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REVIEW**[Forward](#) | [View PDF](#) | [Subscribe](#) | [Subscribe to RSS](#) | [Related Publications](#)

## Mothballing Bankruptcy Cases in the COVID-19 Crisis

Because of the severe impact of the COVID-19 crisis on nonessential businesses forced to close and terminate employees after filing for chapter 11 protection, bankruptcy courts have been confronted with requests by debtors to temporarily suspend their cases, using the courts' equitable powers and a seldom invoked provision of the Bankruptcy Code: 11 U.S.C. § 305(a). The courts presiding over the chapter 11 cases of Modell's Sporting Goods, restaurant and brewpub chain CraftWorks, and home-furnishing retailer Pier 1 Imports recently entered orders temporarily mothballing the debtors' bankruptcy cases in an effort to weather the COVID-19 storm and, hopefully, preserve value for all creditors.

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## Post-Taggart, Ninth Circuit BAP Holds That "No Fair Ground of Doubt" Standard Applies to Automatic Stay Violations

In *Suh v. Anderson (In re Jeong)*, 2020 WL 1277575 (B.A.P. 9th Cir. Mar. 16, 2020), a Ninth Circuit Bankruptcy Appellate Panel held in a nonprecedential decision that the "no fair ground of doubt" standard for bankruptcy discharge order violations articulated in *Taggart v. Lorenzen*, 139 S. Ct. 1795 (June 3, 2019), applies to a chapter 7 trustee's request for contempt sanctions for a violation of the automatic stay.

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### IN THIS ISSUE

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**Mothballing Bankruptcy Cases in the COVID-19 Crisis**

**Post-Taggart, Ninth Circuit BAP Holds That "No Fair Ground of Doubt" Standard Applies to Automatic Stay Violations**

**Use of Cash Collateral to Pay Prepetition Debt Not Prohibited by *Jevic***

**From the Top in Brief**

**Legislative Update**

**Newsworthy**

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## Use of Cash Collateral to Pay Prepetition Debt Not Prohibited by *Jevic*

In *In re Claar Cellars, LLC*, 2020 WL 1238924 (Bankr. E.D. Wash. Mar. 13, 2020), the U.S. Bankruptcy Court for the Eastern District of Washington authorized a debtor to use cash collateral over the objection of a secured creditor because it found that the creditor's interest in the collateral was adequately protected. Moreover, the court concluded that the use of such collateral to pay in part a prepetition, allegedly secured debt owed to an affiliated debtor did not violate the U.S. Supreme Court's prohibition in *Czyzewski v. Jevic Holding Corp.*, 137 S. Ct. 973 (2017), against distributions that deviate from the Bankruptcy Code's priority scheme in the context of a "structured dismissal" of a chapter 11 case.

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## From the Top in Brief

The U.S. Supreme Court recently handed down three rulings potentially impacting bankruptcy cases. The decisions addressed *nunc pro tunc* relief, property of the bankruptcy estate, and state sovereign immunity.

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## Legislative Update

A brief summary of the bankruptcy-related provisions in the recently enacted Coronavirus Aid, Relief, and Economic Security (CARES) Act and proposed amendments to the Commodity Futures Trading Commission Bankruptcy Rules.

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## Newsworthy

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