

# LINEBARGER GOGGAN BLAIR & SAMPSON, LLP

ATTORNEYS AT LAW

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## **For Immediate Release**

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### **Texas Communities Should Brace – And Prepare – For Business Bankruptcies**

(Dallas) – March 7, 2016 – With the continued weakness in the oil patch leading many to expect a tidal wave of business bankruptcy filings in 2016, it's absolutely essential that elected and appointed officials across the state get ready, lest they risk becoming collateral damage. A recent published report anticipated a significant upswing in 2016 over the already significant number of Texas business bankruptcies filed in 2015.

“We know that bankruptcies in the energy sector will lead to bankruptcies in other businesses that support energy exploration and production in Texas,” said Beth Weller, Bankruptcy Partner for Linebarger Goggan Blair & Sampson, LLP. “The risk is equally great to cities, counties, school districts and other jurisdictions that depend on tax revenue from all of those businesses.”

Weller, whose team just helped dozens of governments across the state recover more than \$2.6 million in property taxes from the bankrupt Radio Shack retail chain, says communities that aren't ready to move quickly might lose out. “It's often the case that a motion to sell off all of the assets of a company in bankruptcy is among the first to be filed. A community that is owed taxes by that business could lose out if it doesn't attempt to intervene in the bankruptcy at the very beginning.”

The financial impact could be significant. Weller points to another recent example – the bankruptcy of a company called Quicksilver Resources. By getting involved early, the law firm was able to recover around \$2.3 million for Hood County, Texas. “That's a significant amount of money for a relatively rural area. Had that money not come in, it had the potential to be damaging to public services across the county,” Weller said.

Weller added that there's nothing a community can do to forestall a bankruptcy proceeding, so it's important that everyone pay close attention to businesses that are at risk and it's important that the local appraisal district have its paperwork in order. It can be complicated.

“You've got to know what assets a business at risk of bankruptcy has in your community. If it's a retail operation, you need to know whether the stores in your community are company-owned or franchises. In an oil and gas bankruptcy, since those operations are often a cluster of related entities, you need to know specifically what assets in your community are affected by the filing and what are not,” Weller advised.

“This is going to be a rough year for any entity that depends on the oil sector for revenue,” Weller said. “That includes local governments. But if they act with a little foresight, get their facts in order, and are prepared to move quickly when a bankruptcy is filed that impacts their community, they can somewhat mitigate the risk.”

### **About Linebarger Goggan Blair & Sampson, LLP**

Linebarger Goggan is a national law firm with whose practice is dedicated to the collection of delinquent accounts receivable for governmental entities. After over 40 years, our firm is proud to represent more than 2,300 state and local governments throughout the country. The revenue recovered by Linebarger Goggan helps support essential public services. To learn more about our law firm, please visit us at <http://www.lgbs.com>.

Editor's Note: If you'd like to discuss this issue with Beth Weller, contact Linebarger Goggan Blair & Sampson, LLP [cmsmedia@lgbs.com](mailto:cmsmedia@lgbs.com) to arrange an interview.