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TMA Chicago/Midwest Podcast Hosted by Paul Musser | Harold Israel and Jack O'Connor on Weighing Bankruptcy and Alternative Solutions for Distressed Situations

May 2026

In this episode of the TMA Chicago/Midwest (TMA) Podcast, Katten Restructuring Partner and host Paul Musser sat down with Harold Israel and Jack O'Connor, who are both partners in the Financial Services and Restructuring group at Levenfeld Pearlstein, LLC (LP), and both served as past presidents of the TMA Chicago/Midwest chapter. Our guests discussed their journeys into restructuring, the spectrum of options available to distressed middle-market companies, and their insights on business development and the benefits of becoming involved in TMA.

Harold, who fell into restructuring "by accident" after starting as an accountant and attending law school, described how a clerkship with Chief Judge John Schwartz set him on his path. Jack, who holds the distinction of being Paul's very first podcast guest, recounted a similar origin story, explaining that an externship with then-Chief Judge Black hooked him while recalling a particularly memorable Chapter 7 fraudulent transfer case.

Their conversation turned to the central theme of the episode — "to file or not to file" — and the factors that inform whether a distressed company should pursue a bankruptcy filing or an alternative path. Jack emphasized that the earlier a client seeks help, the wider the range of options, and Harold added that understanding where the client wants to be "at the end of the day" is critical. Both agreed that bankruptcy has evolved in the middle market from a reorganizational tool to one more often used for asset sales, given its increased costs. They walked through Article 9 sales, assignments for the benefit of creditors and the new Illinois Receivership Act as lower cost, practical alternatives for these companies if a sale or dissolution is the goal. For those middle-market companies seeking a true reorganization through a bankruptcy filing, pre-packaged Chapter 11 filings and Subchapter V are alternative solutions that limit time and expense. Harold identified the ambiguity around "disposable income" and the restrictive debt threshold as areas where Subchapter V could be improved as a tool for reorganizations.

Finally, Harold and Jack reflected on their involvement with TMA and shared their perspectives on business development. Harold has been active in TMA for nearly 30 years and described it as the "core" of his business development, while Jack viewed his chapter presidency as "an act of service" to give back to an organization that has provided him with vital education and connections, while also elevating his personal brand. On business development more broadly, Harold advised lawyers to start networking early, be technically excellent and pursue activities that align with one's authentic personality. Jack encouraged younger professionals to get involved in next-gen committees and to reframe business development as "the fun part" of the job — an opportunity to spend time with colleagues who understand the restructuring profession.

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