

WHAT CAN A CONSUMER OR SMALL BUSINESS LEARN FROM THE JEFFERSON COUNTY ALABAMA BANKRUPTCY PROCEEDING?

By: [Bradford W. Botes](#)

Jefferson County, named in honor of Thomas Jefferson, was established on December 13, 1819, by the Alabama Legislature. It currently has more residents than any other county in the State of Alabama. At the time the 2010 census was conducted, the county's population was 658,466.

On November 9, 2011, faced with a poor economy and decreasing revenue, Jefferson County filed for bankruptcy. It is the most expensive municipal bankruptcy ever filed. The county requested Chapter 9 relief pursuant to the provisions of 11 USC §921. The case was filed in the United States Bankruptcy Court for the Northern District of Alabama and was assigned case number 11-05736. United States Bankruptcy [Judge Thomas Bennett](#) is presiding over the case. [Chapter 9 of the United States Bankruptcy Code](#) was created to allow a municipality to restructure its debt. The Jefferson County bankruptcy filing will allow the county to decrease expenses significantly with the objective of formulating a plan through which it can conduct operations more effectively.

Consumers and small businesses, also reeling from the effects of a bad economy, should know that chapters of the bankruptcy code are also available for them to restructure or even eliminate debt.

[Chapter 7 of the United States Bankruptcy Code](#), often referred to as "straight bankruptcy", allows an individual to completely eliminate most debt while preserving exempt assets. [Bankruptcy exemptions](#) vary from state to state but although many people tend to believe that a bankruptcy filing will result in their property being sold, the truth is that in the great majority of bankruptcy filings no property is lost. For a family or small business facing an insurmountable amount of debt, a chapter 7 bankruptcy may be a good option.

[Chapter 13 of the United States Bankruptcy Code](#), often referred to as "debt consolidation" or "personal reorganization", allows an individual or married couple to do as Jefferson County is doing and restructure debt. The filing of a chapter 13 bankruptcy immediately stops all collection activities; including foreclosure, repossession and wage garnishments. A plan can then be filed through which the consumer can restructure her debt.

[Chapter 11 of the United States Bankruptcy Code](#) allows an individual or business to reorganize its financial affairs while enjoying protection from creditors. This is typically a complicated process and our advice is to contact one of [our licensed attorneys](#) to assist you or your business in navigating this reorganization.

Finally, [Chapter 12 of the United States Bankruptcy Code](#) is available to “family Farmers” and “family Fishermen” pursuant to which they can reorganize debt. Although this chapter is not often utilized, it should be considered by these type consumers and businesses that are facing problems with debt.

If you or your business is facing financial difficulties, please don't make rash decisions or entrust your problems to a stranger. Please schedule a [free consultation](#) in our [location](#) most convenient for you. During your private and confidential consultation, you will meet with one of our licensed and experienced [attorneys](#) who will help you explore your options.