



Bankruptcy offers companies a way out of troubled times.

## The light in the **Middle** of the tunnel

When things aren't going well, you don't have to wait for the end.

**B**y and large people are optimistic. *by Behzad Tabatabai*  
When a couple walks down the aisle, even with divorce rates being what they are, they genuinely believe “this will last!” Likewise, when someone starts a business venture, even with the economy being what it is, he intends for it to succeed. But like all forays into the unknown, things may not proceed as planned.

### WHY GOOD COMPANIES GO BAD

Companies can fail for a variety of reasons. The most alarming is management misconduct, as in the case of Enron. But malicious acts by executives are not as common as one might think. More often than not, it's the little things, such as poor administration, failing to meet shipping schedules and lack of innovation that cause a company's demise.

Even when management is competent, external, uncontrollable situations can adversely impact a business. One successful technology company discovered this unfortunate fact when an earthquake in Asia severed local data lines and for 30 days kept U.S. employees from accessing information required to operate the business. The company was forced into bankruptcy. Hundreds of New Orleans businesses suffered a similar fate in the wake of Hurricane Katrina.

Sometimes it's not an act of God, but just bad luck that wreaks havoc on a business. One real estate investment company was forced into bankruptcy when the anchor tenant of a shopping center it operated filed for bankruptcy. In fact, with a downturn in the real estate market, many investors are finding it increasingly difficult to sustain their ventures.

### WHAT TO DO WHEN IT'S GETTING DARK

If your company is in trouble, for whatever reason, there may be light at the end of the tunnel. But why wait that long? There's light in the middle too. It's the “B” word but it isn't as bad as you think. With Chapter 7 bankruptcy your company is liquidated and that's all she wrote. With Chapter 11, Reorganization Bankruptcy, you live to battle another day.

Chapter 11 is designed to give honest debtors a fresh start by relieving most debts and creating an orderly schedule to repay the remaining ones, to the extent possible. While in Chapter 11 proceedings, you are protected from most non-bankruptcy legal action by creditors. In this way, Chapter 11 offers “breathing room” to reorganize your business.

### PROFILE OF THE LEADING FIRM

Not all bankruptcy firms are the same. In fact, not all bankruptcy firms are “bankruptcy firms”. Most are general firms with bankruptcy departments. For truly expert counsel, seek a dedicated “bankruptcy boutique”. The largest one of its kind, with offices across the country, is Pachulski, Stang, Ziehl, Young, Jones & Weintraub (“Pachulski”).

Pachulski was called “one of the best firms in the country” by *the Daily Journal*, and has represented high profile clients such as Toni Braxton, Mike Tyson, *Penthouse Magazine*, TWA, LogoAthletics, Sizzler International and Zenith Electronics, among others.

They also represent creditors and are involved in the ongoing wave of landmark cases stemming from sexual abuse allegations against various Dioceses of the Catholic Church. Their clients benefit in numerous ways from the firm's size and specialization.

First, in basketball terms, Pachulski has a deep bench. Bankruptcy proceedings are notoriously paper heavy. Whether you're a creditor or debtor, you can get “papered to death”. If the firm you've retained cannot throw more bodies at the incoming pile of papers in time, you may miss out on important filing deadlines. You must be able to withstand paper attacks from larger firms (or initiate your own).

But you don't want your firm to throw a lot of bodies at your case all the time. At Pachulski, cases are not “overlawyered,” meaning they are not passed from one attorney to another, driving up costs.

Additionally, Pachulski attorneys, while expert negotiators, are also adept litigators. The credible threat of litigation adds leverage in negotiations and increases the likelihood of out of court resolution.

Nobody plans on failing. In those moments when you have to make difficult choices and find your way through a dark tunnel, there are professionals ready to illuminate the path. Bankruptcy offers companies a way out of troubled times.