# Alabama Bankruptcy and Commercial Law Section
# Bankruptcy at the Beach 2024
# Commercial Bankruptcy Panel
# Fear Factor – Venue Selection in Chapter 11 Cases

By: Christopher Hawkins, Bankruptcy Judge
United States Bankruptcy Court
Middle District of Alabama

## Introduction

Inconsistencies in circuit precedent, judicial approach, and local rules and administrative orders have resulted in the concentration of business bankruptcy filings in an increasingly limited number of districts. This enduring trend appears to be driven by the belief that filing in certain districts – and in some instances in front of certain judges – will maximize the debtor's prospects for a successful reorganization. Academics and retired bankruptcy judges illustrated this phenomenon in a recent editorial:

> The Boston Herald, Chicago Tribune, Dallas Stars, Los Angeles Dodgers, Nebraska Book Company, Tropicana Las Vegas Casino, and Washington Mutual all proudly bear the name of a city or state where they are based. Yet all filed for Chapter 11 Bankruptcy in Delaware, taking advantage of a loophole in bankruptcy law that allows businesses to flee their home states and have their Chapter 11 cases heard in jurisdictions to which they have no meaningful connection.
> . . .
> The Boy Scouts of America, a federally-chartered corporation based in Texas, filed for bankruptcy in Delaware, while the National Rifle Association, a New York corporation with headquarters in Virginia, filed for bankruptcy in Dallas, Texas.
> . . .
> Purdue Pharma, the opioid manufacturer with headquarters in Connecticut and principal manufacturing plants in Rhode Island and North Carolina, shopped its chapter 11 bankruptcy into White Plains, N.Y., where the sole presiding judge had ruled in another case in a way that might protect the Sackler family that owns Purdue.[1]

[1] Joan Feeney, Adam Levitin, Steve Rhodes, Jay Westbrook: Now is the Time for Bankruptcy Venue Reform, https://www.thehill.com/blogs/congress-blog/judicial/566729-now-is-the-time-for-bankruptcy-venue-reform/ (last visited May 2, 2024).

Perhaps the most conspicuous recent example of venue shopping came in the case of LTL Management LLC ("LTL"), a subsidiary of Johnson & Johnson that was created via a divisional merger under Texas law, also known as the "Texas Two Step." Through the divisional merger, Johnson & Johnson's consumer products affiliate – which was facing mounting legal liability for its talc-based products – was divided into LTL and a second entity named Johnson & Johnson Consumer Inc. ("New J&J"). LTL was formed as a Texas limited liability company and took on all of the talc-based product liability, while New J&J was formed as a Texas limited liability company and merged into a New Jersey affiliate of Johnson & Johnson to operate as a liability-free consumer products division. LTL immediately converted into a North Carolina limited liability company for the sole purposes of filing a Chapter 11 case in the Western District of North Carolina where, due to recent case law, LTL had a better chance of surviving a motion to dismiss.

These examples highlight how the flexibility of the current statutory provisions governing venue have led to bankruptcy filings in jurisdictions that make little sense to anyone other than the debtors and the parties that have negotiated with the debtors prepetition. This has led to spirited debate among judges, practitioners, and academics, as well as repeated attempts at statutory reform. Below is an outline of the existing mechanisms for selecting and challenging venue, followed by a survey of the adjustments proposed by Congress to address perceived inequities.

**Statutory Framework for Venue Selection and Venue Challenges**

1. Venue Selection

The controversy over venue stems from liberal statutory requirements, particularly with respect to linking affiliates to a debtor that was created and domiciled in a specific jurisdiction for strategic purposes:

> Except as provided in section 1410 of this title, a case under title 11 may be commenced in the district court for the district—

> (1) in which the domicile, residence, principal place of business in the United States, or principal assets in the United States, of the person or entity that is the subject of such case have been located for the one hundred and eighty days immediately preceding such commencement, or for a longer portion of such one-hundred-and-eighty-day period than the domicile, residence, or principal place of business, in the United States, or principal assets in the United States, of such person were located in any other district; or
>
> (2) in which there is pending a case under title 11 concerning such person's affiliate, general partner, or partnership.[2]

Venue requirements for proceedings arising under, arising in, or related to pending bankruptcy cases offer some protections for non-debtors in certain circumstances:

> (a) Except as otherwise provided in subsections (b) and (d), a proceeding arising under title 11 or arising in or related to a case under title 11 may be commenced in the district court in which such case is pending.
>
> (b) Except as provided in subsection (d) of this section, a trustee in a case under title 11 may commence a proceeding arising in or related to such case to recover a money judgment of or property worth less than $1,000 or a consumer debt of less than $15,000, or a debt (excluding a consumer debt) against a noninsider of less than $25,000, only in the district court for the district in which the defendant resides.
>
> (c) Except as provided in subsection (b) of this section, a trustee in a case under title 11 may commence a proceeding arising in or related to such case as statutory successor to the debtor or creditors under section 541 or 544(b) of title 11 in the district court for the district where the State or Federal court sits in which, under applicable nonbankruptcy venue provisions, the debtor or creditors, as the case may be, may have commenced an action on which such proceeding is based if the case under title 11 had not been commenced.
>
> (d) A trustee may commence a proceeding arising under title 11 or arising in or related to a case under title 11 based on a claim arising after the commencement of such case from the operation of the business of the debtor only in the district court for the district where a State or Federal court sits in which, under applicable nonbankruptcy venue provisions, an action on such claim may have been brought.

[2] 28 U.S.C. § 1408. Note that 28 U.S.C. § 1410 addresses venue for cases ancillary to foreign proceedings (i.e., Chapter 15 cases), which is not relevant for purposes of this paper.

> (e) A proceeding arising under title 11 or arising in or related to a case under title 11, based on a claim arising after the commencement of such case from the operation of the business of the debtor, may be commenced against the representative of the estate in such case in the district court for the district where the State or Federal court sits in which the party commencing such proceeding may, under applicable nonbankruptcy venue provisions, have brought an action on such claim, or in the district court in which such case is pending.[3]

The Boy Scouts of America bankruptcy case illustrates the way in which venue can be fabricated under 28 U.S.C. § 1408(b) to advance a debtor's strategy. Boy Scouts of America ("BSA") is a federally chartered entity headquartered in Irving, Texas. BSA and its local counsels faced hundreds of sex abuse lawsuits. In 2019, BSA formed Delaware BSA, LLC ("Delaware BSA"), with BSA being the sole member. Delaware BSA engaged in no business and had less than $50,000.00 in assets, which consisted of funds in a single depository account located in Delaware. Approximately seven months after Delaware BSA was created, it filed a Chapter 11 case in the District of Delaware. BSA filed in the same district shortly thereafter, utilizing Delaware BSA's filing as a basis for venue under 28 U.S.C. § 1408(2).[4]

LTL's corporate maneuverings required an extra step because Johnson & Johnson, a New Jersey-based corporation, first needed to take advantage of Texas law before attempting to take advantage of favorable precedent in North Carolina. As mentioned above, LTL had to be formed via the Texas Two Step to allow it to shoulder Johnson & Johnson's talc-based product liability exposure. Then, LTL immediately converted itself from a Texas limited liability company to a North Carolina limited liability company. Two days after being created under Texas law, LTL filed for Chapter 11 protection in the Bankruptcy Court for the Western District of North Carolina. The strategy behind LTL's filing in the Western District of North Carolina was driven

---

[3] 28 U.S.C. § 1409.
[4] *In re Boy Scouts of America*, Case No. 20-10343 (LSS) (Bankr. D. Del.).

by *In re Bestwall LLC*[5] and its progeny. In the *Bestwall* case, the court denied a motion to dismiss a case involving a debtor created via Texas Two Step without reaching the issue of bad faith, limiting its analysis to a finding that the debtor was capable of reorganizing under Chapter 11.

2. Venue Challenges

To the extent a party wants to challenge the debtor's choice of venue, the applicable statute provides that a "district court may transfer a case or proceeding under title 11 to a district court for another district, in the interest of justice or for the convenience of the parties."[6] The moving party bears the burden of showing by a preponderance of the evidence that either the interest of justice or the convenience of the parties would be served by a transfer of the case.[7] Substantial weight and deference is given to a debtor's choice of venue.[8]

Factors to be considered in evaluating the convenience of the parties include: (1) the proximity of creditors of every kind to the court; (2) the proximity of the debtor to the court; (3) the proximity of the witnesses necessary to the administration of the estate; (4) the location of the assets; (5) the economic administration of the estate; and (6) the necessity for ancillary administration if a liquidation should occur.[9]

The interest of justice standard is "a broad and flexible standard that is applied based on the facts and circumstances of each case."[10] In evaluating the interest of justice, courts consider whether transferring venue promotes "the efficient administration of the bankruptcy estate, judicial economy, timeliness and fairness."[11] Whether the debtor is forum shopping is also a consideration

---

[5] 605 B.R. 43 (Bankr. W.D.N.C. 2019).
[6] 28 U.S.C. § 1412.
[7] *In re Patriot Coal Corp.*, 482 B.R. 718, 739 (Bankr. S.D.N.Y. 2012).
[8] *Id.*
[9] *Matter of Commonwealth Oil Refining Co., Inc.,* 596 F.2d 1239, 1247 (5th Cir. 1979).
[10] *In re Enron Corp.*, 284 B.R. 376, 403 (Bankr. S.D.N.Y. 2002).
[11] *In re Manville Forest Prods. Corp.*, 896 F.2d 1384, 1391 (2d Cir. 1990)).

in that even in the absence of bad faith, the debtor's "creation of the venue-predicate affiliates" in the venue of choice on the eve of filing must be considered in the interest of justice analysis.[12]

One example of a successful challenge to the debtor's choice of venue is the Winn-Dixie Stores, Inc. case,[13] in which the Jacksonville, Florida-based debtors initially chose to file in the United States Bankruptcy Court for the Southern District of New York. The primary debtor had incorporated a New York affiliate twelve days prior to the bankruptcy filing in an effort to take advantage of 28 U.S.C. § 1408(2). Buffalo Rock Company, a creditor of Winn-Dixie, moved to transfer the case to the Middle District of Florida, methodically pointing out the overwhelming number of the debtors' business contacts in the Southeast and the lack of any meaningful connection to New York. Ultimately, the debtor volunteered to transfer the cases to the Middle District of Florida, and the court approved the transfer. In doing so, the court made clear "it was transferring the cases not because venue was established in bad faith or wrongfully, but 'simply because I don't believe it just to exploit a loophole in the statute to obtain venue here.'"[14]

Likewise, in the LTL case, the Bankruptcy Administrator successfully challenged the debtor's choice of venue. Shortly after the bankruptcy filing, the Bankruptcy Administrator filed a motion to transfer the case to the District of New Jersey. The motion was supported by the Official Committee of Talc Claimants, and other parties also sought transfer of the case either to New Jersey or Delaware.

After summarizing the legal maneuvering employed by Johnson & Johnson to create a debt-laden new affiliate under Texas law and convert it to a North Carolina limited liability company, the bankruptcy court walked through the factors associated with the convenience of the

[12] *In re Patriot Coal Corp*., 482 B.R. 718, 743 (Bankr. S.D.N.Y. 2012).
[13] *In re Winn–Dixie Stores, Inc.*, Case No. 05–11063 (RDD) (Bankr.S.D.N.Y.)
[14] *Id*. at 745 (quoting hearing transcript from the *Winn-Dixie* case).

parties.[15] The bankruptcy court noted, among other things, that the overwhelming number of product liability cases against Johnson & Johnson were pending in multidistrict litigation in New Jersey, where Johnson & Johnson is headquartered.[16]

With respect to the interest of justice, the bankruptcy court considered whether transferring venue would promote the efficient administration of the estate, judicial economy, timeliness and fairness, also noting that "[w]hether the debtor is forum shopping is also a consideration."[17] Ultimately, the bankruptcy court found that "the Debtor is not just forum shopping; the Debtor is manufacturing forum and creating a venue to file bankruptcy."[18] The bankruptcy court considered LTL's argument that all parties would benefit from the bankruptcy court's experience with mass tort cases and the Texas Two Step, noting that the court had this experience only because it was the only court that had ever seen the issues.[19] The bankruptcy court concluded that there was "no reason this Court should be the only bankruptcy court to have the opportunity to weigh in on these novel legal issues, especially considering that the 'Texas Two Step' tactic is being employed by national corporations and impacts tens of thousands of present and future claimants across the country."[20] Ultimately, the bankruptcy court concluded that the interest of justice and the convenience of the parties favored transfer, and it granted the Bankruptcy Administrator's motion.[21]

3. Policy Debate and Proposed Solutions

In the cases cited above (or the cases referenced within them), the bankruptcy courts explicitly express their concerns with the manipulation of venue made possible by the statute.

---

[15] *In re LTL Mgmt. LLC*, Case No. 21-30589, 2021 WL 5343945, at *3-5 (Bankr. W.D.N.C. Nov. 16, 2021).
[16] *Id*. at *3.
[17] *Id.* at *5.
[18] *Id*. at *6.
[19] *Id.*
[20] *Id.* at *7.
[21] *Id.*

They are cognizant of the policy arguments for preventing debtors from manufacturing venue to tilt the odds in their favor. One former practitioner and current academic laid out some of the inherent problems with the current state of play.[22] He points out that because of circuit splits or circuits that lack law on important issues, forum shopping allows the debtor to decide what law applies, notwithstanding its principal place of business.[23] Next, he notes that venue might help determine how a case might proceed based on tendencies within a district, such as a tendency to refrain from appointing a trustee or examiner.[24] He then asserts that because some courts are more accommodating of higher professional fees than others, forum shopping prevents courts from reining in professional fees.[25] He also observes that some districts have strict local counsel requirements that limit access to counsel, or, at the very least, make litigation more expensive.[26] One of the more obvious issues relates to parties in interest being forced to either: appear in a jurisdiction where they have no contacts whatsoever; or sit on the sidelines because access to the debtor's court of choice is cost-prohibitive.[27] Perhaps most importantly, he points out that the costs of prosecuting a motion to transfer venue are nearly always borne by the movant, with the added insult to unsecured creditors of having to foot the legal bill for the debtor to defend the motion.[28]

Legislative reform on the issue of venue has been percolating for years. Over the past fifteen years, Congress has made multiple efforts at bankruptcy venue reform:

---

[22] Levitin, Adam: Boy Scouts of America: Venue Demerit Badge, https//www.creditslips.org/creditslips/2020/02/boy-scouts-of-america-venue-demerit-badge.html (last visited May 2, 2024).
[23] *Id.*
[24] *Id.*
[25] *Id.*
[26] *Id.*
[27] *Id.*
[28] *Id.*

- Chapter 11 Bankruptcy Venue Reform Act of 2011 (H.R. 2533) sponsored by Lamar Smith (R-TX-21), John Conyers, Jr. (D-MI-14), Howard Coble (R-NC-6), and Steve Cohen (D-TN-9). Introduced September 8, 2011.

- Bankruptcy Venue Reform Act of 2018 (S. 2282) sponsored by John Cornyn (R-TX) and Elizabeth Warren (D-MA). Introduced January 8, 2018.

- Bankruptcy Venue Reform Act of 2019 (H.R. 4421) sponsored by Zoe Lofgren (D-CA-19), F. James Sensenbrenner, Jr. (R-WI-5), Charlie Crist (D-FL-13), and W. Gregory Steube (R-FL-17). Introduced October 28, 2019.

- Bankruptcy Venue Reform Act of 2020 (S. 5032) sponsored by John Cornyn (R-TX) and Elizabeth Warren (D-MA). Introduced December 16, 2020.

- Bankruptcy Venue Reform Act of 2021 (S. 2827) sponsored by John Cornyn (R-TX) and Elizabeth Warren (D-MA). Introduced September 23, 2021.

- Bankruptcy Venue Reform Act of 2021 (H.R. 4193) sponsored by Zoe Lofgren (D-CA-19) and Ken Buck (R-CO-4). Introduced June 28, 2021.

- Bankruptcy Venue Reform Act (H.R. 1017) sponsored by Zoe Lofgren (D-CA-18) and Ken Buck (R-CO-4). Introduced February 14, 2023.

- Stop Helping Outcome Preferences Act (S. 4095) sponsored by Mitch McConnell (R-KY), Tom Cotton (R-AR), and Thomas Tillis (R-NC). Introduced April 10, 2024.

In each instance, the proposed legislation attempts to curtail the practices utilized by debtors to select a venue that has no meaningful connection to their principal place of business. All legislative efforts through H.R. 1017, introduced on February 14, 2023, have stalled out, without making it to a vote in the Senate or the House of Representatives.

The most recent attempt at bankruptcy venue reform is contained within the Stop Helping Outcome Preferences Act, also known as the SHOP Act. This legislation was introduced on April 10, 2024, and it has been referred to the Committee on the Judiciary. The bankruptcy venue provisions in the SHOP Act are nearly identical to the provisions of the H.R. 1017.[29]

[29] The text of the bankruptcy provisions of the SHOP Act is attached as an appendix.

Under the SHOP Act, revised 28 U.S.C. § 1408 would require debtors to file in the district court where their principal place of business or principal assets are located. For corporate debtors that are issuers of securities, their principal place of business is defined as the address of their principal executive office as provided in specified Securities and Exchange Commission filings.[30] Corporate debtors also may file in a district where there is a pending bankruptcy case concerning an affiliate, but only if that affiliate has a certain level of control over or ownership of the debtor (e.g., the affiliate is a controlling shareholder of the debtor) and that pending case is in a proper venue.

The SHOP Act also addresses the Texas Two Step and other corporate maneuvering by proposing to amend 28 U.S.C. § 1408 to provide that no effect shall be given to a change in the ownership or control of an entity that is the subject of the case, or of an affiliate of such entity, or to a transfer of the principal place of business or principal assets in the United States, or to the merger, dissolution, spinoff, or divisive merger of an entity that is the subject of the case, or of an affiliate of such entity, to another district, if such event takes place during the one-year period immediately preceding the date on which the case is commenced, or for the purpose of establishing venue.

From a procedural standpoint, the SHOP Act disposes of current precedent on the burden of proof regarding venue challenges, as it proposes to amend 28 U.S.C. § 1408 to provide that on any objection to, or request to change, venue, the entity that commences the case shall bear the burden of establishing, by clear and convincing evidence, that venue is proper. The SHOP Act also proposes to amend 28 U.S.C. § 1412 to provide that if a case or proceeding is filed in a division or district that is improper under section 1408(b), the district court shall immediately dismiss the

[30] Under the proposed legislation, a debtor may overcome the presumption that the principal place of business is the address in the SEC filing, but it must due so by clear and convincing evidence.

case or proceeding or – if it is in the interest of justice – immediately transfer the case or proceeding to any district court for any district or division in which the case or proceeding could have been brought under such section. The SHOP Act also speeds up the process, as it proposes to amend 28 U.S.C. § 1412 to provide that not later than 14 days after the filing of an objection to or a request to change venue, the court shall enter an order granting or denying such objection or request.

It is too early to tell whether this proposed legislation stands a better chance of progressing than prior Congressional attempts, but the SHOP Act is distinguishable from other prior efforts at bankruptcy venue reform in that it also includes provisions related to nonbankruptcy venue and judge-shopping. Perhaps this distinction will allow the legislation to gain more momentum than its predecessors.

## Conclusion

Certain jurisdictions have developed procedures and precedent that help alleviate the fears of business debtors seeking to restructure through Chapter 11. Predictability is no doubt comforting. The question is whether business debtors should be able to enjoy the predictability of these jurisdictions when they have chosen to operate somewhere else.

While the current statute provides a mechanism for testing the propriety of a business debtor's venue choice, the odds are stacked somewhat in favor of the debtor. Notwithstanding the odds, challengers to venue appear to be enjoying more success in recent cases. Moreover, the SHOP Act proposes to modify the statute to curb abuse and put the burden on the debtor to overcome venue challenges. Time will tell whether these developments will lead to a reversal of the trend toward centralization of business bankruptcy cases.

## Appendix

### SEC. 4. BANKRUPTCY VENUE REFORM.

(a) SHORT TITLE.—This section may be cited as the "Bankruptcy Venue Reform Act of 2024".

(b) FINDINGS.—Congress finds the following:

(1) Bankruptcy laws provide a number of venue options for filing bankruptcy under chapter 11 of title 11, United States Code, including, with respect to the entity filing bankruptcy—

(A) any district in which the place of incorporation of the entity is located;

(B) any district in which the principal place of business or principal assets of the entity are located; and

(C) any district in which an affiliate of the entity has filed a pending case under title 11, United States Code.

(2) The wide range of permissible bankruptcy venue options has led to an increase in companies filing for bankruptcy outside of the district in which the principal place of business or principal assets of the company is located, a practice that is commonly known as "forum shopping".

(3) Forum shopping—

(A) has resulted in a concentration of bankruptcy cases in a limited number of judicial districts;

(B) prevents small businesses, employees, retirees, creditors, and other important stakeholders from fully participating in bankruptcy cases that have tremendous impacts on their lives, communities, and local economies; and

(C) deprives district courts of the United States and courts of appeals of the United States of the opportunity to contribute to the development of bankruptcy law in the jurisdictions of those district courts.

(4) Reducing the incidence of forum shopping in the bankruptcy system will strengthen the integrity of, and build public confidence and ensure fairness in, the bankruptcy system.

(c) PURPOSE.—The purpose of this section is to prevent the practice of forum shopping in bankruptcy cases filed under chapter 11 of title 11, United States Code.

(d) Venue Of Cases Under Title 11.—Title 28, United States Code, is amended—

(1) by amending 1408 to read as follows:

**“§ 1408. Venue of cases under title 11**

“(a) Principal Place Of Business With Respect To Certain Entities.—

“(1) In General.—Except as provided in paragraph (2), for the purposes of this section, if any entity is subject to the reporting requirements under section 13 or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m and 78o(d)), the term ‘principal place of business’, with respect to such entity, means the address of the principal executive office of the entity, as stated in the last annual report filed under such Act before the commencement of a case under title 11 of which the entity is the subject.

“(2) Exception.—With respect to an entity described in paragraph (1), the definition of ‘principal place of business’ shall apply, for purposes of this section, unless another address is shown, by clear and convincing evidence, to be the principal place of business of such entity.

“(b) Venue.—Except as provided in section 1410, a case under title 11 may be commenced only in the district court for the district—

“(1) in which the domicile, residence, or principal assets in the United States of an individual who is the subject of the case have been located—

“(A) during the 180-day period immediately preceding such commencement; or

“(B) for a longer portion of such 180-day period than the domicile, residence, or principal assets in the United States of the individual were located in any other district;

“(2) in which the principal place of business or principal assets in the United States of an entity, other than an individual, that is the subject of the case have been located—

“(A) during the 180-day period immediately preceding such commencement; or

“(B) for a longer portion of such 180-day period than the principal place of business or principal assets in the United States of the entity were located in any other district; or

“(3) in which there is pending a case under title 11 concerning an affiliate that directly or indirectly owns, controls, or holds 50 percent or more of the outstanding

voting securities of, or is the general partner of, the entity that is the subject of the later filed case, but only if the pending case was properly filed in such district in accordance with this section.

"(c) LIMITATIONS.—

"(1) IN GENERAL.—For purposes of paragraphs (2) and (3) of subsection (b), no effect shall be given to a change in the ownership or control of an entity that is the subject of the case, or of an affiliate of such entity, or to a transfer of the principal place of business or principal assets in the United States, or to the merger, dissolution, spinoff, or divisive merger of an entity that is the subject of the case, or of an affiliate of such entity, to another district, if such event takes place—

"(A) during the 1-year period immediately preceding the date on which the case is commenced; or

"(B) for the purpose, in whole or in part, of establishing venue.

"(2) PRINCIPAL ASSETS.—

"(A) PRINCIPAL ASSETS OF AN ENTITY OTHER THAN AN INDIVIDUAL.—For purposes of subsection (b)(2) and paragraph (1) of this subsection—

"(i) the term 'principal assets' does not include cash or cash equivalents; and

"(ii) any equity interest in an affiliate is located in the district in which the holder of the equity interest has its principal place of business in the United States, as determined in accordance with subsection (b)(2).

"(B) EQUITY INTERESTS OF INDIVIDUALS.—For purposes of subsection (b)(1), if the holder of any equity interest in an affiliate is an individual, the equity interest is located in the district in which the domicile or residence in the United States of the holder of the equity interest is located, as determined in accordance with subsection (b)(1).

"(d) BURDEN OF PROOF.—On any objection to, or request to change, venue under paragraph (2) or (3) of subsection (b) of a case under title 11, the entity that commences the case shall bear the burden of establishing, by clear and convincing evidence, that venue is proper under this section.

"(e) OUT-OF-STATE ADMISSION FOR GOVERNMENT ATTORNEYS.—The Supreme Court shall prescribe rules, in accordance with section 2075, for cases or proceedings arising under title 11, or arising in or related to cases under title 11, to allow any attorney representing a governmental unit to be permitted to appear on behalf of the governmental unit

and intervene without charge, and without meeting any requirement under any local court rule relating to attorney appearances or the use of local counsel, before any bankruptcy court, district court, or bankruptcy appellate panel.”; and

(2) to amend section 1412 to read as follows:

## “§ 1412. Change of venue

“(a) IN GENERAL.—Notwithstanding that a case or proceeding under title 11, or arising in or related to a case under title 11, is filed in the correct division or district, a district court may transfer the case or proceeding to a district court in another district or division—

“(1) in the interest of justice; or

“(2) for the convenience of the parties.

“(b) INCORRECTLY FILED CASES OR PROCEEDINGS.—If a case or proceeding under title 11, or arising in or related to a case under title 11, is filed in a division or district that is improper under section 1408(b), the district court shall—

“(1) immediately dismiss the case or proceeding; or

“(2) if it is in the interest of justice, immediately transfer the case or proceeding to any district court for any district or division in which the case or proceeding could have been brought under such section.

“(c) OBJECTIONS AND REQUESTS RELATING TO CHANGES IN VENUE.—Not later than 14 days after the filing of an objection to, or a request to change, venue of a case or proceeding under title 11, or arising in or related to a case under title 11, the court shall enter an order granting or denying such objection or request.”.