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PRESS RELEASE

Attorney General Frosh Co-Leads Coalition Supporting Bankruptcy Venue Reform Act

BALTIMORE, MD (November 9, 2021) – Maryland Attorney General Brian E. Frosh today co-led a [letter](#) to Congress, signed by 43 attorneys general, in support of the Bankruptcy Venue Reform Act of 2021. The bipartisan legislation would end “forum shopping” and prevent corporations from choosing to file for bankruptcy in whichever district is believed to be more favorable.

Currently, individuals can only file bankruptcy in their district of residence. However, corporations reserve the right to file bankruptcy lawsuits in any district in which they are incorporated, have their principal place of business or assets, or in any district where an affiliate – no matter how small – has been created or located. This leaves corporations with a wide choice of possible venues, which can be manipulated to their own advantage.

“Under the proposed law, corporations like Purdue will no longer have the right to hand-pick a court that is deemed favorable to their case,” said Attorney General Frosh. “The Bankruptcy Venue Reform Act will build integrity and strengthen public trust in the bankruptcy system.”

If passed, the Bankruptcy Venue Reform Act of 2021 will:

- Limit where businesses may file bankruptcy by ensuring that they will do so in a jurisdiction in which their “principal assets” or their “principal place of business” are located; and
- Require rules to be prescribed to allow all governmental attorneys to appear without charge and without being required to associate with local counsel.

In the letter, the attorneys general contend that passage of the legislation will:

- Reduce forum shopping in the bankruptcy system;
- Strengthen the integrity of, and build public confidence and ensure fairness in, the bankruptcy system;
- Help consumers and other parties to be represented in court without undue burden; and
- Level the playing field for state attorneys general to guard their states’ financial interests and enforce consumer protection laws.

In addition to Attorney General Frosh, the letter was co-led by the attorneys general of Connecticut, Ohio, and Texas, and signed by the attorneys general of Alaska, Arizona, Arkansas, California, Colorado, the District of Columbia, Florida, Georgia, Guam, Hawaii, Idaho, Illinois,

Indiana, Iowa, Kentucky, Louisiana, Maine, Massachusetts, Michigan, Minnesota, Nevada, New Hampshire, New Mexico, New York, North Dakota, Oklahoma, Oregon, Pennsylvania, Puerto Rico, Rhode Island, South Carolina, South Dakota, Tennessee, Utah, Vermont, Washington, West Virginia, Wisconsin, and Wyoming.

<https://www.marylandattorneygeneral.gov/press/2021/110921.pdf>