

AMENDMENT NO. _____ Calendar No. _____

Purpose: To expand the authority of bankruptcy courts to limit retention bonuses and severance pay to corporate insiders.

**IN THE SENATE OF THE UNITED STATES—109th CONGRESS,
1st Session**

S. 256

To amend title 11 of the United States Code, and for other purposes.

Referred to the Committee on _____ and ordered to be printed

Ordered to lie on the table and to be printed

AMENDMENT intended to be proposed by

Viz:

1 On page 202, between lines 12 and 13, insert the following:
2

3 **SEC. 331. LIMITATION ON RETENTION BONUSES, SEVER-**
4 **ANCE PAY, AND CERTAIN OTHER PAYMENTS.**

5 Section 503 of title 11, United States Code, is
6 amended by adding at the end the following:

7 “(c) Notwithstanding subsection (b), there shall nei-
8 ther be allowed, nor paid—

1 amount of the transfer or obligation is not
2 greater than an amount equal to 25 per-
3 cent of the amount of any similar transfer
4 or obligation made to or incurred for the
5 benefit of such insider for any purpose
6 during the calendar year before the year in
7 which such transfer is made or obligation
8 is incurred;

9 “(2) a severance payment to an insider of the
10 debtor, unless—

11 “(A) the payment is part of a program
12 that is generally applicable to all full-time em-
13 ployees; and

14 “(B) the amount of the payment is not
15 greater than 10 times the amount of the mean
16 severance pay given to nonmanagement employ-
17 ees during the calendar year in which the pay-
18 ment is made; or

19 “(3) other transfers or obligations that are out-
20 side the ordinary course of business and not justified
21 by the facts and circumstances of the case, including
22 transfers made to, or obligations incurred for the
23 benefit of, officers, managers, or consultants hired
24 after the date of the filing of the petition.”.