

# In Re Sanjel (USA), Inc.: Bankruptcy Court Denies Comity to Canadian Court's Injunction Protecting Officers and Directors

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In *In re Sanjel (USA), Inc.*, no 16-50778 (Bankr. W.D. Tex Jul. 28, 2016) (docket no. 388), the United States Bankruptcy Court for the Western District of Texas (the “Bankruptcy Court”) modified its prior order granting recognition under sections 1517 and 1521 of title 11 of the United States Code (the “Bankruptcy Code”) to permit individuals to pursue claims in the United States against a debtor’s directors and officers in order to prevent expiration of the statute of limitations. The ruling is significant because the suits against the directors and officers were subject to an injunction entered in the debtors’ home court in Canada. The ruling demonstrates the tension between the willingness of U.S. courts to extend comity and protection of U.S. creditor interests.

## Background

On April 4, 2016, the Court of the Queen’s Bench of Alberta (the “Canadian Court”) entered an order (the “Initial Order”) under the Companies Creditor Arrangement Act (the “CCAA”) granting relief to Sanjel (USA), Inc. (“Sanjel”) and certain of its related entities (collectively, with Sanjel, the “Debtors”). In addition to enjoining all acts to collect debts against the Debtors, the Initial Order extended the stay to the Debtors’ directors and officers, which is not uncommon for CCAA orders. The stay under the CCAA must be affirmatively extended by the Canadian Court and, in this case, had been extended to July 15, 2016 and a request for an additional extension to August 31, 2016 was pending.

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