

Translation Endorsed by the Law Committee of the National Assembly of the Lao PDR

LAO PEOPLE'S DEMOCRATIC REPUBLIC
PEACE INDEPENDENCE DEMOCRACY UNITY PROSPERITY

President's Office

No. 52/PO

DECREE
of the
PRESIDENT
of the
LAO PEOPLE'S DEMOCRATIC REPUBLIC

On the Promulgation of the Law on Bankruptcy of Enterprises

Pursuant to Chapter 5, Article 53, point 1 of the Constitution of Lao People's Democratic Republic which provides for the promulgation of the Constitution and of laws which are adopted by the National Assembly; and

Pursuant to Resolution No. 010, dated 14 October 1994, of the 5th Ordinary Session of the third legislature of the National Assembly regarding the adoption of the Law on Bankruptcy of Enterprises.

**The President of the Lao People's Democratic Republic
Decrees That:**

Article 1. The Law on Bankruptcy of Enterprises is hereby promulgated.

Article 2. This decree shall enter into force on the date it is signed.

Vientiane, 5 November 1994
The President of the Lao People's
Democratic Republic

[Seal and Signature]

Khamtai SIPHANDONE

LAO PEOPLE'S DEMOCRATIC REPUBLIC
PEACE INDEPENDENCE DEMOCRACY UNITY PROSPERITY

National Assembly

No 06/94
14 October 1994

LAW ON BANKRUPTCY OF ENTERPRISES

Chapter 1
General Provisions

Article 1. Purpose of the Law on Bankruptcy of Enterprises

The purpose of the Law on Bankruptcy of Enterprises is to resolve [the problem of] insolvent enterprises¹ in order to protect the interests of the State, the creditors, the debtor enterprises, loans and credit facilities², to maintain order in the conduct of business, to promote investment and to contribute to socio-economic development.

Article 2. Insolvent Enterprises

An insolvent enterprise [refers to] an enterprise which is facing difficulty or is suffering losses in its business activities and has used all necessary financial measures but is unable to settle its debts as they become due.

Article 3. Scope of the Law

This law applies to all enterprises which are insolvent and which are located or conduct business in the Lao People's Democratic Republic, regardless of whether their activities are conducted by themselves or by a representative.

Article 4. Right to File a Petition or a Request for Bankruptcy

When an enterprise is insolvent, the creditor has the right to file a petition or the enterprise itself has the right to file a request to the court for consideration [and] declaration³ of bankruptcy.

¹ The Lao term is literally “enterprise in a state of bankruptcy”, where the addition of the words “state of” in front of the word “bankruptcy” is intended make a distinction between factual insolvency (in Lao: the “state of bankruptcy”) and the status of having legally been adjudicated bankrupt (in Lao: simply, “bankruptcy”). The translators have consistently translated “state of bankruptcy” as “insolvency”.

² The translators are aware that it is awkward to speak of “protecting” or “protecting the interests of” “loans and credit facilities”. However, the original Lao text does not support any other subject for this verb.

Chapter 2

Filing of a Petition or Request for Bankruptcy

Article 5. Conditions for Filing a Petition or a Request for Bankruptcy

A petition or request to a court for adjudication [and] declaration of bankruptcy of an enterprise can be filed when such enterprise has debts which exceed its ability to settle [such debts] or the creditor has sent debt repayment notices to the debtor enterprise at least three times, where the interval between each notice is not less than twenty days and the debtor enterprise has signed to acknowledge receipt but has not settled its debts.

In the event that an enterprise finds that it has difficulties and foresees that it will not be able to settle its debts, it may request the court to adjudicate [and] declare the enterprise bankrupt.

Article 6. Creditor's Petition File

A creditor's petition file to the court comprises:

1. A request containing the name, surname, and address of the petitioner,⁴ [and the] the name and location of the enterprise which is being petitioned⁵ for adjudication [and] declaration of bankruptcy;
2. Debt repayment notices and documents confirming the debts, which the enterprise did not settle when such debts became due.

The petitioner for adjudication [and] declaration of bankruptcy must pay court fees according to the Law on Court Fees.

Article 7. Enterprise's Request File

An enterprise's request file to the court comprises:

1. A request containing the name and location of the enterprise, the name and surname of the owner or representative of the enterprise;
2. Documents confirming the use of various methods to resolve the enterprise's difficulties in the past;

³ This is a translation of a compound Lao word with the connotations of both “consideration” and “declaration”. The translators have translated such compound word as “consideration [and] declaration” (or variants thereof). Sometimes, the first part of this compound word is used alone and, in such cases, the translators have translated the word as “consideration”.

⁴ In Lao, a comma is often used, without further elaboration, to mean “and”. Wherever the intended meaning is clear, the translators have translated such commas in one of two ways: (i) by deleting the comma and substituting it with the word “and” in square brackets (i.e., [and]); or (ii) by retaining the comma and adding the word “and” in square brackets (i.e., , [and]). Where the meaning is more ambiguous, the translators have translated the text literally, retaining the comma alone.

⁵ The terms “enterprise which is being petitioned” or “person which is being petitioned” is used to refer to the entity which is the subject of a petition for bankruptcy.

3. Minutes of the general meeting of the enterprise giving consent to the request to the court for adjudication [and] declaration of bankruptcy. For sole-trader enterprises and one-person limited companies⁶, it is not necessary to have such minutes;
4. A list of creditors and the amount of debt, [and] a profit and loss statement and summary of activities of the enterprise for the last two years. If the enterprise has conducted activities for less than two years[,] a profit and loss statement and a summary of activities for the entire period of activities of the enterprise must be submitted.

The person who has requested the court to adjudicate [and] declare the bankruptcy of his⁷ enterprise must pay court fees according to the Law on Court Fees.

Article 8. Acceptance of a Petition or a Request

A court will accept a petition for adjudication [and] declaration of bankruptcy if the petitioner is a creditor or is the person who has been authorized by a creditor in writing, and if the petition file complies with the provisions of Article 6 of this law. The enterprise's request shall comply with Article 7 of this law.

Article 9. Responsibility of the Petitioner

In the event that a petition for adjudication [and] declaration of bankruptcy does not contain sufficient reasons and has the purpose of causing damage to the person which is being petitioned, the petitioner will be prosecuted under the laws.

Article 10. Term for Consideration of a Petition or a Request

Within 7 days from the date the court receives the petition, the court must notify the petitioner of its decision. If the court decides to accept a petition for consideration, the court must notify in writing the enterprise which is being petitioned and attach a copy of the petition [to such notice].

Within 15 days from the date of receipt of the court's notice, the enterprise which is being petitioned must send a report confirming its ability to settle its debts to the court.

Within 35 days from the date the court has decided to accept a petition, the court must hold a meeting to consider such petition.

In the event that an enterprise has requested the court to adjudicate [and] declare on its bankruptcy, within 7 days from the date the court has decided to accept the request, the court must notify creditors in writing, and determine the date and time of the meeting

⁶ Readers may wish to refer to the Business Law for more information about these types of entities.

⁷ Readers should note that the Lao language does not distinguish between genders in pronouns. In this translation, a reference to a gender is a reference to all genders, unless the context requires otherwise. The translators' decision to use the male gender was made in the interests of simplicity and consistency.

in which the court will consider the request. Such meeting must be held within 35 days from the date the court decides to accept the request.

Chapter 3

Consideration of a Petition or a Request for Bankruptcy

Article 11. Rejection or Acceptance for Consideration of a Petition or a Request

In the consideration of a bankruptcy case based on a creditor's petition or a request of an enterprise itself, when the court finds that there is insufficient supporting evidence, the court shall reject the petition or the request. The petitioner or the person requesting [a bankruptcy] has the right to appeal within 15 days from the date it becomes aware of the court's decision.

Article 12. Mediation between Creditors and Debtor Enterprises

An insolvent enterprise has the right to propose that the court conduct mediation. If the court finds it appropriate, the court will appoint a mediator to conduct the mediation in order to find a compromise in the settlement of debt between major creditors⁸ and the enterprise.

Mediation must be kept confidential. The mediator has the duty to mediate between creditors and debtor enterprises in order to reschedule debt payment or reduce the debts while also requesting the suspension of the request to the court.

Article 13. Result of Mediation

In the event that the creditors and the debtor enterprise can agree on a settlement and the debtor enterprise is able to perform according to the memorandum of mediation, the debtor enterprise shall continue to conduct its activities and the request will be cancelled.

In the event that the case cannot be mediated or the memorandum of mediation cannot be implemented, the court shall determine a time when the settlement [process]⁹ must be ended, appoint a judicial panel to adjudicate [and] declare on the bankruptcy of the enterprise being petitioned and appoint an asset supervision committee¹⁰.

Article 14. Rights and Duties of the Court

In the adjudication [and] declaration of the bankruptcy of an enterprise, the court has the following rights and duties:

1. To collect documents [and] evidence for the adjudication [and] declaration of the bankruptcy of a debtor enterprise;

⁸ The literal translation of this term is "large creditors".

⁹ This term appears to be a reference to the attempt to settle through mediation.

¹⁰ This term is also sometimes translated as "asset control committee"

2. To follow-up on and inspect the activities of the asset supervision committee;
3. To determine temporary measures, if necessary, to protect the security¹¹ of a debtor enterprise;
4. To supervise creditors' meetings;
5. To decide on the suspension or cancellation of the adjudication [and] declaration of bankruptcy of a debtor enterprise;
6. To declare the debtor enterprise bankrupt.

Article 15. Asset Supervision Committee

The asset supervision committee comprises:

1. One employee of the provincial or municipal court as the head [of the committee];
2. Creditor's representative¹²;
3. Representative of the debtor enterprise;
4. Representative of the provincial or municipal trade union;
5. Representative of the workers of the debtor enterprise;
6. Employee of a finance authority.

Article 16. Supervision of Assets

After the court has decided to supervise the assets of the debtor enterprise which is being petitioned, such enterprise may continue to conduct its activities but shall be under the supervision of the court and the asset supervision committee. It is prohibited to hide or move assets, [or] to sell or transfer assets. Shareholders of the enterprise which is being petitioned must fully pay up the unpaid portion of their share subscriptions within 15 days from the date they receive notice regarding the supervision of assets by the court.

Article 17. Assets which are Supervised for Debt Repayment

The assets of an enterprise which are supervised for debt repayment include all assets which are the property of the enterprise or which are under the control of the enterprise[,] which includes:

1. Fixed and movable assets of the enterprise, including assets leased out¹³ and assets that have been lent¹⁴;
2. Cash and assets contributed as capital;
3. Receivables of the enterprise.

11 This term is a reference to "physical security" of the debtor, not to "security" in the sense of property to guarantee obligations.

12 Except for clause 1 of this article, which clearly specifies that there will be one employee of the courts on the asset supervision committee, all the other items in the list are ambiguous as to whether they are singular or plural. The translators have therefore simply used the singular form in this list.

13 This term appears to be a reference to leases or rentals described in articles 49 to 52 of the Law on Contracts.

For enterprises owned by individuals or partnerships which have been adjudicated [and] declared bankrupt, personal items and production equipment necessary for the occupation of the debtor will not be subject to supervision for debt repayment [and] the total value of such assets shall not exceed two hundred thousand Kip.

Article 18. Rights and Duties of the Asset Supervision Committee

The asset supervision committee has the following rights and duties:

1. To draw up a list [specifying] the quantity of the assets of the debtor enterprise;
2. To inspect and supervise the assets of the debtor enterprise. In necessary cases, [the asset supervision committee] has the right to propose to the court to decide on the use of necessary and urgent measures on a temporary basis to protect the assets of the debtor enterprise;
3. To draw up a list of creditors and the amount of debt payable to creditors;
4. To notify the public about the supervision of the assets of the debtor enterprise and determine the timeframe within which the creditors can make claims.

The asset supervision committee is liable to the court regarding the performance of its duties. Necessary expenses incurred in the supervision of assets shall be borne by the debtor enterprise.

Article 19. Creditor's Meeting

Participants¹⁵ in a creditor's meeting comprise:

1. Creditor whose name appears in the list [of creditors] or such creditor's representative;
2. Representative of the debtor enterprise;
3. Representative of the provincial or municipal trade union;
4. Representative of the workers of the debtor enterprise.

Article 20. Calling of a Creditor's Meeting

A creditor's meeting is called by the asset supervision committee or based on a proposal of a creditor representing 1/4 of the total debt.

¹⁴ This term appears to be a reference to loans under Article 46 of the Law on Contracts.

¹⁵ The items in this list are ambiguous as to whether they are singular or plural. The translators have therefore simply used the singular form in this list.

The invitation and the agenda of the meeting must be sent to the participants in the meeting at least three days before the date when the meeting [is scheduled to] start.

The creditor's meeting may be held if more than half of the creditors representing not less than 2/3 of the total debt are present in the meeting.

Article 21. Rights and Duties of a Creditor's Meeting

A creditor's meeting¹⁶ has the following rights and duties:

1. To consider the enterprise rehabilitation plan and the organization of business operations;
2. To study and submit proposals to the court regarding the division of the enterprise's assets in the event that the rehabilitation plan of the enterprise has not been agreed upon.

Article 22. Suspension of a Creditor's Meeting

A creditor's meeting shall be suspended in the following cases:

1. Creditors who participate in the meeting represent less than half of the total number of creditors and do not represent 2/3 of the total amount of debt;
2. A resolution to suspend the meeting has been reached by a majority vote of the creditors representing at least 2/3 of the total amount of debt of creditors participating in the meeting.

Article 23. Obligations of the Debtor Enterprise to the Creditor's Meeting

At the creditor's meeting, the enterprise owner or the enterprise representative has the duty to explain plans for mediation and various methods of restructuring the organisation and operations¹⁷ of the enterprise, [and to] provide clarification on issues raised in the creditor's meeting. In the event that an enterprise owner or an enterprise representative is unable to participate in the meeting for some reason, he must authorize another person to participate in the meeting on his behalf. The person who has been authorized to attend the meeting on his behalf has the same rights and duties as the owner or the representative of the enterprise. In the event that the owner of a sole- trader enterprise is deceased, the successor of the enterprise owner shall attend the meeting.

¹⁶ The term "creditor's meeting" is used interchangeably to mean "a meeting of creditors" and "those creditors who are assembled at a meeting of creditors". Readers should consider the context of usage in determining which of these two meanings is intended. In Article 21, the second meaning is intended.

¹⁷ The original Lao text refers specifically to the restructuring of both the organisation and the operations of the enterprise by using two terms, which may literally be translated as "organisation anew" and "operations anew".

Article 24. Forms of Decision of the Creditor's Meeting

The creditor's meeting shall decide [and] propose to the court to consider one of three forms as follows:

1. Rehabilitation of the enterprise;
2. Sale of business;
3. Bankruptcy and liquidation.

Article 25. Resolution of the Creditor's Meeting

A resolution of a creditor's meeting shall be effective when there has been a vote of creditors representing at least 2/3 of the total debt.

Chapter 4 Rehabilitation of the Enterprise

Article 26. Obligations of the Enterprise Owner or Representative

The enterprise owner or representative is responsible for implementing the rehabilitation plan of the enterprise in accordance with the decision of the court.

Article 27. Rights and Duties of Creditors

Creditors have the rights and duties to implement a court decision and to monitor the implementation of the rehabilitation plan of the debtor enterprise.

Article 28. Transfer of Assets

Assets which are necessary for the continued business operations of a debtor enterprise cannot be sold or transferred without court approval.

Article 29. Amendment to the Articles of Association of the Enterprise

The articles of association of an enterprise being rehabilitated may be amended to comply with the rehabilitation plan.

Article 30. Increase of Capital

To allow continued business operations according to a rehabilitation plan, an enterprise may have to increase [its] capital.

The increase of capital may be accomplished in the following ways:

1. Increase of the value of the shares;
2. Making a creditor a shareholder;
3. Increase in the number of shares;

4. Loans.

Article 31. Rehabilitation Period

The rehabilitation period shall not exceed 2 years from the date the court has decided on the rehabilitation plan.

During the rehabilitation period the enterprise must settle [its] debts according to the rehabilitation plan.

Article 32. Court Decision

Once the rehabilitation period is over, if the enterprise can successfully conduct its business, the court will decide that [the enterprise] continue to conduct its business[:] if the enterprise is unable to rehabilitate, the court shall declare the enterprise bankrupt.

During the rehabilitation period of the enterprise, the court can declare the enterprise bankrupt at any time if the court finds that such enterprise cannot be rehabilitated.

Article 33. Sale of Business

From the date the court has decided to supervise the assets of the debtor enterprise, [any] individual or legal entity can propose a purchase of all of the business of the enterprise or any portion thereof.

In the case of a request to purchase a portion of the business, the court must clearly determine which assets may be sold.

Article 34. Criteria of a Purchaser

The court must study [and] select a person who is able to pay for the purchase of the business within the timeframe determined by the court. The purchaser of the business can sell or transfer the assets of the enterprise to other persons as long as he has already fully paid for the business.

**Chapter 6
Bankruptcy and Liquidation**

Article 35. Declaration of Enterprise Bankruptcy

The court shall declare an enterprise bankrupt in any of the following cases:

1. An enterprise owner or representative has no plans to rehabilitate the enterprise;
2. An enterprise owner or representative is unable to perform as provided for in Article 23 of this law;
3. The creditor's meeting does not accept the rehabilitation plan of the enterprise;

4. The period for the rehabilitation of the enterprise has expired but the enterprise's business operations do not generate any profit and the creditors have requested consideration of bankruptcy;
5. The enterprise has seriously violated a court decision during the rehabilitation process of the enterprise;
6. The enterprise owner has fled or is deceased and the successor rejects the succession or there is no successor during the period of adjudication [and] declaration of bankruptcy of the enterprise.

Article 36. Court Decision

A court decision of bankruptcy comprises the following key contents:

1. The name of the court, [and] name and surname of the judge adjudicating [and] declaring the enterprise bankrupt;
2. The date and reference number of the petition for adjudication [and] declaration of bankruptcy;
3. The name and registration number of the enterprise declared bankrupt;
4. The date when the enterprise was declared bankrupt;
5. The grounds for declaring the enterprise bankrupt;
6. The plan for the distribution of the assets of the enterprise.

Article 37. Appeal Against the Court Decision

Creditors, enterprise owners or representatives have the right to request an appeal against the court decision on enterprise bankruptcy within 15 days from the date of acknowledgement of such decision.

Article 38. Appointment of a Liquidation Committee

The court decides on the establishment of a liquidation committee, which comprises:

1. Judgment enforcement officer¹⁸ as the head [of the committee];¹⁹
2. Representative of a finance authority;
3. Representative of a provincial or municipal bank;
4. Creditor's representative;
5. Representative of provincial or municipal trade union;
6. Representative of the workers of the debtor enterprise;
7. Representative of the debtor enterprise.

Article 39. Rights and Duties of the Liquidation Committee

The liquidation committee has the following rights and duties:

1. To inspect the assets and liabilities²⁰ of the enterprise;
2. To accept the transfer of assets, [and] other relevant documents from the asset supervision committee;

3. To nullify illegal contracts entered into by the enterprise;
4. To collect the assets of the enterprise;
5. To auction the assets of the enterprise;
6. To distribute the assets to creditor[s];
7. To distribute the [assets] remaining after debt payment to the enterprise owner or to the shareholders of the enterprise.

The necessary expenses incurred in relation to the liquidation process shall be borne by the debtor enterprise.

Article 40. Nullification of Illegal Contracts or Documents

18 Readers may wish to refer to the Law on Judgement Enforcement for more information on the role and powers of judgment enforcement officers.

19 The items in this list are ambiguous as to whether they are singular or plural. The translators have therefore simply used the singular form in this list.

20 In Lao, the same word is used for both “debt” and “liabilities”. Here, the translators have chosen “liabilities” because there appears to be an intention to refer to obligations of all kinds, not just “money debt” obligations.

In order to collect the assets of the enterprise to pay its debts effectively, the liquidation committee has the right and duty to inspect, [and] nullify contracts and other documents which the enterprise has illegally entered into prior to a court order to supervise the assets of the debtor enterprise [,] such as:

1. Discounted sale of assets;
2. Giving security for old debts;
3. Signing of contracts or transfer of assets to relatives, [and] friends or giving assets of the enterprise to others to use.

Article 41. Collection of the Assets of the Debtor Enterprise

The liquidation committee must collect all of the assets of the debtor enterprise as follows:

1. The assets of the enterprise such as: land, houses, storage facilities, factories, means [and] equipment for production and stocks;
2. All of the receivables of the enterprise.

After collection of the assets, the liquidation committee has the right and the duty to auction such assets.

Article 42. Debtor's Obligations

After the court has declared an enterprise bankrupt, the debtor enterprise has the obligation to cooperate with the liquidation committee in the implementation of the court

decision.

Debtors may leave the jurisdiction of the court or may travel to a foreign country if it is necessary for the debtor [and] only if [the debtor] has arranged to have a proper guarantee and has been authorized by the court that declared the bankruptcy of that enterprise.

In the event that the court has been informed and finds that a debtor intends to avoid the jurisdiction of the court or intends to go abroad, the court has the right to order [his] arrest.

Article 43. Declaration of Bankruptcy

Within 10 days from the date the court's decision on bankruptcy becomes final, the judge must publish the declaration of bankruptcy in the media for three consecutive days and must send a copy of the decision of the bankruptcy of the enterprise to:²¹

²¹ The items in this list are ambiguous as to whether they are singular or plural. Also, some of the entities listed (e.g., bank, trade union) are not further described or qualified by any factors such as

1. The judgment enforcement office;
2. Creditors and the owner of the bankrupt enterprise;
3. The finance authority;
4. The trade union;
5. The authority responsible for the registration of the enterprise;
6. The bank;
7. The Chamber of Commerce and Industry;
8. The economic police²².

Article 44. Distribution of Assets to Creditor[s]

Once the liquidation committee has collected the assets and receivables of the enterprise, it shall then proceed to distribute those assets to creditor[s] in the following order of priority:

1. Workers' salaries;
2. Government debts;
3. Secured debts;
4. Unsecured debts.

The payment of such debt must be made by paying the debt[s] of first- ranked creditor[s] in full[;] the remaining shall be paid to next-ranked creditor[s].

In the event that there are debts that are of the same level of priority and the assets to be distributed are insufficient, debts must be repaid according to the percentage of the value of each debt.

Article 45. Distribution of Remaining Assets

Once the distribution of the assets of the enterprise to creditors has been completed, if there are remaining assets, they shall be distributed to the shareholders in the same way as profits are distributed or shall be distributed to the enterprise owner.

Article 46. Control of Liquidation

From the date the liquidation committee commences its activities, it must make regular reports to the court which appointed it, to creditors, and to the enterprise owner.

Creditors and enterprise owners have the right to notify or petition the court regarding wrongful acts of the liquidation committee.

Chapter 7

location, authority or relevance. The translators have therefore simply used the singular form and have made no attempt to describe or qualify such entities.

²² This is a reference to the police units responsible for economic cases.

Measures Against Violators

Article 47. Wrongful Acts [Occurring] Prior to the Supervision of Assets

In the event that the asset supervision committee conducts an inspection and finds that prior to the petition to the court for adjudication [and] declaration of bankruptcy, the executive officers²³ of the enterprise have concealed accounting documents of the enterprise, have hidden assets, have moved [or] transferred assets or have improperly increased the debt, have entered into security contracts without any security, have terminated or have diminished the rights [of the enterprise] to demand payment of its receivables, [or] the executive officers of such enterprise shall be prosecuted according to the law.

Article 48. Wrongful Acts During the Period of Supervision of Assets

When the court has decided to supervise the assets of the debtor enterprise but the persons responsible for the enterprise are still taking out loans without informing creditors that the assets of the enterprise are under supervision or that the enterprise is the subject of a petition for bankruptcy and [such enterprise] is still conducting business under another name or is using someone else's name as a disguise, [the persons responsible for the enterprise] shall be prosecuted under the law.

Article 49. Prohibition on Holding a Position

The chairman, members of the board of directors or the executive officers of the bankrupt enterprise cannot hold the title of a chairman, a member of the board of

directors, or an executive officer of any other enterprise for three years from the date the court has declared the enterprise bankrupt, with the exception of the members of the board of directors of State enterprises and enterprises which have voluntarily requested an adjudication [and] declaration of bankruptcy and [enterprises] which can fully repay their debts.

Article 50. Measures Against the Asset Supervision Committee and the Liquidation Committee

In the event that the asset supervision committee or the liquidation committee has committed a wrongful act during the performance of its duties, the court has the right to remove one or all members of the asset supervision committee or the liquidation committee if the court finds that those persons have committed wrongful acts in the performance of their duties. Thereafter, the court shall adjudicate [and] decide that such person is liable for damages and appoint new persons or a new committee.

23 The literal translation of this term is “committee of managing directors”. This appears to be a reference to the managers and managing directors, whose roles are described more fully in articles 49 and 71 of the Business Law.

In the event that the members of the asset supervision committee or the liquidation committee have committed a serious offence, they shall be prosecuted under the law.

Article 51. Person Claiming to be a Creditor

An individual who claims to be a creditor of the enterprise which is being petitioned without supporting evidence shall be prosecuted under the law.

**Chapter 8
Termination of Liquidation and Consequences of Bankruptcy**

Article 52. Termination of Liquidation [Process]

The liquidation of a bankrupt enterprise shall be terminated in any of the following cases:

1. The court is able to mediate between the creditor and the debtor so that they come to a compromise;
2. The liquidation committee has completed the distribution of assets to the creditors or the debtor has no assets [left] to be distributed.

After the termination of the liquidation, the court must notify the office of enterprise registration to strike the name of the bankrupt enterprise from the Enterprise Registry Book and must make a public notice in the media.

Article 53. Request to Restart the Liquidation Process

Creditors or debtors have the right to request that the court reconsider the termination of liquidation of the bankrupt enterprise within 15 days from the date the court has ordered the termination of liquidation. Should the court find that there is sufficient reason to do so, it shall consider restarting the liquidation process.

Article 54. Discharge from Being a Bankrupt Enterprise

The court shall decide that the owner of an enterprise that has been declared bankrupt be discharged from being a bankrupt person if the court has received a request from such person along with documents certifying that [it] has fully settled [its debts]²⁴ and that all sanctions have been complied with.

**Chapter 9
Final Provisions**

Article 55. Implementation

The government of the Lao People's Democratic Republic shall issue regulations to implement this law.

Article 56. Effectiveness

This law shall enter into force thirty days after the date of the promulgating decree issued by the President of the Lao People's Democratic Republic.

Vientiane, 14 October 1994
President of the National Assembly

[Seal and Signature]

Samane VIGNAKET

²⁴ The literal translation of this term is “has been fully liquidated”.