

## HR 5221

Employee Abuse Prevention Act of 2002

**Congress:** 107 (2001–2003, Ended)

**Chamber:** House

**Policy Area:** Finance and Financial Sector

**Introduced:** Jul 25, 2002

**Current Status:** Referred to the Subcommittee on Commercial and Administrative Law.

**Latest Action:** Referred to the Subcommittee on Commercial and Administrative Law. (Aug 20, 2002)

**Official Text:** <https://www.congress.gov/bill/107th-congress/house-bill/5221>

### Sponsor

**Name:** Rep. Delahunt, William D. [D-MA-10]

**Party:** Democratic • **State:** MA • **Chamber:** House

### Cosponsors

*No cosponsors are listed for this bill.*

### Committee Activity

Committee	Chamber	Activity	Date
Judiciary Committee	House	Referred to	Aug 20, 2002

### Subjects & Policy Tags

**Policy Area:**

Finance and Financial Sector

### Related Bills

*No related bills are listed.*

## Summary (as of Jul 25, 2002)

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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 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 obligation of the debtor if a good faith purchaser gave value in reliance on incorrect information contained in any public registry of security interests or liens.

Restricts retention bonuses and severance pay made for the benefit of an insider of the debtor.

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 those claims arising out of the breach of any fiduciary duty regarding an employee pension plan maintained by the debtor. Grants such claims priority status.

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

## Actions Timeline

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- **Aug 20, 2002:** Referred to the Subcommittee on Commercial and Administrative Law.
- **Jul 25, 2002:** Introduced in House
- **Jul 25, 2002:** Introduced in House
- **Jul 25, 2002:** Referred to the House Committee on the Judiciary.