



Reps. Zoe Lofgren (D-CA) and Ken Buck (R-CO) Re-Introduce H.R. 1017, the Bankruptcy Venue Reform Act

[Rolling Meadows, IL, February 15, 2023] – Today, Reps. Zoe Lofgren (D-CA) and Ken Buck (R-CO), re-introduced H.R. 1017, the Bankruptcy Venue Reform Act, a bill to reform the venue provisions of the U.S. Bankruptcy Code.

This bipartisan legislation seeks to add a common-sense requirement to the Bankruptcy Code: that companies who file Chapter 11 bankruptcy do so where their principal place of business is located, or where they have their principal assets. Currently, companies are allowed to flee their communities, employees, and local creditors to reorganize in another state or jurisdiction, typically unrelated to their operations. The sponsors of the bill remarked:

“Rep. Buck and I are reintroducing this commonsense legislation because we know that it is simply unfair that corporations can game the bankruptcy system by choosing a distant court where there is a cottage industry to advantage their interests,” said Rep. Lofgren. “Justice is best served when corporate bankruptcies are adjudicated locally, with convenient court access for employees, retirees, and local creditors, as well as a judge who knows the affected community.”

“Under current U.S. law, corporations filing Chapter 11 bankruptcy have the ability to “venue shop” and potentially choose a court that has issued lenient rulings in similar cases. Our bill will require corporations filing Chapter 11 bankruptcy to go through those proceedings in the forum they are primarily located rather than running off to a court across the country. This will eliminate companies’ ability to tilt the scale of justice and ensure the case is heard in a court familiar with all the affected stakeholders,” said Rep. Buck.

The interests of local economies, creditors, employees, and retirees are often ignored when a corporation flees to initiate a proceeding in a remote state. Allowing troubled companies to file in other jurisdictions far from home to achieve desired outcomes directly threatens the integrity of the bankruptcy system by eroding public confidence and calling into question the fairness of a system that can be so easily manipulated. In recent years cases like *Purdue Pharma* and the Johnson and Johnson litigation have showed us the human impact of this practice on opioid victims and cancer patients.

Who will be the next victims of large companies that “manufacture venue” to seek an unfair advantage?

“The re-introduction of a bankruptcy venue reform bill reflects the increasing momentum for action on this critical issue,” said Jim Kozelek, President of the Commercial Law League of America. “Long overdue, venue reform will help level the playing field for American business in debt collection and bankruptcy enforcement actions. Small business and entrepreneurs, the life blood of the American



economy, will no longer be subject to forum shopping and the burden of litigation in distant courts. The League is proud to champion this bill.”

Amending the Code’s venue statute has been endorsed by the National Association of Attorneys General, the National Association of Credit Managers, the Texas Hotel & Lodging Association, the Iowa Bankers Association, the United Mine Workers of America, by 163 current and former bankruptcy judges and many state legislatures, law school professors and bankruptcy practitioners throughout the country. And the numbers in support, continue to grow.

About the CLLA

Since 1895, the not-for-profit Commercial Law League of America has connected experienced attorneys with credit grantors, lending institutions and other commercial credit, bankruptcy and general finance industry members through networking, education, legislative advocacy and specialized legal services. The association’s members include attorneys, collection agencies, judges, accountants, trustees, turnaround managers and other credit and finance experts. For more information on the CLLA, please visit www.CLLA.org.

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For additional information about this event or the Commercial Law League of America, contact Dawn Federico at dawn.federico@ccla.org or by calling 312-240-1400.