

## Coronavirus Task Force

**The COVID-19 crisis is continuing to create novel and critical legal complexities.**

At Stroock, we have established a multidisciplinary task force focused on the coronavirus pandemic. Our aim is to provide holistic and proactive business guidance. Below is a selection of coronavirus-related legal topics. [Click here](#) for our latest client alerts.

### The CARES Act

The Coronavirus Aid, Relief and Economic Security Act ("CARES Act") – the most extensive economic relief package in our nation's history – was adopted into law on March 27. Our Coronavirus Task Force has been monitoring varied developments related to the COVID-19 pandemic. For more, see:

- "5 CARES Act Components Affecting the Consumer Financial Industry," (March 30, 2020)
- "Stroock's Guide to the CARES Act's Business Loan Lifeline," (March 30, 2020)
- "CARES Act Expands Relief for Workers Affected by Pandemic," (March 30, 2020)
- "The CARES Act's Tax Provisions: an Overview," (March 30, 2020)
- "The CARES Act – Implications for Eligible Nonprofit Organizations," (March 30, 2020)
- "The CARES Act – Implications for Fund Managers," (April 6, 2020)
- "Guidance Update: The CARES Act – Implications for Eligible Nonprofit Organizations," (April 8, 2020)
- "CARES Act Help for Mid-Sized Businesses," (April 13, 2020)
- "COVID-19's Impact on Consumer Financial Services Litigation: Chapter 1 - Credit Reporting," (April 23, 2020)
- "April Tax Guidance on the CARES Act and Other Relief," (April 28, 2020)
- "IRS Issues Guidance on CARES Act Retirement Plan Distribution and Loan Provisions," (May 11, 2020)

### Commercial Contracts

Business losses and disruptions tied to the outbreak may cause extensive contractual disputes in varied industry sectors. Many of these disputes will likely center on whether the outbreak constitutes a *force majeure* or other occurrence that may excuse a party from contractual obligations. These types of disputes will likely raise complexities surrounding, for example, the extent of the coronavirus's impact on a contract or a party's effort to

mitigate the outbreak's effects. Parties to contracts potentially affected by the outbreak should proactively analyze their specific rights and obligations, and seek guidance to formulate a comprehensive plan of action. For more, see:

- "Governor Cuomo Authorizes 'Virtual Notarization' Until April 18," (March 20, 2020).

### Real Estate

Throughout the real estate sector, varied commercial contracts matters are likely to arise as a result of the outbreak. For example, developments may be slowed by worker absences or supply chain disruption, causing contracts to go unfulfilled. Parties may seek to terminate purchase agreements as property values fluctuate. Others may look to add coronavirus-related riders. Additionally, property operators will likely face requirements related to protecting the safety and health of tenants and the public. Real estate investors and operators should closely revisit all of their contractual rights and obligations as well as their management policies in light of the outbreak. They should also formulate detailed action plans, including the potential for litigation. For more, see:

- "Navigating Coronavirus: A Guide for REIT General Counsel," (March 13, 2020)
- "COVID-19: Practical Steps for Landlords and Tenants," (March 16, 2020)
- "Rent Abatements and Other Relief for COVID-19 Business Disruptions?" (March 17, 2020)
- "Land Use and Planning During the State of Emergency: ULURP Freeze," (March 17, 2020)
- "What Cuomo's 'on PAUSE' Order Means for the Real Estate Industry," (March 23, 2020)
- "Legal and Practical Risks: How COVID-19 Is Complicating Real Estate Closings," (March 24, 2020)
- "Relief for Borrowers From the Federal Government and in NY and Fla." (March 24, 2020)
- "NY Issues Condo and Co-op Plan Guidance Amid COVID-19 Pandemic," (March 31, 2020)
- "Pre-Negotiation Letters During COVID-19," (April 1, 2020)
- "An Old Law for the New War: Defense Production Act Not Just for Government Contractors," (April 2, 2020)
- "Navigating Coronavirus: Updates for REIT General Counsel," (April 9, 2020)
- "Cuomo Expands COVID-19 Relief for Condo, Co-op Sponsors," (April 21, 2020)
- "DC Passes Sweeping Commercial Rent and Mortgage Relief," (April 23, 2020)

- "Some Practical Building Reentry Concerns for Landlords and Tenants," (April 29, 2020)
- "Landlord Concerns for 'Reentry' – A Deeper Dive," (May 11, 2020)
- "Timeline for Restarting NYC Development and Construction Begins to Take Shape," (May 18, 2020)

## **Employment**

Employers may face expansive legal challenges stemming from the outbreak, affecting numerous aspects of their operations. These challenges may impact policies involving work from home, sick-leave and dependent care arrangements, or employer workplace safety obligations, or procedures governing employee relocation and jobs that require travel. The outbreak could create the need to revisit employee confidentiality and data-privacy needs as well, and employers should prepare for potential challenges involving labor relations and anti-discrimination laws. For more, see:

- "Navigating Employment Issues Amid COVID-19 Pandemic," (March 19, 2020)
- "Families First Coronavirus Response Act: Emergency Paid Sick Leave and Paid Family and Medical Leave Expansion Act Requirements," (March 25, 2020)
- "Employment Law Risks Related to Reopening Businesses," (April 20, 2020)
- "EEOC Updates COVID-19 Guidance to Address Return to Work," (May 1, 2020)
- "Federal Agencies Extend Employee Benefit Plan Deadlines in Response to COVID-19 Pandemic," (May 5, 2020)
- "EEOC Guidance on High-Risk Workers May Give Employers Pause," (May 15, 2020)

## **Insurance**

Virus-related business losses may raise numerous intricacies related to insurance coverage, and organizations should prepare for complex disputes as courts closely examine policy language. For example, supply chain-related losses can trigger claims for business interruption coverage, but those policies often require physical damage to cause the loss. Parties to insurance contracts should closely revisit their language and formulate action plans in light of the outbreak. For an in-depth look at these dynamics, see:

- "Will Business Interruption Insurance Provide Coverage for Coronavirus Losses?" (March 6, 2020)
- "The Constitutionality of Government Action Mandating COVID-19 Business Interruption Coverage," (March 23, 2020)
- "Preparing for Reinsurance Fallout From COVID-19 Pandemic," (April 9, 2020)

## Private Funds and Asset Management

Asset managers should begin to assess the human and economic costs of the coronavirus, whose spread has impacted financial markets and disturbed businesses across the globe. As the financial markets continue to turn, asset managers should seek guidance to limit their liability in the event the virus causes their funds to underperform or upends a transaction. Firms should carefully review and consider amending their fundraising materials to include pandemic or coronavirus risk-factor disclosures. In the event of an extended financial downturn, investment concerns could lead to an uptick in redemption requests from investors, placing significant financial strain on fund managers which could lead to an eventual fire sale of assets. Fund managers should review and consider amending their gate provision statements to limit or stop a run on the fund, particularly if the assets are illiquid and difficult to sell in a timely manner. For more, see:

- "What a General Counsel of a Private Fund Advisor Should Be Doing Today to Manage the Coronavirus Crisis," (March 12, 2020)
- "Navigating Coronavirus: A Guide for REIT General Counsel," (March 13, 2020)
- "SEC Issues Regulatory Relief for Advisers and Registered Funds Amid Coronavirus Pandemic," (March 17, 2020)
- "COVID-19, CFIUS and the Defense Production Act," (March 26, 2020)
- "Additional COVID-19 Emergency Tax Relief From the IRS and New York State," (March 30, 2020)
- "Documenting Continuity Plans Amid Coronavirus: A Guide for Fund Advisers," (April 2, 2020)
- "SBA's \$349 Billion Business Relief Program Is Off to a Bumpy Start," (April 6, 2020)
- "'Virtual Witnessing' of Wills, Lifetime Trusts, Health Care Proxies and Durable Powers of Attorney Is Allowed in New York State Through May 7, 2020," (April 8, 2020)
- "The Fed's 3 New Boosts to Small Business and Consumer Lending," (April 10, 2020)
- "Valuation Guidance for Fund Managers," (April 14, 2020)
- "COVID-19's Impact on Consumer Financial Services Litigation: Chapter 1 - Credit Reporting," (April 23, 2020)
- "Battles to Come Following Interim Replenishment of COVID-19 Relief," (April 24, 2020)

## Capital Markets / Securities / Debt Finance

The uncertainty of when the health crisis will end and its overall impact on the global supply chain may continue to materially influence financial markets until the outbreak is under control. Market participants, including investors, issuers, underwriters, agents, lenders and borrowers should: (i) carefully review any market disruption clauses, such as a *force majeure* clause, in their agreements and how the execution of such clause could

materially impact a transaction; (ii) expect increased due diligence, such as how a company's business or those of its suppliers may have been impacted by the outbreak; and (iii) consider and expect increased disclosure notices in offering memorandums concerning any risk factors the underlying asset may have in connection with the epidemic. For more, see:

- "The Possible Impact of COVID-19 on the OTC Derivatives Markets," (March 6, 2020)
- "Federal and State Regulators' Guidance on COVID-19 Loan Modifications," (March 23, 2020)
- "SEC Updates COVID-19 Relief for Advisers and Registered Funds," (April 3, 2020).

## **Litigation**

As the COVID-19 outbreak has the potential to lead to difficulties in numerous areas, it will likely give rise to varied disputes as debts go unpaid or contracts are terminated. Parties to potential disputes should assess their litigation risks and requirements in all areas in which they operate. For more, see:

- "New Pandemic Rules of the Road for Credit Information Furnishers," (April 3, 2020).

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