Syllabus

Text:

There is no text other than a copy of or access to the U.S. Bankruptcy Code, 11 U.S.C. §§ 101 – 1532 (2015) (referred to here as “Code”) and the Federal Rules of Bankruptcy Procedure (referred to here as “Rules”). The Code and the Rules must be current and must include the most recent Amendments. Both the Code and the Rules are available online. In addition, students must have internet access.

Case Study:

The Seminar will use the chapter 11 case, In re Dietze Construction Group, Inc., Case No. 10-14103-RGM, U.S. Bankruptcy Court, Eastern District of Virginia (Alexandria Division) as a case study. Papers and pleadings filed in the Dietze case will be available to students online. Arrangements are being made to grant students in this Seminar direct online access to the Case Docket through the U.S. Court’s PACER system. Students will need individual internet access.

Prerequisites: Bankruptcy Law 167-001 or -002 or permission from Professor Young.

Course Description: This Seminar discusses the procedures, the strategies and the dynamics of corporate reorganization under Chapter 11 of the U.S. Bankruptcy Code. There is no exam; there is a writing requirement. Grading is based on a combination of class participation and the writing component. Suggested topics for the writing are provided. Students must pick a topic for their writing component during the first half of the semester and turn in a writing at the last class.
FIRST CLASS: INTRODUCTION and ORGANIZATION. For this case study we will divide the class into at least the following groups:

- **The Debtor** – Dietze Construction Group, Inc. (2-3 students).
- **The Bank** – Virginia Commerce Bank as pre-petition lender. (1-2 students).
- **Subcontractors** – Companies involved in construction industry that subcontracted to perform on projects where Dietze was the general contractor. (2 students).
- **Official Committee of Unsecured Creditors.** (2-3 students).

Students will be assigned as the “attorneys” for the above groups. The number in parentheses above indicates how many students will be assigned to each group. We will discuss the following topics in the following order, sometimes in one meeting, sometimes more than one meeting.

**THE DEBTOR**
Who is the “Debtor” in this case? Why did Dietze file bankruptcy? What did Dietze hope to accomplish through a reorganization? What did it take to get ready for filing the bankruptcy? Who was involved? Review: Code §109 (eligibility), §327 (employment of professionals), §521 (what Debtor must file), §541 (property of the Estate), § 362 (automatic stay), §1101(1), §1107 & §1108 (debtor in possession); Rules 1007 (lists, schedules and statement); See also 28 U.S.C. §§ 1408-1410 (venue).

**THE COMMITTEE**
How does a Committee get formed? How does the Committee hire professionals? What power and authority does a Committee have? What role did the Committee play in Dietze? What is §1102(b)(3) all about? Review: Code §1102 (Creditors Committees), §1103 (Committee Powers and Duties), §503 (Expenses), §341 (Meeting of Creditors); Rules 2003 (Meeting of Creditors), 2007 (Review of Committee Appointment).

**LEASES AND CONTRACTS**
Prior to 2009, Dietze had grown to be one of the largest general contractors in the Washington Metropolitan area. During this time it expanded its operations and by 2008 was doing more than $15 million of work per year. Then the economy began to go down and the number of projects fell. Did Dietze expand too fast? What does a company do when, overnight, it goes from $15 million to $5 million in revenue? Review: Code §363 (use of assets); §365 (executory contracts and unexpired leases); §361 (cash collateral).

**FINANCING AND FINANCES**
Prior to bankruptcy, Dietze had a line of credit with Virginia Commerce Bank. When revenues took a plunge, the bank covenants were breached and the bank demanded payment. What does a company do when its bank turns on it? How does a debtor in bankruptcy get financing? Review: Code §364 (Financing).

**WHAT GOES ON DURING THE BANKRUPTCY**
NEGOTIATING A DEAL
Dietze couldn’t get new financing and was falling behind on its payment to creditors. What looked like an opportunity to restructure in bankruptcy suddenly became an effort just to survive. The dynamics of the parties: The Debtor, the Committee and the Bank, and now a new player – the “buyer”. Who has the leverage? What does each party want out of the bankruptcy and how do they get what they want?

DISCLOSURE STATEMENT

THE PLAN

VOTING ON THE PLAN

POST CONFIRMATION – PUTTING THE PLAN INTO EFFECT
The “Third Part of Reorganization”. What goes on after the Plan is confirmed? Who represents whom? Who pays for it all? When do the creditors get paid? What has to be done before creditors get paid?