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**BOSNIA-HERZEGOVINA**

**BANKRUPTCY LAW**

**DRAFT BANKRUPTCY CURRICULA FOR STUDENTS AT ECONOMIC AND LAW  
FACULTIES**

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Economic Restructuring Office  
Emir Mehmedbasic, Project Management Specialist

Submitted by:

Chemonics International Inc.  
Emerging Markets Group Ltd.  
National Center for State Courts

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## **Draft bankruptcy curricula for students at Economic and Law Faculties**

This Course Outline is for a recommended stand-alone bankruptcy course to be taught in BiH law and economics faculties. Such a class is not currently offered at any BiH university; bankruptcy-related subjects are covered as part of a general commercial law course. The lack of a bankruptcy course means that the BiH universities are not supplying properly trained candidates for positions as bankruptcy judges, trustees, and attorneys.

In 2006, the USAID FILE Project taught bankruptcy classes at the Law and Economics Faculties in Sarajevo and Banja Luka universities as part of commercial law courses. In addition, the FILE Project met with professors from these faculties to discuss adding bankruptcy classes to the curriculum. We found that professors and students in all four faculties are very enthusiastic about having bankruptcy classes added as electives.

The Course Outline will be translated and delivered to the professors that teach commercial law at each faculty, along with lecture notes and materials. We anticipate that the outline, notes and materials will be used for stand-alone bankruptcy classes starting in the 2007 academic year.

# COURSE OUTLINE

## Bankruptcy and Liquidation

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### 1. Description:

This course introduces the fundamental principles and a basic but comprehensive analysis of bankruptcy theory and practice. The class will provide an overview of general bankruptcy concepts, the BiH bankruptcy laws and related laws, and the processes and procedures involved in a restructuring or liquidation case.

### 2. Learning Objectives:

**Upon the completion of the course the student will be able to do the following:**

1. Analyze and describe the reasons why individuals or businesses seek bankruptcy relief.
2. Compare and contrast basic vocabulary such as debtor, creditor and trustee as the “parties” in a Bankruptcy proceeding.
3. Understand basic concepts of BiH bankruptcy law.
4. Assess alternatives to bankruptcy and the availability of potential remedies to resolve a distressed debtor’s financial difficulties without resorting to bankruptcy.
5. Understand the series of processes that take place in a bankruptcy case.
6. Counsel clients, identify solutions, and make persuasive arguments with respect to the most basic issues of bankruptcy.

### 3. Course Content: (outline of main topics and subtopics)

1. Introduction to Bankruptcy Concepts  
An overview of the bankruptcy system and the structure of the BiH Bankruptcy Laws. This topic will provide an overview of the bankruptcy system that will enable the class to begin delving into some of the details of the system without losing sight of how a detailed provision or concept fits into the overall scheme.
  - a. Bankruptcy’s role in a market economy
  - b. BiH bankruptcy history
  - c. Introduction to the BiH Bankruptcy Laws
  - d. Alternatives to Bankruptcy
  - e. Bankruptcy procedure
  - f. Problems leading to bankruptcy
  - g. The automatic stay
2. Preliminary Proceeding  
A discussion of the first phase of a bankruptcy case, beginning with filing of a

- petition and culminating in a trustee's report.
- a. Filing a petition to initiate bankruptcy
  - b. Dismissal
  - c. Opening the bankruptcy procedure
  - d. Trustees and Creditors Committees
  - e. Trustee's report
  - f. Claims
3. Main proceeding  
A discussion of the second phase of a bankruptcy case, beginning with the investigation and reporting hearings, covering the various issues that can arise during this phase, and moving toward either liquidation or reorganization of the bankruptcy estate.
- a. Investigation and reporting hearings
  - b. Objections to Discharge and Dischargeability of Debts
  - c. Property of the Estate and secured creditors' claims
  - d. Disputed claims
  - e. Avoidable Preferences
  - f. Fraudulent Transfers
4. Liquidation  
An in-depth discussion of the procedures used by the trustee in liquidating a bankruptcy estate.
- a. Sale of assets
  - b. Distribution of funds
5. Reorganization Proceedings  
An in-depth discussion of the procedures used by the trustee in reorganizing a bankruptcy estate.
- a. Developing the reorganization plan
  - b. Court hearing on reorganization plan
  - c. Voting, cramdown
  - d. Plan confirmation and implementation
6. Simulated case (materials: Umorni case, Bankruptcy Restructuring Model and Judges Benchbook)  
The Umornia case will be used to provide practical training to students. Students will use the Bankruptcy Restructuring Model, a package of financial software, to analyze the case and prepare reports.
- a. Preliminary proceeding: analysis of whether the case should be opened
  - b. Main proceeding: role playing (judge, trustee, creditor)
  - c. Reorganization: use of Bankruptcy Restructuring Model to develop reorganization plan

## 4. Materials

BiH Laws on Bankruptcy  
Bankruptcy Proceeding by Judge Milijevic  
Judge's Benchbook  
Trustee's Manual  
Bankruptcy Restructuring Model  
Umorni case

## 5. Methods of Instruction: (reflective of a variety of learning styles)

**Methods of instruction may include, but are not limited to the following:**

1. Lecture presentation and classroom discussion on current bankruptcy laws and procedures
2. Students "role playing" or simulated exercises with oral and written reports (Trustee's Report; Reorganization Plan) on Umornia case
3. Lecture from judge and attending court hearing(s) on bankruptcy case
4. Workshop with trustee(s)

## 6. Requirements for completion

1. Class attendance and participation
2. Written examination
3. Research paper: 5 to 8 pages; topic to be selected by student and approved by professor
4. Reorganization plan: for Umorni Company