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# Filing bankruptcy can't be all bad

By JACKIE KLEIN

So you're floundering in a sea of red ink. So your accounts receivable are piling up and you owe the government thousands of dollars in delinquent taxes and you can't meet your every day cash needs and the government is pressing for liquidation of your liabilities. Is that what's troubling you, buster? Don't despair, hold your head up high, smile through your tears, praise the Lord and file a chapter XI in bankruptcy court.

That's the advice of attorney Wallace Handler who spoke on remedies for the debtor at the annual meeting of the Southfield Bar Association last week.

Handler, of the Southfield law firm of Sommers, Schwartz, Silver, Schwartz, Tyler and Gordon, said when the Internal Revenue Service (IRS) is demanding money, it's time to decide if your failing business can be rehabilitated.

"THE IRS won't go along unless it gets paid. When your doors are locked, you've got problems beyond the point of no return."

One remedy is an informal settlement and out of court compromise, he said. But the disadvantages outweigh the advantage (the cheapest way out of your dilemma).

"If you don't get 100 per cent agreement from your creditors, you're spinning your wheels in an out-of-court negotiation," Handler said. "You can't hold off taxing authorities or lawsuits, and there's little flexibility."

Another relatively cheap and speedy possibility is filing a rarely used act of bankruptcy in circuit court. But you need majority approval from creditors, and most circuit judges don't understand the act, Handler said.

That leaves chapter XI, a bankruptcy arrangement plan of the debtor to settle or extend the time of payment of unsecured debts on any terms.

"THE DEBTOR must consider what shape his business will be in at the end of chapter XI," Handler said. Before chapter XI is confirmed, the debtor better be prepared to pay Uncle Sam, get relief from possible lawsuits and buy on credit, he said.

"EVEN WITH chapter XI, you're spinning your wheels if you don't believe you can make it. If you're determined to save your business, your optimism becomes the psychology of your attorneys, accountants, and the receiver."

The businessman who has more assets than secured debts can file a petition in bankruptcy court. The insolvent debtor must file an affidavit outlining his prospects for the next 30 days.

The receiver, appointed to operate the business, is supposed to analyze the company's assets and liabilities. Handler said.

"It's naive to believe the receiver is an expert in running every business. But together with an attorney, the receiver can file a plan of arrangement providing for taxes and wages to be paid in full and dealing with administrative expenses and unsecured creditors."

The debtor seeks acceptance of his plan at a court hearing and if the arrangement is approved, the judge sets a date of confirmation.

Attorney Gary Deeb, of Kenney, Kenney, Chapman and Prather, specializes in representing creditors. He told members of the Southfield Bar Association, "The creditor's first impression of Chapter XI is one of sickness."

"The debtor owes \$100,000, he can't collect his accounts receivable and he's insolvent and in trouble," Deeb hypothesized.

"Is the creditor supposed to do a rain dance? He's got to look at the facts because for sure he won't collect 100 cents on the dollar."

"Let's take the case of Joshua Doore. The big question is, will we continue to have an uncle in the furniture business?"

Before Joshua Doore filed chapter XI, rumors were the company was 90 to 100 days in arrears on accounts receivable, Deeb said. Creditors asked him if they should ship merchandise to the furniture company and Deeb's answer was "no."

"JOSHUA DOORE filed chapter XI because my clients stopped shipping goods."

"The creditor plays a vital role in chapter XI functions with the debtor, attorneys and the judge."

"If the debtor shows enthusiasm, there are no bad guys in bankruptcy court."

## Suspect arrested at airport

FARMINGTON HILLS—At 1:45 p.m. Wednesday a man held up the Manufacturer's National Bank, 30800 Grand River.

Three hours later, authorities had a 41-year old man prison parolee into custody minutes before he was to board a plane for Atlanta.

Terrance W. Erway was arraigned Thursday, April 26, in U.S. District Court on a charge of violating the federal bank robbery statute.

An FBI spokesman said that the robber had entered the bank and changed some bills at a teller's window. He then approached the assistant bank manager, drew a handgun and demanded that the money be placed in a bag.

AFTER THE robber fled the bank, employees were able to get a description of the car he was driving and the license number.

Farmington Hills, Novi and Michigan State Police were called to investigate.

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