

107TH CONGRESS
2^D SESSION

H. R. 5525

To amend title 11 of the United States Code to prevent corporate bankruptcy abuse and provide greater protection for employees, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 2, 2002

Mr. GEKAS introduced the following bill; which was referred to the Committee on the Judiciary

A BILL

To amend title 11 of the United States Code to prevent corporate bankruptcy abuse and provide greater protection for employees, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Corporate Bankruptcy
5 Abuse Prevention and Employee Protection Act of 2002”.

6 **SEC. 2. EMPLOYEE WAGE AND BENEFIT PRIORITIES.**

7 Section 507(a) of title 11, United States Code, is
8 amended—

9 (1) in paragraph (3) by striking “90” and in-
10 serting “180”, and

1 (2) in paragraphs (3) and (4) by striking
2 “\$4,000” and inserting “\$10,000”.

3 **SEC. 3. FRAUDULENT TRANSFERS AND OBLIGATIONS.**

4 Section 548 of title 11, United States Code, is
5 amended—

6 (1) in subsections (a) and (b) by striking “one
7 year” and inserting “2 years”,

8 (2) in subsection (a)—

9 (A) by inserting “(including any transfer
10 to or for the benefit of an insider under an em-
11 ployment contract)” after “transfer” the 1st
12 place it appears, and

13 (B) by inserting “(including any obligation
14 to or for the benefit of an insider under an em-
15 ployment contract)” after “obligation” the 1st
16 place it appears, and

17 (3) in subsection (a)(1)(B)(ii)—

18 (A) in subclause (II) by striking “or” at
19 the end,

20 (B) in subclause (III) by striking the pe-
21 riod at the end and inserting “; or”, and

22 (C) by adding at the end the following:

23 “(IV) made such transfer to or for the benefit
24 of an insider, or incurred such obligation to or for

1 the benefit of an insider, under an employment con-
2 tract and not in the ordinary course of business.”.

3 **SEC. 4. PAYMENT OF INSURANCE BENEFITS TO RETIRED**
4 **EMPLOYEES.**

5 Section 1114 of title 11, United States Code, is
6 amended—

7 (1) by redesignating subsection (l) as subsection
8 (m), and

9 (2) by inserting after subsection (k) the fol-
10 lowing:

11 “(1) If the debtor, during the 180-day period ending
12 on the date of the filing of the petition—

13 “(1) modified retiree benefits; and

14 “(2) was insolvent on the date such benefits
15 were modified;

16 the court, on motion of a party in interest, and after notice
17 and a hearing, shall issue an order reinstating as of the
18 date the modification was made, such benefits as in effect
19 immediately before such date unless the court finds that
20 the balance of the equities clearly favors such modifica-
21 tion.”.

22 **SEC. 5. EFFECTIVE DATE; APPLICATION OF AMENDMENTS.**

23 (a) EFFECTIVE DATE.—Except as provided in sub-
24 section (b), this Act and the amendments made by this

1 Act shall take effect on the date of the enactment of this
2 Act.

3 (b) APPLICATION OF AMENDMENTS.—

4 (1) IN GENERAL.—Except as provided in para-
5 graph (2), the amendments made by this Act shall
6 apply only with respect to cases commenced under
7 title 11 of the United States Code on or after the
8 date of the enactment of this Act.

9 (2) AVOIDANCE PERIOD.—The amendment
10 made by section 3(1) shall apply only with respect
11 to cases commenced under title 11 of the United
12 States Code more than 1 year after the date of the
13 enactment of this Act.

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