

Order

**Michigan Supreme Court
Lansing, Michigan**

October 26, 2022

Bridget M. McCormack,
Chief Justice

ADM File No. 2021-50

Proposed Addition of Rule
2.421 of the Michigan
Court Rules

Brian K. Zahra
David F. Viviano
Richard H. Bernstein
Elizabeth T. Clement
Megan K. Cavanagh
Elizabeth M. Welch,
Justices

On order of the Court, this is to advise that the Court is considering an addition of Rule 2.421 of the Michigan Court Rules. Before determining whether the proposal should be adopted, changed before adoption, or rejected, this notice is given to afford interested persons the opportunity to comment on the form or the merits of the proposal or to suggest alternatives. The Court welcomes the views of all. This matter will also be considered at a public hearing. The notices and agendas for each public hearing are posted on the [Public Administrative Hearings](#) page.

Publication of this proposal does not mean that the Court will issue an order on the subject, nor does it imply probable adoption of the proposal in its present form.

[NEW] Rule 2.421 Notice of Bankruptcy Proceedings

- (A) **Applicability.** This rule applies to all pending state court actions in which a party is either:
- (1) a named debtor in a bankruptcy proceeding; or
 - (2) an officer, director, or majority equity holder of a named debtor in a bankruptcy proceeding.
- (B) **Party Subject to Bankruptcy Proceeding.** Any party in a pending state court action who is or becomes subject to a bankruptcy proceeding as provided in subrule (A) must file notice of the bankruptcy proceeding in the pending state court action no later than 7 days after becoming subject to bankruptcy proceedings.
- (C) **Other Parties.** If a party to a pending state court action learns of a bankruptcy proceeding described in subrule (A) and notice of the bankruptcy proceeding has not previously been filed and served, the party that learned of the bankruptcy proceeding may file notice of the bankruptcy proceeding in the pending state court action.
- (D) **Notice Contents.** Notice of a bankruptcy proceeding filed under this rule must, at a minimum, include all of the following:

- (1) name(s) of the party described in subrule (A) and his or her designation as the named debtor, officer, director, or major equity holder of a named debtor;
 - (2) the court name and case number of the bankruptcy proceeding; and, if available,
 - (3) the name, telephone number, physical address, and email address for the debtor's attorney in the bankruptcy proceeding.
- (E) Service of Notice. Notice of a bankruptcy proceeding filed under this rule must be served on all parties to the pending state court action as provided in MCR 2.107.
- (F) Effect of Notice. If a notice is filed under this rule, the court may, on the motion of a party or on its own initiative, order the administrative closure of the state court action or set the matter for a status conference to determine if the case is subject to an automatic stay. If the state court action has been administratively closed under this subrule or otherwise, it may be reopened if, on the motion of a party or on the court's own initiative, the court determines that the automatic bankruptcy stay has been lifted, removed, or otherwise no longer impairs adjudication.

Staff Comment (ADM File No. 2021-50): The proposed addition of MCR 2.421 would address notice of a bankruptcy proceeding that affects a pending state court action.

The staff comment is not an authoritative construction by the Court. In addition, adoption of a new rule or amendment in no way reflects a substantive determination by this Court.

A copy of this order will be given to the Secretary of the State Bar and to the State Court Administrator so that they can make the notifications specified in MCR 1.201. Comments on the proposal may be submitted by February 1, 2023 by clicking on the "Comment on this Proposal" link under this proposal on the [Court's Proposed & Adopted Orders on Administrative Matters](#) page. You may also submit a comment in writing at P.O. Box 30052, Lansing, MI 48909 or via email at ADMcomment@courts.mi.gov. When submitting a comment, please refer to ADM File No. 2021-50. Your comments and the comments of others will be posted under the chapter affected by this proposal.



I, Larry S. Royster, Clerk of the Michigan Supreme Court, certify that the foregoing is a true and complete copy of the order entered at the direction of the Court.

October 26, 2022

A handwritten signature in black ink, appearing to read "Larry S. Royster", written over a horizontal line.

Clerk