

eBOOK FOR
HOW TO AVOID
CORPORATE BANKRUPTCY

And Still Get the Benefits

Without the Expense, Lawyers, and Oversight

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TO FILE OR NOT TO FILE?

Filing for bankruptcy can save a company, but it's an onerous and unpredictable process. It costs a lot of money and time. Lawyers are required at every step and management needs to find new financing when the financing is frozen. There's a chance that the court may not approve the recovery plan or that a third-party management company can take over.

Elementary Business has created an alternative to bankruptcy – the “Informal Plan”. We've used it over 20 times to save companies in trouble. There's no court, no trustee, no creditor committees, and far lower legal expenses. The Informal Plan also keeps management in control and focused on operations.

When the Informal Plan is unsuccessful, it fails quickly and cheaply. Filing for bankruptcy is still an option.

Please send us questions about how to succeed with the Informal Plan. Afterwards, please send a note about your success.

The Bankruptcy World

The bankruptcy world has a unique style and language. Terms like “trustee”, “credit committee”, and “preference claims” are used with an understanding common people rarely need. The book will help you understand in plain English.

The need to file for bankruptcy protection almost always centers on a lack of money. So how is it possible for professionals to charge so much money when the company's main problem is not having money?

The reader of this book will soon understand, bankruptcies are a very expensive proposition that few clients could afford but need.

WHY THE INFORMAL PLAN IS A BETTER PLAN

What if I made the wrong decision?

<p>A bankruptcy filing is very hard to reverse. The court can be unpredictable and even experienced lawyers can't know the full effects in advance.</p> <p>Once the bankruptcy is filed:</p> <ul style="list-style-type: none">• It becomes part of the public record.• Every creditor is notified.• A trustee may take over the company.• A lawyer needs a retainer.• Employees become concerned about their job security.	<p>The informal plan files no paperwork and creates no public record. Employees are not told that there's a problem.</p> <p>Bankruptcy can still be filed at any time.</p>
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How are creditors affected?

<p>A bankruptcy filing prevents creditors from pursuing collections for up to 120 days and halts most lawsuits. This allows the company to conduct business without interference.</p> <p>However:</p> <ul style="list-style-type: none">• Vendors may be reluctant to supply new goods and services.• Lines of credit are frozen and DIP (Debtor in Possession) financing must be secured.• Management spends their time finding new lenders instead of operating the business.• Creditors can form a committee and hire a lawyer that the company pays for.	<p>In the Informal Plan:</p> <ul style="list-style-type: none">• The company works with vendors to find mutually beneficial agreements.• Lines of credit and management efforts are unaffected.• Creditors cannot demand company records or spend the company's money.
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WHY THE INFORMAL PLAN IS A BETTER PLAN

How are the company's operations affected?

<p>In a bankruptcy filing, the court appoints a trustee to operate the company.</p> <ul style="list-style-type: none">• The trustee can hire accountants, consultants, and other professionals.• All extraordinary transactions require the trustee's approval.• The court requires monthly reports which may be expensive to prepare.	<p>In the informal plan, there is no trustee. Management retains complete control of the company.</p>
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What happens to the company's debt?

<p>In a bankruptcy filing, the company has 120 days to submit a plan to repay the creditors. The plan usually includes significant discounts to some creditors.</p> <ul style="list-style-type: none">• The plan is complex and often requires costly outside help.• All interested parties can demand a greater settlement.• Competing bids from outside parties may be selected to own and operate the company.• It's difficult to get significant discounts from secured creditors.	<p>In the informal plan, no plan is required. Court approval is not needed and no outside parties can take over the company with a better plan.</p>
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How does the company recover?

<p>In a bankruptcy filing:</p> <ul style="list-style-type: none">• Vendors have a bad debt from the company which may affect the business relationship.• The plan requires an amount of money to pay for old debts, affecting cash flow for current business.	<p>In the informal plan:</p> <ul style="list-style-type: none">• Vendor settlements are negotiated to mutual benefit, giving vendors incentive to continue the relationship.• There is more flexibility in vendor negotiations, allowing the company to consider cash flow requirements.
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NEXT STEPS

If you read the eBook and are interested in how to implement the Informal Bankruptcy Process, there are a few ways we can help you move forward:

- [Buy the full book on Amazon](#) for only \$7.95. It includes guidance through the entire process, including what to say to creditors and useful hints on how to handle difficult issues.
- Send us a question through [our website](#) or [via email](#).
- Give us a call at [904-808-9451](tel:904-808-9451).