



Ministry of Justice
Republic of Latvia

Recent Improvements of the Insolvency Regime and the Way Forward

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The main cooperation partners on insolvency issues:

- ✓ National Development Council (14/08)
- ✓ Foreign Investors Council in Latvia
(25/09)
- ✓ American Chamber of Commerce
(15/10)



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Modifications

Problem: Abuses by insolvency administrators
- insider arrangements



Solved!

- ✓ one list of insolvency administrators
- ✓ random assignment of cases



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Modifications



Problem: Abuse of legal protection proceedings (LPP) to choose a favored administrator

Solved!

- ✓ Another administrator appointed when LPP are terminated and insolvency proceedings are started



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Modifications

Problem: Deadlock when opening of the insolvency proceedings is denied

Solved!

✓ Right to appeal introduced





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Modifications

*Problem: Abuses by insolvency administrators:
conflict of interest*



Solved!

- ✓ Improved legal framework introducing strict rules to avoid conflicts of interest



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Problem: False creditors

Solved!

- ✓ Obligation to report *prima facie* fraudulent creditor's claims;
- ✓ Possibility to suspend creditor's voting rights

Modifications





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Modifications

Problem: Raiderism of auctions.

Solved!



- E-auctions in insolvency proceedings to be introduced as of 1 January 2016;
- Currently there is a temporary solution put in place to prevent raiderism of auctions.



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Modifications

Problem: Ineffective enforcement of administrative sanctions

Solved!

- ✓ As of 1 January 2015 the authority to impose administrative sanctions transferred from the State Police to the Insolvency Administration;
- ✓ More effective evaluation of the circumstances of the cases and offenses.



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Further developments



Other measures:

- ✓ On 19 June 2015 the **Working group on Insolvency Law** formally created;
- ✓ The Ministry of Justice in coordination with the IMF and the Working group on Insolvency Law working to create **indicators to evaluate the insolvency regime;**
- ✓ Ministry of Justice is developing **insolvency policy guidelines.**



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Further developments

- ✓ **Creation of an electronic reporting system for insolvency administrators;**
- ✓ **Evaluation of LPP;**
- ✓ **Monitoring of LPP and insolvency proceedings;**
- ✓ **Making the judiciary more effective.**



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Further developments



The reform of the profession of insolvency administrators

will:

- improve supervision;
- raise the responsibility level;
- increase transparency;
- raise the prestige of the profession;
- liberate the profession from dishonest persons.



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Thank you for your
attention!