

NEWS RELEASES

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The Distressed Debt Report: Attorneys Applaud Bankruptcy Rule 2019 Amendments

In a May 10, 2011, article, *The Distressed Debt Report* discusses newly adopted amendments to Rule 2019 of the Federal Rules of Bankruptcy Procedure and their application in Chapter 11 cases. The amendments protect proprietary information in the disclosure rules. A requirement of the old Rule 2019 forced creditors to disclose the price paid for a claim and the purchase date. This condition was removed when the rule was amended. Husch Blackwell Insolvency attorney Michael Fielding agreed the amendments better protect creditors, limiting harassment from disenfranchised debtors. "As a practical matter, the new Rule 2019 doesn't shut the door on claim acquisition disclosure," Fielding said. "It just closes the door to a narrower crack. If you can't get information through Rule 2019, you have to go through other discovery in bankruptcy court. You still might get that information through Rule 2004 in limited circumstances." In addition, Fielding believes the modernized language of the amended rule is beneficial, as it now considers financial instruments such as derivatives and mortgage-backed securities that did not exist when the old Rule 2019 was enacted. "I like that the language is reflective of the financial environment we live in," Fielding said. "It modernizes Rule 2019."