

# Did *Jevic* leave a hole large enough for a teamster to drive a truck through?

---



## WHAT DOES IT MATTER?

---

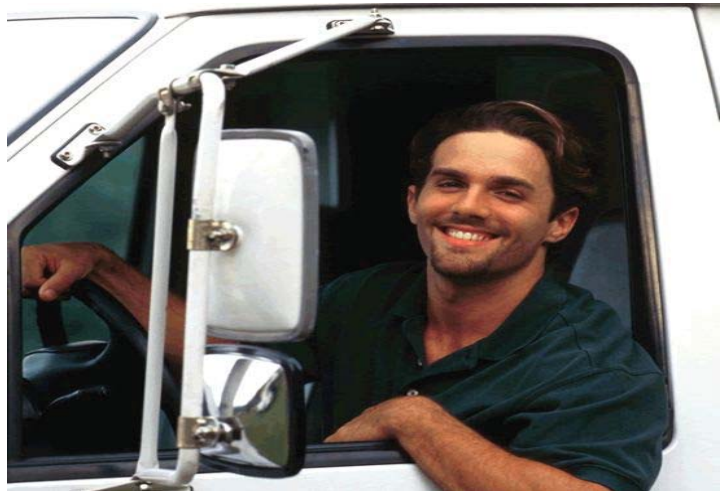
- We are in the Fifth Circuit. The Fifth Circuit has long held that pre-plan settlements cannot violate the priority rules.
- *AWECO*

# *JEVIC Held that Priority Skipping Structured Dismissals were improper*

---

No real change on that point.

Left open the question of whether structured dismissals are OK



## AT LEAST TWO REASONS IT MATTERS

---

### BUSINESS

Secured creditors oftentimes have a veto on the venue of a Chapter 11 case

(the “Golden Rule”: “he who has the money rules”)

A DIP financier can dictate venue.



### THE DEVELOPMENT OF THE LAW

Cases that impact important issues of largely regional law oftentimes end up being decided by judges with little expertise in the law: ex.: oil and gas cases.



# JEVIC'S FACTS

---

2006 LBO (THE FINANCIAL CRISIS INTERVENED)

2008 Chapter 11 in Delaware

Teamsters had been fired in contravention of New Jersey WARN Act

Assets sold

Creditors sued CIT and SUN (Private Equity) for fraudulent transfer

Teamsters Liquidated NJ WARN Act Claim in Bankruptcy (\$8.2 million entitled to priority)

Teamsters Sued SUN on alter ego theory for WARN Act Claim

Creditors settled fraudulent transfer case with CIT & SUN



# STRUCTURED DISMISSAL

---

Dismissal without a “plain vanilla” dismissal order  
Can be extremely complicated, involving the creation of trusts, exculpations, etc., or can be a simple resolution of a two-party dispute.



Find the full text of this and thousands of other resources from leading experts in dozens of legal practice areas in the [UT Law CLE eLibrary \(utcle.org/elibrary\)](http://utcle.org/elibrary)

## Title search: Did Jevic Leave A Hole Large Enough For A Teamster To Drive A Truck Through?

Also available as part of the eCourse

[2017 Jay L. Westbrook Bankruptcy eConference](#)

First appeared as part of the conference materials for the 36<sup>th</sup> Annual Jay L. Westbrook Bankruptcy Conference session "Jevic Follow Up—Structured Dismissals and Gifting Cases"