

What Is an Assignment for the Benefit of Creditors and How Does It Differ From a Bankruptcy?

Creditor's Rights Toolkit

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An assignment for the benefit of creditors (ABC) is a process by which a financially distressed company (referred to as the assignor) transfers its assets to a third-party fiduciary (referred to as the assignee). The assignee is responsible for liquidating those assets and distributing the proceeds to the assignor's creditors, pursuant to the priorities established under applicable law.

This article discusses the important distinctions between an ABC and a bankruptcy case. To access this article and read other insights from our Creditor's Rights Toolkit, [please click here](#).

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