

Glatzová & Co. Provided Legal Advice to Insolvency Administrator Tetera a spol. in Protecting the Interests of Creditors of Former Fair Credit International, SE

Glatzová & Co. provided legal advice to Tetera a spol., the insolvency administrator of the debtor CEPO Green3, SE, formerly Fair Credit International, SE. We managed to secure assets for the debtor's estate that no one had anticipated.

Following extensive legal analysis and forensic investigation, the insolvency administrator, represented by our firm, included the business enterprise of Fair Credit Czech s.r.o., a non-bank consumer credit provider, into the debtor's estate of CEPO Green3, SE. With the support of our law firm and EC Financial Services, which holds a non-bank consumer credit provider license, the insolvency administrator was prepared to take over the management of the business, which included a receivables portfolio exceeding CZK 1 billion. The purpose of this management was to professionally liquidate the receivables portfolio while reducing operating costs after the business operation, which, based on available information, was no longer a going concern, was terminated. However, the insolvency court held that the business operation could not be terminated before the resolution of the dispute over the exclusion of the business from the debtor's estate. This view of the insolvency court, although contradictory to insolvency principles from our perspective, ultimately led the insolvency administrator to enter into a multi-party settlement agreement with Fair Credit Czech and the major creditors of the business.

As a result of this settlement, the creditors of CEPO Green3, SE will receive compensation equivalent to the prospects that the managed liquidation under the leadership of EC Financial Services would have brought for these creditors. In other words, this is compensation comparable to the outcome of the management of the debtor's estate of CEPO Green3, SE consolidated with the assets and liabilities of Fair Credit Czech.

It is paradoxical that shortly after the settlement agreement was concluded, the insolvency administrator's prediction of the absence of a going concern and the need for a managed liquidation of the portfolio came true. Fair Credit Czech had its consumer credit provider license definitively revoked by the Czech National Bank.

The inclusion of Fair Credit Czech business enterprise into the debtor's estate was the first case of its kind. The insolvency administrator's inclusion of the business was an attempt to at least partially rectify the illegal actions related to the transfer of assets from Fair Credit International, SE to its sister company Fair Credit Czech over six years ago. These transactions particularly harmed small investors who still have outstanding claims exceeding CZK 700 million.

Václav Žalud, the head of the legal team from Glatzová & Co., commented: "The business management plan prepared by the insolvency administrator was one of the most professional proposals for addressing its critical state that I have encountered in my career. Although the courts did not grant us everything we sought, all our analyses were later proven correct during the proceedings. We faced unprecedented resistance not only from Fair Credit Czech but, paradoxically, also from the harmed creditors, who have yet to free themselves from the influence of those controlling this company."

David Bečvář, junior associate, who was a key member of the legal team, added: "Our experience with the inventory process exposed several shortcomings in the Czech legal system concerning this legal institute, along with a lack of understanding regarding the nature of a business enterprise as a collective thing. The settlement agreement secured substantial compensation for the creditors of CEPO Green3, SE."