

**CONSTANTINESCU
LAW &
INSOLVENCY IPURL**

**BUSINESS RECOVERY &
INSOLVENCY**



CONSTANTINESCU LAW & INSOLVENCY IPURL is member of the National Union of Insolvency Practitioners of Romania, registered in the Registry of Professional Insolvency Entities under no. RFO II – 0755 on 28th of March, 2014.

CONSTANTINESCU LAW & INSOLVENCY IPURL comply as *Insolvency Practitioner* with the following fundamental principles in all professional and business relationships: Integrity, Objectivity, Professional Competence and Due Care, Confidentiality, Professional Behaviour.

Insolvency Stages

The insolvency proceeding can be divided into three parts: the initial financial distress, the preliminary insolvency proceeding and, subsequently, the final insolvency proceedings.

In the field of insolvency we provide assistance in connection with:

Initiating the insolvency procedure

We assist and represent our clients in initiating and obtaining the acknowledgment of the insolvency of their debtors unwillingly or incapable of extinguishing their debts.

Contesting a request for insolvency

When our clients are subject to a request for insolvency initiated by their creditors, we provide them with legal assistance for contesting such request and avoiding entering in insolvency. Our services include assistance in relation to debt recovery and appraisal of the best strategy to follow in case of threatened bankruptcy.

Recovery of debt during insolvency

During the insolvency procedure we provide legal assistance to our clients (creditors) in respect of registering their receivables with the liquidator and defending their receivables in case of a challenge.

Assistance during insolvency procedure

We offer a wide range of assistance, accompanying our client in any phase of the insolvency procedure, advising on its specific rights and assessing the possible level of implication in order to determine the development of the insolvency procedure. We assist and represent our clients at all levels and in front of all and any authorities involved.

Our services include assessment of the legal feasibility of reorganization plans, analysis of the judicial reorganization plans or concrete proposals for termination of fraudulent acts directed at diminishing the debtor's assets.



GUIDING PRINCIPLES

Everything we do is guided by our Decalogue which is a set of principles that define us.

Pragmatic and Problem-Solving Attitude
Results Oriented
Ethical Conduct
Respect and Understanding
Leadership and Friendliness
Personal Commitment
Responsibility
Teamwork
Decision and Value
Flexible and Creative



APPLICABLE LEGISLATION

The law applicable to the insolvency proceedings and their effects is Law no. 85/2014 on insolvency prevention and insolvency procedures (the “Law”) was published in the Official Journal of Romania, Part I, no. 466 of 25 June 2014.

Related questions which are not addressed by the Law are governed by the new Romanian Civil Code and Civil Procedure Code. Additional laws may interact with the administration of an insolvent *professional*.

The general purpose of the Law is to opening a collective insolvency proceedings to *professionals* to be conducted in such a manner to pay the debtor’s liabilities and if reasonable, for the debtor to restructure itself in order to continue its activities.

According to the article 3 of the new Romanian Civil Code, which was enacted by means of the Law no. 287/2009, published in the Official Journal of Romania, Part I, no. 511 of 24 July 2009, a *professional* is the one who is operating an enterprise, and by operating an enterprise is understood the systematic exercising by one or several persons of an organized activity consisting of producing, managing, or alienating goods, or rendering services, irrespective of the fact that the same has or not for purpose to obtain a profit.

Based on the article 3 in the Civil Code the enterprise is a systematically organized, autonomous activity being carried on by a person (the entrepreneur) at their own risk, which consists of producing goods, executing works, and rendering services, irrespective of the fact that the same has or not for purpose to obtain a profit.

Since Romania is a member state of the EU, additionally, Council Regulation (EC) No 1346/2000 – the “**EU Insolvency Regulation**”, Directive 2001/17/EC of 19 March 2001 – the “**EU Insurance Undertakings Directive**” and Directive 2001/24/EC of 4 April 2001 – the “**EU Credit Institutions Directive**” are applicable and must be taken into consideration in cases of cross-border insolvency proceedings.

The practice of insolvency is governed by Government Emergency Ordinance no. 86/2006, published in the Official Journal of Romania Part I, no. 944 of 8 November 2006, as subsequently amended.



INSOLVENCY PREVENTION

A firm is in financial distress at a given point in time when the liquid assets of the firm are not sufficient to meet the current requirements of its hard contracts.

Mechanisms for resolving financial distress do so by rectifying the mismatch through restructuring the assets or restructuring the financing contracts, or both.

Both asset restructurings and debt restructurings can be accomplished either through a formal court-adjudicated process or in a voluntary out-of-court workout for resolving default and reorganizing companies in financial distress.

The choice of method used to resolve financial distress depends on the relative costs and benefits of each mechanism.

A company which faces financial distress may be placed into the following procedures:

- **Ad Hoc Mandate**
- **Conciliation proceeding (concordat preventiv/concordato preventivo)**

These procedures concern mainly companies that are not in cessation of payments stated it is not able to pay its debts with its available assets.



INSOLVENCY PROCEEDINGS

Under the Romanian law, insolvency is defined as the state of the debtor's patrimony characterized by the insufficiency of available funds for the payment of the certain due, liquid and exigible debts.

The insolvency is presumed as being obvious when the debtor, after 60 days as of maturity, has failed to pay his debt to the creditor; the presumption shall be relative.

The insolvency is imminent when it is proved that the debtor is not able to pay by the due date the exigible debts employed, with available funds on the maturity date.

Insolvency proceedings in Romania are always judicial proceedings held by competent bankruptcy court, which makes decisions and oversees the entire procedure.

The subjects participating in the proceedings include the debtor, creditors claiming their receivables, bodies representing the creditors (creditors' meeting and creditors' committee, bankruptcy court through a judge special designated – the syndic judge, and insolvency practitioner.

Under the Romanian law, insolvency proceedings can only be commenced upon filing an insolvency petition by a legitimate person who initiates the insolvency proceedings:

- **Voluntary filing:** the insolvency petition is filed by the debtor or its management
- **Creditor filing:** the insolvency petition is filed by any of its unpaid creditors.

The insolvency proceedings are formally commenced when the competent bankruptcy court through the syndic judge issues a decision declaring the insolvency of a debtor and commencing insolvency proceedings against such debtor.

General insolvency proceedings are the proceedings whereby a debtor shall enter, after an observation period, successively, in the judicial reorganization proceedings and bankruptcy proceedings or, separately, only in judicial reorganization or only in bankruptcy proceedings.

Simplified insolvency proceedings are the proceedings whereby a debtor goes straight into bankruptcy proceedings, either at the same time with opening the insolvency proceedings, or after an observation period of maximum 20 days, while the elements shown in law are examined.



OBSERVATION

The opening judgment initiates the commencement of an observation period of 12 months.

Observation period is the period between the date of opening of proceedings and the date of confirmation of his plan or, as applicable, of declaration of bankruptcy.

During the observation period:

- the company's financial, economic and employment situation is assessed and a proposed rescue plan is drafted
- the debtor shall be able to continue to pursue his current activities and can make payments to the known creditors, that fall within the normal conditions of exercising current activities
- the judicial administrator may demand that existing contracts with both vendors and customers continue to be honored
- the judicial administrator may negotiate the clauses of the credit contracts, so as they ensure the equivalence of the future payments



REORGANIZATION

The reorganization proceeding is a procedure aimed at enabling a company in financial difficulty to restructure itself in order to continue its activities and pay back its creditors and must be initiated when the company is already in cessation of payments.

Unlike bankruptcy, the aim is not the liquidation of the company, but its survival.

During judicial administration the debtor is protected against its creditors and cannot be declared bankrupt.

Judicial reorganization means the proceedings applied to the debtor, in view to paying off his debts, according to schedule for the payment of claims.

The reorganization proceedings involves the drawing up, approval, implementation and observance of a plan, called reorganization plan, that may provide the operational and/or financial restructuring of the debtor, the corporate restructuring by changing the registered capital structure and the limitation of activity by the liquidation of certain assets in the debtor's property.

The judicial administrator elaborates the reorganization plan of the debtor's activity depending on the causes and circumstances which led to state of insolvency. The reorganization plan is voted by the creditors and confirmed by the syndic judge.



BANKRUPTCY

Bankruptcy proceedings are conceived as a way to liquidate the business of the company (either as a going concern or by selling the assets piece by piece) with a view to paying the debts of the company.

Bankruptcy procedure is available if debtor aim is to liquidate and pay for its outstanding debts because he is in impossibility to recover. This represents the liquidation of all debtors' assets.

In cases of bankruptcy, the debtor's assets are sold and the creditors' claims are proportionally satisfied using the output of the sale of assets. Bankruptcy always leads to a liquidation of a debtor which is a legal entity.

As a rule, the company itself will cease to exist at the end of the bankruptcy proceedings and the shareholders of the company will no longer have a stake in the business (unless they purchase the business or assets from the receiver). It is not so much reorganization as liquidation.



VOLUNTARY LIQUIDATION

The shareholders meeting of a company can decide at any time to voluntarily liquidation and to dissolve the company.

No specific conditions as to the state of the company apply for a voluntary liquidation.

This is a voluntary procedure, under the shareholder's control, whereby the liquidators realizes the company's assets and distributes them in order to satisfy the creditors and repay the owners.

This is a terminal process, the liquidation followed by the dissolution of the company.

ADMINISTRATIVE RECEIVERSHIPS

An Administrative receivership is a way for many lenders to appoint **CONSTANTINESCU LAW & INSOLVENCY** as an Administrative Receiver to recover the money which is due when a company has breached the rules of its borrowing from a creditor.

Upon appointment, **CONSTANTINESCU LAW & INSOLVENCY** has extensive powers to notify secured and unsecured creditors of its appointment and to deal with the charged assets, including disposal of assets.

The appointment of **CONSTANTINESCU LAW & INSOLVENCY** as an Administrative Receiver does not prevent creditors from either continuing with or commencing any legal action against the company, including the petitioning for its insolvency or liquidation.



BAD DEBT ADVICE

CONSTANTINESCU LAW & INSOLVENCY offers advice for companies that are owed money or outstanding invoices for goods or services provided which, for whatever reason, are not being paid by the debtor.

Comprehensive corporate reports are carried out such as assessment reports, intelligence & regulatory reports to ensure the correct company is being searched to commence recovery proceedings and taking the full responsibility for pursuing the debt.

CONSTANTINESCU LAW & INSOLVENCY offers also advice and professional representation for creditors at the meeting of creditors and on the insolvency procedures when the debtor entered into a formal insolvency procedure.



INDUSTRIES

We bring customized solutions and a problem-solving approach based on intellectual capital with deep experience across industries, geographies and various market cycles.

- Agriculture
Crop and Animal Farming, Fisheries & Aquaculture, Forestry & Hunting, Farm Resources & Management, Rural Development
- Mining
- Oil & Gas
- Utilities
Electric Power, Natural Gas, Water, Renewable
- Construction
Building Materials, Construction of Residential and Non-Residential Buildings
- Food & Beverage Manufacturing
- Industrial & Personal Goods Manufacturing
Communications, Audio and Video Equipment, Fabric and Textile Product Mills, Furniture and Related Product, Household Appliance and Electrical Equipment, Industrial Machinery, Leather and Allied Product, Medical Equipment and Supplies, Motor Vehicle & Automotive, Paint, Soap and Detergent, Paper and Wood Product, Personal Goods, Petrochemical, Pharmaceutical and Medicine, Plastics and Rubber Product
- Metal & Fabricated Metal Product
- Industrial Machinery Manufacturing
- Wholesale Trade
Durable & Nondurable Goods
- Retail Trade
Durable Goods, Food & Drug, Specialized Retailers



INDUSTRIES

- Transportation and Support Activities Air Transportation, Freight Trucking, Ground Passenger Transportation, Rail Transportation, Water Transportation
- Postal Service and Express Delivery Services
- Telecommunications & IT / Broadcasting
- Finance Commercial Banking, Investment Banking and Securities, Open-End and Closed-End Investment Funds (UCITS), Pension Funds, Portfolio and Investment Management, Real Estate Holding & Development, Real Estate Property Managers, Special Financial Vehicles
- Environment and Waste Management Environmental policies and institutions, General water, sanitation and flood protection, Solid waste management, Wastewater Collection and Transportation, Wastewater Treatment and Disposal, Water supply
- Health Care Equipment & Services
- Hospitality Industry
- Sports, Leisure & Entertainment
- Business and Personal Services
- Public Administration Best Practices and Local Leadership , Economic and Social Planning, Governance and Institution-building, Public Administration and Development Management, Public-Private Partnerships
- Research and Technology
- NGO & Labor Unions
- International Affairs
- Transportation and Support Activities Air Transportation, Freight Trucking, Ground Passenger Transportation, Rail Transportation, Water Transportation



PARTNERSHIP



Web | www.ceccar.ro

Corpul Expertilor Contabili si Contabililor Autorizati din Romania (CECCAR)
The Body of Expert and Licensed Accountants of Romania



Web | www.cafr.ro

Camera Auditorilor Financiari din Romania (CAFR)
The Chamber of Financial Auditors of Romania



Web | www.anevar.ro

Asociatia Nationala a Evaluatorilor din Romania (ANEVAR)
The National Association of Romanian Valuers



Web | www.unpir.ro

Uniunea Nationala a Practicienilor în Insolventa din România (UNPIR)
The National Union of the Practitioners of Insolvency of Romania



Web | www.executori.ro

Uniunea Nationala a Executorilor Judecatoresti (UNEJ)
The National Union Of Court Executors





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Raluca's personal practice has been diverse over the years representing clients across the country and around the globe for more than 20 years.

Throughout her career, she has represented numerous private and public companies and organizations and has been recognized nationally and in the community for her professional, business and charitable leadership.

Raluca understood that the most important tasks of that role in a professional services organization would be to preserve and enhance the consistently high quality and the collaborative, respectful and empowering the devotion to serving the firm's clients, lawyers and staff, and the communities in which they live and work.

During her tenure as CEO, she directed the firm's growth which comprises nearly 60 lawyers and government professionals serving the firm's clients in 10 locations in Romania and strategic alliances in 14 locations around the globe.

Raluca's focus is to deliver business results which exceed expectations with an extraordinary sense of urgency, efficiency and excellence, while at the same time evidencing "old school" values of ethics, loyalty, family and personal accountability which create long term relationships and lasting trust across the decades.

Raluca graduated "Nicolae Titulescu" University in Law and received postgraduate diplomas in *National security and Defense and Command National security and Defense* from "Carol I" National Defense University, *National security* from "Mihai Viteazul" National Intelligence Academy and *International Relations* from Diplomatic Academy.

Raluca holds a *PhD in Military science and Information* from "Carol I" National Defense University.

Professional & Community Involvement: Member, The National Union of the Practitioners of Insolvency of Romania

Languages: English, French

Admitted to Practice: The National Union of the Practitioners of Insolvency of Romania



CONTACT

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