

Superior Court approves new program for businesses to stay collections, evictions

By **Mary MacDonald** - April 8, 2020 2:00 pm



JOHN A. DORSEY, a partner at Ferrucci Russo Dorsey in Providence, is a coordinator of the COVID-19 Non-Liquidating Receivership Program. / COURTESY FERRUCCI RUSSO DORSEY

PROVIDENCE – A program ordered by the R.I. Superior Court could offer a needed lifeline to businesses that have been hit hard by losses associated with COVID-19. The COVID-19 Non-Liquidating Receivership Program creates a process through which businesses can gain protection from creditors using a non-liquidating receivership.

This means the owner remains in charge of the business, and doesn't have to liquidate assets while they follow a plan approved by the court to pay their creditors.

Authorized by an administrative order issued March 31 by Presiding Justice Alice Bridget Gibney, the program is now taking applications.

In order to qualify, businesses have to demonstrate that they were not in default on bills and debts, such as loans, mortgages and secured and unsecured obligations, before Jan. 15.

If approved by the court, the program in effect stays any lawsuits or collections against the business through the receivership period.

That doesn't mean businesses can skip paying the rent or other bills, said John A. Dorsey, a partner with Providence-based Ferrucci Russo Dorsey. Dorsey, with partner W. Mark Russo, has been named a coordinator of the program. That position requires them to help explain the filing process and answer questions of businesses and their attorneys.

Most businesses will be able to make the applications through their existing attorneys.

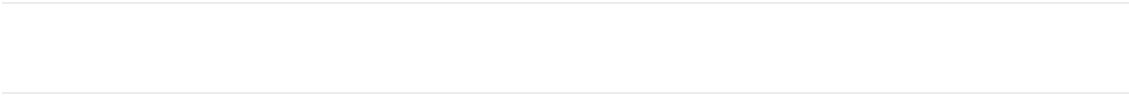
The first step in the process is a determination that the business qualifies for the program, followed by an injunctive relief. Then, the business works on a plan that is acceptable to creditors and the court for getting itself righted.

"Injunctive relief operates as a stay or a timeout for the business so any collections, lawsuits or other legal proceedings come to a stop," Dorsey said. "Whether it's a traditional collection action, a form of eviction, all of those sorts of activities will come to a stop. It gives a business a chance to breathe."

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