

R.I. court program offers struggling businesses a lifeline

By **PBN Staff** - August 28, 2020 3:37 am



BUSINESS RECOVERY: Attorney John A. Dorsey, an administrator for the R.I. Judiciary's Business Recovery Plan, says participation in the program won't hurt a business's credit. / PBN FILE PHOTO/MICHAEL SALERNO

Have there been too many state and federal support programs competing for the attention of local businesses during the pandemic?

That may sound crazy in a state of approximately 1 million residents that has seen more than 253,000 people collect unemployment payments since March. But it may be one reason why a Business Recovery Plan launched by the state's Superior Court on March 31 still has no takers.

With loans available through the recently expired federal Paycheck Protection Program, grants under the state's Restore RI program and various small municipal programs, the court program has not been on the radar of many businesses that might benefit from it, this week's cover story reports.

But with PPP funding starting to run out for many businesses and fears of widespread evictions growing, the court program could become an important lifeline for struggling businesses.

While it does not provide grants or loans, it does allow businesses to continue accessing the latter by setting up a nonliquidating receivership. A significant benefit is that businesses in the program are protected from eviction as long as owners follow a court-authorized plan to pay creditors. Repayment plans do not involve selling off business assets and owners retain control of the company.

Some businesses that have looked at the court program say they've hesitated partly for fear their credit rating might be hurt.

Attorney John A. Dorsey, a court-appointed coordinator, says participating in the program won't damage a business's credit but, as in good economic

times, failing to pay bills will.



Want to share this story? [Click Here](#) to purchase a link that allows anyone to read it on any device whether or not they are a subscriber.

No posts to display