

Law A582: Bankruptcy
M, W 8:30 – 10:00 a.m.
Remote Instruction via Zoom

Winter 2021(3 credits)
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Office Hours: Remote by Appointment Only

SYLLABUS

Bankruptcy is one of the most intellectually challenging and exciting areas of the law. How can I say that? Because anyone—from that person holding a “help” sign on the on-ramp to I-5 to large corporations like General Motors—can and does petition for bankruptcy relief. When that happens, *everything* about the petitioner must be resolved through the bankruptcy process. As a result, bankruptcy lawyers must resolve issues touching on virtually every other area of the law. This includes intellectual property rights, environmental issues, labor and employment issues, real and personal property rights, taxation, securities regulations, family law, and, well, the list is practically endless. They are the last “true generalists” in our profession. And if that is not enough, bankruptcy lawyers must resolve these issues in the context of a party often on the brink of financial ruin. The stakes and complexity are hardly higher anywhere else.¹

Here is another great thing about bankruptcy practice: bankruptcy lawyers are both “litigators” and a “transactional lawyers.” A bankruptcy case is at bottom a negotiation, and the deal must be approved by the bankruptcy court, sometimes over the objections of other parties. Most of the debtor’s pre-existing unresolved disputes must be resolved in the bankruptcy case. For the litigator, the speed and efficiency of bankruptcy practice provide ample opportunities for trial. For the transactional lawyer, a bankruptcy cases present the full range of transactional work: refinancing, recapitalizing, restructuring, mergers, acquisitions, and sales.

I hope you will get three things out of this class. First, I hope you will become comfortable with the basic concepts of bankruptcy law. Many lawyers avoid thinking about the bankruptcy implications of a situation because they are not familiar with our bankruptcy laws. No matter where your career takes you, a basic understanding of bankruptcy laws will be a valuable asset. Second, I hope you will gain some experience interpreting complex statutes. The Bankruptcy Code is one of the most complicated statutes in the world. If you can parse the Code, you can parse any statute. Finally, I hope you will appreciate and respect the important role the bankruptcy process plays in our economic life.

I’m looking forward to a great quarter, and I hope you are too!

¹ Yes, criminal law can present some pretty high stakes. But even the possibility of prison can be a bankruptcy issue.

TEXTS AND STUDY GUIDES: All students must have the two required texts listed below, which are available at the University Bookstore. I do not endorse any particular commercial study guide for this course. There is a wide variety of material out there, and I trust that you know what works best for you.

- Warren, Westbrook, *et al.*, The Law of Debtors and Creditors, Text, Cases, and Problems, Aspen Casebook Series, Wolters Kluwer Law & Business Publishing (7th ed. 2014)
- Warren, Bankruptcy & Article 9: 2020 Statutory Supplement, Wolters Kluwer (Aspen) Publishing (2020)

ATTENDANCE: Law school policy requires at least 80 percent attendance to receive course credit, but I hope that will not be the reason for your attendance. Each of you is paying good money to learn the law, and I am taking time out of a busy law practice to teach this course. The course will be better for everyone if you attend and participate.

ATTENDANCE IN VIRTUAL ENVIRONMENT: As you all know, we are conducting class this quarter via Zoom. In the virtual environment, attendance and participation mean **you must have your camera on during class**. You may turn it off temporarily to use the restroom or to meet other similar needs, just as you might leave the classroom in normal times. Otherwise, your camera needs to be on, and you need to be in front of it during class. You are welcome to use a virtual background if that makes you feel more comfortable. To count you “in attendance,” however, I need to see that you are present and attentive.

GRADING:

Examination (90%):

The majority of your grade will consist of final examination will be a three-hour exam. You may bring your textbook, statutory supplement, and your own notes and outlines. You may NOT bring commercially prepared outlines or similar materials. You may not consult the Internet or paste previously prepared materials into your answers. Please contact me if you have any questions regarding permitted materials.

Participation (10%):

The best way to learn this material is to apply the statute and concepts to hypothetical problems. We will spend significant portions of class working through the assigned problems. You should expect to work through at least one problem with me in front of the class this quarter. I will call on students generally in alphabetical order, though I will call on students who have not voluntarily contributed to the class discussion or worked through a problem in class before I call on those who have.

DISABILITY ACCOMMODATION: Please review the student handbook for the University’s disability accommodation policy. Do not hesitate to contact me if my assistance is needed.

COURSE SCHEDULE: The following is our planned schedule. I have an active law practice that may require me to reschedule certain classes. This may include scheduling a makeup class

after formal course instruction ends in order to meet ABA accreditation requirements. I will do my best to avoid canceling or rescheduling classes, which may include asking my colleagues in the bankruptcy bar to serve as substitute teachers. If I need to cancel or reschedule a class, I will let you know as soon as possible.

ASSIGNMENTS: Please complete the assigned readings and review assigned problems *before* class so that you are prepared to discuss the problems and materials in class.

PART I: Introduction to Debtor-Creditor Law

1. January 4
Textbook: Assignments 1 and 2
Problems: 1.2, 2.3
Statutes: 11 U.S.C. §§ 101(13), 301, 303, 362, 541

PART II: Chapter 7 (Liquidations) and Chapter 13 (Wage-Earner Bankruptcy)

2. January 6
Assignment 3
Problems: 3.1, 3.3-3.5
Statutes: 11 U.S.C. §§ 101(13), 301, 303, 362, 541
3. January 11
Assignment 4
Problems: 4.1 (assume Washington residency), 4.3
Statutes: RCW 6.13.030, RCW 6.15.010-050;
11 U.S.C. §§ 104(b), 522(b) and (d), 522(f)(1)
4. January 13
Assignments 6 and 7
Problems: 6.1 – 6.4, Problem Set 7
Statutes: 11 U.S.C. §§ 101(5), 502, 506, 507, 726
Rules: Fed. R. Bankr. P. 3001-08, 9014, Part VII

January 18 – MARTIN LUTHER KING, JR. DAY – NO CLASS

5. January 20
Assignments 8 and 9
Problems: 8.2 – 8.5
Statutes: 11 U.S.C. §§ 362(h), 521, 523, 524, 722, 727, 1141, 1328
6. January 25
Assignment 10 and 11
Problems: 10.1, 10.2, 10.5, 11.1
Statutes: 11 U.S.C. §§ 362(d), 506(a), 1322, 1325

7. January 27
Assignment 12
Problems: 12.1, 12.2, 12.5
Statutes: 11 U.S.C. §§ 707(b), 727(a), 1325(b)

PART III: Chapter 11 (Reorganization)

8. February 1
Assignments 16 and 18
Problems: 16.2, 16.3, 18.1, 18.4
Statutes: U.C.C. §§ 2-702, 9-203, 9-315;
11 U.S.C. §§ 327, 363(a)-(c), 503(b), 506(a), 546(c), 552, 553, 1101-1104, 1107
9. February 3
Textbook: Assignments 19 and 20
Problems: 19.1, 19.3, 20.1, 20.2, 20.5
Statutes: U.C.C. § 9-317(a); 11 U.S.C. §§ 364, 544, 545
10. February 8
Textbook: Assignment 21 and 22
Problems: 21.1 – 21.3, 21.7
Statutes: U.C.C. §§ 9-103, 9-317(e); 11 U.S.C. §§ 105(a), 553, 544(b), 547
11. February 10
Textbook: Assignment 23
Problems: 23.1 – 23.5
Statutes: U.F.T.A. §§ 4, 5; 11 U.S.C. § 548, 550

February 15 – PRESIDENTS’ DAY – NO CLASS

12. February 17
Special Guest Panel Presentation and Discussion
13. February 22
Textbook: Assignments 25 and 26
Problems: 25.1 – 25.4, 26.1
Statutes: 11 U.S.C. §§ 365, 541(a) and (c)

PART IV: Reorganization Models

14. February 24
Textbook: Assignment 27
Problems: 27.1 – 27.3
Statutes: 11 U.S.C. §§ 1122, 1125, 1126, 1129(a)(8) and (a)(10)

15. March 1
Textbook: Assignment 28
Problems: 28.1, 28.2
Statutes: 11 U.S.C. § 1129(a)
16. March 3
Textbook: Assignments 29 and 30
Problems: 29.1, 29.2, 30.1, 30.2, 30.4
Statutes: 11 U.S.C. §§ 1111(b), 1129(b)
17. March 8
Textbook: Assignment 34
Problems: None
Statutes: 11 U.S.C. §§ 327-330
Rules: Fed. R. Bankr. P. 2014, 2016
18. March 10
Course Review