
Basic Chapter 11 Bankruptcy

New Jersey Business Magazine

November 2019

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Harry J. Giacometti, shareholder in the firm's Bankruptcy, Financial Restructuring and Risk Management Department, was quoted extensively in an article in the November 2019 issue of *New Jersey Business Magazine* discussing Chapter 11 bankruptcy proceedings, including broader expectations surrounding it, expense considerations, bankruptcy trends, and what to expect from leadership/management.

Regarding expense considerations overall, Harry notes that bankruptcy costs include not only the debtor's legal counsel fees, but its financial advisor, and the creditors' committee and [its] counsel, including its financial advisors. Harry adds, "*You are also [paying] professionals who are retained by the debtor to try to market and sell its assets.*" He goes on to state "*The rules attempt to streamline the Chapter 11 process for small businesses. That's great; I think that's welcome. I just do not know that that's going to be effective...You read the rules, you see what the legislature has in mind, but you really don't know what's going to happen until it is actually enacted, and you have had a case or two.*" As an example, he adds, "*In small businesses [bankruptcy], they don't ordinarily appoint a creditors' committee [anyway] because that can be very expensive. But, in the SBRA, there is not going to be a creditors' committee. That is legislated out of it. That's just one, small change that makes things a little easier for these small businesses.*"

When focusing on the leadership/management piece to Chapter 11 bankruptcies, Harry notes that "*There may be a great company with a great product, but if it is financially mismanaged, then it is going to end up in trouble.*" He adds "*Often you'll see small businesses with concentration issues. They have one or two main clients, and for whatever reason, those clients leave and the [business] can't withstand [the loss].*"

[Click here to read the article in its entirety.](#)

ATTORNEYS MENTIONED

Harry Giacometti