

# Business rescue law being abused, say creditors

*Business Live* reports that, according to a commercial lawyer, many creditor financial institutions believe business rescue applications are being abused. The number of applications by companies that are financially distressed for business rescue has increased since the implementation of the New Companies Act in May.

The companies committing the alleged abuse are said to be trying to prevent foreclosure of overdraft facilities or loans.

According to the *Business Live* article, Eric Levenstein, director at Werksmans Attorneys, says that for many companies, business rescue was nothing more than an attempt by the company to delay its ultimate demise, when clearly it could not pay its debts to creditors.

"Many South African financial institutions are met with resolutions for business rescue when proceeding against debtors, Levenstein is quoted as saying. "Once business rescue proceedings begin there is no opportunity for creditors to legally pursue claims against debtors."

## For more:

- *Business Live*: [Business rescue law being abused, say creditors](#)

For more, visit: <https://www.bizcommunity.com>