Articles

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INSIGHT: Retailers Considering Bankruptcy Should Look to CARES Act, Court Rulings



Retailers hit by the economic downturn are considering bankruptcy protections.

Perkins Coie LLP attorneys say the CARES Act offers small businesses access to the streamlined Subchapter 5 process and recent rulings from bankruptcy courts provide cash flow relief for certain retailers operating under Chapter 11 through deferral of rent obligations, at least for now.

JCPenney's bankruptcy filing on May 15 is one of the latest in a string of high-profile retailers, including Neiman Marcus, seeking bankruptcy protection in the wake of the COVID-19 public health emergency. Many other retailers may soon follow suit given the virus' economic consequences and the industry issues many retailers have long faced.

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