

## NOTICE TO BAR REGARDING INDIVIDUAL CHAPTER 11 CASES

There has been a recent spate of individual Chapter 11 cases filed by attorneys who have neither the experience nor the education nor the competence to venture into Chapter 11. I believe that there are very few bankruptcy lawyers other than State Bar certified specialists who should be contemplating representation of Chapter 11 debtors in possession.

I see rampant errors being made in issues relating to cash collateral, conflicts of interest, and compensation.

The use of cash collateral without permission, even for necessary expenses, is usually fatal to Chapter 11 cases. There are procedures in place to obtain emergency permission to use cash collateral. If you don't know them, you should not be taking Chapter 11 cases.

A Chapter 11 is not just a big Chapter 13. If you represent a Chapter 11 debtor in possession, your client is the *estate*, not the debtor personally. Failure to understand this results in serious liability exposure.

Forget about trying to fix your compensation. You will be paid what I allow, period. I suggest you not spend retainers until your fees are allowed to avoid having to return money you have already spent.

I see frequent malpractice in individual Chapter 11 cases and I am quick to note it on the record. Your employment will not be approved unless you have substantial current malpractice insurance. If you are going "bare," don't even think about taking a Chapter 11 case.

Dated: September 9, 2009



Alan Jaroslovsky  
U.S. Bankruptcy Judge