

## Chapter 11 Bankruptcy

Chapter 11 allows businesses to reorganize their debts. For some businesses, Chapter 11 reorganization provides the mechanisms that allow them to restore or bolster their viability. They can reduce unsecured, operating, and trade debts. They can terminate burdensome facility leases and underperforming contracts. The goal of this reorganizing is to redirect capital from going toward debilitating debt payments to ongoing operations. While Chapter 11 is most popularly known for “saving” financially troubled businesses, many businesses that pursue this type of bankruptcy do so without the intent of staying open, at least not as the same entity. Chapter 11 also affords businesses greater control over how their assets are liquidated, compared to Chapter 7

. It also affords petitioners a greater advantage if they want to sell the business as a going concern. High net worth individuals may also be directed to Chapter 11 if they do not qualify for Chapter 13

### **.What We Can Do to Help You**

Tully Rinckey PLLC’s bankruptcy attorneys are experienced in business and non-business Chapter 11 reorganizations. We have helped large and small businesses and high net worth individuals navigate the Chapter 11 process to help them achieve their goals, whether that involves emerging from bankruptcy as a leaner and more efficient operation, being sold as a going concern, or maximizing asset liquidations so principals are not held liable for outstanding debts. Tully Rinckey PLLC in Buffalo, N.Y. provides free

consultations to individuals and businesses interested in filing for Chapter 11. Call us today and schedule your free

consultation. Our Chapter 11 lawyers can provide the following services: Advisement on property liquidations, contract rejections, structural changes, and payment term modifications;

Chapter 11 petition preparation;

Identification of creditor classes;

Reorganization plan preparation;

Disclosure statement preparation;

Solicitation of creditors for plan support;

Guidance on management’s pre- and post filing responsibilities and fiduciary duties to creditors;

Guidance on making payment and transfers before and after filing;

Defense in bankruptcy litigation pertaining to preferential payment, preferential treatment, and fraudulent conveyance claims;

Representation before creditor committees; and

Protection against creditors that violate the automatic stay triggered by a Chapter 11 filing.

## Chapter 11 Basics

### Reorganization Plan

: A plan that outlines the intentions of the petitioner, also known as a “debtor-in-possession.” The plan could propose property liquidations, business restructuring, the rejection of properties or contracts, and term modifications for obligations. The treatment of classes of creditors must be explained in the plan. Creditors will vote on the plan, and its confirmation is usually contingent on the approval of at least one class of impaired class. Disclosure Statement:

A supplement to the reorganization plan that describes the debtor’s assets and liabilities and business matters. The disclosure statement provides creditors with background information necessary to help them make an informed decision when voting on the reorganization plan. A debtor-in-possession’s representative cannot solicit creditors’ support for the plan until the court rules the disclosure statement meets statutory requirements. Plan Confirmation

: When a bankruptcy court approves of, or “confirms,” a reorganization plan, the business “emerges” from bankruptcy. The confirmation provides for the reduction of unsecured debts while over the next three to five years secured and priority debts will be paid, usually in installments. Creditor’s Committee:

The U.S. Trustee’s Office will appoint this committee, which usually consists of the seven largest unsecured creditors, who will represent the interests of all creditors impacted by the Chapter 11 filing. The creditor’s committee will vote on the reorganization plan, but a judge could confirm it with the committee’s approval. The bankruptcy attorneys at Tully Rinckey PLLC in Buffalo, N.Y. can serve debtors and creditors throughout Western New York, including Buffalo, West Seneca, Lackawanna, Cheektowaga, Depew, North Tonawanda, Niagara Falls, and Lockport. To schedule a free

consultation with a bankruptcy lawyer, call us at 716-439-4700 or e-mail at [info@1888law4life.com](mailto:info@1888law4life.com)

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For urgent legal matters, call us 24 hours a day, seven days a week at 716-439-4700

. We are responsive to the needs of our current and prospective clients and will respond to phone calls within business hours. We respond to e-mails within business hours on the same day. For the quickest response, call us.

During normal business hours, our client relations team can help put potential clients in contact with lawyers who can address their legal concerns. Anyone who calls or e-mails us after hours should expect to hear from us during the next business day.