

[Date]

[Client Name]

[Client Address]

[City, State, Zip Code]

Re: Legal Opinion Regarding Potential Preference Liability - [Debtor Name]

Dear [Client Name],

You have requested a legal opinion regarding the potential exposure of [Company Name] to "preference" claims under Section 547 of the United States Bankruptcy Code following the bankruptcy filing of [Debtor Name].

I. Background

During the 90-day "preference period" preceding the petition date, [Company Name] received payments totaling \$[Amount] from the Debtor. We have reviewed these transfers to determine if they are subject to "clawback" by the Trustee or Debtor-in-Possession.

II. Legal Analysis

Under 11 U.S.C. § 547(b), a transfer may be avoided if it was made to a creditor, for an antecedent debt, while the debtor was insolvent, within 90 days of the filing, and allowed the creditor to receive more than it would in a Chapter 7 liquidation.

However, we believe the following statutory defenses apply to these payments:

- **Ordinary Course of Business:** The transfers were made according to the normal business terms between the parties and reflect the historical payment timing (11 U.S.C. § 547(c)(2)).
- **Subsequent New Value:** Following certain payments, [Company Name] provided additional goods or services to the Debtor, which offsets the preference exposure (11 U.S.C. § 547(c)(4)).
- **Contemporaneous Exchange:** Certain payments were intended to be, and were, substantially contemporaneous exchanges for new value provided (11 U.S.C. § 547(c)(1)).

III. Conclusion

Based on our preliminary review of the accounting records provided, it is our opinion that [Company Name] has a meritorious defense against the majority of potential preference claims. We estimate the net exposure to be approximately \$[Amount].

This opinion is based on current bankruptcy law and the facts as provided to us. We will update this analysis should the Trustee initiate formal demand proceedings.

Sincerely,

[Attorney Name]
[Law Firm Name]