BANKRUPTCY SECTION OF THE
MINNESOTA STATE BAR ASSOCIATION

Resolution Supporting and Recommending Adoption of the Proposed Changes to the
Federal Bankruptcy Venue Statute

Whereas the Bankruptcy Section of the Minnesota State Bar Association formed and authorized
a Venue Committee (the “Committee”) to study proposed changes to the federal
bankruptcy venue statute and make a recommendation to the Bankruptcy Section whether
or not to support such proposed changes;

Whereas (a) language in the Bankruptcy Reform Act of 1978 (the Code) opened the door to the
filing of bankruptcy cases in the state in which a corporation is incorporated rather than
the state of its headquarters or principal assets and (b) increased abuse of the “affiliate”
rule have led to a substantial number of chapter 11 bankruptcy cases being filed in
judicial districts (Delaware and the Southern District of New York) where the debtors
have no meaningful assets or business;

Whereas venue shopping has led to the appearance of venue manipulation which undermines
public confidence in the bankruptcy system;

Whereas such venue shopping disenfranchises creditors, employees and other parties;

Whereas the centralization of cases into only two federal districts impairs the evolution of
bankruptcy law;

Whereas local concerns and local state law often dominate bankruptcy cases and it is
inappropriate to have these matters addressed in districts remote from the debtors’
businesses and unfamiliar with the applicable state law;

Whereas the centralization of cases in two districts drives up the costs of commercial bankruptcy
cases;

Whereas the centralization of cases in two districts results in an inefficient use of judicial
resources;

Whereas the Committee did study the proposed changes and has recommended to the
Bankruptcy Section of the Minnesota State Bar Association that the proposed changes to
the venue statute be supported;

Whereas the Committee submitted its written report on the proposed changes to the venue statute
on January 20, 2016;

Whereas the Bankruptcy Section has determined that the proposed changes to the venue statute
would promote and support due process, judicial efficiency, and the integrity of the
bankruptcy system;

Revised 2/12/16
Resolved, that the Bankruptcy Section of the Minnesota State Bar Association:

1. adopts the Committee’s Report and the recommendations in the Report to support the proposed changes to the federal bankruptcy venue statute in substantially the form attached;

2. authorizes the Committee to present the Report to the Minnesota Congressional delegation and urges the delegation to support and adopt the Report’s recommendations on the proposed changes to the federal bankruptcy venue statute; and

3. urges the Minnesota Congressional delegation to commit to sponsor and support the proposed changes to the federal bankruptcy venue statute in substantially the form attached.

Approved by the Bankruptcy Section of the Minnesota State Bar Association on February 16, 2016.
ATTACHMENT

Proposed text to 28 U.S.C. § 1408 (underlined and crossed-out text indicates proposed changes):

Venue of cases under title 11

(a) Except as provided in section 1410 of this title, a case under title 11 may be commenced only in the district court for the district—

(1) in which the domicile, residence, principal place of business in the United States, or principal assets in the United States, of the person or entity that is the subject of such case have been located for the one hundred and eighty days immediately preceding such commencement, or for a longer portion of such one-hundred-and-eighty-day period than the domicile, residence, or principal place of business, in the United States, or principal assets in the United States, of such person or entity were located in any other district; or

(2) in which there is already pending a case under title 11 concerning such person’s an affiliate that directly or indirectly owns, controls, is the general partner, or partnership holds 50 percent or more of the outstanding voting securities, of the person or entity that is the subject of such later filed case.

(b) For the purpose of this Section 1408, the domicile or residence of a person or entity other than an individual shall be the district in which such person or entity has its principal place of business or principal assets in the United States.

Revised 2/12/16