

EXERCISE

BANKRUPTCY LITIGATION OVERVIEW

Background

You represent Tempo Cycles, Inc., a manufacturer of road bikes and accessories. They're in significant financial distress and are about to file a Chapter 11 petition with the bankruptcy court. In addition, the company recently found out that a customer who was injured in one of their stores is bringing a personal injury claim against them.

Tempo's Board of Directors tells you that it's their preference to avoid as much litigation as possible, but they're not sure how realistic that is. They've asked you to give an overview of what they can expect once the petition is filed, the types of matters they may face, and whether they can litigate the tort claim as a part of their restructuring.

Instructions

Come prepared to discuss what you'll tell the client, being sure to cover:

- Bankruptcy court jurisdiction, including the types of matters that the court can hear (i.e., core and related matters).
- Whether the bankruptcy court is likely to have jurisdiction to hear the personal injury lawsuit.
- The types of litigation that are common in Chapter 11 and how each type progresses.