



SUMMATIVE (FORMAL) ASSESSMENT: MODULE 3A
THE INSOLVENCY SYSTEM OF THE UNITED STATES

This is the **summative (formal) assessment** for **Module 3A** of this course and is compulsory for all candidates who **selected this module as one of their compulsory modules from Module 3**. Please read instruction 6.1 on the next page very carefully.

If you selected this module as **one of your elective modules**, please read instruction 6.2 on the next page very carefully.

The mark awarded for this assessment will determine your final mark for Module 3A. In order to pass this module, you need to obtain a mark of 50% or more for this assessment.

INSTRUCTIONS FOR COMPLETION AND SUBMISSION OF ASSESSMENT

Please read the following instructions very carefully before submitting / uploading your assessment on the Foundation Certificate web pages.

1. You must use this document for the answering of the assessment for this module. The answers to each question must be completed using this document with the answers populated under each question.
2. All assessments must be submitted electronically in MS Word format, using a standard A4 size page and a 11-point Arial font. This document has been set up with these parameters – **please do not change the document settings in any way. DO NOT** submit your assessment in PDF format as it will be returned to you unmarked.
3. No limit has been set for the length of your answers to the questions. However, please be guided by the mark allocation for each question. More often than not, one fact / statement will earn one mark (unless it is obvious from the question that this is not the case).
4. You must save this document using the following format: **[studentID.assessment3A]**. An example would be something along the following lines: 202122-514.assessment3A. **Please also include the filename as a footer to each page of the assessment** (this has been pre-populated for you, merely replace the words "studentID" with the student number allocated to you). Do not include your name or any other identifying words in your file name. **Assessments that do not comply with this instruction will be returned to candidates unmarked.**
5. Before you will be allowed to upload / submit your assessment via the portal on the Foundation Certificate web pages, you will be required to confirm / certify that you are the person who completed the assessment and that the work submitted is your own, original work. Please see the part of the Course Handbook that deals with plagiarism and dishonesty in the submission of assessments. **Please note that copying and pasting from the Guidance Text into your answer is prohibited and constitutes plagiarism. You must write the answers to the questions in your own words.**
- 6.1 If you selected Module 3A as one of your **compulsory modules** (see the e-mail that was sent to you when your place on the course was confirmed), the final time and date for the submission of this assessment is **23:00 (11 pm) GMT on 1 March 2022**. The assessment submission portal will close at 23:00 (11 pm) GMT on 1 March 2022. No submissions can be made after the portal has closed and no further uploading of documents will be allowed, no matter the circumstances.
- 6.2 If you selected Module 3A as one of your **elective modules** (see the e-mail that was sent to you when your place on the course was confirmed), you have a **choice** as to when you may submit this assessment. You may either submit the assessment by **23:00 (11 pm) GMT on 1 March 2022** or by **23:00 (11 pm) BST (GMT +1) on 31 July 2022**. If you elect to submit by 1 March 2022, you **may not** submit the assessment again by 31 July 2022 (for example, in order to achieve a higher mark).
7. Prior to being populated with your answers, this assessment consists of **8 pages**.

ANSWER ALL THE QUESTIONS

Commented [H(1)]: Total marks 36/50

QUESTION 1 (multiple-choice questions) [10 marks in total]

Commented [H(2)]: Total marks 7/10

Questions 1.1. – 1.10. are multiple-choice questions designed to assess your ability to think critically about the subject. Please read each question carefully before reading the answer options. Be aware that some questions may seem to have more than one right answer, but you are to look for the one that makes the most sense and is the most correct. When you have a clear idea of the question, find your answer and **mark your selection on the answer sheet by highlighting the relevant paragraph in yellow**. Select only **ONE** answer. Candidates who select more than one answer will receive no mark for that specific question.

Question 1.1

Commented [H(3)]: Correct, 1 mark

ABC Corp is filing for bankruptcy under chapter 11. Which of the following **is not** a party in interest in that proceeding?

- (a) A neighboring land owner who has leased equipment to ABC Corp.
- (b) ABC's government regulator.
- (c) A bank that has loaned money to ABC.
- (d) A local advocacy group.**
- (e) All of the above.

Question 1.2

Commented [H(4)]: Correct, 1 mark

Which of the following statements regarding executory contracts is **false**?

- (a) Executory contracts are clearly defined by the bankruptcy code.**
- (b) Chapter 11 debtors have greater flexibility than chapter 7 debtors on when they may assume, assign or reject an executory contract.
- (c) In the most common formulation, executory contracts are defined as those where both sides to a contract have material unperformed obligations.
- (d) A court will generally defer to a debtor's business judgment regarding whether to assume or reject an executory contract.
- (e) Under the hypothetical test, a debtor cannot assume an executory contract if the debtor could not also assign the contract.

Question 1.3

Commented [H(5)]: Incorrect, the correct response is (d)

In which of the following scenarios does a bankruptcy court have constitutional authority to issue a final order? Assume in each that the counterparty to the dispute has not consented to the bankruptcy court's exercise of jurisdiction.

- (a) A counterclaim against the estate that introduces a question under state law.
- (b) Since the list of core proceedings is non-exhaustive, a bankruptcy court may issue a final determination on any matter that comes before it.

- (c) A creditor's claim against an affiliate of the debtor that has guaranteed the debtor's obligation to the creditor
- (d) A debtor's motion to dismiss an involuntary bankruptcy petition.
- (e) None of the above.

Question 1.4

Commented [H(6): Correct, 1 mark

Which of the following statements about "pre-packs" is **false**?

- (a) A pre-pack cannot be used if the debtor wishes to reject executory contracts.
- (b) Creditors must have sufficient information about the debtor and the plan to make an informed voting decision.
- (c) A pre-pack debtor may spend as little as a single day in bankruptcy.
- (d) The proposed plan of reorganization is submitted to the bankruptcy court together with the voluntary petition.
- (e) Creditors' commitment to vote in favor of the plan may be memorialized in a restructuring support agreement.

Question 1.5

Commented [H(7): Correct, 1 mark

Which of the following statements regarding cramdowns is **true**?

- (a) If one insider creditor approves of the plan of reorganization, all other impaired classes may be crammed down.
- (b) Because cramdowns do not require the consent of all classes, the plan of reorganization may not be fair and equitable to all impaired classes.
- (c) Differential treatment of different classes is permitted if there is a reasonable, good faith basis for doing so and such treatment is required for the plan of reorganization to be successful.
- (d) Class definition is rarely a battleground when a debtor tries to cramdown classes.
- (e) Dissenting creditors are not permitted to challenge the classification of a creditor supporting the cramdown.

Question 1.6

Commented [H(8): Correct, 1 mark

Which of the following statements about the plan exclusivity period is **true**?

- (a) The exclusivity period is 1 year.
- (b) The exclusivity period cannot be extended.
- (c) The exclusivity period cannot be shortened.

(d) During the exclusivity period, only a creditor may propose a plan of reorganization.

(e) During the exclusivity period, only the debtor may propose a plan of reorganization.

Question 1.7

Commented [H(9)]: Correct, 1 mark

Which of the following statements about chapter 15 is **false**?

(a) The automatic stay applies upon the filing of a petition for recognition.

(b) A debtor cannot be subject to an involuntary chapter 15 proceeding.

(c) A chapter 15 petition must be filed by a foreign representative.

(d) The automatic stay applies only to property within the territorial jurisdiction of the United States.

(e) Recognition may be granted to a foreign proceeding as either foreign main or foreign non-main.

Question 1.8

Commented [H(10)]: Incorrect, the correct response is (c)

Which of the following statements about 363 sales is **false**?

(a) A 363 sale permits a debtor to sell an asset free and clear of encumbrances.

(b) A creditor's lien on assets sold in a 363 sale attaches to the proceeds of the sale.

(c) A 363 sale must be conducted as an auction with a stalking horse bidder.

(d) Purchasers may pay a higher price for assets sold in a 363 sale than in an out-of-court transaction.

(e) Sophisticated parties will insist on a 363 sale if there is any question regarding whether the sale is "in the ordinary course of business".

Question 1.9

Commented [H(11)]: Incorrect, the correct response is (e)

If a debtor rejects an executory trademark license agreement under which it licenses a trademark to its counterparty, which of the following is **true**?

(a) The counterparty has a claim for damages for breach of contract.

(b) The counterparty must immediately stop using the trademark.

(c) The counterparty can continue using the trademark for the remaining period of the license.

(d) Both (a) and (b).

(e) Both (a) and (c).

Question 1.10

Who may serve as a foreign representative to seek recognition of a foreign proceeding under chapter 15?

- (a) The board of directors of the debtor if it is a debtor-in-possession in the foreign proceeding.
- (b) An insolvency professional appointed by a creditor where the foreign proceeding is an involuntary receivership.
- (c) An officer of the debtor if it is a debtor-in-possession in the foreign proceeding.
- (d) An insolvency professional appointed by the court overseeing the foreign proceeding.
- (e) All of the above.

Commented [H(12)]: Correct, 1 mark

QUESTION 2 (direct questions) [10 marks]

Commented [H(13)]: Total marks 6.5/10

Question 2.1 (2 marks)

Commented [H(14)]: Total marks 2/2

What is the difference between a voluntary petition for bankruptcy and an involuntary petition for bankruptcy?

The voluntary petition is the one filled by the debtor to commence any insolvency proceeding under the US Bankruptcy Code. The petition must be filled with some requirements, but even if the debtor initiates a proceeding without those requirements, it is possible to invoke the automatic stay and commence an insolvency proceeding.

Commented [H(15)]: Correct, 1 mark

The involuntary petition on the other hand, is the one filled by the creditors and can only be made for the proceedings under Chapter 7 and Chapter 11. If the debtor has less than 12 non-contingent and non-insider creditors, only 1 creditor is enough to fill this petition. In cases where the debtor has more than that, it will be necessary to have at least 3 creditors. To commence those proceedings, the creditor must have a claim against the debtor currently in the amount of at least USD \$ 15,775.

Commented [H(16)]: Correct, 1 mark

Besides that, the claim needs to be non-contingent, which means it's a due claim, and not subject to a bona fide dispute as to liability or amount, which means it's an unquestionable claim.

Question 2.2 (2 marks)

Commented [H(17)]: Total marks 1.5/2

What are two potential consequences of a violation of the automatic stay?

The automatic stay prevents any creditors from taking legal measures to satisfy any claim against the debtor's asset. During that time, the debtor will be able to formulate a restructuring plan, negotiate with the creditors and, in case of liquidation, realize the value of the assets, to pay the creditors.

This benefit is very important in bankruptcy proceedings because while it gives "breathing room" to the debtor to organize his debts, it also guarantees an equal treatment between all creditors.

A creditor can apply for a relief from the stay but once it is denied or even if it's never applied, any act performed by the creditor in violation of the stay can be void or voidable, depending on the court where the bankruptcy proceeding is taken., And the creditor will be obligated to pay the debtor's attorney fees and take actions to undo the effects of its acts; – the court can even apply a daily fine while the action isn't taken.

Commented [H(18)]: Correct, 1 mark

Commented [H(19)]: Partially correct, 1/2 mark, this is subject to the discretion of the court

Question 2.3 (3 marks)

In what circumstances is a claim considered “impaired”? When is a holder of an impaired claim not entitled to vote on a proposed plan of reorganization and what happens instead?

Impaired is a claim that is changed in a negative way by the plan of reorganization. So, if the debtor, through the proposed plan of reorganization, proposes a new agreement that will reduce the amount, delay the payment, or change the form in which the credit will be paid, for example, this claim is impaired to the purpose of the bankruptcy proceeding under Chapter 11 of The Bankruptcy Code.

The plan of reorganization must, besides other things, designate all classes of claims and specify which claim will be impaired and which will be unimpaired. The holder of an impaired claim is the only one who has the right to vote on a proposed plan of reorganization because its credits will be changed in case of the approval of the plan and confirmation by the court.

Not all classes need to approve the plan of reorganization for its confirmation by the court, but a plan must be voted by all creditors who have those rights, so if a plan is approved without the vote of those creditors, they can apply for the court to deny the confirmation.

Question 2.4 (3 marks)

Answer the following questions about preferences, actual fraudulent conveyances and constructive fraudulent conveyances:

(1) Which cause of action applies only to transfers made on account of antecedent debt?

Solely a transfer to pay for antecedent debt isn't a reason for avoiding the transaction. Either preference, actual fraudulent conveyance or constructive conveyance, requires proof of other elements, such as the period of the transaction in the preference, the fraudulent intent in the actual fraudulent conveyance, or the inequality between the value of the payment and what was received by the debtor.

It's always important to analyze all aspects of the transaction to conclude as an avoidable fraud, because the transaction could be done as ordinary course payments or another different legal reason.

(2) Which cause of action requires that the debtor be presumed or proven to have been insolvent at the time of the transfer?

One of the elements to characterize the preference is when the transaction was done while the debtor was presumed to be insolvent which occurs during the period of 90 days prior to the petition date.

Because it's a presumption, this condition can be rebutted by the creditor, but the final proof of the insolvency status needs to be done by the debtor in possession or the trustee.

(3) Which cause of action requires that the debtor be proven to have intended to frustrate creditors' recoveries?

The only cause of action that requires the intent to fraud the debtor is the actual fraudulent conveyance, which premises the intention of the debtor to be indebted in consequent injury from the creditors.

Commented [H(20)]: Total marks 1/3

Commented [H(21)]: Correct, 1 mark

Commented [H(22)]: An impaired claim that will receive nothing under the plan cannot vote and is deemed to reject the plan.

Commented [H(23)]: Total marks 2/3

Commented [H(24)]: Payment on account of an antecedent debt is only a required element of a preference claim.

Commented [H(25)]: Correct, 1 mark

Commented [H(26)]: Correct, 1 mark

QUESTION 3 (essay-type questions) [15 marks in total]

Commented [H(27)]: Total marks 11.5/15

Question 3.1 (3 marks)

Commented [H(28)]: Total marks 2/3

How did *Stern v Marshall* change the law of bankruptcy court jurisdiction and authority to enter a final order?

The US Constitution institutes the US Legal System under Article III, where its explicit which courts exist in the US and what powers they possess, and which jurisdictions will be exercised.

Different from other courts, like the district court, court of appeal, and US Supreme Court, the Bankruptcy Court wasn't created by the US Constitution, but by a federal legislation, the 1978 Bankruptcy Code.

The bankruptcy court was created by adjuncts to the district court and, as established later, had its jurisdiction for final decision just over a so-called core proceeding, which was essentially a proceeding involving matters related to the estate and property of the debtor.

Commented [H(29)]: Correct, 1 mark

However, in 2011, in *Stern v. Marshall*, the US Supreme Court held that the Bankruptcy Code didn't have jurisdiction to make final decisions, even about core proceeding, because that power was understood as unconstitutional. To provide guidance about that matter, the US Supreme court held that (i) the bankruptcy court may analyze core and non-core proceeding, but its decision should be reviewed by the district court related to that bankruptcy court; and (ii) the bankruptcy court may have the authority to decide about those proceedings if the parties consent.

Commented [H(30)]: Partially correct, 1/2 mark, specifically the bankruptcy court cannot make final decisions about matters subject to Article III jurisdiction.

That precedent was very important because after that, the bankruptcy courts around the US implemented a rule that the parties need to inform if they consent with that power.

Commented [H(31)]: Correct, 1/2 mark, and the bankruptcy court has jurisdiction to adjudicate a challenge to a petition

Question 3.2 (3 marks)

Commented [H(32)]: Total marks 2.5/3

What provisions of the Bankruptcy Code may not be invoked by a foreign representative in a chapter 15 proceeding? What are two ways that the foreign representative can obtain equivalent relief?

The foreign representative has, under Chapter 15, almost all powers granted to the debtor-in-possession or trustee in the domestic bankruptcy case, except for the powers to avoid acts practiced during the suspect period.

Commented [H(33)]: Correct, 1 mark

The US bankruptcy courts, however, have interpreted that in some cases the foreign representative can use powers granted by foreign law or even by the US Bankruptcy Code except to avoid preference or fraudulent conveyances.

Commented [H(34)]: Correct, 1/2 mark, or under non-bankruptcy US law

One way to have those powers is if the foreign representative applies for some bankruptcy proceeding under Chapter 7 or 11 or if before the foreign recognition, the debtor or some creditor had filed for one of those proceeding. In those cases, the foreign representative can have these powers of avoidance of preference or fraudulent conveyances.

Commented [H(35)]: Correct, 1 mark

Question 3.3 (4 marks)

Commented [H(36)]: Total marks 4/4

Describe the differences between interlocutory and final orders and how an appeal may be taken from each. Which courts hear direct appeals from bankruptcy court orders?

Generally, a final order is the one that ended a proceeding, when all issues argued by the parties are decided. Those orders may be appealed directly by the interested party without any permission by the appellate court.

Commented [H(37)]: Correct, 1/2 mark

Commented [H(38)]: Correct, 1/2 mark

An interlocutory order, on the other hand, is the one that decides just a few claims made by the parties and not all of them. That order is not appealed as of right, but the interested party needs to get permission by the appellate court.

Commented [H(39)]: Correct, 1/2 mark

Commented [H(40)]: Correct, 1/2 mark

In bankruptcy matters, some specific interlocutory orders may also be appealed as of right, like the decision that extends the period of exclusivity to propose a plan. Recently, understanding that bankruptcy proceedings involve "an aggregation of individual controversies" the US Supreme Court decided in *Bullard v. Blue Hills Bank* that all orders resolving a discrete dispute are treated like a final order for appeal purposes.

Generally, an appeal from bankruptcy court decisions is heard by the district court which is related to the bankruptcy court. However, some districts, under US Constitution permission, created the so-called Bankruptcy Appellate Panel (APB) which has the jurisdiction to hear appeals when the parties consent. It is also possible that an appeal from a bankruptcy court decision can be heard by the Circuit Court, when its proven that this immediate appeal will save time in the proceeding and the appeal raises a question of law that wasn't decided by the Circuit Court or the US Supreme Court.

Commented [H(41)]: Correct, 1 mark

Commented [H(42)]: Correct, 1 mark

Question 3.4 (5 marks)

Commented [H(43)]: Total marks 3/5

What fiduciary duties do directors of Delaware corporations owe and to whom are the duties owed in the ordinary course of business? To whom are duties owed when the corporation is potentially or actually insolvent?

Generally, directors from a company in Delaware owe fiduciary duties to the company and its shareholders. They are protected by the so-called business judgment rule, which means that the directors have only fiduciary duties to the companies' best interest and not to the creditors, so its decisions have presumption that it was made based on good faith and was informed. That rule applies even when the company is insolvent or almost insolvent.

Commented [H(44)]: Specifically, the duties of loyalty and due care

Commented [H(45)]: Correct, 1 mark

Commented [H(46)]: Correct, 1 mark

Commented [H(47)]: Correct, 1 mark

To rebut the presumption, the interested party needs to prove that the majority of the board made the decision with the intention to cause damage or at least it knew that it wasn't in the best interest of the company.

QUESTION 4 (fact-based application-type question) [15 marks in total]

Commented [H(48)]: Total marks 11/15

Question 4.1 [4 marks]

Commented [H(49)]: Total marks 3/4

Gambling Corporation is incorporated and has a principal place of business in Greece and it operates casinos and betting parlors in many international cities, including Athens, Las Vegas, London and Macau. Gambling Corp's bonds (governed by English law) are due to mature in one (1) year, but it is unable to repay or refinance them. Gambling Corp is considering using an English scheme of arrangement to restructure the bonds.

Discuss whether the English scheme of arrangement could be granted recognition under US chapter 15 as a foreign main or foreign non-main proceeding.

Chapter 15 establishes that US Bankruptcy Court may recognize foreign insolvency proceedings since the foreign representative proves that (i) there is a proceeding under insolvency law that is pending; and (ii) the foreign representative has its power recognized by the foreign court where the proceeding is taking place.

So, in that specific case, if Gambling Corp commences an insolvency proceeding under English law, the foreign representative of these proceeding can apply for recognition by an US bankruptcy court.

That proceeding can be recognized as a main or a non-main proceeding; it depends on where the proceeding was commenced.

As the UNCITRAL Model Law, the Bankruptcy Code establishes that if the insolvency proceeding commences where the center of main interest (COMI) of a debtor is, that will be a main proceeding. On the other hand, if the proceeding was commenced where the debtor has an establishment, we are talking about a non-main proceeding.

For the purpose of determining the kind of proceeding that was recognized, Chapter 15 establishes that the COMI is where the debtor has its registered office (§ 1516(c)) and that place should be analyzed on the date of the US petition. In that case, this proceeding commenced in an English Court that could be recognized as a non-main proceeding and the foreign representative would have to apply for the automatic stay and other reliefs.

However, the place of the COMI is just a presumption, so if the foreign representative can prove that England is the COMI of the debtor (because it is where its majority of creditors are, or it is the place where its headquarters will be found, or where the management of the company is done) on the date of the application under US Bankruptcy Court, this proceeding could be recognized as a main-proceeding and would be granted all automatic reliefs.

Commented [H(50)]: Correct, 1 mark

Commented [H(51)]: Correct, 1 mark, here the London casino is the required establishment

Commented [H(52)]: Correct, 1 mark, also the principal place of business is stated to be in Greece so that is likely to be the COMI

Question 4.2 [5 marks]

Oil Corporation is incorporated in Delaware and has its principal place of business in Texas. Oil Corp is facing a number of challenges to its business. First, ShipCo, one of its key customers, has filed a breach of contract lawsuit in Texas state court alleging that Oil Corp sold it contaminated oil that caused USD 1 billion in damage to ShipCo's container ships. Second, the US Department of Justice is investigating whether Oil Corp illegally purchased oil from countries subject to US sanctions. Third, Oil Corp. has missed a payment on its secured loan from USA Bank, and USA Bank is threatening to foreclose on an Oil Corp refinery located in the Philippines. Fourth, because of all these distractions, Oil Corp has forgotten to pay rent on its Houston, Texas office space and its landlord is threatening to evict it. What would be the effect of Oil Corp filing a chapter 11 petition on each of these four situations?

Commented [H(53)]: Total marks 4/5

By filing a Chapter 11 bankruptcy proceeding, the debtor is granted the automatic stay under § 301 (b). That means that all creditors that hold a pre-petition claim are prohibited from taking any measure against the estate with the purpose to satisfy its credits.

Commented [H(54)]: Correct, 1 mark

As the automatic stay applies just to action taken against the property of the debtor and has worldwide effects, in the case of Oil Corporation, the chapter 11 petition will influence the threats of USA Bank and the landlord, if the contract has not expired, because as an executory contract, the debtor has option to assume the contract.

Commented [H(55)]: Correct, 1 mark

Commented [H(56)]: Correct, 1 mark

On the other hand, the automatic stay will not interfere with the lawsuit filed for breach of contract or criminal or civil action proceedings. So, in that case, the stay will not apply to the ShipCo lawsuit or the US Department of Justice proceeding.

Commented [H(57)]: Incorrect, litigation on pre-petition claims is stayed

Commented [H(58)]: Correct, 1 mark

Question 4.3 [6 marks]

Commented [H(59)]: Total marks 4/6

Oil Corp has filed for bankruptcy and is planning to sell its plastic manufacturing business through a 363 sale. The plastic manufacturing business operates under the trademark "Interconnect", which is licensed from Plastic Corp. Oil Corp has invented several patented processes for plastic manufacturing, which it licenses to Plastic Corp. The main manufacturing facility for the plastic business is in Dallas, and Oil Corp has granted a lien on the facility to USA Bank to secure its USD 500 million loan.

Oil Corp thinks it will get the highest return for the plastics manufacturing business if it can (i) assume and assign the trademark license; (ii) reject the patent licenses so the purchaser has the exclusive right to use the patents; and (iii) sell the manufacturing facility free and clear of the USA Bank lien. Can Oil Corp achieve each of these goals without the consent of Plastic Corp and USA Bank? Why or why not?

The 363 sale is a proceeding under the US Bankruptcy Code that can be used by debtors in Chapter 11 proceedings, and it can give the debtor the opportunity to increase the value of its asset by selling it free and clear of any creditor's interest, with the bankruptcy court approval.

The Bankruptcy Code establishes several conditions to the sell and one of them is a sell of an asset that was granted a lien without creditor consent if the price of the sell is higher than the price of the debt.

So, in that case, if the facility is sold for more than the debt owed to the USA Bank, Oil Corp can sell the facility without USA Bank consent.

However, despite the license contract being an executory contract, which means that under Chapter 11 the debtor has the right to assume, reject or assume and assign executory contracts after filling a petition without the counterpart consent, OilCorp can't (i) assume and assign the trademark; and (ii) reject the patent licensed to PlasticCorp without PlasticCorp's approval.

That's because the right to assume, reject or assume and assign executory contracts is excepted by the Bankruptcy Code by rules applied in trade market, which is a business with its own law system based on exclusive rights and the protection of the rights of the licensor and the licensee.

Commented [H(60)]: Correct, 1 mark, and the lien will attach to the proceeds

Commented [H(61)]: Correct, 1 mark

Commented [H(62)]: Correct, 1 mark, also the patent license is protected by section 365(n) of the Bankruptcy Code so cannot be terminated without Plastic Corp's consent

*** End of Assessment ***