

Mandatory Creditors' Committee Appointments Come Under Microscope

NOVEMBER 16, 2020

Christopher Sontchi, the chief Delaware bankruptcy judge, recently called for more flexibility on creditors' committee appointments, but professional views vary. At the National Bankruptcy Institute's 2020 Conference, a chief judge of the U.S. Bankruptcy Court for the District of Delaware said the law should allow for a change to the U.S. Bankruptcy Code, specifically, the word "shall" that requires the Office of the U.S. Trustee to appoint an official committee to represent unsecured creditors in every Chapter 11 case where possible.

It's hard to argue directly against something as benign-sounding as flexibility, but some say that a move away from this requirement could have some unintended ripple effects that might increase Chapter 11 shenanigans.

Winston & Strawn Partner James Bentley has his own stories about the ways certain personalities can dominate a committee. Debtors may propose assuming certain committee members' executory contracts in a Chapter 11 plan, he said, as a means of attempting to get a committee on board with the debtor's plan. However, committee members often put their fiduciary duties to all unsecured creditors first.

For more insights, read the full article [here](#).

1 Min Read

Related Locations

New York

Related Topics

Bankruptcy

Related Capabilities

Transactions

Restructuring & Insolvency

Related Regions

North America

Related Professionals



James T. Bentley