

Frequently Asked Questions

1. What is Chapter 11?

Chapter 11 of the U.S. Bankruptcy Code is a legal mechanism for court-supervised reorganization for restructuring of the Company's obligations. Chapter 11 provides a way for companies to address their financial issues in order to while continuing day-to-day operations.

2. What happens during Chapter 11?

The Chapter 11 filing triggers a “automatic stay” that prevents anyone from collecting debts owed by Cred Inc. and its subsidiaries (collectively, “Cred”) or attempting to exercise control over assets held by Cred while the bankruptcy case is pending.

Chapter 11 permits daily operations of Cred’s business to continue. Employees will be paid, and goods or services ordered after the filing date will be paid for in the ordinary course of business.

While business continues, management and its creditors negotiate so that Cred can formulate and propose what is called a “Chapter 11 Plan.” Once the Chapter 11 Plan is filed with the court, creditors and stockholders vote to approve the plan. When the Chapter 11 Plan is accepted by at least one class of creditors, it can be confirmed by the court so that Cred can begin making distributions to its creditors.

3. Why did Cred file for protection under Chapter 11 of the U.S. Bankruptcy Code?

Cred took this step only after very careful consideration and consultation with experienced financial and legal experts. Cred decided that this would be the most effective path—the path that would best protect the value of Cred’s assets for the benefit of its creditors and other stakeholders. The bankruptcy filing gives Cred time to implement a Chapter 11 Plan to maximize creditor recoveries and potentially sell assets.

4. Does this mean that Cred is going out of business?

No. Cred filed for bankruptcy protection under Chapter 11 of the United States Bankruptcy Code in order to address its immediate liquidity needs. Cred will use the tools of Chapter 11 to explore a variety of alternatives, which may include pursuing a sale of its business and ultimately proposing a Chapter 11 Plan.

4. Does Cred have enough cash to stay in business?

Cred has sufficient liquidity to fund its operations during the bankruptcy process.

5. How long will the Chapter 11 process take?

There is no way to predict today with certainty how long the process will ultimately take. Cred hopes to resolve its issues and emerge from bankruptcy protection as soon as possible.

6. Which entities are included in the filing?

Please refer to the Cred's restructuring website at: www.donlinrecano.com/Cred

7. Where can I find Chapter 11 case information?

Please refer to the Cred's restructuring website at: www.donlinrecano.com/company or the court's website at ecf.deb.uscourts.gov.

8. I have unpaid invoices dated before the bankruptcy date (i.e., pre-petition invoices). What should I do?

Once the Bankruptcy Court has confirmed the procedures and deadlines for filing claims, you will receive a proof of claim form and instructions on how to file the form.

9. Will I need a claim form, or will I automatically be paid for the outstanding, pre-petition amount owed to me?

Yes, you will need a claim form. At some point in the case, every creditor will receive a copy of a Bar Date Notice which will be accompanied by a proof of claim form with instructions as to deadlines, etc. If you have any questions regarding filing a claim, please seek the advice of legal counsel.

10. Why can't Cred pay me what I am owed?

United States bankruptcy laws generally prohibit the payment of all unpaid liabilities incurred before Cred filed for bankruptcy. Cred sincerely regrets the difficulties that this may cause you.

11. What is my current balance? What is my pre-petition balance?

Cred cannot provide current balances outstanding at this point because it is in the process of reviewing all of its records and separating pre- and post-petition invoices. However, Cred will be filing a "Schedule of Assets and Liabilities." In this document, Cred will list balances it believes are owed to its creditors. If you have further questions about this, please contact your own legal and financial advisors.

12. Can't you give me some idea of how much I will get paid for my claim?

Not at this time. While Cred cannot promise what the amount of payout will be on your claims, you can be sure that Cred will do everything it can to achieve the maximum recovery for all creditors.

13. Is it true that parties with outstanding pre-petition claims only get a few cents on the dollar for unpaid invoices?

At this time, Cred is not able to estimate what value a general unsecured claim will have in its Chapter 11 cases.

14. When will I receive payment for goods and services delivered after the bankruptcy date?

Goods and services delivered after the bankruptcy filing date (November 7, 2020) will be paid according to established terms.

15. Do you intend to pay my pre-petition balance?

Unfortunately, federal bankruptcy laws generally prohibit Cred from paying outstanding amounts due for goods and services received before the filing date (November 7, 2020).