

Bankruptcy Venue Reform

Reintroduce Bills Like H.R. 4193 and S. 2827* During the 118th Congress



Venue Reform

Rampant forum shopping of chapter 11 bankruptcy cases hurts California’s interests, citizens and business climate; millions lost.

A loophole in federal law has allowed a very large number of companies based in California to file for bankruptcy elsewhere. When small and large businesses file bankruptcy in DE, NY or South TX, California’s interests are ignored, harming your local creditors, employees, retirees, and communities. Why? Because having far-away courts with no local connection hear bankruptcy cases hinders access, increases costs, diverts economic activity away from your state, and thwarts development of bankruptcy law. This is forum shopping and it’s bad for California.

The Solution: Require Filing Chapter 11 Cases in Local Districts

Local stakeholders expect to work with companies where they are located, not in a distant court chosen by a select few.

*<https://www.congress.gov/117/bills/hr4193/BILLS-117hr4193ih.pdf>

*<https://www.congress.gov/117/bills/s2827/BILLS-117s2827is.pdf>



Los Angeles Dodgers

Iconic Los Angeles MLB sports team; filed in Delaware 2011

Forever 21

Located in Los Angeles, filed in Delaware 2019; success story cut short by retail shopping changes

MGM Studios

World famous Los Angeles film and television company; filed in Delaware in 2010, along with 160 related entities

American Apparel

Market leader Los Angeles-based clothing manufacturer and retailer; filed in Delaware in 2015

Notes: Data for 2004 through 2021. Lost revenue based on Bloomberg Business Week (Feb. 10, 2012) article that estimates \$300 million per year transferred to Delaware and SDNY for legal fees, hospitality and other spending from cases, averaging 4.5 million per case. Forum-shopped cases based on venue group research, details available.