

Tom Salerno Comments on Potential Wave of Bankruptcies for Small Businesses in the *Chicago Tribune*

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Partner [Thomas J. Salerno](#) was recently quoted on a potential uptick in bankruptcy cases among small businesses amid the COVID-19 pandemic in an [article in the *Chicago Tribune*](#).

Tom commented on the difficult situation facing many small businesses around the country, as the pandemic continues to cut into business, with owners seeing a need to reorganize. Those who received Paycheck Protection Plan (PPP) loans are starting to see that funding run dry.

“I think you’re going to see the wave of bankruptcies in September for reasons totally separate from the PPP loan,” Tom said. “You’re going to see it because they’ve got to right-size their balance sheet anyway. They’ve got to renegotiate their leases. They’re going to want to take whatever long-term debt they have and dig themselves out of this hole.”

While the Small Business Administration, which administers the PPP, does not allow for those already in bankruptcy proceedings to receive loans, many businesses may have planned to get a PPP loan and then file for bankruptcy.

“The SBA didn’t have a problem with that — as long as you didn’t have the ‘b’ word attached to you at the time the loan was made,” Tom said. “I called it the SBA tango.”

Clients turn to Tom for his national and international experience helping private and publicly-traded companies in a broad range of industries continue operations as they negotiate restructuring plans. He has advised lenders, distressed companies, committees and asset acquirers in bankruptcies and out-of-court settlements. A member of Stinson’s Coronavirus Task Force, Tom advises clients firmwide on bankruptcy

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and restructuring matters during the pandemic.

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