of the business outside the ordinary course of business unless with the prior written approval of the Assigned Judge. Operation of the Business outside the ordinary course of business includes any act not commonly undertaken by persons engaged in businesses of a similar nature or size as the Debtor or involving a financial commitment larger than that which the Debtor ordinarily

entered into prior to the commencement of the case, or the giving of security over Property to secure financing.

§ 8.25 Alternative Dispute Resolution.

- (1) The Assigned Judge shall be empowered to refer any dispute between two or more parties in an Insolvency Case, to mediation or other alternative dispute resolution upon the agreement of the parties; provided, however, that no such referral shall be made until after the hearing provided for in Section 8.10 of this Act.
- (2) Debtors, Creditors with contested claims or other disputes, or the Administrator may propose to an Assigned Judge the resolution of any contested matter by way of mediation or other alternative dispute resolution, and the Judge may properly approve or grant such proposal where it has the consent of all interested parties.

§ 8.26 Continuation or Termination of Commercial Activities.

- (1) As promptly as possible, and in any event within twenty (20) days of the appointment of an Administrator in an Insolvency case, the Administrator shall file a recommendation with the Assigned Judge as to whether or not the business of the Debtor should be closed immediately or continued on an interim basis pending final approval by the Assigned Judge of a Liquidation Plan or Agreement for Settlement.
- (2) Within ten (10) days following receipt of a recommendation by the Administrator on continuation or closing of the business of the Debtor, the Assigned Judge shall make a determination as to whether or not the Debtor may continue in business pending final consideration by the Assigned Judge of a Liquidation Plan or Agreement for Settlement. In making this determination, the Assigned Judge shall consider what is in the best interests of creditors, employees, trading partners, the Debtor, and the community as a whole, and whether Debtor is acting in good faith.
- (3) Upon at least seven days' notice by the Clerk, the Administrator, the Debtor, and any Creditor may appear and be heard at a hearing held by the Assigned Judge to consider continuation of the Debtor's business.
- (4) If the Assigned Judge determines to allow the Debtor to continue in business pending final consideration by the Assigned Judge of a Liquidation Plan or Agreement for Settlement, the Debtor may continue to operate the business as a Debtor-in-Possession with an Administrator as supervisor, subject to such additional limitations and conditions upon the Debtor as the Assigned Judge deems appropriate to include a specification of the degree of control to be exercised by the Administrator over the conduct of the business during this interim period.

§ 8.27 Moratorium on Legal Action(s)

- (1) Upon the commencement of an Insolvency Case, a moratorium is automatically imposed on all legal proceedings and other actions (including repossession of collateral or seizing of assets to satisfy debts) by Creditors or by counterparties to ongoing contracts with the Debtor. No such action or legal proceeding shall be commenced or recommenced without permission from the Assigned Judge, and any action so take in violation of this prohibition shall be void.
- (3) In a Liquidation Case, any Creditor that holds a valid Secured Claim based on a lien or other interest in any Property of the Debtor shall, upon notice to the Assigned Judge, be relieved from the moratorium established by Sub-section One (1) of this Section 8.27 and thereby entitled to continue, commence or recommence actions to enforce its rights against the Debtor or the Property subject to the Secured Claim.
- (3) The provisions of this Section 8.27 shall not apply to any act by an agency, department, or other unit of the Liberian government to enforce against the Debtor or the Administrator any laws or regulations governing health, safety, or welfare, including criminal, environmental, labor, consumer protection or competition laws.
- (4) Any Person who is the owner of a property that is subject to a Finance Lease held by the Debtor may file a request with the Assigned Judge to be relieved from the moratorium in respect of the Property pursuant to the person's rights provided under the Finance Lease Chapter of the Liberia Commercial Code.
- (5) In respect of any request made pursuant to the provisions of this Section 8.27, the Assigned Judge shall consider any such request and schedule a hearing to hear the request within ten (10) days from the filing of the request. The Creditor, the Administrator and other interested persons shall be entitled to be heard at the hearing to consider the request. The Assigned Judge shall issue a decision at the hearing, or if necessary to consider evidence presented at the hearing, and produce a written order with the decision within 5 days of the hearing. The decision shall be filed with the Clerk and the Clerk shall transmit it to all Creditors. If the Assigned Judge denies the request, the Judge shall impose such conditions on the continuance of the suspension as necessary to protect the Secured Claim.
- (6) In all events, the moratorium will remain in place as to the unsecured portion of the Creditor's Claim.

§ 8.28 Rights and Power of Creditors

- (1) A Creditors' Committee of Creditors' representatives, appointed by the Assigned Judge according to Section 8.22 of this Act at the Initial meeting of creditors shall have the right to:

- (a) consult with the Administrator or Debtor-in-Possession concerning the administration of the case;
 - (b) investigate the acts, conduct, assets, liabilities, and financial condition of the debtor, the operation of the debtor's business and the desirability of the continuance of the business, and any other matter relevant to the case or to the formulation of a plan;
 - (c) participate in the formulation of a plan, advise those represented by the committee of the committee's determinations as to any plan formulated, and collect and file with the Assigned Judge acceptances or rejections of a plan;
 - (d) request the appointment of an Administrator; and
 - (e) perform such other services as are in the interest of those represented.
- (2) Subject to approval by the Assigned Judge, a creditor's committee may employ attorneys, accountants and other professionals at the expense of the estate that may be needed to assist the committee to perform its functions.
- (3) An attorney or accountant employed to represent a committee appointed under this Law may not, while employed by the committee, represent any other entity having an adverse interest in connection with the case. Representation of one or more creditors of the same class as represented by the committee shall not per se constitute the representation of an adverse interest.
- (4) A committee appointed under this Section shall establish rules to govern the performance of the functions and decision-making of the committee, including rules relating to majorities and voting, as prescribed in Section 8.22 and this Section 8.28 of this Act
- (5) As soon as practicable after the appointment of a committee under this Law, the Administrator shall meet with the committee to transact such business as may be necessary and proper.
- (6) Members of the creditor committee are exempt from liability for their actions in their capacity as members of the committee unless they are found to have acted fraudulently.
- (7) Individual members of the Creditor's Committee may be removed or replaced on the grounds of lack of the necessary skills, gross negligence, incompetence or inefficiency. The Creditor shall be allowed to replace the removed member with another representative.

§ 8.29 Formulation of an Agreement of Settlement

- (1) The Debtor, with the help of the Administrator, or the Administrator, in consultation with the Debtor, shall attempt to formulate an Agreement for Settlement that:
 - (a) Will achieve the highest and best recoveries for creditors;
 - (b) Is reasonably achievable and based on realistic assumptions;
 - (c) Treats creditors and other persons fairly in light of their legal rights;
 - (d) Considers the interests of creditors, the Debtor, and other interested persons;
 - (e) Facilitates a reasonable reorganization of the debtor and the continuance of the Debtor in business; and
 - (f) Complies with this Act.
- (2) The proponent of the Agreement for Settlement, Debtor and/or Administrator shall negotiate with the Creditors and other interested parties as appropriate concerning the terms of an Agreement for Settlement.
- (3) An Agreement for Settlement may propose any treatment of Claims of Creditors and may deal with Property in any lawful manner, including by way of illustration, by providing for:
 - (a) Modifying the terms for repayment of the Claims of Creditors, whether secured or unsecured.
 - (b) Issuance to Creditors of new debt of the Debtor and/or of ownership of the Debtor in exchange for the Creditors' existing Claims, with the existing ownership of the Debtor being extinguished in whole or in part.
 - (c) The retention by the Debtor of all or part of the Debtor's property and business.
 - (d) The sale of all or part of the property or business of the Debtor, with the proceeds of such sales being used to repay Creditors and/or to invest in the Debtor's business.
 - (e) The investment by one or more persons of money or property in the Debtor, with such investment to be in return for the issuance of debt and/or ownership and with the proceeds of such investment to be used to make payments to Creditors and/or to invest in the business of the Debtor.
 - (f) Any combination of the above transactions or any other lawful transactions.

§ 8.30 Agreement for Settlement Negotiated Before the Start of the Case.

- (1) If the Debtor has proposed to Creditors an Agreement for Settlement before the start of the case, the information provided by the Debtor for declaration of Reorganization shall include the Agreement for Settlement, along with its terms and Debtor's financial information and support for why the Agreement for Settlement is likely to be successful, as well as why the Agreement for Settlement will provide a greater return to Creditors than would a Liquidation Plan.
- (2) The Administrator shall provide an assessment of the Agreement for Settlement to the Assigned Judge and Creditors within 10 days of submission of the Agreement for Settlement by Debtor.
- (3) If the Assigned Judge determines that pursuing approval of the proposal is in the best interests of Creditors and other interested persons, the Assigned Judge shall set a hearing to consider approval of the proposed Agreement of Settlement by the Creditors in accordance with the provisions of this Act with such modifications as the Assigned Judge deems appropriate and consistent with the terms of this Act.

§ 8.31 Agreement for Settlement.

- (1) The Debtor and/or Administrator shall endeavor to file an Agreement for Settlement with the Commercial Court as promptly as possible after the case is approved as a Reorganization Case by the Assigned Judge, but in no more than ninety (90) days after the date of such approval, unless that date is extended by the Assigned Judge for cause.
- (2) For a Small Business Reorganization Case, the Administrator will work with the Debtor and Administrator to file the Agreement for Settlement within 45 days of the date of approval of the case as a Reorganization Case.
- (3) The proposed Agreement for Settlement shall include:
 - (a) A list of all Secured Claims specifying amounts and collateral for each such Secured Claim.
 - (b) A list of all Unsecured Claims specifying amounts of claims
 - (c) A proposal for the repayment of Secured Claims and Unsecured Claims and the terms of repayment, including any compromise of claims.
 - (d) A proposal for dealing with the property and business of the Debtor.

- (e) A proposal for treatment of all ongoing contracts of the Debtor
 - (f) Sufficient information concerning the Debtor's prospects and ability to perform the Agreement for Settlement to better enable the Creditors to make an informed decision on whether to accept the Agreement for Settlement. The information that the Debtor must provide with the Agreement for Settlement may be specified in rules of the Commercial Court to be adopted after passage of this Act.
- (4) The Assigned Judge shall schedule a hearing within 30 days after the filing of the proposed Agreement for Settlement to consider approval of the agreement. Notice of the meeting scheduled to consider approval of the proposed Agreement for Settlement, along with a copy of the proposed Agreement for Settlement, shall be provided to the Debtor and all Creditors.
- (5) In order for a proposed Agreement for Settlement to be accepted by the Creditors, the proposed Agreement for Settlement must receive the affirmative vote in favor of acceptance of the Creditors as follows:
- (a) Each Creditor holding a Secured Claim must vote in favor of the treatment provided for the repayment of its Secured Claim as provided for in the proposed Agreement for Settlement. Notwithstanding the foregoing, the Assigned Judge may treat a Creditor holding a Secured Claim as if it had voted in favor of the Agreement for Settlement upon satisfaction of the conditions relating to the Treatment of a Secured Claim Under Agreement for Settlement as set forth in this Act in Section 8.36.
 - (b) Approval of the Agreement for Settlement by unsecured Creditors is based upon those Creditors that attend the meeting either in person or through proxy. Of those that attend, more than half in number of Creditors holding at least two thirds in amount of the total unsecured Claims represented at the meeting must vote to accept the proposed Agreement for Settlement.
 - (c) For purposes of this Section only, the holder and the amount of a Claim shall be presumed to be the same as listed and filed with the Court by the Debtor, unless an objection is filed to the listing by the Administrator, a Creditor, or the Debtor. If an objection is filed, the Assigned Judge shall convene a hearing to consider the objection. At such hearing, after considering evidence from the Administrator, the Debtor, and any Creditor in attendance, the Assigned Judge shall make a determination as to the proper amount of the Claim.
- (6) Each Creditor, in deciding on whether to vote for or against the proposed Agreement for Settlement, may consider the following:

- (a) Whether the proposal will result in more being paid to or recovered by the Creditor than would be paid or recovered if the Debtor's assets were sold in accordance with a Liquidation Plan.
 - (b) The causes of the inability of the Debtor to pay the creditors. Causes that may be viewed unfavorably include fraud and dishonesty in dealing with creditors, concealment of assets, and transfers of assets to keep them from creditors. Causes that may be viewed favorably include economic conditions beyond the control of the Debtor, the failure of third parties to pay money owed to the Debtor, sickness, losses caused by force majeure, or other events not caused by the Debtor.
- (7) If the Agreement for Settlement fails to obtain the required approval of Creditors, the Assigned Judge may allow a continuance of 30 days to allow amendment of the plan if the Assigned Judge, in consultation with the Administrator and Creditors, believes that amendment of the Agreement for Settlement may lead to its approval. A new Agreement for Settlement must be submitted within the 30 day continuance, after which a subsequent hearing will be convened, with notice to Creditors and which will be conducted according to the provisions set forth for voting in this Section 8.31. The Creditors will vote again according to the provisions of this Section 8.31.
- (8) The Assigned Judge shall approve the proposed Agreement for Settlement if each of the following conditions is satisfied:
 - (a) Creditors have approved the plan or have been deemed to approve it as described in 5(a) and 5(b) of this Section 8.31.
 - (b) The Debtor shall have given a written commitment to comply with the terms of the Agreement for Settlement containing such terms and conditions as the Assigned Judge deems appropriate under the circumstances. The written commitment shall be filed with the Clerk and served on the member and/or the leader of the Creditors' Committee.
 - (c) The Assigned Judge shall have determined that the Agreement for Settlement was proposed in good faith, complies with the requirements of this law, and is not likely to result in a need for further reorganization or liquidation.
- (9) Upon approval of an Agreement for Settlement, the Debtor and/or Administrator (as the case may be) shall not commence or continue any actions to collect and dispose of the Estate, except as permitted by the Agreement for Settlement.
- (10) An Agreement for Settlement that is approved by the Assigned Judge:
 - (a) Shall be binding on all persons, wherever located, whether or not such persons voted for or against the Agreement for Settlement or filed a claim in the case,

- (b) After the satisfactory completion of the Agreement for Settlement pursuant to paragraph (11) of this section, releases and discharges the Debtor from liability on all Claims, except as otherwise provided in the Agreement for Settlement
 - (c) Entitles the Debtor to restoration of credit and reputation after the satisfactory completion of the Agreement for Settlement pursuant to paragraph (11) of this section.
- (11) Following the approval of an Agreement for Settlement, the Administrator shall have the obligation to monitor the Debtor's compliance with the Agreement for Settlement and to report the status of such compliance to the Assigned Judge on a periodic basis as directed by the Assigned Judge.
- (12) Upon fulfillment of the obligations imposed under the Agreement for Settlement and the written commitment described in this Section, the Administrator shall certify such compliance to the Assigned Judge. All Creditors shall receive prompt notice of such certification and be given an opportunity to object to the certification. If no objection is received, the certification shall be considered final. If an objection is received, the Assigned Judge shall schedule a hearing to consider the objection. The Administrator and the Debt or may also be heard at this hearing. The Assigned Judge shall make a determination of whether or not the obligations imposed by the Agreement for Settlement have been fully performed.
- (13) If the debtor has performed the Agreement for Settlement by making the payments provided therein and performing any other obligations imposed in the agreement, the debtor shall be discharged of all debts treated in the Agreement. No creditor shall take any action, directly or indirectly, thereafter to attempt to collect such a debt.
- (14) After the Assigned Judge has determined that the obligations under the Agreement for Settlement have been fully performed, and no other matters are pending relating to the insolvency case, the Clerk shall close the case.
- (15) If the Debtor fails to properly implement the Agreement for Settlement, a Creditor or the Administrator can notify the Assigned Judge of the failure in implementation and the Assigned Judge shall review the Debtor's situation, and ask the Administrator for a report on the likelihood that Debtor will be able to fulfill the Agreement for Settlement. The Assigned Judge may, as appropriate:
- a. Permit minor modifications to the Agreement for Settlement that allow Debtor to continue implementation so long as the modified Agreement for Settlement complies with the requirements in this Act for an Agreement for Settlement. The creditors affected by such proposed modifications must be notified of the proposed modifications and such Creditors may object in writing to the Assigned Judge within 30 days of being notified of the modifications or otherwise be deemed to have accepted the modifications. If a

Creditor objects, the Assigned Judge may schedule a hearing to decide on the objection, however such objection will not halt implementation of the Agreement for Settlement with the minor modification.

b. Permit more substantial modifications to the Agreement for Settlement if the Assigned Judge, in consultation with the Administrator, agrees that it is in the best interests of the creditors and the proposed modified plan continues to comply with the terms in this Act for an Agreement for Settlement. Such substantial modifications shall require notification by the Commercial Court to all creditors substantially affected in a negative manner and such Creditors' approval. Creditors who are affected by the modifications but not substantially must be notified of the proposed modification and such Creditors may object to the modifications in whole or in part within 30 days of being notified or the modifications or otherwise be deemed to have accepted the modification.

c. If the Assigned Judge determines that the Debtor cannot complete implementation of the Agreement for Settlement, the case may be

- i. converted to liquidation proceedings to be conducted under this Act or
- ii. dismissed, with the Creditors regaining their rights prior to the commencement of the case, except that their Claims shall be diminished by the amounts that have already been paid to them under the Agreement for Settlement.

§ 8.32 Post-Commencement Finance and Credit

- (1) The Assigned Judge may authorize **the Administrator or a Debtor-in-Possession** to obtain post-commencement financing or credit where the Administrator or Debtor-in-Possession requests and the Assigned Judge determines same to be necessary for the continued operation or survival of the business of the debtor or the preservation or enhancement of the assets of the debtor.
- (2) Subject to compliance with applicable laws and lending statute or regulations, the Administrator and/or Debtor-in-Possession may provide security for repayment of post-commencement financing or credit, including granting Security on unencumbered assets and a junior or lower priority security on encumbered assets.
- (3) A security interest in assets of the Debtor to secure post-commencement finance or credit does not have priority over any existing security interest in the same assets unless the Administrator notifies the existing security holder and obtains its agreement.
- (4) Where the holder of the existing security does not agree, the Court may authorize the granting of security with priority over all existing security interests provided the following conditions are satisfied:
 - (a) that the existing secured creditor has sufficient security in the assets that it will not be harmed by a priority given to the post-opening financing;

- (b) the secured creditor is given notice and an opportunity to be heard by the court;
- (c) the debtor cannot obtain the financing in any other way; and
- (d) The interests of the existing security holder will be adequately protected.

§ 8.33 Relief from Tax Arrears; Tax Treatments of Tax Waivers.

- (1) In any proceeding under this Act, Tax Authorities shall be entitled to participate as Creditors. Tax Authorities shall participate as Creditors in all negotiations and voting during proceedings for an Agreement for Settlement in the same manner as commercial Creditors, with the goal of reorganization and survival of the Debtor in order to maximize the overall returns to creditors.
- (2) Priority for arrears or obligations to Tax Authorities shall be limited as described in Section 8.53 of this Act. Any arrears, debts or obligations to Tax Authorities that do not enjoy priority according to Section 8.53 of this Act shall be treated as follows:
 - a. Any lien that has been placed on any property of the Debtor by the Tax Authorities for the purpose of collecting unpaid tax arrears or obligations owing and due to such Tax Authorities prior to the Time of Opening shall entitle the Tax Authorities to treatment as a Secured Creditor to the extent of that lien.
 - b. Any debts owed to Tax Authorities that do not enjoy priority under Section 8.53 of this Act and are not secured by a lien shall be treated as Unsecured Claims.
- (3) Partial or total relief from debts owed to Tax Authorities under an insolvency proceeding under this law shall not be treated as income to the Debtor, and shall therefore not be subject to any income taxation against the Debtor.
- (4) Debts that have been compromised or waived by other Creditors of the Debtors in the course of a Reorganization Case shall not create any tax burden for the Creditors who made the waiver.

§ 8.34 Employment of Professional Persons.

- (1) Except as otherwise provided in this section, the Administrator, with the approval of the Assigned Judge, may employ one or more attorneys, accountants, appraisers, auctioneers, or other professional persons, that do not hold or represent an interest adverse to the estate, to represent or assist the Administrator in carrying out the Administrator's duties under this law.

- (2) If the Administrator is authorized to operate the business of the Debtor in keeping with the provisions of this Act, and if the Debtor has regularly employed attorneys, accountants, or other professional persons on salary, the Administrator may retain or replace professional persons if necessary in the operation of the business.
- (3) If the Assigned Judge has authorized the business of the estate to be conducted by a Debtor-in-Possession, that entity may also employ professional persons under this Section.

§ 8.35 Compensation of Officers and Professionals

- (1) After notice to the parties in interest and a hearing, the Administrator or the Debtor-in-Possession, as the case may be, may pay to professionals employed professional person employed in connection with administration of the Insolvency case:
 - (a) reasonable compensation for actual, necessary services rendered; and
 - (b) reimbursement for actual, necessary expenses.
- (2) On the motion of the Administrator, or any other party in interest, the court may award compensation that is less than the amount of compensation requested.
- (3) In determining the amount of reasonable compensation to be awarded, the court shall consider the nature, the extent, and the value of the services, taking into account all relevant factors, including:
 - (a) the time spent on the services;
 - (b) the rates charged for the services;
 - (c) whether the services were necessary to the administration of, or beneficial at the time at which the service was rendered toward the completion of, a case under this Act;
 - (d) whether the services were performed within a reasonable amount of time commensurate with the complexity, importance, and nature of the problem, issue, or task addressed; and
 - (e) whether the compensation is reasonable based on the customary compensation charged by comparably skilled professionals in cases other than cases under this Act.
- (4) The court shall not allow compensation for:
 - (a) unnecessary duplication of services; or
 - (b) Services that was not reasonably likely to benefit the debtor's trust; or necessary to the administration of the case.

- (5) The court shall reduce the amount of compensation to be paid under this section by the amount of any interim compensation awarded under Section 8.35 of this Act, and, if the amount of interim compensation exceeds the amount of compensation awarded under this section, may order the return of the excess to the Administrator.
- (6) An Administrator, an attorney for a Debtor-in-Possession, or any professional person employed under this Act may apply to the Assigned Judge not more than once every 90 days after his or her appointment for compensation for services rendered to that date or reimbursement for expenses incurred to that date. The Assigned Judge may allow the payment of compensation or reimbursement of expenses on an interim basis.

§ 8.36 Treatment of a Secured Claim under Agreement for Settlement.

- (1) In order for an Agreement for Settlement to be approved by the Assigned Judge with respect to treatment of a Secured Claim, either the holder of the Secured Claim must vote in favor of the Agreement for Settlement, or the Assigned Judge must determine that the Agreement for Settlement complies with the following paragraph.
- (2) As an alternative to requiring the vote of the holder of the Secured Claim, the Assigned Judge shall approve the treatment to be provided with respect a Secured Claim if each of the following conditions is satisfied:
 - (a) Terms of Repayment.
 - i. The holder of the Secured Claim will retain the liens and collateral securing the Claim, or will receive substitute liens and collateral in all respects no less beneficial to the Creditor until the debt is paid in the amount provided in the Agreement for Settlement, and
 - ii. The holder of the Secured Claim will receive periodic cash payments of principal that will be at least equal to the amount of the Secured Claim, and the terms of the Agreement for Settlement for the treatment to be provided with respect to the Secured Claim will be terms that are at least as favorable as those that are common for secured loans of similar type and quality, including having a market rate of interest and conditions to protect the Secured Claim from decline in the value of the collateral.
 - (b) The Debtor's promises under the Agreement for Settlement to the Creditor are realistic and likely to be fully performed.

§ 8.37 Property.

- (1) For purpose of this Act, Property shall include:

- (a) All property in which the Debtor has any ownership interest in as of the Commencement Date of the insolvency case.
 - (b) All money owed to the Debtor as of the Commencement Date of the insolvency case as a result of goods or services sold by the Debtor, money lent by the Debtor, injury to the Debtor or property of the Debtor, or any other ground upon which a debt may arise under applicable law.
 - (c) All property that may be acquired by the Administrator during the administration of the case, including property obtained by turnover or any third party.
 - (d) All property obtained by the Administrator from a transaction subject to rescission under this Act.
 - (e) All property generated from the operation of the Debtor's business during the administration of the case.
- (2) Property shall not include property that is exempt under Section 8.39 of this Act.

§ 8.38 Exemption of Property by the Debtor.

- (1) The following personal property of a Debtor who is an individual person are exempt from the Debtor's Property and may therefore not be applied in satisfaction of the Debtor's debt:
 - (a) All necessary household furniture and utensils to the value of L\$7,000.00 (Seven Thousand Liberian Dollars) or its United States Dollars equivalent;
 - (b) The family Bible, Koran or other religious or holy text, family pictures, and any books not exceeding in value Four thousand Liberian Dollars or its United States Dollars equivalent, and which is used as part of the family or judgment debtor's library;
 - (c) All food and provisions necessary for the support of the judgment debtor or his family for thirty days;
 - (d) Wearing apparel of the judgment debtor to the value of L\$7,000.00 or its United States Dollars equivalent;
 - (e) A wedding ring of the debtor;
 - (f) Work tools and implements, including those of a mechanic, farm machinery, farm animals, and professional instruments, not exceeding in value Fourteen

Thousand Liberian Dollars (L\$14,000.00) or its United States Dollar equivalent, together with the necessary food for farm animals for thirty days; provided, however, that the Sections specified in this clause are necessary to the carrying on of the judgment debtor's profession or calling.

- (2) The following personal property is exempt from application to the satisfaction of a money judgment, except such part as a court determines to be unnecessary for the reasonable requirements of the judgment debtor and his dependents:
 - (a) Ninety percent of the income or other payments from a trust for the debtor where the trust has been created by a person other than the debtor;
 - (b) Ninety percent of the earnings of the judgment debtor for his personal services rendered within sixty days before, and at any time after, an income execution is delivered to the sheriff or a motion is made to secure the application of the judgment debtor's earnings to the satisfaction of the judgment;
 - (c) Payments pursuant to an award in a matrimonial action for the support of a wife, where the wife is the judgment debtor, or for the support of a child, where the child is the judgment debtor. Where the award was made by a court of Liberia, determination of the extent to which the amount of the award is unnecessary shall be made by that court.
- (3) In order to exempt property, the Debtor must file a list of property claimed as exempt with the Court no later than three (3) business days prior to the Initial meeting of Creditors provided for under this Act.
- (4) The Administrator or any Creditor may file an objection to the property claimed as exempt with the Court within 30 days following the conclusion of the initial meeting of Creditors. If an objection is filed, the Assigned Judge shall schedule a hearing to consider the objection. At such hearing, after hearing from the Administrator, Debtor, and any Creditor in attendance, the Assigned Judge shall make a final determination as to what property will be allowed as exempt. The decision of the Assigned Judge shall be filed with the Clerk and served on all Creditors.

§ 8.39 Surrender of Property.

- (1) Any person or entity in possession or control of property that is owned by the Debtor at the Commencement Date shall account for, and turnover to the Administrator, such property or the value of such property immediately upon being presented by the Administrator with a demand for turnover together with a copy of the Letter of Authority.

- (2) Any person or entity owing money to the Debtor at the Commencement Date shall account for, and turnover to the Administrator, all money owed to the Debtor upon being presented by the Administrator with a demand for turnover together with a copy of the Letter of Authority. If the debt owing to the Debtor is not yet due pursuant to a contract or promissory note in writing, the person or entity shall make the payments to the Administrator as they come due.
- (3) Any bank in which the Debtor maintains a bank account at the Commencement Date shall account for, and turnover to the Administrator, all money on deposit in such bank account immediately upon being presented by the Administrator with a demand for turnover together with a copy of the Letter of Authority.
- (4) Any person, entity, or bank which, after being provided with a demand for turnover together a copy of the Letter of Authority, objects to turning over the property described in the demand for turnover, may within 10 days of receiving the demand for turnover file an objection in the Commercial Court. Upon receiving such an objection the Clerk shall schedule and provide 20 days' notice to interested parties including the party objecting to the turnover and the Administrator, of a hearing before the Assigned Judge to determine whether turnover of such property is required under this law. At the hearing, the Assigned Judge shall hear from interested parties with respect to the demand for turnover. The decision of the Assigned Judge shall be written and filed with the Clerk and the Clerk shall serve a copy to the Administrator, the Debtor and the counterparty against which demand was made.
- (5) The Administrator has the authority to call on the assistance of the Commercial Court and its officers directly to compel or enforce an order of the Commercial Court for with respect to turnover of property under this Section.

§ 8.40 Transactions Subject to Rescission.

- (1) **Meanings and interpretation:** In this Section:
 - (a) the term 'transaction' includes but is not limited to a payment of money, a transfer or other disposition of property of the Debtor, a creation of a lien, mortgage or charge over the property of the Debtor, the forgiveness or other satisfaction of a debt payable to the Debtor, the incurring of a debt or other obligation.
 - (b) the term 'related person' means a director or shareholder of the debtor and a person related to such director or shareholder by birth or marriage and also includes any company in which the related person or a relative of the related person is a director or shareholder
 - (c) the term 'transaction at an undervalue' means a transaction in which the person who enters into a transaction with a Debtor receives a significantly greater benefit than that received by the Debtor

- (2) **Duty of administrator:** An administrator shall be required to review transactions of the type identified in the following parts of this Section and undertake application for rescission when appropriate as described herein.
- (3) **Preference transaction:** A transaction made by or on behalf of a Debtor:
- (a) with a Creditor of the Debtor
 - (b) within the period of **three** months prior to the commencement date or, in the case where the Creditor was a related person, within **six** (6) months prior to the commencement date
 - (c) in respect of an antecedent debt due to the Creditor or otherwise payable by the Debtor to the Creditor
 - (d) at a time when the Debtor was insolvent may be rescinded upon order of the Assigned Judge on an application by the Administrator. The insolvency of the Debtor at the time of the transaction shall be presumed and the Creditor or other party defending the transaction shall have the onus of establishing otherwise.
- (4) Notwithstanding sub-section (3) above, the transaction shall not be rescinded if the transaction:
- (a) was made in the ordinary course of business and in accordance with normal business terms; or
 - (b) was made in return for the contemporaneous provision of new value; or
 - (c) was made pursuant to a domestic support obligation; or
 - (d) resulted in the creditor receiving no more than other creditors may expect to receive in the liquidation of the Debtor.
- (5) **Undervalue transaction:** A transaction made:
- (a) by or on behalf of a Debtor with another person
 - (b) at an undervalue
 - (c) within the period of one (1) year prior to the commencement date or, in the case where the other party was a related person, within two (2) years prior to the commencement date
 - (d) at a time when the debtor was or, as a result of the transaction, became insolvent may be rescinded upon order of the Assigned Judge on an application by the Administrator. In a case in which the transaction was with or involved a related person, the insolvency of the Debtor at the time of the

transaction or subsequent to as a result of the transaction, shall be presumed and the related person shall have the onus of establishing otherwise.

- (6) Notwithstanding subsection (5) above, the transaction shall not be rescinded if the person against whom the application is made establishes that the person acted in good faith and had no reason to suspect that the Debtor was insolvent at the time of the transaction or would become so as a result of the transaction.
- (7) **Transaction made with the purpose of defeating or delaying creditors:** A transaction made:
- (a) by or on behalf of a Debtor with another person
 - (b) with the purpose of defeating or delaying existing or future Creditors of the Debtor
 - (c) within the period of (1) year prior to the commencement date may be rescinded upon order of the Assigned Judge on an application by the Administrator.
- (8) A purpose of defeating or delaying Creditors shall be inferred if:
- (a) the transaction involved a transfer of property of the Debtor for no or insufficient consideration. For the purposes of this subsection, "insufficient consideration" shall be mean consideration that is less than the market value of the property in question.
 - (b) the transaction amounted to a gift of property of the Debtor
 - (c) the transaction created a lease over property of the Debtor on non-commercial terms
 - (d) the transaction created a lien, mortgage or charge over property of the Debtor in the absence of any underlying debt or other obligation to be secured

In a case in which the transaction was made with or involved a related person, the transaction shall be presumed to have been made with the purpose of defeating or delaying Creditors of the Debtor and the related person shall have the onus of establishing otherwise.

- (9) **Application by administrator:** An administrator may file an application for a transaction to be rescinded and shall give notice to the person against whom rescission is claimed. The Assigned Judge shall conduct a hearing and the normal practice and procedure of the Commercial court shall apply to such application and hearing.

- (10) **Application by creditor:** A Creditor may apply to the Assigned Judge for leave to file an application for a transaction to be rescinded and the Assigned Judge may grant such leave if it is established that there is a prima facie case for rescission and the administrator has refused or failed to make an application. If such leave is granted, paragraph (9) of this Section shall apply, and the Creditor may apply in the Administrator's stead.
- (11) **Hearing of application:** Upon the hearing of an application for the rescission of a transaction, the Assigned Judge may order that the transaction be rescinded or dismiss the application.
- (12) **Orders on rescission:** If a transaction is rescinded, the Assigned Judge may further order that the person against whom such order is made, who may be a director or officer of the company:
- (a) repay any money received by the person in the transaction to the administrator; or
 - (b) re-transfer the property received by the person as a result of the transaction to the Debtor; or
 - (c) make payment of the value of any property received by the person as a result of the transaction to the administrator; or
 - (d) discharge any lien, mortgage or charge over property of the Debtor;
 - (e) compensate the Estate for the losses caused by the rescinded transaction, or
 - (f) make any other order as may appear to be required to do justice to the case.

§ 8.41 Liabilities of Directors.

The directors of a Debtor that is a business corporation shall be held liable for any gross breach of duty that led to the insolvency of the Debtor or caused/contributed to any transaction subject to rescission pursuant to Section 8.40 of this Act.

§ 8.42 Abandonment of Property.

- (1) The Administrator may propose in writing filed in the Official Insolvency Register and mailed to the Debtor and all Creditors to abandon any asset that is included within the Property on the basis that the costs of securing, maintaining, and selling the asset is more than will be realized for the benefit of Creditors holding unsecured Claims upon sale of the asset.

- (2) The abandonment of any asset shall be considered effective upon approval in writing by the Assigned Judge. The Debtor and all Creditors shall receive notice of the decision to abandon the property. The Debtor or a Creditor affected by the abandonment may object within 20 days of receipt of the order. If a party objects, the Assigned Judge shall schedule a hearing, with the Clerk notifying the Debtor and Creditor objecting of the time and date of the hearing, to determine the disposition of the property.

§ 8.43 Treatment of Contracts.

- (1) In keeping with the purpose and provision of this Act, the Debtor shall provide the Administrator with copies of all executory and leases to which the Debtor was a party and had contractual rights or duties as of the Commencement Date of an Insolvency case.
- (2) Within sixty days after the start of the case, the Administrator shall make an assessment as to each such contract with respect to whether or not it should be continued, assigned for a valuable consideration to a third party, or terminated, and the consequences and costs associated with each of these alternatives.
- (3) Upon conclusion of such assessment, the Administrator shall make a recommendation in writing to the Assigned Judge as to the continuation, assignment, or termination of each such contract. The Clerk shall send a copy of the Administrator's recommendation to the Persons affected by the decision to continue, assign or terminate the contract. Any of such affected Persons may within 15 days object to the action. If such an objection is received, a hearing will be scheduled with the affected Person and the Administrator within 30 days and the date and time of the hearing to be held in connection with the recommendation shall be provided 20 days prior to the meeting to the counterparty to each contract, the Debtor, and all Creditors. The decision of the Assigned Judge on the Administrator's recommendations shall be served on all parties in interest, including the counterparty to the contract and the Debtor and any Creditor who attended the hearing.
- (4) With respect to contracts that are terminated, the counterparty to any such contract will be entitled to file a Claim, to be verified in keeping with for damages as permitted by law, but subject to the procedures for filing and verification of claims under this Act. Where the claim is proved, it shall have the same priority as other Claims against the Debtor arising before the Commencement Date.
- (5) With respect to contracts that are continued, the Administrator shall promptly remedy any monetary or performance defaults under the contract and will be required to cause the contract to be performed on an ongoing basis as provide in the contract. If the contract is thereafter breached, the Claim of the other party for

damages shall be an Administrative Claim under Section 35 (Administrative Claims) to the extent damages are permitted under applicable law.

- (6) With respect to contracts that are assigned, the person to whom the contract is assigned must demonstrate the ability to perform the contract, and shall promptly remedy any monetary or performance defaults under the contract and will be obligated to perform the contract on an ongoing basis as provide in the contract.

§ 8.44 Sale of Assets.

- (1) If the Assigned Judge determines to allow the Debtor to continue in business, the Debtor may continue to sell goods and services in the ordinary course of business. The Debtor shall provide an accounting to the Administrator of all such sales on a weekly basis unless directed otherwise by the Administrator.
- (2) The Administrator may sell Property other than in the ordinary course of business subject to the following requirements:
 - (a) All sales of Property by the Administrator shall require approval of the Assigned Judge and shall be subject to such terms and conditions as may be imposed by the Assigned Judge. The notice of the sale will be published as described in Section 8.12, paragraph (1). If a party objects to the Administrator's proposed sale or any aspect or condition of the sale, the Administrator shall move the Court for a hearing to consider the proposed sale and the terms and conditions that may be imposed by the Assigned Judge. Such motion shall be served and heard in keeping with the Civil Procedures Law.
 - (b) Sales may be by public auction or, with the approval of the Assigned Judge, such other sale process recommended by the Administrator to obtain the highest and best price under the circumstances.
 - (c) For Small Business Debtors, public auctions shall not be required, and the Administrator shall have the discretion to sell the assets in the manner he deems most efficient, while notifying the Assigned Judge, and a Creditors' Committee if one has been formed. If the Assigned Judge does not object within 15 days of notice of sale of assets of a Small Business, the Administrator shall have the power to complete the sale.
 - (d) The Administrator shall provide notice of the proposed sale to the Debtor and all Creditors that shall include the following information:
 - i. The date, time, and place proposed by the Administrator for conducting the sale.
 - ii. A description of the property to be sold.

- iii. Anticipated expenses to be incurred in connection with the sale to include any fee to be paid to an auctioneer.
- (e) A Creditor or the Debtor or other interested party may object to the Commercial Court in writing within 20 days of the notice of the sale. If such an objection is received, the Clerk shall schedule a hearing within 20 days and notify the interested party, the Debtor and Administrator of the hearing. At the hearing to consider approval of the proposed sale, the Assigned Judge shall provide all interested parties either in person, or through their designated representatives, or in writing, an opportunity to be heard in connection with the sale. After hearing from interested parties, if the Assigned Judge approves the sale, the Clerk will issue to the Administrator an authorization for the sale setting forth the terms and conditions.. The authorization shall be filed with the Clerk and the Clerk shall mail a copy to all Creditors.
- (f) If the property to be sold is perishable or otherwise rapidly declining in value, the Administrator and the Assigned Judge may expedite the procedures for consideration of the sale as deemed necessary to complete the sale in a timely fashion so as to preserve its value and maximize the price recovered.
- (g) Following the conclusion of the sale as approved by the Assigned Judge, the Administrator shall file with the Clerk a statement of the property sold, the name of each purchaser, the price received for each item or lot or for the property as a whole if sold in bulk. If the property is sold by auction, the Administrator shall also file a statement setting forth all compensation paid to the auctioneer in connection with the sale.
- (h) All proceeds from the sale after payment of expenses authorized to be paid by the Assigned Judge, shall be deposited into the Bank Account.
- (i) After sale, the Administrator or the Debtor shall execute any document necessary to complete transfer to the purchasers.
- (j) Property sold under this Section shall be transferred to the buyer free of all unsecured Debts of the Debtor and such property shall not be liable for any such Debts, unless otherwise provided by the sale agreement approved by the Assigned Judge. Property may be sold free of a Secured Claim only if the holder of the Secured Claim consents or the cash proceeds of the sale are sufficient to pay the Secured Claim in full, and the proceeds are paid to or escrowed for the benefit of the holder of the Secured Claim.

§ 8.45 Money from Collection and Disposition of Property.

- (1) The Administrator shall open a separate Bank Account to be used exclusively in connection with each case in which the Administrator serves. The Bank Account shall be opened in a bank and in a manner approved by the Assigned Judge.
- (2) The Bank Account shall require the signatures of both the Administrator and the Assigned Judge for all withdrawals, except as may otherwise be authorized by the Assigned Judge in connection with the operation of the of the Debtor's business in the ordinary course under Section 19 (Operation of the Debtor's Business). If the Assigned Judge authorizes withdrawals in connection with the operation of the debtor's business, the Administrator shall provide to the Assigned Judge a detailed list and copies of all withdrawal statements or checks drawn upon the Bank Account on a weekly basis or as otherwise directed by the Assigned Judge.
- (3) All money received by the Administrator from the collection and disposition of Property shall be deposited into the Bank Account.
- (4) The Administrator shall furnish accountings for all deposits and withdrawals or other activities with respect to the Bank Account to the Clerk as requested and in no event less than on a monthly basis.

§ 8.46 Treatment of Secured Claims.

- (1) In accordance with Section 8.27 of this Act, all legal proceedings and other actions by Creditors holding Secured Claims except collateral under Finance leases shall be suspended for the duration of the administration of insolvency case unless the Assigned Judge grants a request by the Creditor holding the Secured Claim to be relieved of the moratorium to enforce its rights against its collateral, or the case is a Liquidation Case.
- (2) Secured Creditors including holders of collateral from Finance lease who sell their collateral and obtain an excess from the amount they are owed, are obligated to return the excess proceeds, less reasonable costs of sale, to the Debtor as Property.
- (3) If Creditors holding Secured Claims have not retained their rights to enforce against their collateral as above, or they have retained their rights in the collateral but have not taken possession of their collateral in due course, or the business is sold as a going concern, or for any other reason the collateral is subsequently sold by the Administrator as part of the Property, such Creditors holding Secured Claims shall be paid from the proceeds from the sale of the collateral securing their Claims less the reasonable expenses incurred by the Administrator in preserving or selling their collateral as may be allowed by the Assigned Judge, unless a Secured Claim

receives a different treatment under an Agreement for Settlement approved by the Assigned Judge.

- (4) After crediting the proceeds from the sale of the collateral, the balance remaining shall be treated as an unsecured Claim to be paid along with other unsecured Claims in the insolvency case.

§ 8.47 Administrative Claims.

- (1) Administrative Claims are the expenses incurred in administration of the Insolvency Case. Administrative Claims are entitled to priority over payments to Creditors holding Unsecured Claims as set forth in Section 8.54 of this Act.
- (2) The following shall be considered Administrative Claims:
 - (a) Fees approved to be paid to the Administrator by the Assigned Judge under Section 8.46 of this Act.
 - (b) Expenses reasonably incurred by the Administrator during the course of administration of the insolvency case (other than business overhead expenses of the Administrator such as office rent, furniture, supplies and similar items) as approved to be paid by the Assigned Judge.
 - (c) In cases where the Assigned Judge authorizes the Debtor's business to continue in operation, any claims arising from credit extended but unpaid or liabilities otherwise incurred but unpaid arising out of the operation of the business including any financing authorized by this Act.
 - (d) The fees and expenses of professionals employed during the course of the administration of the insolvency case, as approved by the Assigned Judge at or about the time of the retention of the professional. Prior to any payment, the Assigned Judge must approve the reasonableness of the fees and expenses charged.
 - (e) Funds required to be paid for the maintenance and protection of the Property. To the extent that expenses are reasonably expended for the maintenance and protection of Property that is the collateral for a Secured Claim, such expenses shall be reimbursed from the proceeds of the sale of such property before distribution to the secured creditor.

§ 8.48 Compensation of Administrator.

- (1) **Compensation under a Liquidation Plan**

- (a) The Administrator shall be paid as compensation for services rendered in connection with the administration of an insolvency case a fee equal to a percentage (as calculated in the following paragraph) of all amounts that are disbursed to holders of unsecured Claims under a Liquidation Plan. Payment of compensation to the Administrator shall be made at the same time as the disbursements to Creditors.
 - (b) The fee payable to the Administrator shall be calculated as follows: 25 percent of the first tier amount or less, 10 percent on any amount in excess of the first tier amount but not in excess of the second tier amount, 5 percent on any amount in excess of second tier amount but not in excess of the third tier amount, and 3 percent of such moneys in excess of the fourth tier amount.
 - (c) The first tier, second tier, third tier, and fourth tier amounts shall be established by regulation promulgated in connection with this Act, and revised yearly or as frequently as practice and economic realities necessitate a change to the tariff.
 - (d) The Assigned Judge may reduce the amount payable to the Administrator, as calculated above, if the Assigned Judge determines that payment of such amount would be unjustified or inappropriate after taking into account all relevant circumstances, including the nature, quality, quantity and efficiency of the work performed by the Administrator in the Insolvency Case.
- (2) Compensation under an Agreement for Settlement
- (a) Compensation of the Administrator in cases in which an Agreement for Settlement is approved shall be determined by the Assigned Judge on a case-by-case basis.
 - (b) In determining the compensation to be paid to the Administrator, the Assigned Judge shall consider the value of the services rendered by the Administrator taking into account the time spent on such services, the rates charged for such services, and whether the services were necessary and beneficial to an orderly and prompt administration of the case.
- (3) Payment of the fees owed to the Administrator under this Section shall only be made with the prior written approval of the Assigned Judge. All Creditors and the Debtor shall be notified of the payment, and may object to the Commercial Court within 20 days of notice. If a Debtor or Creditor objects, the Assigned Judge shall schedule a hearing within 30 days, providing at least 20 days' notice of the hearing to the Debtor and Creditors of the hearing and the amounts requested and will have an opportunity to attend and be heard at the meeting.

- (4) The Assigned Judge may adjust the scale of remuneration in consultation with Creditors of the Debtor. The adjustment may increase the amount paid to an Administrator for liquidations that are completed within a shorter amount of time, when asset prices are maximized, or for assets that were difficult to sell but sold successfully, or decrease the sale for unnecessary delays.
- (5) For cases with few or no assets, the court shall award a minimum fee to allow the Administrator to:
 - (a) Prepare a financial statement of the debtor's financial affairs
 - (b) Prepare an inventory of assets
 - (c) Prepare a list of creditors and their claims
 - (d) Arrange for deregistration of the Debtor if he/she/it is a legal entity, or petition the Assigned Judge for discharge under Section 8.56 of this Act.
- (6) The calculations in the above paragraphs based on percentage and tiers shall determine the Administrator's compensation in addition to the minimum fee.

§ 8.49 Maintaining Limited Liability in Insolvency.

Shareholders of business corporations, member of limited liability companies, and the managers of any of either corporate entities that have been liquidated under this Act shall not be held personally liable for the discharged debts of the company unless they are otherwise liable as provided for in this Act or under the Business Corporations Act.

SUB-CHAPTER 5: LIQUIDATION

§ 8.50 Basis for Liquidation.

A liquidation of a Debtor shall obtain under any of the following conditions:

- a. Where the Debtor is insolvent, and a reorganization of its business is not feasible; and
- b. Where the Debtor voluntarily seeks liquidation

§ 8.51 Liquidation Plan.

- (1) In any case that is not initiated as Reorganization Case, the Administrator shall file a proposed Liquidation Plan with the Commercial Court within thirty (30) days following the meeting of Creditors.
- (2) In the case of a Small Business liquidation case in which no meeting of Creditors was held after notice to Creditors, the Administrator shall file the proposed Liquidation Plan with the Commercial Court within forty-five (45) days as of the Commencement of the case.
- (3) In a Reorganization Case, the Administrator shall file with the Commercial Court a proposed Liquidation Plan within thirty (30) days following a determination by either the Administrator or the Assigned Judge that approval of an Agreement for Settlement is not likely to be achieved in a reasonable period of time and the filing of a Liquidation Plan is in the best interests of creditors.
- (4) The Liquidation Plan shall include:
 - (a) A list of all Property of the Debtor.
 - (b) A list of all liabilities.
 - (c) A list of leased or third-party assets to be returned to their lawful owners.
 - (d) The proposed method for sale of assets in a commercially reasonable manner and whether sale of the business of the Debtor should be as a going concern or in individual lots.
 - (e) A timetable for completion of the liquidation.
- (5) The Liquidation Plan shall be sent to the Creditors. If there is no objection within 15 days, the Assigned Judge will assess the Liquidation Plan bearing in mind Section 8.55 Distribution of Money from Collection and Disposition of Property, to ensure it is fair to the Creditors, and, assuming the Assigned Judge concludes that the Liquidation Plan is fair to Creditors, approve the Liquidation Plan. If any Creditor objects in writing by motion to the Commercial Court within 15 days, the Assigned Judge shall schedule a hearing within 30 days after filing of the Liquidation Plan to hear the Creditor's objection before approving the Liquidation Plan. Notice of the meeting scheduled to consider approval of the Liquidation Plan together with a copy of the Liquidation Plan shall be given to the Debtor and all Creditors. After hearing from interested parties at the meeting, the Assigned Judge shall decide whether to approve the Liquidation Plan, or approve it with modifications. The approval of the Liquidation Plan, and if there were modifications, a copy of the modified Liquidation Plan, will be sent to the Debtor and all Creditors, and will be filed with the Clerk.

§ 8.52 Filing and Verification of Claims.

- (1) A Creditor must file a Claim in accordance with the terms of this Section in order to receive any distribution in connection with the insolvency case.
- (2) The Claims shall be filed with the Clerk or the Administrator, but at the address listed in the notice of commencement of the case.
- (3) The Claims shall be filed within the date set out in the notice of commencement of the case which date shall be 60 days after the mailing of the notice of commencement except with respect to Claims arising as a result of termination of a contract which shall be filed in accordance with the time specified in Section 8.46 of this Act.
- (4) A Claim shall be in writing, provided to the Clerk of the Commercial Court and to the Administrator of the Insolvency case concerned, and shall include the following information:
 - (a) The name of Creditor, name of person executing the claim form, address of Creditor, and, if available, phone numbers and e-mail addresses at which the Creditor and, if different, the person executing the claim form, can be contacted.
 - (b) Amount of Claim, basis for Claim, and description of any asset claimed as collateral for the Claim.
 - (c) If the Claim is a Secured Claim, the Claimant must include sufficient documentation to demonstrate that the security interest is valid and enforceable under applicable law.
 - (d) If the Claim is for unpaid employee wages, the Claimant must identify the time periods for which payment was not made and the rate at which payment was due.
 - (e) To the extent available, supporting documentation should be attached to the Claim to demonstrate its validity.
 - (f) If the Claim is a subject of a pending litigation, a copy of the latest order or records of the case;
 - (g) If the case is one that is unliquidated and yet to be a subject of litigation, a full description of its nature and other details necessary to afford its reasonable evaluation. Such cases can be brought under the jurisdiction of the Commercial Court by the Administrator.
- (5) Verification and Payment of Claims.

- (a) The Administrator shall make an assessment of the validity, amount, and classification (i.e., secured or unsecured, priority) of all Claims submitted to determine whether or not each Claim should be admitted, in whole or in part, to be entitled to distribution in the insolvency case, subject to the claimant right of legal action against the Administrator.
 - (b) The assessment of the Claims shall be concluded within 90 days after the last date for submission of Claims or such later date as may be approved by the Assigned Judge.
 - (c) Upon conclusion of the assessment, the Administrator shall notify each Creditor filing the Claim in writing as to whether or not its Claim has been, in whole or in part, admitted or denied and the basis for that assessment. A Creditor shall have 20 days following the notice of the Administrator's assessment to file an objection to the assessment.
 - (d) If a Creditor objects to the Administrator's assessment of a claim, the Clerk shall schedule a hearing of the Assigned Judge within 30 days to review the Administrator's assessment on that Claim, and to make a final verification of the amount of such Claim to be allowed for purposes of distribution in the insolvency case. The Creditor, Debtor and the Administrator shall receive 20 days' notice of this hearing and have an opportunity to be heard in connection with the verification of the Claim at such hearing. At this hearing, the Assigned Judge shall verify the amounts of Claims based upon the information provided to the Assigned Judge. Alternatively, the Clerk may schedule a further hearing of the Assigned Judge to resolve any disputes with respect to Claims that have not been verified or refer them for alternative dispute resolution as may be approved by the Assigned Judge.
 - (e) The validity and amount of a Claim shall be determined based on the applicable law governing the Claim. All defenses to the amount and validity of a Claim that were available to the Debtor shall be available to the Administrator. Claims that are contingent or unliquidated in amount shall be determined in a fixed amount taking into account all relevant circumstances.
 - (f) The Assigned Judge shall prepare and maintain a public list of Claims which had been verified to be paid in connection with the insolvency case and shall file the chart with the Clerk. The Clerk shall mail a copy of the list to all Creditors who have filed Claims.
- (6) To the extent that a Creditor holding a Claim against the Debtor also owes money to the Debtor with respect to a transaction that occurred prior to the Commencement Date, the Creditor may set off the amount of the Claim held by the Creditor against the amount owed by the Creditor.

- (7) If a Creditor fails to timely file a Claim because the Creditor did not receive proper notice, the Creditor's late filed Claim shall be treated as timely filed and shall be entitled to participate in distributions made in the insolvency case to the extent possible taking into account the then remaining property available for distribution.
- (8) If a Claim is based on a lawsuit in another court, the dispute on which it is based will be decided by the Assigned Judge as described in (5) (d) of this section.
- (9) Claims shall be paid by the Administrator at the offices of the Administrator or through such procedures as the Administrator shall advise in writing and published, subject to the provisions of Section 8.53 of this Act

§ 8.53 Priority of Claims.

- (1) Payments of Claims under a Liquidation Plan shall be made in the following order of priority:
 - (a) Secured Claims to the extent provided for in Section 8.46 of this Act.
 - (b) Administrative Claims Allowed under Section 8.47 of this Act.
 - (c) Claims for unpaid employee wages for three months other than any amounts that are owed to the Debtor or any employee who also has an ownership interest as a shareholder or partner of the Debtor.
 - (d) Tax arrears or obligations that have accrued within the last two (2) years previous to the Commencement Date, provided that the Tax Authority has proven these debts by determining the Debtor's liabilities prior to the filing of the case and has made documented collection attempts;
 - (e) Unsecured Claims.
 - (f) Rights of the Debtor or representing ownership of the Debtor
- (2) To the extent that money received by the Administrator from the disposition or collection of Property is insufficient to pay all Claims in full, Claims shall be fully paid in the order and manner described in the foregoing paragraph and within each category pro rata to the extent of available funds.

§ 8.54 Distribution of Money from Collection and Disposition of Property.

- (1) This Section shall govern distribution of money received from the administration of the insolvency case in which a Liquidation Plan has been approved. This Section shall not apply to cases in which an Agreement for Settlement has been approved.

- (2) Payment of Claims shall be ordinarily made at the conclusion of the administration of the insolvency case. However, the Administrator may propose to make one or more interim distributions to holders of Claims.
- (3) Prior to making any distributions to Creditors, the Administrator shall file with the Clerk a notice of the proposed distribution setting forth the names of recipients and amounts of all payments to be made. A copy of the notice of proposed distribution shall be mailed by the Clerk to the Debtor and all Creditors. A Creditor or the Debtor may file an objection with the Commercial Court in writing within 20 days of the notice. If there is an objection, the Court shall schedule a hearing within 30 days of the objection on at least 20-day notice to the Debtor and all Creditors at which time, after hearing from parties in interest, the Assigned Judge shall make a final determination as to whether and to what extent the proposed distribution should be approved.
- (4) At the time of any proposed interim distribution, if there are Claims that are still in dispute or there are potential future expenses in connection with administration of the insolvency case, the Administrator shall describe in any notice of proposed distribution a reserve to be established to cover later distributions for the amount of such Claims.
- (5) In any distribution approved by the Assigned Judge, Claims shall be satisfied in the order of priority set forth in Section 8.53 of this Act. Where funds are insufficient to satisfy all Claims of a given priority in full, the Claims of that class shall be satisfied pro rata in proportion to the amount of each Claim.

§ 8.55 Discharge of debts.

- (1) After the distribution to Creditors of the liquidated assets of the Debtor, the Assigned Judge shall issue an order discharging the debtor of all debts incurred before the date of opening of the case, except as provided in this Section.
- (2) No discharge shall be granted if the debtor has concealed property that should be administered in the insolvency case, has withheld property or information from the Administrator, or has failed to explain any loss of assets within a year before the insolvency case was opened.
- (3) The following debts shall not be discharged:
 - (a) Alimony or child support owing by the debtor;
 - (b) Any secured debt, to the extent that the value of the collateral. For this calculation, all payments made after the opening of the insolvency case shall be credited against the secured portion of the debt;

- (c) Any debt that is not disclosed in the schedule of debts filed by the debtor;
 - (d) Any debt incurred by fraudulent conduct of the debtor, including with the purpose of dissipating assets to the detriment of any Creditor;
- (4) No debt may be denied discharged on account of fraudulent conduct of the debtor unless the Creditor or Administrator commences an action in the Commercial Court within 90 days after the filing of a petition for an insolvency case to have the debt determined to be non-dischargeable.

§ 8.56 Final Accounting by Administrator.

- (1) Upon conclusion of the administration of the insolvency case, including the resolution of all disputes regarding Claims and Property, turnover of property, collection of transactions subject to rescission, and sale or abandonment of all Property, the Administrator shall file in the Official Insolvency Register a report and final accounting.
- (2) The report and final accounting shall include the following information together with such other information as the Court may direct:
 - (a) A listing of all Property as of the Commencement Date.
 - (b) A listing of all Property collected during the administration of the insolvency case after the Commencement Date.
 - (c) A listing of the disposition of all Property, including the proceeds obtained from the disposition of all Property as listed above.
 - (d) A listing of all disbursements made during the administration of the case, including the party receiving the disbursement, the amount, the date, and the purpose of the disbursement.
- (3) The final accounting shall be available to the Debtor and all Creditors for review with the Clerk of the Commercial Court.
- (4) The Assigned Judge shall set a hearing to consider approval of the final accounting. Notice of the hearing shall be provided by the Clerk to the Debtor and all Creditors. After hearing from interested parties, the Assigned Judge shall approve the final accounting, in whole or in part, or may direct the Administrator to take further actions and resubmit a final accounting. This decision shall be filed with the Clerk and mailed to all creditors.

- (5) Upon approval of the final accounting, the case shall be considered concluded and the Administrator shall be discharged from any further responsibility in connection with the case. Discharge from any further responsibility in connection with the case shall not affect the Administrator's liability as provided in this Act.
- (6) After the approval of the final accounting, Debtor shall be discharged from liability for the debts prior to the Commencement Date of the Case that were treated in the insolvency proceeding.

After the approval of the final accounting, the Commercial Court shall close the case and notify the Liberian Business Registry of the closure of the liquidation with request that the legal entity be deregistered and stricken off the list of registered entities.

SUB-CHAPTER 6: RULES AND PROCEDURES APPLICABLE TO INSOLVENCY CASES

§ 8.57 Appeals.

An appeal from a final judgment in an insolvency Case shall be heard by the Supreme Court, and shall be subject to the provisions of Article IV of the act establishing the Commercial Court.

§ 8.58 Rules of Court.

The details regarding qualification, supervision and discipline of Administrators as well as other matters essential for the effective and expeditious resolution of insolvency cases under this Act shall be contained in the Rules of the Court provided for under Articles III and VII of the act establishing the Commercial Court.

SUBCHAPTER 7: AMENDMENTS, REPEALS, EFFECTIVE DATE

§ 8.59 Repeals.

By the enactment of this Act, the following laws are hereby repealed as set forth in this Section:

1. Chapter 8 of the Liberian Commercial Code-Fraudulent Conveyance Act is hereby repealed;

2. Chapter 20 of the Commercial and Bankruptcy Law, Title 7 of the Liberian Code of Laws Revised (**Voluntary Assignments for Benefit of Creditors**), and Chapter 31 of the Commercial and Bankruptcy Law, Title 7 of the Liberian Code of Laws Revised (**Involuntary Proceedings**) are hereby repealed.

§ 8.60 Amendments.

By the enactment of this Act, the following laws are hereby amended as set forth in this Section:

1. Article II (1) of An Act to Amend the Judiciary Law, Title 17, Liberian Code of Laws Revised, to provide for the Establishment of a Commercial Court, approved September 29, 2010 and published on September 30, 2010 is hereby amended to (i) authorize the Commercial Court to exercise jurisdiction over all Insolvency cases as provided in this Act; and (ii) to remove monetary threshold to insolvency cases cognizable before the Commercial Court.
2. Part VI (Sections 70.159 through Section 70.273) of an Act to Further Amend The Associations Law, Title 5 of the Liberian Code of Law Revised, to Provide for the Incorporation of Registered Business Companies and their Conduct of Business, Including Liquidation and all Matters Incidental Thereto, approved January 8, 2002 and published June 19, 2002 is hereby amended to exclude from the coverage and scope of its provisions dealing with all corporations registered and operating in Liberia.
3. Sections 11.5 and 11.5 of the Associations Law, Title 5 of the Liberian Code of Laws Revised (Settlement of Claims against a Corporation) are hereby amended to the extent provided herein.

§ 8.61 Effective Date.

This Act shall take effect immediately upon publication in handbills.

-2014-

**THIRD SESSION OF THE FIFTY-THIRD LEGISLATURE OF
THE REPUBLIC OF LIBERIA**

HOUSE'S ENGROSSED BILL NO. 23 ENTITLED:

**"AN ACT TO REPEAL THE FRAUDULENT CONVEYANCE ACT,
CHAPTER 8 OF LIBERIAN COMMERCIAL CODE, TITLE 7 OF
THE LIBERIAN CODE OF LAWS REVISED, AND TO ENACT IN
LIEU THEREOF A NEW CHAPTER 8 OF THE LIBERIAN
COMMERCIAL CODE ENTITLED THE INSOLVENCY AND
RESTRUCTURING ACT"**

On motion, Bill read. On motion, the Bill was adopted on
its first reading and sent to Committee Room on Thursday,
May 8, 2014 @ 11:52 G.M.T.

On motion, the Bill was taken from Committee Room for
its second reading. On motion, under the suspension of the
rule, the second reading of the Bill constituted its third and
final reading, and the Bill was adopted, passed into the full
force of the law, and ordered engrossed today, Tuesday,
October 7, 2016 @ 11:57 G.M.T.


CHIEF CLERK, HOUSE OF REPRESENTATIVES, R.L.

-2016-

**FIFTH SESSION OF THE FIFTY-THIRD LEGISLATURE OF
THE REPUBLIC OF LIBERIA**

SENATE'S ENDORSEMENT TO HOUSE'S ENGROSSED BILL NO. 23
ENTITLED:

**"AN ACT TO REPEAL THE FRAUDULENT CONVEYANCE ACT,
CHAPTER 8 OF LIBERIAN COMMERCIAL CODE, TITLE 7 OF
THE LIBERIAN CODE OF LAWS REVISED, AND TO ENACT IN
LIEU THEREOF A NEW CHAPTER 8 OF THE LIBERIAN
COMMERCIAL CODE ENTITLED THE INSOLVENCY AND
RESTRUCTURING ACT"**

On motion, Bill read. On motion, the Bill was adopted on
its first reading and sent to Committee Room on Thursday,
July 17, 2014 @ 12:45 G.M.T.

On motion, the Bill was taken from Committee Room for
its second reading. On motion, under the suspension of the
rule, the second reading of the Bill constituted its third and
final reading, and the Bill was adopted, passed into the full
force of the law, and ordered engrossed today, Thursday,
September 29, 2016 @ 13:45 G.M.T.


SECRETARY, LIBERIAN SENATE, R.L.

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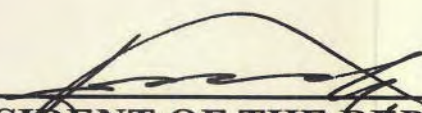
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-2016-

ATTESTATION TO:

“AN ACT TO REPEAL THE FRAUDULENT CONVEYANCE ACT, CHAPTER 8 OF LIBERIAN COMMERCIAL CODE, TITLE 7 OF THE LIBERIAN CODE OF LAWS REVISED, AND TO ENACT IN LIEU THEREOF A NEW CHAPTER 8 OF THE LIBERIAN COMMERCIAL CODE ENTITLED THE INSOLVENCY AND RESTRUCTURING ACT”



VICE PRESIDENT OF THE REPUBLIC OF LIBERIA/
PRESIDENT OF THE SENATE



SECRETARY, LIBERIAN SENATE



SPEAKER, HOUSE OF REPRESENTATIVES, R.L.



CHIEF CLERK, HOUSE OF REPRESENTATIVES, R.L.

ATTESTATION TO:

ACT TO REPEAL THE PROHIBITIVE CONVEYANCE ACT
CHAPTER 8 OF LIBERIAN COMMERCIAL CODE TITLE 7 OF THE
LIBERIAN CODE OF LAWS REVISED, AND TO ENACT IN LIBE
RIAN A NEW CHAPTER 8 OF THE LIBERIAN COMMERCIAL
CODE ENTITLED THE INSOLVENCY AND RESTRUCTURING ACT.

VICE PRESIDENT OF THE REPUBLIC OF LIBERIA
PRESIDENT OF THE SENATE

SECRETARY LIBERIAN SENATE

SPEAKER, HOUSE OF REPRESENTATIVES, R.F.

CHIEF CLERK HOUSE OF REPRESENTATIVES, R.F.



THE HONORABLE HOUSE OF REPRESENTATIVES

Capitol Building
P.O. Box 9005
Monrovia, Liberia
Website www.legislature.gov.lr



Office of the Chief Clerk

-2016-

FIFTH SESSION OF THE FIFTY-THIRD LEGISLATURE OF THE REPUBLIC OF LIBERIA

SCHEDULE OF HOUSE'S ENROLLED BILL NO. 57 ENTITLED:

"AN ACT TO REPEAL THE FRAUDULENT CONVEYANCE ACT, CHAPTER 8 OF LIBERIAN COMMERCIAL CODE, TITLE 7 OF THE LIBERIAN CODE OF LAWS REVISED, AND TO ENACT IN LIEU THEREOF A NEW CHAPTER 8 OF THE LIBERIAN COMMERCIAL CODE ENTITLED THE INSOLVENCY AND RESTRUCTURING ACT"

PRESENTED TO THE PRESIDENT OF THE REPUBLIC OF LIBERIA FOR EXECUTIVE APPROVAL.

APPROVED THIS: 27th DAY OF DECEMBER A.D. 2016

AT THE HOUR OF 5:30 P.M.

THE PRESIDENT OF THE REPUBLIC OF LIBERIA

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SECTION OF THE FIRST THIRD LINE

FILE OF HOUSE'S REGISTER

IT TO BEAR THE BURDEN OF COSTS AND CHARGES
AN APPROPRIATE CODE TITLE OF THE HOUSE'S CODE
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