



Sader Law Firm
ATTORNEYS AT LAW

**BUSINESS SOLUTIONS
THROUGH CHAPTER 11**
KANSAS CITY'S BANKRUPTCY FIRM

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The attorneys of Kansas City's Sader Law Firm have over 30 years' experience helping individuals, families and businesses with complex Chapter 7 and Chapter 11 bankruptcy cases.

Whether representing debtors or creditors in these often-complicated matters, our dedicated attorneys and staff understand the effect financial problems can have on you, your family and your business. Our attorneys are experienced litigators, negotiators, transactional lawyers and problem-solvers. We assist our clients in moving quickly and confidently through the bankruptcy system to provide the best possible result.





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NEIL S. SADER

ATTORNEY

Neil, who grew up throughout the Midwest, came to the KC area to practice law in 1984. Since then, he's been helping people and businesses find high-quality, cost-effective solutions to financial problems. He has served as Lead Counsel in local and national cases for debtors and creditors, as well as served as an Expert Witness in various cases. He enjoys the challenge associated with difficult matters and steering his clients to successful outcomes. Neil is adept at communicating with clients to help them understand how to make the bankruptcy laws work in their favor.

- Listed in Super Lawyers for Kansas and Missouri since 2006, listed in Best Lawyers in America Bankruptcy Litigation in 2021 and 2022 and Board-certified – Consumer Bankruptcy Law – American Board of Certification.*
- Has served as Lead Counsel in Chapter 11 cases involving hotels, energy companies, construction companies, logistics providers, commercial real estate owners and developers and restaurants.
- Has represented clients in adversary and contested proceedings concerning valuation, tax matters, dischargeability claims, attorney fee issues, Plan Confirmation and Disclosure Statements, feasibility, conflicts of interest and numerous others.

*— Neither the Missouri Supreme Court nor the Missouri Bar reviews or approves certifying organizations or specialist designations.

BRADLEY D. MCCORMACK

ATTORNEY

Since 2007, Brad has focused his practice on bankruptcy, including Chapter 11 cases for hotels, restaurants, apartment complexes, wholesale suppliers and transportation companies, among others. He helps businesses of all sizes reorganize their debt and become profitable through this process. He also has significant experience representing and providing counsel to Unsecured creditor committees and companies facing preference actions and fraudulent transfer lawsuits in Chapter 7 and 11 cases.

- Thought leader, author and presenter at Continuing Legal Education seminars in areas of bankruptcy and its relation to business topics and Board-certified since 2017: Business Bankruptcy Law – American Board of Certification.*
- Has served as Lead Counsel working with clients to develop business projections necessary to proposing Chapter 11 Plans and Disclosure Statements required to obtain confirmation.
- Has found innovative solutions under the recently enacted Subchapter V Small Business Bankruptcy Law to enable small business clients to confirm Chapter 11 Plans.

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MICHAEL J. WAMBOLT

ATTORNEY

Michael has spent the first two decades of his legal career gaining a deep knowledge of real estate law, real estate transactions and execution actions and their relation to Bankruptcy Law. Mike has worked on real property matters for creditors and debtors and has litigated cases in state and federal courts as well as in bankruptcy courts. Additionally, Mike has become one of the region's outstanding appellate and litigation attorneys. He brings a keen understanding to motion practice, adversary actions, execution issues, contested matters and trial and appellate work.

- Has served as Lead Counsel and argued cases in State Appellate Courts, Bankruptcy Appellate Panels and U.S. Courts of Appeals in the 8th and 10th Circuits.
- Has litigated Property Law issues throughout the states of Missouri and Kansas.
- Has a keen ability to represent clients with Property Law and transactional matters, execution and foreclosure issues and securitization.
- Served on the Bankruptcy Rules Committee for U.S. District Court of Missouri and is Board-certified since 2020: Consumer Bankruptcy Law – American Board of Certification.*

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IN CHAPTER 11, YOU CALL THE SHOTS

Chapter 11 bankruptcy allows a company to operate as a debtor in possession. That means while in bankruptcy, your company will continue to operate under your control. The company will continue to supply goods and services to customers while paying bills for continuing operations and payroll as they come due. Aside from monitoring and documentation, the courts generally take a hands-off approach to your day-to-day business. Meanwhile, we work to restructure your debt so your company can emerge from bankruptcy on solid financial ground.

Highest Recommendation

“Neil Sader and The Sader Law Firm receive my highest recommendation! All items were thoroughly handled in a timely manner, and all calls and emails were promptly returned. Neil and his associates provided solid advice based on an in-depth understanding of bankruptcy law. Their knowledge and experience in dealing with recent changes to bankruptcy law was particularly helpful. I am very pleased to recommend The Sader Law Firm, as their advice and counsel provided confidence and peace of mind in a trying time.”

RELIEF FROM YOUR SECURED LENDER

The most immediate relief for many companies upon filing bankruptcy is a possible reduction in payments to a secured lender, often a bank. Secured creditors must be provided adequate assurance while your company restructures, but one of the benefits of Chapter 11 is that you have a say in what is considered adequate. The creditor does not have carte blanche to set payment terms.

You will propose payment terms in the form of a monthly budget, which will be developed with the help of your attorney. If a secured creditor does not agree to those terms, the parties bring the matter to the court for approval of what is called a cash collateral budget. This is also for the purpose of allowing the company in bankruptcy to use its accounts receivable, which may be pledged as collateral, for its continued business operations.

STOP ALL PAYMENTS ON UNSECURED DEBT

A second benefit is the immediate halt of payments toward unsecured debt. During its restructuring period, your company will not make any payments on its past-due unsecured debt, and those creditors are not allowed to pursue collection efforts without court permission. If your company has unsecured debt held by vendors necessary for your ongoing operations, it is possible to get permission to pay those creditors.

Your company will see immediate financial benefit from this freeze, as well as the time and breathing room needed for restructuring.



REORGANIZE DEBT INTO AFFORDABLE PAYMENTS

The ultimate goal of Chapter 11 bankruptcy is the filing, confirmation and implementation of the Chapter 11 plan. A case can often take six months or more to gain approval of a Chapter 11 plan. A company can have up to five years to pay back past-due tax debt. It can also restructure (and often reduce) secured debt into more reasonable terms based on the value of the business at the time of the filing of the Chapter 11 case. The creditors must abide by the terms of the plan once the court approves it.

You will have substantial input into the formulation and preparation of the plan – the payments are on terms as allowed in the Bankruptcy Code and often very favorable to the debtor company. Some plans call for the payout of debts to unsecured creditors over what can be a 10-year period of time, with no interest. Once the plan is in effect, a company can exit bankruptcy and continue operations without further court oversight.

TAXES IN CHAPTER 11

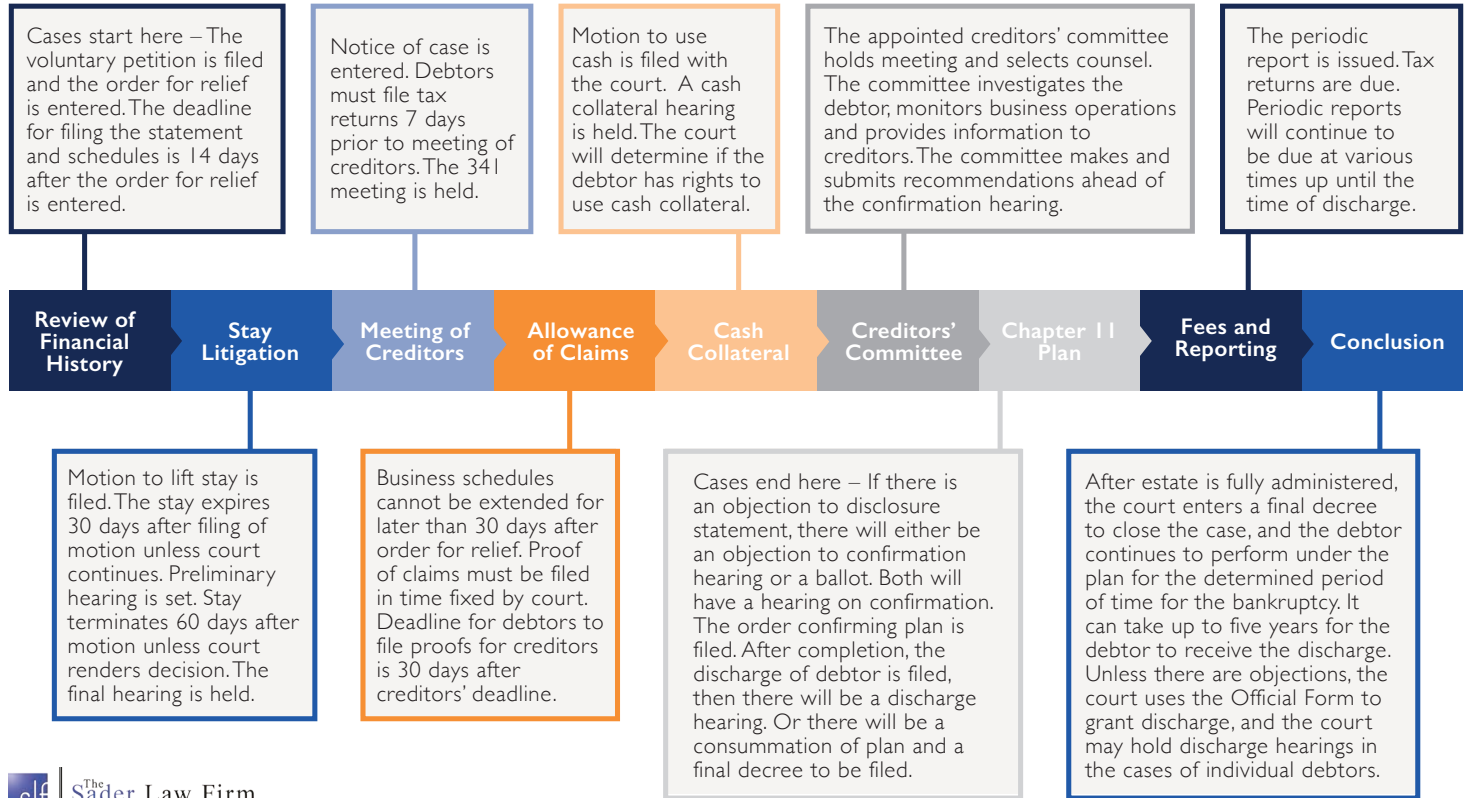
Chapter 11 bankruptcy can be incredibly helpful for businesses facing tax issues. All past-due federal, state and local taxes must be dealt with in Chapter 11. Whatever the issue, many companies have used Chapter 11 as a way to reorganize obligations relating to income tax, sales tax, withholding tax, property taxes and any other requirements.

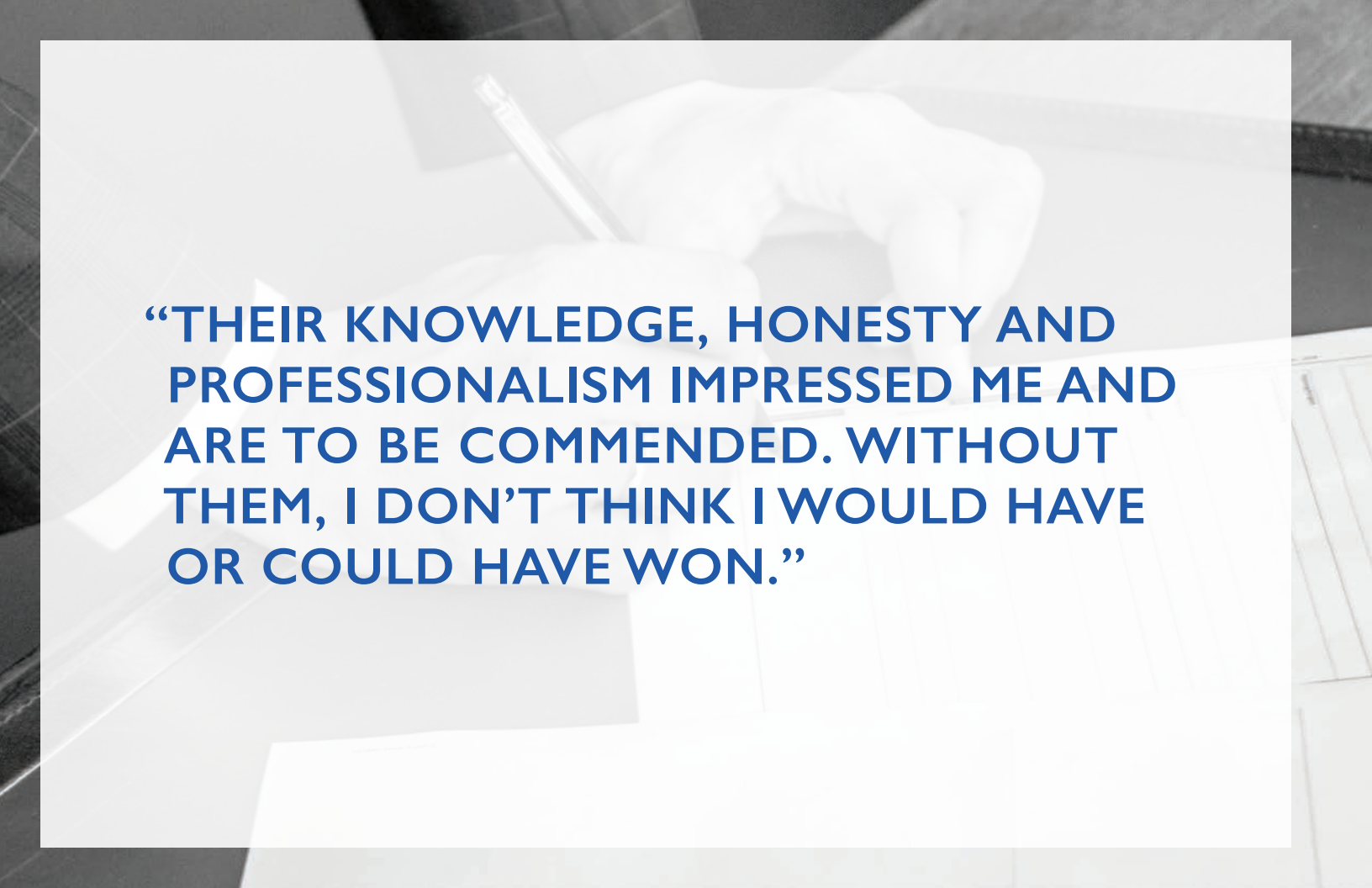
Generally speaking, taxes are not dischargeable, but there are some exceptions. Companies in Chapter 11 are allowed up to five years from the filing date to pay any past-due tax that is not dischargeable. Federal and state governments cannot object or appeal as long as totals are properly scheduled.

In many ways, the government can become the company's most supportive creditor in Chapter 11. The only requirement for the company is to stay current on all taxes that come due after the filing.



PROCEDURES UNDER CHAPTER 11 OF THE BANKRUPTCY CODE AND RULES



A grayscale background image showing a hand holding a pen, poised to write on a document. The document has some faint lines and text, but it is mostly obscured by the text overlay. The overall tone is professional and focused.

**“THEIR KNOWLEDGE, HONESTY AND
PROFESSIONALISM IMPRESSED ME AND
ARE TO BE COMMENDED. WITHOUT
THEM, I DON’T THINK I WOULD HAVE
OR COULD HAVE WON.”**



A Second Chance

“Bradley McCormack was very helpful during the entire process. He has also been helpful afterwards. Thank you, Bradley, for helping me and my family. We appreciate all you have done for us. If you need a second chance, Bradley McCormack of The Sader Law Firm won't let you down.”

Honesty and Professionalism

“I had a uniquely difficult and complex case that required knowledgeable attorneys to guide me through it and achieve the outcome I was looking to receive. Brad McCormack and Neil Sader were the attorneys who persevered through it and in the end won. Their knowledge, honesty and professionalism impressed me and are to be commended. Without them, I don't think I would have or could have won.”



CHAPTER 11 BANKRUPTCY FAQs

Who is eligible to file Chapter 11?

Any individual, and almost all forms of businesses, are eligible to be a Chapter 11 debtor. There are some exclusions; for example, a trust cannot be a Chapter 11 debtor unless the trust is a business trust.

What should be done to prepare for filing a Chapter 11?

The first step should be finding and retaining an experienced Chapter 11 attorney, who will want to thoroughly review recent financial information about every potential debtor. If you are considering Chapter 11, bringing all accounting and financial reports up to date should be a priority. Having financial records, such as loan documents and leases, in good order is also very helpful. It is also recommended that all past-due tax returns be filed, even if payments due are not made.

What pre-filing actions should not be taken before filing Chapter 11?

Generally, it is a good idea not to do anything out of the ordinary course of business before filing Chapter 11. Once it appears bankruptcy may be needed, no expenditures should be made, except those that are approved by the bankruptcy attorney in advance. These will usually be limited to those expenses that are absolutely essential to keeping the business operating.

Payments to creditors on past-due debts is typically not a good idea and usually not necessary to keep the business operating. Payments of bonuses or repayment of loans to business owners or insiders should also be avoided.

Can the debtor issue payroll checks on its regular paydays in Chapter 11?

Ordinarily, yes, but before payroll can be issued, it may be necessary to file a motion with the bankruptcy court to obtain approval to use any funds that are subject to a security interest of a lender. These are known as “motions to use cash collateral.”

If a lender has a blanket security interest in all the assets of the debtor, then the debtor is prohibited from spending any cash collateral upon filing the Chapter 11 petition until the court has entered an order authorizing its use.

What is cash collateral?

Cash collateral is a liquid asset that is subject to a lien or security interest of a creditor. Cash collateral may include cash on deposit or on hand, accounts receivable, rent payments from tenants, insurance policy proceeds, inventory held for sale, and/or the proceeds arising from the sale of any asset, including real estate, if subject to the lien of a creditor.

Can the debtor use cash collateral without court approval?

Under law, the debtor is not allowed to use any cash collateral in a Chapter 11 filing without getting prior consent from the creditor

who has the lien on that cash collateral. Although a court order is not necessary if the creditor consents, as a practical matter, creditors virtually never consent to the use of cash collateral without the entry of a court order. The authorization order will typically contain certain provisions protecting the creditor's position in connection with the use of cash collateral.

Do I have to be operating a business to file Chapter 11?

No, there is no requirement that there be an operating business to file Chapter 11. Preserving the value of assets, even if there is no business, is an acceptable reason to file Chapter 11.

*The Sader Law Firm is a debt relief agency. We proudly help people file for bankruptcy relief under the Bankruptcy Code.

*The choice of a lawyer is an important decision and should not be based solely upon advertisement.

WE ARE HERE FOR YOU

Here at the Sader Law Firm, we take pride in knowing we are helping businesses succeed throughout their bankruptcy cases. Located in the heart of Kansas City, we are able to provide outstanding services to businesses in the metropolitan area and throughout both Missouri and Kansas. Whenever you need us, give us a call so we can help with your bankruptcy needs.

LET'S CONNECT

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OUR OFFICE IS LOCATED AT

2345 Grand Boulevard, Suite 2150
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Free validated parking available underground.





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