

# Less Common Types of Bankruptcies: Chapter 11, 12 and 15

by Windtberg & Zdancewicz, PLC on September 13, 2013



By now regular readers of this blog are fairly familiar with bankruptcy in general. Bankruptcy is a legal proceeding in which a person who cannot pay his or her bills can get a fresh start. The right to file for bankruptcy is provided by federal law and all cases are handled in federal court. Though most people have heard of Chapter 7 and 13 bankruptcies, there are other types of bankruptcies of which creditors may want to have knowledge. This blog will discuss three less common but important types of bankruptcy filings.

**Chapter 11**, also known as a reorganization. It is similar to a Chapter 13 bankruptcy in that it allows the filer to draft a plan to repay some debt while retaining assets. Chapter 11 is much more complicated, and therefore expensive, making it financially feasible mainly for businesses and very wealthy individuals. Unlike a Chapter 7 or 13 bankruptcy, a Chapter 11 bankruptcy does not automatically include a trustee to administer the case unless the court directs that one be appointed. Should that occur, the trustee proceeds as in other bankruptcies, taking charge of the debtor's business and property in an attempt to satisfy creditor claims.

**Chapter 12.** This type of bankruptcy shares features of both Chapter 11 and 13 cases, but differs in that it is utilized mainly by family farmers and family fishermen. When a family farmer or fisherman files for a Chapter 12 bankruptcy, s/he will be allowed, as a debtor, to continue doing business while creating a plan of reorganization. When the plan is approved, the debtor will be required to make payments in a time frame similar to a Chapter 13, usually three to five years. Creditors with secured claims may be paid over an even longer specified period; unsecured claims are handled as they are in a Chapter 7 liquidation. The U.S. Bankruptcy Trustee will most likely appoint a "standing trustee" to preside over a Chapter 12 bankruptcy.

**Chapter 15.** This specialized type of bankruptcy involves corporate bankruptcy cases (also known as insolvency cases) occurring outside the United States. Section 304, Chapter 15 of The Federal Bankruptcy Code elaborates on these "Ancillary and Other Cross Border Cases", enabling multi-jurisdictional cooperation between countries pertaining to corporate insolvency. Parties involved in foreign bankruptcy proceedings are able to accomplish more when information is shared, but it should be noted that a Chapter 15 bankruptcy is granted only at the discretion of the U.S. court. One major consideration is whether U.S. creditors involved in the case are treated fairly in the foreign court jurisdiction; another factor in the decision pertains to whether any U.S. laws have been infringed upon by the other court(s)' proceedings.

Working with an experienced, knowledgeable Arizona creditor's attorney can help tremendously when evaluating a bankruptcy filing. If you would like more information about bankruptcy requirements, creditors' rights, or if you need assistance from an attorney, **contact [Windtberg & Zdancewicz](#) to schedule an initial consultation.**

*The attorneys at [Windtberg & Zdancewicz, PLC](#), provide clients with experienced legal representation in all collection matters. We are experienced in creditor's rights including garnishments, charging orders, attachment, property execution, trustee's sales, foreclosures, judgments, judgment collection, domestication of foreign judgments, and creditor's issues in bankruptcy cases. If you need assistance with your collection matters, please contact us at [\(480\) 584-5660](#).*

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