

April 2010

**ROMANIA: Amendments made in the insolvency procedure law
(Law no. 85/2006 on the insolvency procedure).**

In the past, the foreign creditors were facing big delays or were even found in the impossibility to recover their debts from the Romanian debtors because of the opened insolvency procedure against these debtors.

The insolvency procedure suspends automatically all claims in court against the debtor subject to the insolvency procedure. The creditors may only register their claims against the debtor, within the insolvency procedure and in a term given by the judge.

In most of the cases, the creditors are not aware of the opening of an insolvency procedure. The judicial administrator has to send them a notice, but usually he is not in the possession of the complete list of creditors. So the notice is made via a national gazette (Official Gazette of the Insolvency Procedures). The procedure of notification is then considered complete.

Because of this procedure, in practice, the foreign creditors might not be informed in time about the insolvency case. This means that their claims will not be registered in time and the debts will not be recovered from the debtor.

The modifications in the procedures which came into force on March 5th, 2010 intend to improve the above mentioned situation and to inform all the debtor's contracting parties of its legal status.

Summarizing, the legislative assembly introduces the obligation of the Romanian debtors who have a personal web page to publish on this web page(s) the company's legal status of insolvency. Also, this obligation has to be fulfilled in a term of 24 hours from the day when the debtor received the decision of the judge, for the opening of the insolvency procedure. The sanction for the non compliant is a fine between RON 10,000 and RON 30,000.

Furthermore, the recent amendments introduce the exclusive personal, financial, liability

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of the person who acts as a representative of the debtor (e.g. administrator, general manager etc.) and concludes acts creating further obligations for the debtor, during the insolvency procedure.

Recommendation: Check regularly the homepage of your customers/clients/contract partners.

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