

Bankruptcy Venue Reform

**SUPPORT REPS. LOFGREN & BUCK'S H.R. 1017*
AND INTRODUCE A SENATE COMPANION BILL ASAP**



California Needs Venue Reform

Rampant forum and judge shopping of chapter 11 bankruptcy cases hurts California's interests, citizens and business climate; millions are 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 Delaware, Manhattan or Houston, California's interests are ignored, harming your local creditors, employees, retirees, and communities. Why? Because having far-away courts with no local connection to hear bankruptcy cases hinders access, increases costs, diverts economic activity away from your state, and thwarts development of bankruptcy law. This is forum and judge shopping and it's bad for California and the country.

The Solution: Require Filing Chapter 11 Cases to be filed in Local Bankruptcy Courts

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/bill/118th-congress/house-bill/1017>

174

COMPANIES

fled the state and filed in
DE and SDNY

\$783M

LOST REVENUE

when companies fled to
another state to file
bankruptcy

1,466,372

**CREDITORS &
EMPLOYEES**

whose rights were
determined elsewhere

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

Amyris, Inc.

Emeryville, CA-based
biotech firm seeking
nonconsensual third-
party releases for
insiders; filed in
Delaware in 2023

Notes: Data for 2004 through 2022 (for CA companies that fled and filed in DE) and 2003 through 2016 (for CA companies that fled and filed in SDNY). Lost revenue based on Bloomberg Business Week (Feb. 10, 2012) article that estimates \$300 million per year transferred to remote forum for legal fees, hospitality and other costs, averaging \$4.5 million per case.

