

## Jenner & Block News Release

### U.S. Bankruptcy Court Rules in Favor of Trustee of the Bankruptcy Estates of Delta Phones, Inc. and EZ Talk Communications, LLC

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Following a six-day trial, the U.S. Bankruptcy Court for the Northern District of Illinois, Eastern Division, ruled on January 10 that the former principals of Naperville-based Delta Phones, Inc. and EZ Talk Communications, LLC, who had each individually filed for bankruptcy protection, were not entitled to have their debts discharged under the federal Bankruptcy Code.

Jenner & Block Partners [Seth A. Travis](#) and [Terence G. Banich](#) represented Firm Partner [Ronald R. Peterson](#), who served as the Chapter 7 trustee of the bankruptcy estates of Delta Phones, Inc. and EZ Talk Communications, LLC.

In so finding, the Court agreed with Mr. Peterson that the former principals had committed various acts prohibited by the Bankruptcy Code. For example, the Court found that the defendants had removed Delta Phones' computers and furniture from its Naperville offices with the specific intent of hiding those assets from Mr. Peterson, repeatedly lied under oath about their compensation and left the Delta Phones' offices and files in utter disarray.

As a result of the ruling, the defendants' creditors may still pursue them to make good on their pre-bankruptcy debts. The judge also recommended that Mr. Peterson formally refer the former principals' conduct to the United States Attorney's Office for possible criminal prosecution.

“This ruling sends a strong message to individual debtors who abscond with estate property, lie under oath regarding their bankruptcy proceedings and fail to keep their books and records adequately,” said Mr. Banich.

In addition to Messrs. Banich, Travis and Peterson, the Jenner & Block team on this matter included Associates [Jeremy T. Stillings](#) and [Alison A. Dieterichs](#), Former Associate Donald S. Boyce, Paralegal Toi Hooker, Project Assistant Robert T. Gianneschi and Former Project Assistant Kathryn Schauer.

Mr. Peterson has been a member of the panel of Chapter 7 Trustees for the Northern District of Illinois, Eastern Division, since 1987. He presides over approximately 100 consumer bankruptcy cases per month.