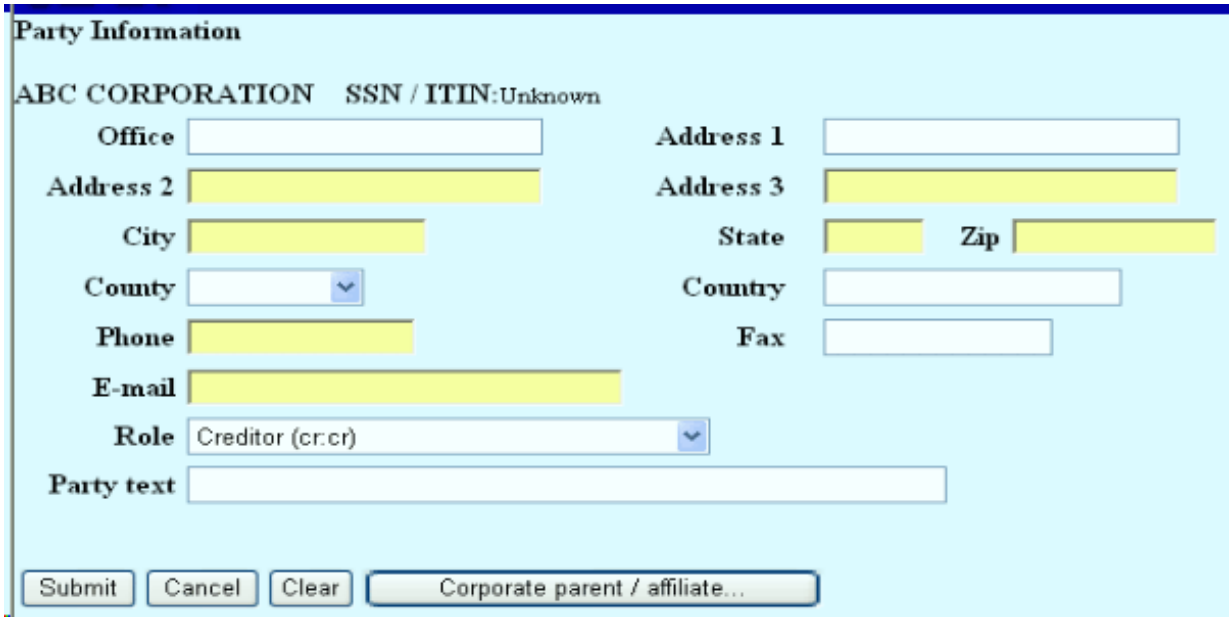
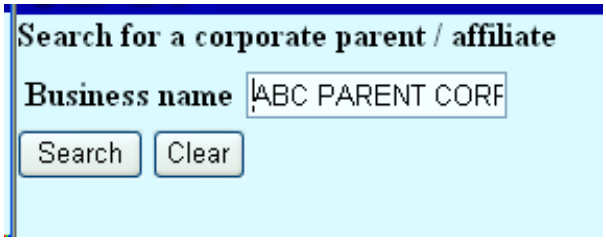
CORPORATE PARENT / AFFILIATE (7/14/2008)

FILINGS IN A BANKRUPTCY CASE (OTHER THAN A BANKRUPTCY PETITION)

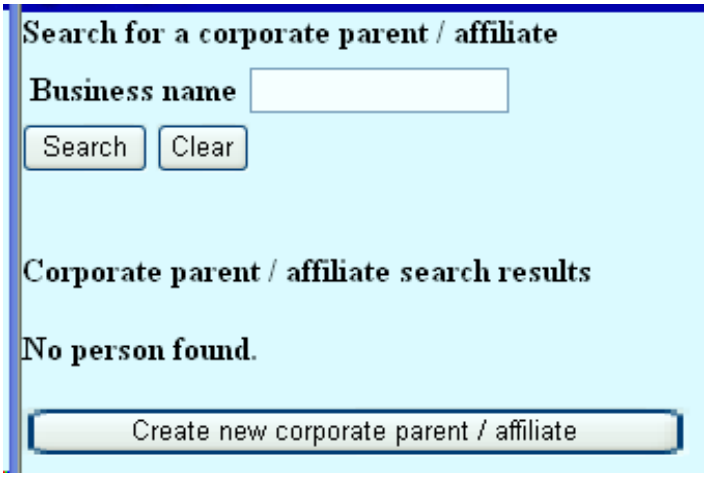
When filing the first document for your corporate client, other than the debtor (see below for corporate debtors), in a bankruptcy case, when adding your client as a party to the case, you now have the ability to also add any corporate parent or affiliate of your client. If your client is a corporation that has one or more parent or affiliate corporations that directly or indirectly owns 10% or more of any class of your corporate client's equity interests, then those corporate parents or affiliates should be added using the Corporate parent / affiliate button during the process of adding your client as a party to the bankruptcy case. If is important that such parents or affiliates be added so that the CM/ECF conflict checking software will properly advise the judge of a potential conflict if one exists. When filing in a bankruptcy case, this information is to be added even though no Statement of Corporate Ownership is required to be filed.



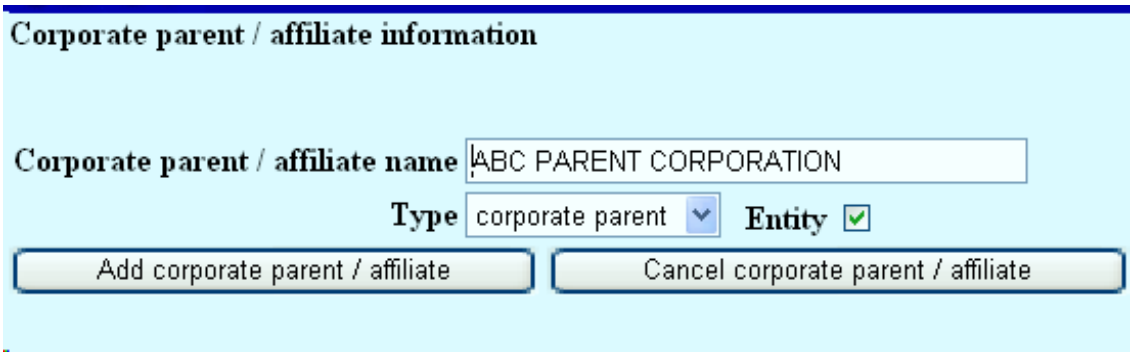
After clicking on Corporate parent / affiliate, you will be prompted to search for the parent / affiliate to add.



If the parent / affiliate has not been previously added, then no match will be found and you will need to Create the parent / affiliate by clicking on the Create button below.

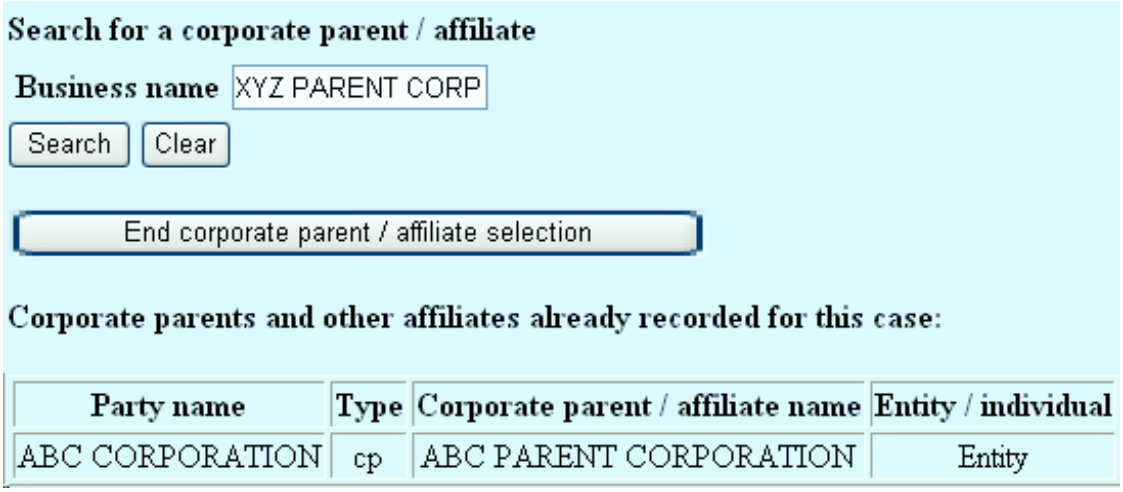


On the next screen, you need to select either corporate parent or corporate affiliate for Type and leave the check mark in the Entity box and then click on Add corporate parent / affiliate.



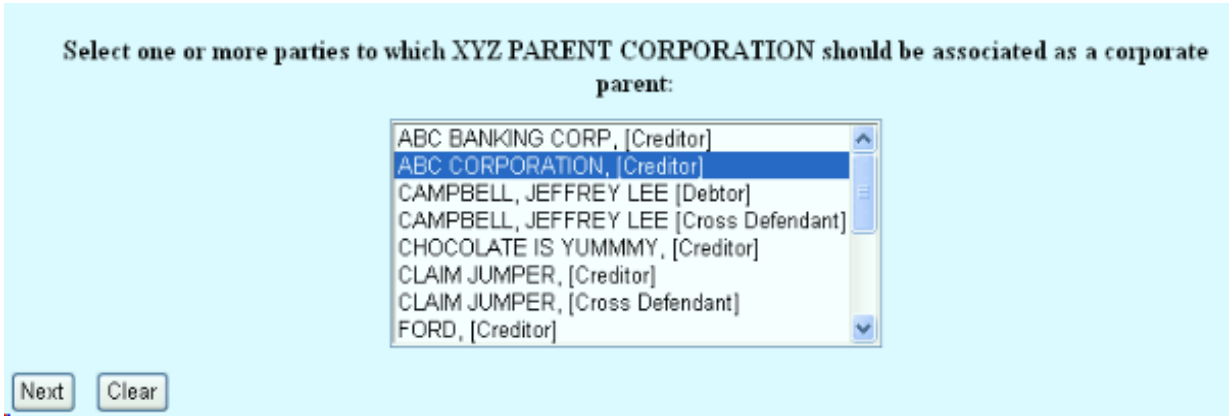
If there are more than one corporate parents or affiliates, then repeat the process for each one.

Also, if corporate parent / affiliate relationship changes, then the information needs to be updated. To change the corporate parent / affiliate, you would file a Statement of Corporate Ownership (located under the Other category) and during the filing process you will be able to update the information. In this example, XYZ Parent Corp has acquired 15 percent of ABC Corporation and needs to be added as a an additional corporate parent.

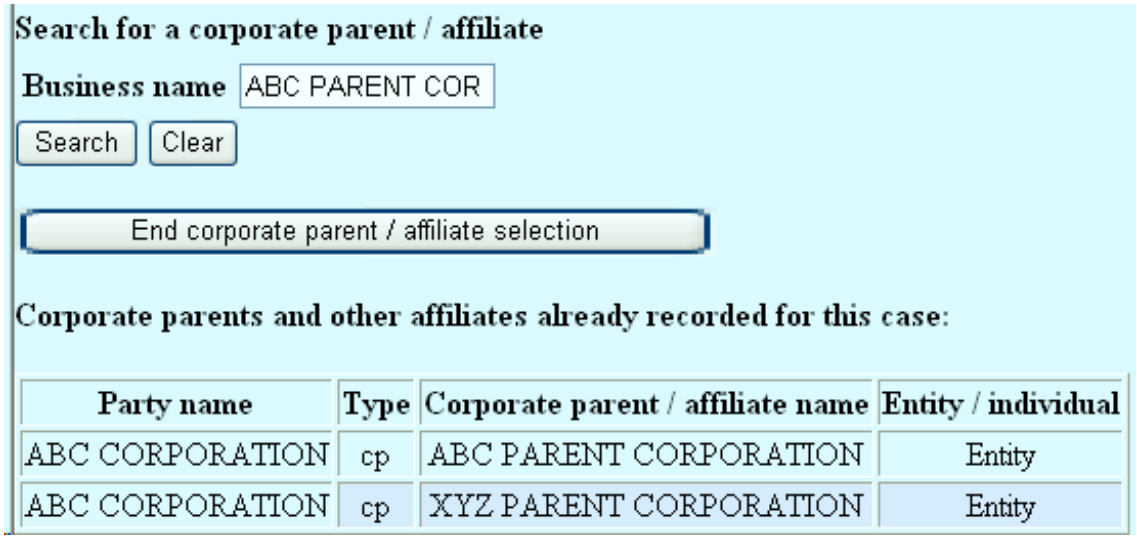


Then create if necessary and click on Add corporate parent / affiliate.

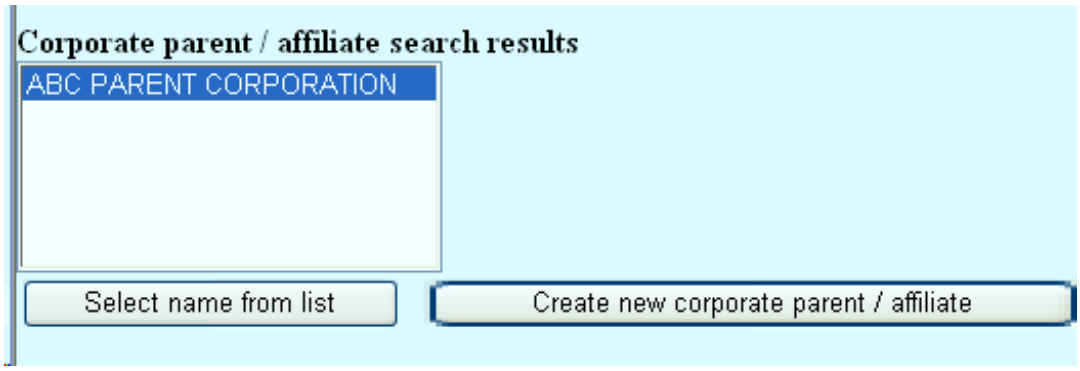
You then need to associate the corporate parent with your party in the case, in this example, ABC Corporation.



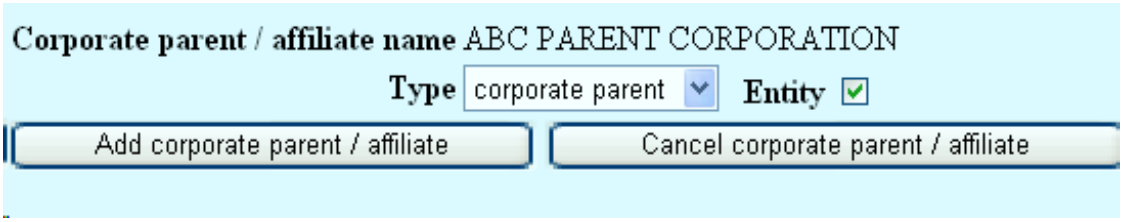
If you only need to add an additional corporate parent / affiliate, you can then end the process by clicking on the End corporate parent / affiliate button. If an existing corporate parent / affiliate needs to be removed, if in this example XYZ Corporate Parent acquired ABC Parent Corporation's interest in ABC Corporation so that ABC Parent Corporation is no longer a corporate parent, then it can be removed. Input the name of the existing parent / affiliate that needs to be removed and click on Search.



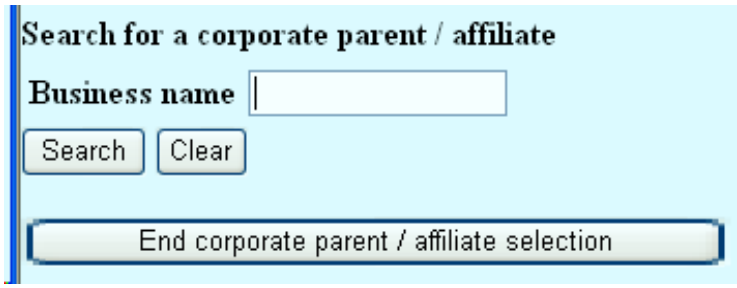
On the next screen, click on the name displayed and then click on Select name from list.



On the next screen, then click on Cancel corporate parent / affiliate.

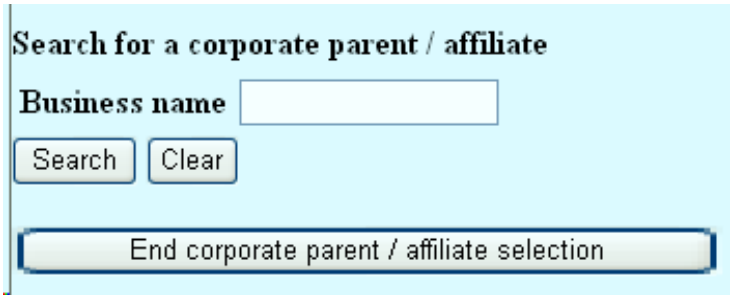


When finished adding and cancelling, then click on the End corporate parent / affiliate selection button to complete the filing process for the Statement of Corporate Ownership.



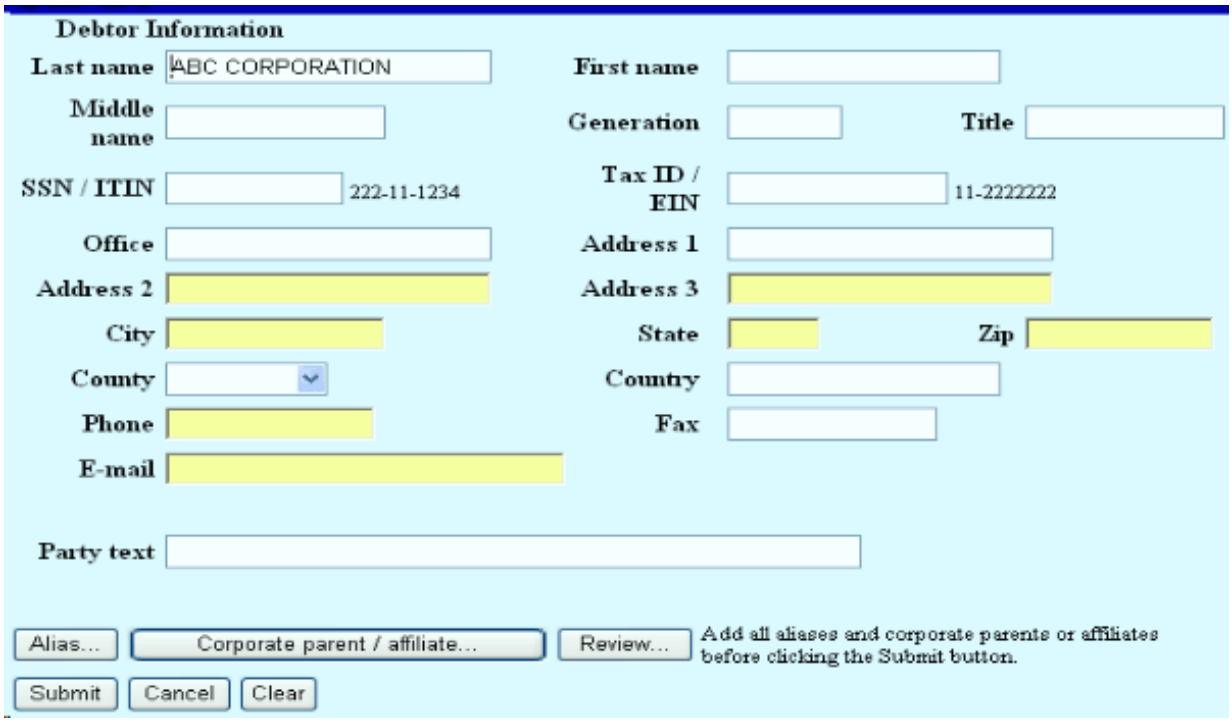
FILINGS IN AN ADVERSARY CASE OR FILING A BANKRUPTCY PETITION.

Bankruptcy Rules 1007 and 7007.1 require that corporate debtors and corporate parties to an adversary proceeding file a Statement of Corporate Ownership that identifies any corporation, other than a governmental unit, that directly or indirectly owns 10% or more of any class of the corporation's equity interests, or states that there are no entities to report. If filing a Statement of Corporate Ownership that states there are no entities to report, use the Statement of Corporate Ownership filing entry above and when first presented with the Search for a corporate parent / affiliate, the process can be bypassed by clicking on the End corporate parent / affiliate button.



BANKRUPTCY PETITION

When filing a bankruptcy petition for a corporation, the Statement of Corporate Ownership can be filed with the petition as part of the first entry. During the case opening process, you are afforded the opportunity to add the corporate parent / affiliate when inputting the debtor's name. If you use a one touch filing feature or a case upload feature in your bankruptcy software which opens the case for you, if there is in fact one or more corporate parents / affiliates of the debtor, and if your software does not add them as part of the case opening process, then you will need to file the Statement of Corporate Ownership as a separate filing using the above filing entry so that you then have the ability to add the corporate parents / affiliates of the debtor to the bankruptcy case.



To add a corporate parent / affiliate of the debtor during case opening, click on the Corporate parent / affiliate button above and the process will be the same as outlined above.

ADVERSARY PROCEEDINGS

When opening an adversary proceeding to either file a complaint or a notice of removal, the filing party inputs the plaintiffs and defendants. You would only add any corporate parents / affiliates for your party. You would not add them for the other parties to the adversary that you are inputting. For example, you are filing a complaint, you would only add any corporate parents / affiliates for the corporate plaintiffs, you would not add them for any corporate defendants you input during the adversary opening process. Which makes sense since you would not likely even know that information. Since you can add any corporate parents / affiliates for the corporate parties you represent during the adversary opening, you can file the Statement of Corporate Ownership as an attachment to your complaint or notice of removal. If you prefer to file it as a separate document you can use the Statement of Corporate Ownership entry under the Other category and bypass inputting any by clicking on the End corporate parent /affiliate selection button.

If you represent the defendant who is filing an answer or motion or represent the other parties to a notice of removal, then when filing your answer of other motion, you do not have the opportunity to add any corporate parent / affiliate, because your party will already be a party to the adversary and you only need to select the party displayed instead of having to add the party. As a result, you do not have an opportunity to add a corporate parent / affiliate when filing the answer or motion. You must file a Statement of Corporate Ownership using that specific entry under the Other category so that you can use the above process to add any corporate parents / affiliates.