

## Sears Holdings Corp. Expected to Pursue 1000s of Preference Actions after Court's Approval of Chapter 11 Plan of Liquidation

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On October 7, 2019, the United States Bankruptcy Court for the Southern District of New York confirmed Sears Holdings Corp.'s chapter 11 plan of liquidation. Sears currently owes tens of millions of dollars to its post-petition suppliers that provided Sears with inventory during its bankruptcy case.

With the approval of the plan of liquidation, Sears moves closer to the end of its bankruptcy saga, and its administrative creditors can expect payment of their claims in the future. However, Judge Robert Drain, who presides over the bankruptcy case, estimated that Sears is between \$36.5 million and \$104.5 million short in funding administrative claims, which must be paid in order for its plan to become effective.

Sears is relying upon recovering tens of millions (if not more) in preference payments to fund its plan. Sears will file thousands of preference actions to recover payments to pre-petition creditors made within 90 days of its bankruptcy filing. If you conducted business with Sears prior to the filing of its bankruptcy case, be on the lookout for preference litigation. There is a very short timeframe to respond to a preference action and Sears is expected to be particularly aggressive in pursuing these suits. We are available to assist with any questions or concerns you may have. Contact Mike Shiner or Maribeth Thomas or any of the other Bankruptcy Attorneys at Tucker Arensberg, P.C.