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Peter C. Alexander

Pennsylvania State University

Peter N. Kutulakis

Pennsylvania State University

Robert M. Ackerman

Willamette University, ackerman@wayne.edu

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Integrating Alternative Dispute Resolution into the Bankruptcy Curriculum

Peter C. Alexander*

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I. Introduction

Teaching bankruptcy law has become more complicated in recent years. As more practitioners look to alternative dispute resolution (“ADR”) as a means to settle financial differences, students must also be made aware that the bankruptcy courtroom is no longer the only place to seek relief from financial problems. This article describes one classroom technique developed over the past four years by the bankruptcy and ADR professors at The

* Peter C. Alexander is a Professor of Law and the Associate Dean for Research and Faculty Development at The Dickinson School of Law of The Pennsylvania State University. He teaches Evidence, Trial Advocacy, Debtor-Creditor Law, and Advanced Debtor-Creditor Law.

** Peter N. Kutulakis was a Professor of Law and the Vice Dean at The Dickinson School of Law of The Pennsylvania State University. He taught Client Counseling and Alternative Dispute Resolution. On August 5, 1997, Dean Kutulakis died suddenly during a return trip from the American Bar Association’s annual meeting in San Francisco.

*** Robert M. Ackerman is the Dean and a Professor of Law at Willamette University College of Law. Dean Ackerman was a colleague of both Deans Alexander and Kutulakis at The Dickinson School of Law before accepting the deanship at Willamette. Among other courses, Dean Ackerman has taught Mediation and Alternative Dispute Resolution.

Dickinson School of Law of The Pennsylvania State University to introduce students to a unique form of bankruptcy relief: Reorganization in Lieu of Bankruptcy.

II. Goals

In any classroom endeavor, a teacher must begin by defining what she hopes the students will learn from a particular classroom exercise. When introducing an exercise that utilizes both ADR and bankruptcy, the activity has to be easy to explain, reality-based, and manageable (from a time standpoint). Our situation was complicated by the fact that both the bankruptcy professor and the ADR professor believed that the exercise would be useful for students in both courses; consequently, we intended to create an exercise that would involve students from the ADR class and from the Debtor-Creditor Law¹ class. As a result, the exercise needed to meet not only the criteria described above, but it also needed to be directly relevant to students in both subject areas.

Our goals were actually fairly simple: introduce the Debtor-Creditor and ADR students to one form of bankruptcy dispute resolution through the use of a hypothetical situation and role-playing. In addition, we wanted to provide the ADR students with an opportunity to practice the skills they were learning in the context of a substantive area of the law.

III. Hypothetical Situation

Consider the following situation: Ivan Chesnikov, a fifty-year-old Russian immigrant who has been in this country for nearly twenty years, has recently suffered a serious financial setback, and he has come to see you about his financial problems. Your interview with Ivan establishes that his problems are serious but that he does not want to file bankruptcy; he feels it would not be "the American thing to do." In fact, Ivan feels that he would bring shame upon his family if he filed bankruptcy and could possibly jeopardize his chances for a promotion at work.

Ivan's financial picture is as follows: he owns a house in our community (worth \$100,000, subject to a \$60,000 mortgage). Ivan is not married but shares the house with his sister, who is also named on the deed. He also owns a five year old Chevrolet

1. At The Dickinson School of Law, Debtor-Creditor Law covers creditors' remedies and chapters 7 and 13 of the Bankruptcy Code.

Cavalier (worth \$6,500, subject to a purchase money security interest in favor of GMAC, with a principal and interest balance of approximately \$4,000). Ivan has a fishing boat, which he values at approximately \$4,000, and two cemetery plots (which are in his name) that he bought for his sister and for himself. He estimates the value of the plots to be \$750 each.

Ivan feels that his share of the household goods and furnishings would add up to \$3,000 if liquidated at forced-sale value, and he reports that he owns those items free and clear of any liens or encumbrances. Ivan also has a collection of books that he uses in his work (he is a junior college professor) that he conservatively values at \$2,500. Additionally, it was recently announced that, in two months, Ivan will receive the Kaplan Science Award from his college. As a result, he will receive a \$10,000 cash prize.

Ivan's personal debts, besides the mortgage and the car loan, include credit card debts,² personal medical bills,³ and medical bills and funeral expenses for his mother.⁴ In addition, Ivan and his sister have a catering business that has hit rough times like so many other small businesses these days. Together they owe \$25,000 (outstanding principal and interest) on a small business loan (issued through First National Bank) which is secured by catering equipment (having an approximate liquidation value of \$15,000) and by their personal guarantees. (Ivan's sister has no assets other than personal items worth approximately \$1,500.)

Ivan earns \$3,000 per month from his teaching job after taxes and customary deductions, and he receives no income from the catering business. His sister takes approximately \$250 (net) from the business when it is available. Lately, there has not been enough even to pay the First National loan payment of \$1,000.

Ivan estimates his monthly expenses to be: \$800 for his mortgage, real estate taxes, and homeowner's insurance; \$400 for utilities (gas, electric, water, phone, and cable); \$400 for food and

2. Ivan owes \$5,000 to Citibank VISA, \$4,000 to Citibank MasterCard, \$2,500 to First Card VISA, \$2,500 to BancOhio VISA, \$1,000 to Discover, and \$1,000 to Sears.

3. Ivan owes the local hospital \$4,500 for surgery he had last winter and he owes \$1,500 to Dr. Jones, his surgeon. (These are the portion of his total hospital bill that were not covered by insurance.)

4. Ivan helped his elderly mother emigrate to the United States from Russia earlier this year only to find out that she was terminally ill. The cost of her health care was more than \$50,000, and her funeral bill was \$3,000. Ivan signed the invoices for these services and paid as much of the outstanding balances as he could with cash advances on his credit cards. It was the unexpected medical expenses for his mother that caused Ivan's financial downfall.

groceries for his household; \$300 in car payments; \$100 for liability insurance for the catering business; and \$100 per month for clothing and other incidentals for his household.

Ivan and his sister also owe the Internal Revenue Service ("I.R.S.") \$1,200 (including penalties and interest) for self-employment taxes due for tax year [four years ago]. The I.R.S. wants Ivan to suggest a payment plan within two weeks or it will levy his bank accounts (that have virtually no money in them) and garnish his wages.

Ivan wants you to negotiate a settlement with his creditors, and he authorizes you to suggest anything that you feel is in his best interest so long as he does not have to file bankruptcy. In fact, he is willing to pay everyone in full, even if it takes the rest of life!

IV. Pedagogy

The faculty involved in the exercise found it necessary to meet with each other prior to conducting the simulation, and the ADR professor visited the bankruptcy class prior to undertaking the exercise. The ADR professor lectured to the bankruptcy students about the range of dispute resolution processes within ADR, "getting to yes,"⁵ and the importance of resolving disputes in forums other than the courtroom. We hoped that the bankruptcy professor could lecture to the ADR students about bankruptcy law and to include them in the simulation, but we determined it was not possible the first time.⁶

During the week prior to the simulation, the bankruptcy students received a copy of the facts they would be using during the exercise. The students were permitted to choose a client,⁷ and, in an effort to simulate realism, they received only the information

5. See ROGER FISHER AND WILLIAM URY, *GETTING TO YES* (1981) (noting the approach to negotiation characterized as "principled" or "win-win").

6. The simulation has been conducted four times. In the first two years, the professors did not leave adequate time for the bankruptcy professor to lecture the ADR students about bankruptcy law. The third and fourth times, however, the bankruptcy teacher did go to the ADR class for one hour to explain the process, give an overview of bankruptcy law, and to have the ADR students provide feedback about the model described. The discussion was helpful, but the ADR students need more than one hour of bankruptcy law to really understand what is happening in a reorganization in lieu of bankruptcy.

7. The clients were Ivan Chesnikov and Ivan's creditors which included the hospital, several credit card companies, and the banks.

that was directly relevant to their own client.⁸ The students who chose Ivan as a client were given the complete set of facts described in Section III above but not the specific fact sheets that were given to the various creditors' attorneys.

The students who represented Ivan were also advised that they would be facilitating a discussion with the objective of resolving a dispute between Ivan Chesnikov and his creditors. They were provided no additional facts prior to hosting the mediation. The professors made it clear to the students that, for purposes of this exercise, it was less important that the students reach a conclusion; the preferred experience would require only that the students adhere to the process that we described to them in working toward a conclusion.

The students who represented Ivan were in charge of the exercise for each group. (To the extent that it was possible, students who had completed either the course on Client Counseling or Alternative Dispute Resolution were steered toward the role of counsel for Ivan.) The professors determined that the communication skills emphasized in both of these courses would be of great assistance to the students in their role as facilitators. The specific model of dispute resolution that we chose combined facilitation, negotiation, and mediation.

In a reorganization in lieu of bankruptcy, as we defined the model, counsel for the debtor was to convene a meeting of the debtor's creditors. At the meeting, debtor's counsel was to explain the debtor's financial situation to the representatives gathered and predict the debtor's financial future. During the first part of the group's meeting, Ivan's attorneys were to explain to the creditors in their respective groups what caused Ivan's financial hardship, and they were to advise the creditors about the steps Ivan would take to avoid this situation in the future. In addition, Ivan's

8. In addition to providing the student lawyers with the amount of their client's claim, many were also given additional facts to make the ensuing discussions more realistic. For example, the students representing First National Bank were told that the bank did not require additional collateral because the Chesnikovs had their mortgage with First National and the bank knew how much equity existed in the home. The students representing BancOhio VISA were told that this client feels they have not been aggressive enough in collecting debts and that if the attorneys did not pursue Chesnikov to the fullest extent, the company would not send them any new collection files (which constitute approximately one-fourth of the attorneys' practice). The creditor sketches are included in Appendix A at the end of this article.

counsel was directed to prepare a chapter 7 liquidation analysis⁹ so the creditors would know what to expect in the event Ivan found it necessary to file bankruptcy.

During the first part of each group's meeting, the debtor's attorney and the creditors' attorneys were to negotiate to determine the size of the debtor's "asset pie." Based on their respective roles, each would try to make the "pie" as small or as large as possible. (Hopefully, all counsel had prepared a chapter 7 liquidation analysis leaving the parties with little to argue about except arithmetic.)

Once the size of Ivan's financial estate had been agreed upon, Ivan's counsel was expected to take off the hat of negotiator and put on the hat of mediator. In the second part of the exercise, debtor's counsel was expected to help the creditors decide who was going to receive what portion of the estate. At this point, the controversy was no longer between Ivan and the creditors because the focus of the discussion had changed. Disagreements were no longer about how much money Ivan had to pay his debts; the recipients were now trying to distribute the amount of money the parties had already agreed upon. With the initial negotiation concluded, Ivan's counsel's new role was to help the creditors decide who would receive how much of the available assets and when.

V. The Lawyer's Many Roles in ADR

This exercise provided an opportunity for the students to practice the various roles the lawyer plays in the broad spectrum of ADR processes. As negotiators in the first part of the exercise, the students were required to combine knowledge of bankruptcy law, effective communication skills, and appropriate negotiation techniques as they conferred for agreement on behalf of their clients. As a more-or-less impartial mediator in the second phase

9. A liquidation analysis is a staple of bankruptcy practice. It involves determining the value of a debtor's assets and liabilities and, from those valuations, making an educated guess of the distribution that will be available for the debtor's creditors. In order to predict the amount available for distribution, the party preparing the analysis will rely on various sections of the Bankruptcy Code, judicial interpretations of the Code, business judgment, and local practice and custom. Debtor's counsel typically prepares a liquidation analysis as part of counseling a debtor and to assist in determining which type of bankruptcy to file. Creditors' counsel routinely prepare their own liquidation analyses to serve as a check on the debtor's counsel.

of the exercise, debtor's counsel employed other skills in the lawyer's repertoire. In addition to good listening skills, these students needed to know the elements of the mediation process and possess an understanding of human nature as they facilitated the negotiation among the creditors.

VI. Evaluation

Overall, the exercise worked well. There were not so many facts as to overload the students during two class periods, but there were not so few facts that they had to make up information and corrupt the exercise. The exercise separated the students who had arrived at the table prepared (having completed their own chapter 7 liquidation analysis) from those who waited to begin the simulation at the table. The students in the former group were far better prepared to negotiate with one another. Their discussion jumped beyond just identifying what assets would be included in Ivan's estate to challenging preferences and trying to round up two other creditors in order to file an involuntary bankruptcy and recover funds from certain conveyances for the estate.¹⁰

The exercise was useful for the students who were minimally prepared as well. Since they were at a table with at least a few students who were very prepared, they received an early (but important) lesson about attorney malpractice.¹¹ In addition, the students heard the bankruptcy terms tossed around in context rather than in a classroom. "Turnover"¹² became relevant because clients could lose the last two payments they had received from Ivan. "Exemptions"¹³ were important because Ivan's decision to use the federal statute (rather than the very conservative Pennsyl-

10. Interestingly, although the various student groups operated at differing levels of bankruptcy and ADR proficiency, no group was ever so hampered as to be precluded from moving to the second phase of the workout. Outside the classroom, however, unprepared attorneys could keep the process from moving to completion.

11. One student commented after the simulation was completed that he had thought he could "wing it" but quickly realized that his client was not receiving adequate representation as the other lawyers around the table were talking about issues that he had not contemplated.

12. A process used in bankruptcy practice to recover assets for the bankruptcy estate. See 11 U.S.C. § 542 (1994).

13. Exemptions are laws that allow a individual to file bankruptcy and keep some (or all) of his property in order to ensure that a bankrupt is able to re-start life after the bankruptcy is complete. See *id.* § 522(d).

vania exemptions) meant that the size of Ivan's bankruptcy estate was greatly diminished.¹⁴

The simulation served another useful purpose: It provided the students with a relatively painless review of most of the bankruptcy concepts that had been discussed in class. It also caused the students to help one another in that review; they often redefined the concepts that we had discussed in class by providing alternate definitions that were as good and as helpful as those the professor or the text provided.

From a time standpoint, the exercise was not very involved. Each professor devoted one hour prior to the simulation through lecturing to the students in the other class. The simulation itself involved only two class hours, and the preparation time (for the professors)¹⁵ involved approximately four hours. In subsequent years, there has been virtually no preparation time because the fact pattern does not have to change.

VII. Role and Nomenclature

Some students familiar with ADR, and the mediation process in particular, have expressed concerns about the role of Ivan's counsel in the second phase of the exercise. In the first few years of using the role play, the bankruptcy professor would occasionally refer to this attorney as a "mediator." The students were aware that Ivan's counsel was not a mediator in the purest sense of the word. While neutral with respect to the precise distribution of assets among the creditors, Ivan, and therefore his attorney, maintained an interest in seeing that the creditors reached agreement¹⁶ and, of course, in seeing that the amount available to

14. For example, under Pennsylvania law, a debtor's exemptions would be limited to wearing apparel, bibles and school books in any amount, \$300 in other personal property, a sewing machine, and a few other less-common items. *See, e.g.*, 42 PA. CONS. STAT. ANN. §§ 8123-8124 (West 1982 & West Supp. 1997). By comparison, under federal law, Ivan is entitled to, *inter alia*, a homestead exemption of \$16,150, a motor vehicle exemption of \$2,575, a jewelry exemption of \$1,075, and a miscellaneous personal property exemption of \$8,625. *See* 11 U.S.C. § 522(d).

15. Student preparation time varied from student to student. However, no student was required to expend more time preparing for the simulation than would be expected of the student for a typical class lecture.

16. Naturally, all mediators have a professional interest in having the dispute resolved. While having no resolution is better than having a bad resolution, the mediator has presumably been retained in order to help bring about a resolution, and anything short of that falls at least somewhat short of the mediators's professional goals. This can be differentiated, however, from a case in which the facilitator has an interest in seeing

creditors remained no larger than that agreed upon during the first phase of the exercise. There is always the lingering possibility that the creditors, unable to reach agreement regarding the distribution of limited assets, will turn back to Ivan and ask him to put more into the pot. Furthermore, Ivan's attorney might be further involved as a negotiator in an effort to reach an integrated solution, i.e., a win-win solution that may stretch the assets a little further. Perhaps one of the creditors can accept payment over a period of time, and Ivan would be in a position to contribute more money if he were allowed such time. Perhaps a creditor in this or some other situation would be amenable to payment in kind or to payment through services that the debtor might be able to render. All this is to be encouraged. Limiting resources to a single cash "pot" may, at least in some cases, be antithetical to the win-win solutions encouraged under modern dispute resolution theory.¹⁷

Of course, a truly neutral and detached mediator could be employed to facilitate both phases of the negotiation. However, in a bankruptcy situation involving a relatively small amount of assets, this is probably not a very efficient mechanism. We believe it preferable, in most such situations, for the debtor's attorney to play the role of neutral facilitator. The main problem is one of nomenclature. Use of the term "mediator" is to be discouraged as that may inaccurately portray the role of Ivan's counsel. Concern about nomenclature, however, should not preclude the employment of hybrid processes that bring about efficiency and give rise to a fair result.

VIII. The Next Step

What we have been able to accomplish in the bankruptcy classroom, we must now try and realize in the ADR classroom. This is a somewhat more difficult task because the bankruptcy students can receive a one-hour lecture on ADR and function well in the simulation, but those ADR students who have not had Debtor-Creditor Law would be at a distinct disadvantage. It is not possible to lecture for one or two hours to the ADR students and provide them with more than a superficial knowledge of bankruptcy law and creditors' rights.

resolution because her client's interests are adversely affected by the failure to attain one.

17. See, e.g., FISHER & URY, *supra* note 5.

The expanded simulation idea may find a home in the third-year curriculum, however. A series of simulations similar to the Ivan Chesnikov role play could form the basis of an upper-level course that integrates theory, ethics, and lawyering skills.¹⁸ As a prerequisite to registering for the course, students would be required to have successfully completed a course in alternative dispute resolution and a course in bankruptcy (or one of several other courses that would form the substantive basis of the problems). This third-year offering could tie together substantive and procedural aspects of the curriculum and provide seniors with an interesting way to complete the third year of law school.

We have employed this exercise in a continuing education seminar attended by experienced practitioners with good results. Several of these veterans of the debtor-creditor wars questioned whether Ivan should really pursue a workout and suggested that, as Ivan's counsel, they would recommend a straight bankruptcy under chapter 7 of the United States Bankruptcy Code.¹⁹ Nevertheless, they thought that the exercise was realistic enough and served as an appropriate capstone to a day-long Continuing Legal Education session on alternative dispute resolution and bankruptcy practice.

IX. Conclusion

Student reaction to the classroom exercise was uniformly positive. All the students welcomed the opportunity to engage in the processes of negotiation and facilitation and to do so in the context of substantive rules that they had been encountering throughout the term. We are convinced that the integration of substantive material with hands-on experiences provides: (1) a good self-test of mastery of the substantive material for the students; and (2) an opportunity for students to lift the words off the page and see the doctrine come alive in a realistic context.

18. See *Legal Education and Professional Development—An Educational Continuum, Report of the Task Force on Law Schools and the Profession: Narrowing the Gap* (Chicago, 1992) (also known as "The MacCrate Report").

19. 11 U.S.C. §§ 101-1329. This suggestion from the practitioners may have been prompted more by their analysis of the mathematics than anything else. The practitioners had never met the "real" Ivan Chesnikov and could, therefore, not put into human terms his aversion to bankruptcy proceedings. Of course, they were also precluded from counseling Chesnikov regarding the realities of bankruptcy in modern American life.

APPENDIX A

Below are the facts provided to each of the creditors' student attorneys in the simulation:

Your client: BancOhio VISA

You handle all of the local collections for BancOhio VISA, and the company feels that you are not aggressive enough. BancOhio collection work represents approximately one-fourth of your monthly fees, and if you were to lose this client, your own finances would be in jeopardy.

According to BancOhio's records, Mr. Chesnikov owes VISA \$2,500. He had been making \$150 per month payments until June. In June, he paid \$100; in July, he missed a payment; and in August, he paid \$50. He has not made a payment since that time. BancOhio wants you to sue Mr. Chesnikov NOW!

Your client: Carlisle Hospital

Mr. Chesnikov owes Carlisle Hospital \$4,500 for surgery he needed in January [1 year ago]. The total bill was actually closer to \$30,000, but Mr. Chesnikov's insurance paid the remainder.

Mr. Chesnikov has been very cooperative with the hospital staff regarding his desire to pay; however, he has had no money with which to pay the bill.

Also, earlier this year, his mother required considerable medical attention for a terminal illness. She did not have insurance, and Ivan signed the hospital's "Financial Responsibility Invoice" when she was admitted. Her bill is approximately \$50,000.

Ivan told one of the hospital billing clerks that he was going to receive some sort of cash award in January of next year and that he would gladly pay the hospital whatever money he was going to receive. Based on this statement, the hospital decided not to have you file suit against Mr. Chesnikov until February.

Your client: Citibank VISA and Mastercard and First Card VISA

You handle all of the local collections for Citibank VISA and Mastercard and First Card VISA. All three of your clients have reported that Mr. Chesnikov did not make his November credit

card payments. (Citibank Mastercard and First Card VISA report that he has not made a payment for more than three months.)

Your clients all want the same thing: their money! Citibank VISA does not want to rock the boat (because it is already being paid); however, the manager of the VISA collection department has authorized you to agree to a reduced payment plan as long as Citibank VISA is receiving the same percentage dividend as all of the other unsecured creditors.

Your client: First National Bank

On November 1, [2 years ago], the bank loaned Ivan and Natasha Chesnikov (brother and sister) \$30,000 at 10 percent simple interest, payable in 39 monthly installments of \$1,000. The loan is backed by the Small Business Administration ("SBA"), and payments began on December 1 of that year. Payments were timely made in December, January, February, March, April, May, June, and July. The August payment was one week late, and the September payment (which was only a partial payment of \$500) was made on the 12th. As of December 1, [1 year ago], Mr. and Ms. Chesnikov owe the bank approximately \$25,000 (with interest to the end of the note included).

The purpose of the loan was to acquire equipment for and to operate a catering business. Ms. Chesnikov was the person who would actually run the business; Mr. Chesnikov's signature and credit history were needed "to make the loan work." The bank obtained as collateral for the loan all of the equipment obtained for use in the business which Mr. and Ms. Chesnikov valued in 1994 at \$18,500. The bank properly recorded its purchase money security interest, but it did not ask for any additional collateral even though the Chesnikovs have a mortgage through First National Bank and have approximately \$40,000 in equity in their home.

The bank wants payments to resume immediately or it will ask the SBA to pay off the bank and begin judicial collection proceedings against the Chesnikovs. The Chesnikovs do not have to catch up the missed payments; the bank is merely requiring that the Chesnikovs pay 25 consecutive \$1,000 payments.

Your client: IRS

Mr. Chesnikov owes the IRS \$1,200 (including penalties and interest) for self-employment taxes due for tax year [3 years ago]. The IRS has been corresponding with Mr. Chesnikov since June [2 years ago]; however, he has never responded to any of your letters.

On November 24, [1 year ago], you informed him that you intended to issue a levy against his bank accounts on Monday, December 11, [1 year ago], unless he paid the outstanding balance. (When you called First National Bank yesterday, you were informed that Mr. Chesnikov had \$115 in his checking account and \$23 in his savings account.)

What Mr. Chesnikov does not realize is that you would gladly accept payments from him as long as they were reasonable and did not extend beyond one year. (Your internal policies dictate that a tax lien must be filed if obligations of less than \$2,000 are not paid within three years of the end of the tax period.) Consequently, if Mr. Chesnikov's [3 years ago] taxes are not paid by the end of this year, you will have to file a tax lien against his real estate.

Your client: Dr. Jones

Your firm does all of Dr. Jones' collection work; he also happens to be your family physician. Mr. Chesnikov owes Dr. Jones approximately \$1,500 as a result of Mr. Chesnikov's [1 year ago] medical problems.

Dr. Jones understands that Mr. Chesnikov has had some unusual financial setbacks this past year, and he will wait as long as necessary to receive his money. However, he does not want Mr. Chesnikov to take advantage of him; if anyone else receives money, Dr. Jones wants to receive money!

You also represent Carlisle Funeral Home in all of its collection work. You do not have Mr. Chesnikov's account yet, but the funeral home informed you that he owed them almost \$2,000 for his mother's funeral, and they would be turning the account over to you for collection soon.

Your client: Sears and Discover

You handle all of the local collections for Sears and Discover credit cards. Both of your clients report that Mr. Chesnikov has

been making regular monthly payments of \$100 on each account. (Actually, Ms. Natasha Chesnikov has been paying the Discover bill from her checking account.) They understand that he has had financial difficulties and would be willing to give him some breathing room, but they do not want to be treated differently than any other credit card creditor in Mr. Chesnikov's reorganization.

Ideally, they would like to continue receiving their \$100 per month payments.

APPENDIX B

DISTRICT OF DICKINSON
CARLISLE, DICKINSON

IN RE:)
)
IVAN CHESNIKOV)
)

NOTICE OF MEETING OF CREDITORS IN LIEU OF
BANKRUPTCY

TO: All creditors of Ivan Chesnikov

YOU ARE HEREBY NOTIFIED THAT on Wednesday,
[INSERT DATE], IVAN CHESNIKOV’s attorney will convene a
meeting of all of Mr. Chesnikov’s creditors for the following
purposes:

- 1) to disclose all of Mr. Chesnikov’s financial information to his creditors; and
- 2) to create a plan of reorganization to pay off Mr. Chesnikov’s debts, without having to seek relief in the United States Bankruptcy Court for the District of Dickinson.

The meeting will be held at The Dickinson School of Law of The Pennsylvania State University, Rm. _____, at _____pm.

YOUR PARTICIPATION AT THIS MEETING IS CRUCIAL!!! THE DEBTOR AND ALL CREDITORS MUST AGREE TO ABIDE BY THE PLAN OF REORGANIZATION

OR ELSE MR. CHESNIKOV WILL HAVE NO CHOICE BUT
TO SEEK BANKRUPTCY PROTECTION.

A list of Mr. Chesnikov's income, expenses, debts, and assets
are attached.

Counsel for Ivan Chesnikov

IVAN CHESNIKOV

Income: \$3,000.00 per month (after taxes and retirement)

Monthly Expenses:

mortgage (inc. taxes and ins.)	\$ 800.00
gas & electric	250.00
telephone	75.00
water	25.00
trash collection	25.00
cable	25.00
food (Mr. Chesnikov & his sister)	400.00
GMAC car loan	300.00
catering business ins.	100.00
worker's comp. (\$60)	
general liability (\$40)	
clothing & incidentals	<u>100.00</u>
<i>Total:</i>	\$2,000.00

Assets:

residence (co-owner: sister)	\$100,000.00
5 year old Chevrolet Cavalier	6,500.00
fishing boat	4,000.00
household goods & furnishings	3,000.00
professional books	2,500.00
2 cemetery plots	1,500.00
clothing	<u>500.00</u>
<i>Total:</i>	\$118,000.00

Debts:

First Natl. Bank (mortgage)	\$ 60,000.00
(co-debtor: sister)	
GMAC (car loan)	5,000.00
First Natl. Bank (SBA loan)	25,000.00
(co-debtor: sister)	
Carlisle Hospital	54,500.00
Carlisle Mortuary	2,000.00
Dr. Herbert Jones	1,500.00
Internal Revenue Service	1,200.00
Citibank VISA	5,000.00

Citibank Mastercard	4,000.00
First Card VISA	2,500.00
BancOhio VISA	2,500.00
Sears	1,000.00
Discover	<u>1,000.00</u>
<i>Total:</i>	\$165,200.00