



June 5, 2026

Honorable Mike Johnson
Speaker
U.S. House of Representatives
Washington, D.C., 20515

Honorable John Thune
Majority Leader
U.S. Senate
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Honorable Hakeem Jeffries
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Honorable Chuck Schumer
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Honorable Chuck Grassley
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Honorable Jamie Raskin
Ranking Member
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U.S. House of Representatives
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Honorable Dick Durbin
Ranking Member
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RE: HR 8111 – Bankruptcy Venue Reform Act of 2026

We support H.R. 8111, the Bankruptcy Venue Reform Act, because the Bankruptcy Code's current venue provision (28 U.S.C. § 1408) allows corporations to engage in rampant forum shopping. Currently, they can file in any district in which they are incorporated, have their principal place of business, have their principal assets, or in any district in which an affiliated entity—no matter how insignificant or recently created—has filed for bankruptcy.

These overly broad venue provisions enable corporations to file for bankruptcy protection in places unrelated and distant from their daily business operations, their employees, retirees, customers, creditors, vendors, and the governmental agencies seeking to protect the interests of their citizens. This prevents or impedes these groups from participating in the bankruptcy process; instead, debtors often contrive venue to file in a jurisdiction less favorable to these interest groups. For example, a debtor may choose a venue with particularly fast timelines or favorable caselaw on issues ranging from limiting

liability on consumer protection claims, applicable statutes of limitation, fees its lawyers will be able to command, and the releases it may seek for its officers, insiders, and non-debtor third parties. This ability to so easily control the law applied to one's affairs is not allowed in any other area of the law.

Corporations are creative and not subtle in the ways they manufacture venue. For instance, Ohio-based Multi-Color Corporation with thirty-nine facilities located in eighteen states filed for bankruptcy protection in New Jersey even though it has no operations or facilities there. On the contrary, it is incorporated in Ohio, based in Batavia, Ohio, and has facilities in California, Utah, Texas, Minnesota, Wisconsin, Missouri, Illinois, Indiana, Ohio, Pennsylvania, New York, Virginia, Kentucky, Tennessee, North Carolina, South Carolina, Georgia, and Florida. Yet, it was able to select venue in New Jersey even though none of these facilities is incorporated in New Jersey, none has a principal place of business or headquarters in New Jersey, and, according to a declaration by Multi-Color's chief restructuring officer, the companies do not have a facility in New Jersey. OF¹

Multi-Color blatantly created venue, sixteen days before filing bankruptcy, using one of its nonoperating subsidiaries—also an Ohio LLC—to open a bank account in New Jersey into which Multi-Color wired funds. The subsidiary then argued that venue was proper in New Jersey because New Jersey was the principal place of its assets. While the United States Trustee and an ad hoc group challenged venue, they lost.

This type of forum-shopping is not new. In the early 1980s, Eastern Airlines, based in Florida, filed bankruptcy in New York by relying solely on the location of its frequent flyer club subsidiary. Similarly, Enron and Worldcom were able to file in New York in 2001 and 2002 based on initial filings by single, small subsidiaries affiliated there, even though they were based in Texas and Mississippi, respectively, and had by far the largest number of operations in those states. In 2009, General Motors—an iconic Michigan company—used a single dealership based in Harlem to allow it to file bankruptcy in New York. In 2012, Patriot Coal—which was headquartered in St. Louis and had subsidiaries in several coal states, but no assets in New York—incorporated two new subsidiaries in New York and filed bankruptcy there one month after incorporation.

Similarly, in 2019, TPC Group's Port Neches plant in Texas exploded—the initial blast was felt for almost 30 miles. Residents in nearby neighborhoods were evacuated, and schools were cancelled because school buildings were damaged by flying debris. The off-site property damage caused by this explosion was \$153 million dollars and there were over 11,000 litigation claims related to the explosion.

In 2022, TPC Group and seven subsidiaries filed bankruptcy in Delaware based upon four companies' incorporations. While technically Delaware was a legitimate jurisdiction for

¹ See United States Bankruptcy Court, District of New Jersey, Case No. 26-10910, Docket No. 23, para. 25's graphic.

this filing, none of the debtors had a principal place of business or assets in that state; instead, each debtor listed their principal place of business in Houston, Texas, with their principal places of assets in Texas and Louisiana. This choice of a far-removed venue made it all the more difficult for individuals, communities, and others that were injured in the explosions to participate in the bankruptcy proceedings.

Because the debtors' principal place of business, assets, and injuries from the TPC exposition were in Texas, these bankruptcy cases belonged in Texas. However, based upon the current bankruptcy venue statute, these cases were allowed to move forward in a venue far removed from the state in which TPC chose to do business and the people and places injured due to TPC's actions.

These are just a few of the many examples of companies filing bankruptcy in a venue far removed from the states in which the companies *actually* run their businesses, employ workers, serve consumers, and must abide by state laws. While these long-distance filings were "technically" correct under the current statute, the resulting costs to creditors, employees, and communities in the state where the debtor's business was actually conducted is too great to allow this practice to continue.

Under the current venue provisions, the most significant bankruptcy cases have been filed in the District of Delaware, the District of New Jersey, the Southern District of Texas, and the Southern District of New York even though these Districts are not the locations of the companies' business operations or assets. While we respect the expertise of the judges in these districts, we reject the argument that other judges are not equally capable of exercising an expertise in corporate cases, large or small, or that there is something inherent in those districts that make those courts uniquely qualified to handle such cases. Moreover, by allowing debtors to choose their courts—and, in some instances, their own judge from a group of only one or two—inherently exposes those judges and their decisions to heightened scrutiny and criticism. That is particularly true when the ability to choose those courts and judges lies solely within the unilateral control of the debtor itself. No other litigant is allowed such freedom, but the current system plainly allows such abuse.

The issues arising from such forum shopping are problematic enough standing alone; they provide an even greater problem for the overall system in that, no matter how fairly the favored judges attempt to be in their rulings, parties' views of the judges are inevitably tainted by the debtor's actions. The results from a bankruptcy case are already hard enough to accept for a party that sees itself as victimized by the debtor; that distrust can only be exacerbated if it sees the rulings as coming from a judge that was handpicked by the debtor. As such, we agree with the bill's premise that "reducing forum shopping in the bankruptcy system will strengthen the integrity of, and build public confidence and ensure fairness in, the bankruptcy system," by making corporate debtors file in jurisdictions where they chose to place significant aspects of their basic business operations, not where they choose to litigate about the adverse effects of those operations.

The ability of debtors to limit their filings to a few chosen venues and/or judges is

even more significant than in ordinary litigation because bankruptcy cases have a national effect; yet, the binding precedent in the large cases may only issue from a very few courts, which results in there being no ability to assess differing views on the issues or to have those debates rise to higher levels on appeal. This limited ability to appeal and to have determinations made at the highest levels, including by the Supreme Court, is particularly true considering the extremely broad statutory and judge-made limits such as the “equitable mootness” doctrine that is imposed on creditors seeking to appeal decisions made during the plan confirmation process. As such, the forum shopping process can result in debtors being able to pick not only the initial, but also the final arbiter of their fate.

Those problems are further underscored by the burdens imposed on those who already have suffered because of a corporate debtor’s financial collapse who may then be forced to spend substantial additional amounts, travel long distances, and often hire additional local counsel simply to participate on equal footing with the debtor. Moreover, even with alternative means of appearance such as Zoom, districts generally have their own rules requiring local counsel for out-of-state parties, which can, in many instances, add substantial additional costs and burdens on a creditor that is already far from likely to be able to recover a meaningful amount of its claim.

In short, by ensuring that debtors whose operations have created adverse impacts on their neighbors are called to account in proximity to those same neighbors, H.R. 8111 will greatly limit forum shopping while helping consumers and many other parties, large and small alike—including creditors, workers, retirees, and small business vendors—to represent themselves without undue burden.

Accordingly, we agree with the tests set forth in H.R. 8111, limiting where businesses may file by ensuring that they will do so in a jurisdiction in which their “principal assets” or their “principal place of business” are located, and ensuring that it is the *parent’s* status, not that of a minor affiliate, that will determine where the overall case will be heard. These provisions should go far to ensure that bankruptcies are filed in jurisdictions where debtors have the closest connections and where their filings will impose the largest impact.

We recognize that one result of this bill will be to increase the requirement for state attorneys general to appear in the “home court” of corporate debtors that may be located in another jurisdiction; as such, we also support the bill because of the provisions providing for a new rule to be drafted dealing with appearances by attorneys representing the government.

In our role as representatives of both the state and its aggrieved citizens, we appear in distant jurisdictions, as many debtors have nationwide operations that implicate state laws and affect citizens throughout the country. As such, we are subject to each of the bankruptcy court’s local rules regarding the appearance of non-local attorneys. These rules may require admission fees to be paid or require that we associate with local counsel before we may appear and be heard on behalf of our states. Such rules are costly and, in some cases, impose a complete barrier to appearing in court. The implementation of a rule

that allows attorneys representing the government to appear without these requirements will be beneficial. In fact, some forums already use similar rules, which have been successful.

For example, the Rules for Multidistrict Litigation—which, like bankruptcy, similarly group entities from all over the country into a single litigation forum—allow *all* parties to appear by right and without local counsel. Similarly, the 1994 Bankruptcy Code amendments (Sec. 304 of P.L. 103-394) grant governmental child support creditors the right to appear without the burden of these local rules, and this provision has worked without incident.

This bill would require rules to be prescribed to similarly allow *all* attorneys representing the government to appear without charge and without being required to associate with local counsel. Most courts extend those privileges to counsel for the United States, and this bill simply provides the same treatment for other attorneys representing governmental entities, thus facilitating our ability to appear in bankruptcy courts on behalf of our States' citizens without delay or unnecessary financial burdens.

For all these reasons, we strongly support this bill and urge you to advance its passage. As the chief legal officers of our states, we have a particular interest in ensuring that we and our citizens can protect our interests by effectively participating in these cases.

Sincerely,



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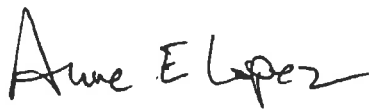
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