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Construction Roundtable of New Jersey Examines Rising Tide of Contractor Bankruptcies

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Contractor Bankruptcy Filings are Impacting Property Owners

EDISON — Leonard C. Walczyk, Esq. <<http://www.wjlaw.com/lcw.html>> of the Millburn law firm of Wasserman, Jurista & Stolz <<http://www.wjlaw.com/>> told a recent meeting of the Construction Roundtable (CRT) of New Jersey <<http://www.crtnj.org/>> that the “current financial conditions have made contractors so desperate for work that they will take any job they can get, no matter what the risk, resulting in a rising tide of bankruptcies statewide.”

“General contractor bankruptcy filings are increasing dramatically and can have a significant impact on both industrial owners and subcontractors,” said Walczyk. “Owners and subs need to take steps before and during GC bankruptcy filings to protect themselves now more than ever before.”

CRT is the New Jersey chapter of the Construction Users Roundtable <<http://www.curt.org/>> (CURT), a national not-for-profit organization that strives to produce meaningful changes within the construction industry-promoting overall cost effectiveness; and improving the way construction planned, managed, justified and executed.

The monthly meeting of CRT members and guests at the Metuchen Golf & Country Club focused on the rising concern surrounding bankruptcies.

“General contractors who file for bankruptcy in the middle of a project leave both the owners and subcontractors in limbo,” Walczyk said. “In this economic climate, the best strategy for industrial project owners is to make certain their contracts require that GCs pay their subcontractors and suppliers prior to receiving any progress payments or retainer fees. Meanwhile, subcontractors should be equally vigilant about protecting their lien right and should try to get joint check arrangements to

assure payment.”

CRT of New Jersey provides regular educational programs to help improve the quality and cost effectiveness of construction and maintenance projects.

“Our goal is to provide a forum to address owner construction and maintenance issues especially safety, labor relations, productivity improvement and other cost reduction strategies,” said Connie DesRochers, CRT of New Jersey Executive Director. “The bankruptcy program, like our seminars and other monthly meeting programs, are designed to promote best practices among owner companies. Owners have a goal of completing their buildings and need to take action to work with struggling contractors, rather than grind through the difficulties of bankruptcy, litigation or lawsuits.”

For more information, please visit www.crtnj.org <<http://www.crtnj.org>> or call 732-225-2519.

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