

Chapter 11

Business ownership is rife with risks. Some risks pay off while others simply don't. If your business finds itself struggling to turn a profit or stay afloat, it may benefit from the mechanisms and protections provided by Chapter 11. Under Chapter 11, which is referred to as "reorganization," debtors can reduce unsecured, operating, and trade debts as well as terminate underperforming contracts and burdensome facility leases. These measures can bolster a business' viability by freeing up capital that had been consumed by debts and putting it toward ongoing operations. In addition to helping turn around a debt-laden, underperforming business, Chapter 11 also provides mechanisms for selling the business in a way that may be more advantageous than those provided under Chapter 7. Compared to Chapter 7, Chapter 11 affords debtors more control in the liquidation process, allowing them to target buyers who would otherwise pay less for assets had they been auctioned off by a trustee. Chapter 11 is not exclusive to businesses. High net worth individuals may have to file for this type of bankruptcy if they do not qualify for Chapter 13.

.How We Can Help

The bankruptcy attorneys at Tully Rinckey PLLC have helped large and small business – and individuals – achieve their financial goals by helping them through the Chapter 11 process. We can help your business become a leaner and more efficient operation. We can also help principals avoid liability for outstanding debts by maximizing asset liquidations. We will provide businesses or individuals interested in filing for Chapter 11 with a free

initial consultation in Rochester, NY, during which an experienced bankruptcy attorney will evaluate your case, explain your rights, and present you with all of your options. Call us today. Our Chapter 11 services for businesses and high net worth individuals include: Advisement on payment term modifications, contract rejections, structural changes, and the liquidation of property;

Preparation of the Chapter 11 petition;

Classification of creditors;

Preparation of the reorganization plan and disclosure statement;

Negotiations with creditors for plan support;

Advisement on pre- and post filing fiduciary duties to creditor and other responsibilities;

Advisement on pre- and post-filing payments and transfers;

Representation in litigation over allegations of preferential treatment, preferential payment, and fraudulent conveyances;

Representation before creditor committees; and
Defense against creditors' unlawful collection efforts.

Chapter 11 Basics

The debtor's intentions under Chapter 11 are detailed in the plan of reorganization

. The plan includes steps such as business restructuring, term modifications for obligations, property liquidations, or contract rejections. The plan must specify how creditor classes will be treated. Usually the approval of at least one class of impaired creditors is needed for the court to confirm the plan.

Accompanying the plan of reorganization will be the disclosure statement

, which details the debtor's financial situation. Creditors will rely on the background information provided in this document to decide whether to support the plan of reorganization. After the court approves of the disclosure statement, the debtor's representative can begin soliciting creditor support for the plan.

A debtor "emerges" from bankruptcy after its plan of reorganization is approved by the court. After confirmation

, debts can be reduced and the debtor will pay priority and secured debts in accordance to the plan over a three- to five-year period.

All creditors affected by a Chapter 11 filing will be represented by a creditors' committee

, which is appointed by the U.S. Trustee's Office and usually consists of the seven largest unsecured creditors. This committee votes on the plan of reorganization, but the court can override its veto to confirm the plan.

The bankruptcy attorneys at Tully Rinckey PLLC in Rochester, N.Y. can serve debtors and creditors throughout New York's Finger Lakes region, including Batavia, Geneseo, Rochester, Canandaigua, Albion, Waterloo, Lyons, Warsaw, and Penn Yan. To schedule a free

consultation with a bankruptcy lawyer, call us at 585-492-4700 or e-mail at info@1888law4life.com

. [Click here](#)

to view a video about our consultation process.

For urgent legal matters, call us 24 hours a day, seven days a week at 518-727-3593. 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.

