

S 2798

Employee Abuse Prevention Act of 2002

Congress: 107 (2001–2003, Ended)

Chamber: Senate

Policy Area: Finance and Financial Sector

Introduced: Jul 25, 2002

Current Status: Read twice and referred to the Committee on the Judiciary.

Latest Action: Read twice and referred to the Committee on the Judiciary. (Jul 25, 2002)

Official Text: <https://www.congress.gov/bill/107th-congress/senate-bill/2798>

Sponsor

Name: Sen. Durbin, Richard J. [D-IL]

Party: Democratic • State: IL • Chamber: Senate

Cosponsors (4 total)

Cosponsor	Party / State	Role	Date Joined
Sen. Leahy, Patrick J. [D-VT]	D · VT		Jul 25, 2002
Sen. Kennedy, Edward M. [D-MA]	D · MA		Aug 1, 2002
Sen. Kerry, John F. [D-MA]	D · MA		Aug 1, 2002
Sen. Rockefeller, John D., IV [D-WV]	D · WV		Aug 1, 2002

Committee Activity

Committee	Chamber	Activity	Date
Judiciary Committee	Senate	Referred To	Jul 25, 2002

Subjects & Policy Tags

Policy Area:

Finance and Financial Sector

Related Bills

No related bills are listed.

Employee Abuse Prevention Act of 2002 - Amends the Federal bankruptcy code to authorize the bankruptcy trustee to avoid fraudulent transfers and obligations of the debtor: (1) made within four years (currently one year) before the bankruptcy filing date; and (2) if the debtor was insolvent on the date or became insolvent as a result of an excess benefit transfer or an excess benefit obligation incurred to an insider, general partner, or other affiliate.

Authorizes the court to recharacterize a transaction as a secured loan if its material characteristics are substantially similar to those of a secured loan.

Permits the bankruptcy trustee to avoid transfers of property or obligations of the debtor that are voidable by a good faith purchaser that gave value in reliance on incorrect information contained in any public registry of security interests or liens.

Prohibits retention bonuses and severance pay made for the benefit of an insider of the debtor unless certain requirements are met.

Allows as a fourth priority any unsecured claim with respect to a right or interest in equity securities of the debtor, or an affiliate of the debtor, that are held in an employee pension plan, without regard to when services were rendered or limitation in amount, and measured by the market value of the stock at the time the stock was contributed to, or purchased by, the plan.

Increases from \$4,000 to \$13,500 the maximum aggregate claim amount to recover employee wages and benefits that have priority ranking among unsecured creditor claims.

Includes as an administrative expense with first priority status any claim arising out of the breach of any fiduciary duty regarding an employee pension plan maintained by the debtor.

Directs the court to order reinstatement of retiree benefits if it finds that they were modified in contemplation of bankruptcy and were not essential to the viability of debtor's business.

Actions Timeline

- **Jul 25, 2002:** Introduced in Senate
- **Jul 25, 2002:** Read twice and referred to the Committee on the Judiciary.