

Опыт многих зарубежных и даже некоторых белорусских компаний показывает, что этот инструмент очень эффективен в современных реалиях экономики и, исходя из наших рассуждений, он и дальше будет развиваться в нашей стране.

## **BANKRUPTCY**

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Company's lifecycle starts with opening a business and ends with bankruptcy procedures. Nowadays, small and medium-sized businesses pay little attention to bankruptcy procedures due to different reasons. Meanwhile, bankruptcy depends on domestic legislation. Consequently, bankruptcy procedures in the United States and in Belarus substantially differ from each other. As much as the population in the USA is approximately 10 times higher than in Belarus, it makes sense to take into consideration the New York State to equalize the input information. In addition to that, both organizations have been chosen from the financial sphere: Lehman Brothers in America and Delta Bank in Belarus.

Bankruptcy of Lehman Brothers in 2008 was the largest bankruptcy filing in the US history, with Lehman holdings over USD 600 billion in assets. The bank had been involved in mortgage orientation, but actually it was a real estate hedge fund disguised as an investment bank [4]. Whereas bankruptcy of Delta Bank in 2015 was a real type of bankruptcy that means that the bank couldn't pay the debts.

According to the Belarusian Law, bankruptcy is insolvency, which is constant or is becoming constant, which is recognized as a bankrupt by Economic Court with the liquidation of a debtor, including a legal person and an individual entrepreneur [1]. Whereas American Codex says, that bankruptcy is a legal status of a person or other entity that cannot repay the debts it owns to creditors [2].

In the United States government pays a lot of attention to Bankruptcy fraud, which involves concealment of assets, documents, declarations and fee fixing. It is a federal crime in the US. On the other hand, there is strategic bankruptcy that is a real bankruptcy state.

Considering bankruptcy, it is clear that it has particular reasons, which are similar in all the countries, for it mostly depends on the sphere. In our case, it is a banking sphere (table 1).

Bankruptcy reasons:

1. Commercial banks delinquent payments.
2. Losses. The main reason for bankruptcy is unprofitable activity. It means that expenditures exceed profit.

3. Criminal activities.
4. Economic reasons. Inflation rate, tax rate, rates on bank loans, currency fluctuations, a decline in personal incomes.
5. Political reasons. Impact of authority representatives, systematic violation of the law.

Since 1991 on the territory of the Republic of Belarus there have been opened 62 banks and 30 of them went bankrupt. At the moment, five out of 32 official banks are in the process of insolvency, such as Delta Bank, InterPayBank, EuroBank, Nord European Bank, Technology Invest Bank. In addition to that, according to the National Bank of the Republic of Belarus bank assets in March 2017 accounted for BYN 61208,6 mln. with the 5,1 per cent decrease compared with January 2017 [3]. Statistical information says that there is a perplexing situation in the banking sphere due to unstable situation in general.

*Table 1*

**Table of procedures variations**

Criterion	United States of America	Republic of Belarus
Bankrupt organization	Lehman Brothers	Delta Bank
Legislation	United States Code, Title 11, Bankruptcy	Law of Economic Insolvency and Bankruptcy № 415-3 from 13.07.2012
Court	Bankruptcy Court (BC)	Economic Court (EC)
Time	4 years	2 years already
Decision making	Lehman Brothers officially announced plans to conduct an additional issue of shares worth USD 5 billion in order to attract new shareholders.	Board of directors makes a decision to go bankrupt due to impossibility to pay
		Appointment of the liquidation commission
		To inform registration authorities about bankruptcy procedure
Balance	Lehman Brothers published a balance sheet, after which the shareholders started selling shares, which led to a collapse	Commission prepares a liquidation balance and analyses a current state of the organization
		The analysis is the base for the application to the EC. In 10 days all the employees must be informed about a firm's insolvency

*Continuation of Table 1*

Attempts to save the bank	The management of the Lehman Brothers bank began negotiations with the US authorities with a proposal to nationalize the bank in order to save it, which was categorically rejected	EC prosecutes a case and appoints an insolvency representative
		Receivership is against the debtor in mass media
		Lenders require claims to the debtor (2 month)
		An insolvency representative makes a report about the current state to the EC
	Liquidation proceedings became opened in 16 countries, for international company	Liquidation proceedings became open
	Lehman Brothers officially went bankrupt and excluded from the register	
Creditors	Creditors' satisfactory procedures, including selling assets	Creditors' satisfactory procedures
		An insolvency representative makes a final report about the liquidation process to the EC
		The organization is excluded from the register

*Table 2*

### Differences

United States of America	Republic of Belarus
<p>Six types of bankruptcy [2]:</p> <p>Straight bankruptcy (liquidation for individual and businesses)</p> <p>Municipal bankruptcy ( liquidation for the municipal debtors)</p> <p>Corporate bankruptcy (corporate reorganization by following debt payments plans)</p> <p>Family farmers and fishermen</p> <p>Wage Earner Bankruptcy (rehabilitation with a payment plan for individuals with regular income)</p> <p>International bankruptcy (mechanism for dealing with foreign debtors)</p>	<p>Three type of bankruptcy [1]:</p> <p>Real (organization cannot pay debts)</p> <p>Technical (organization cannot pay debts, but the amount of assets significantly exceeds the balance)</p> <p>Fictitious in order to obtain a deferred payment</p>

*Continuation of Table 2*

Bankruptcy is not a synonym for insolvency, because bankruptcy is not the only legal status that an insolvent person may have (bankruptcy is applied more broadly)	Bankruptcy is a synonym for insolvency
Certain assets of the debtor are protected, such as Social Security payments, unemployment compensation, limited values in a home, car, truck, household goods, and books [2].	Depending on if the Economic Court decides that this is a fault of the company's owner, he will have to pay all the debts with his own property.
Debtor must devote some portion of his future income to repaying creditors	Debtor must either not to pay creditors for being insolvent or to pay all the debts with his own property
All the information about bankruptcy procedures is opened for public viewing (Lehman Brothers went bankrupt holding over USD 600 billion in assets)	The information is partly opened (Delta Bank sold more than USD 2,56 billion assets)
Firstly, the bankruptcy procedure ends and the bank is excluded from the bank list. After these actions, the bank begins to sell assets and settle accounts with creditors	In Belarus, a bank cannot be excluded from the register before the assets' sale and creditors' interests satisfaction

In conclusion, it can be said that the bankruptcy procedures in America and Belarus are significantly different, as well as definitions and types (table 2). It can be seen that bankruptcy in both countries has common advantages, such as a possibility of closing unprofitable business and starting a new one, resumption of the organization's life cycle, bankruptcy can be considered as a healing procedure, which will save the organization from debts, as well as one of the ways of paying off debts. Also disadvantages, including the length of the procedure and its complexity and negative impact on the partners and clients of the banks.

#### **List of references**

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