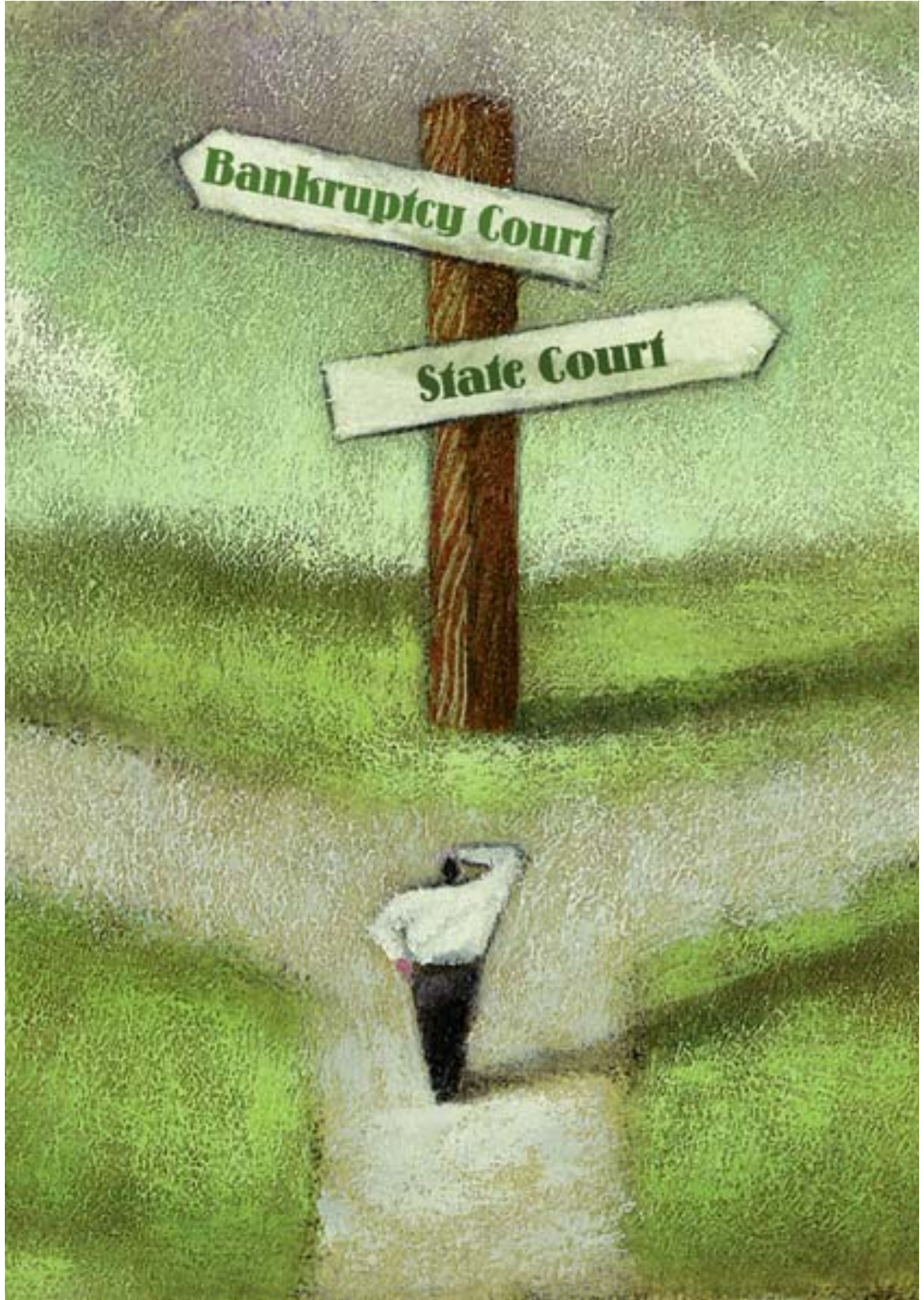


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Actions for Accounts Receivable: Non-Core Proceedings? The Enduring Impact of *Marathon*

Joao. F. Magalhaes and John M. McDonnell

Whether it is in the context of a chapter 7 or chapter 11 bankruptcy, outstanding debts owed to a debtor for products and services provided on credit often comprise a substantial share of a bankruptcy estate's assets. Trustees must seek to recover such prepetition accounts receivables for the benefit of the bankruptcy estate and its creditors. Yet, are actions to recover accounts receivable even core proceedings within the jurisdiction of bankruptcy courts?

Initial consideration of this question would likely lead one to answer in the affirmative. After all, accounts receivable are property of the estate under § 541 of the Bankruptcy Code,¹ and upon the filing of a bankruptcy petition the trustee steps into the shoes of the debtor, and may assert the prepetition causes of

action possessed by the debtor as of the commencement of the case.² In addition, actions for accounts receivable would seem to fit naturally within that group of core proceedings since their recoupment will, in many cases, be a critical aspect of liquidating a debtor's assets so as to provide distributions for creditors. Such a conclusion, however, would actually be inconsistent with the present state of the law as dictated by a majority of courts.

A majority of courts which have considered the issue of whether actions to recover prepetition accounts receivable are core proceedings under 28 U.S.C. § 157(b)(2), have found that they are non-core proceedings.³ A notable minority of courts have ruled to the contrary, finding that such claims constitute core proceedings under § 157(b)(2).⁴ Courts ascribing to the minority view have found actions to collect prepetition accounts

receivable to be core proceedings under § 157(b)(2), sub-paragraphs (A), (E) and (O).⁵ In addition to the majority and minority positions, a third line of cases stresses the distinction between prepetition and postpetition accounts receivable, finding that actions to recover the latter constitute core proceedings, but the former are not.⁶ This demarcation is not recognized by all courts which have considered the issue, a circumstance which unfortunately complicates the analysis.⁷

For the reasons discussed herein, the debate between the majority and minority positions is perhaps not as one-sided as often suggested.⁸ Indeed, the discourse surrounding this inquiry has been described as a “maelstrom” which has divided courts struggling to interpret and apply § 157(b)(2).⁹ The source of disagreement between the majority and minority views stems from varying interpretations of both a pivotal Supreme Court case, *Northern Pipeline Const. Co. v. Marathon Pipeline Const. Co.*,¹⁰ and the congressional reaction to this decision, the Bankruptcy Amendments and Federal Judgeship Act of 1984 (“BAFJA”).¹¹

Marathon & BAFJA

Marathon involved the Supreme Court’s consideration of the jurisdictional provisions of the Bankruptcy Act of 1978, specifically, the grant of jurisdiction contained in former § 1471(c) of title 28, U.S.C. At issue in *Marathon* was a chapter 11 debtor’s claims against a creditor for breaches of contract and warranty, misrepresentation, coercion, and duress.¹² Former § 1471(c) – which granted bankruptcy courts jurisdiction over “all civil proceedings arising under title 11 or arising in or related to cases under title 11” – clearly subsumed such traditional state law claims.¹³ The Court ruled that bankruptcy courts lacked constitutional authority to adjudicate such state law rights, since Article III jurisdiction could not be conferred on non-Article III courts, and thus this grant of jurisdiction was held to be overbroad and unconstitutional.¹⁴

In response to *Marathon*, Congress passed BAFJA, which vests jurisdiction over bankruptcy cases in district courts, which can refer those cases to bankruptcy courts.¹⁵ Under 28 U.S.C. § 157(a), also passed in the wake of *Marathon*, district courts may refer cases under title 11, proceedings arising under title 11, and proceedings related to a case under title 11. Bankruptcy judges, in turn, may hear and determine cases referred by district courts and core proceedings arising in a case under title 11 pursuant to § 157(b).

Under the operation of the post-*Marathon* jurisdictional provisions, whether accounts receivable actions are core or non-core proceedings is of great significance because, if deemed to be merely non-core “related proceedings,” bankruptcy courts could only submit proposed findings of fact and conclusions of law to the district courts.¹⁶ A bankruptcy court itself could not issue final orders or decisions with regard to such actions, absent reference by the district court and consent of all parties.¹⁷ Alternatively, a bankruptcy court could instead choose to abstain from hearing the dispute either under the discretionary abstention provisions of section 1334(c)(1) or the mandatory abstention provisions of section 1334(c)(2), thereby allowing the dispute to be resolved in another forum. In any event, where accounts receivable actions are deemed to constitute non-core proceedings, trustees and debtors-in-possession

are compelled to pursue avenues of relief which are more time-consuming and costly.

The Majority View

In holding that actions regarding prepetition accounts receivable are not core proceedings (the majority position), courts argue that treating such actions as core proceedings is in direct conflict with *Marathon*. Under the majority view, a “garden-variety” contract claim which is not against the bankruptcy estate does not satisfy the test that “a proceeding is core under § 157 if it invokes a substantive right provided by title 11 or if it is a proceeding that, by its nature, could arise only in the context of a bankruptcy case.”¹⁸

These courts argue that under the minority position’s reasoning, even the contract actions at issue in *Marathon* could be viewed as core since they also involved potential money judgments which could benefit the bankruptcy estate. The Fourth Circuit has explained that when interpreting either §§ 157(b)(2)(A), (E), or (O), courts must be mindful that BAFJA was passed in response to the concerns raised by *Marathon*.¹⁹ Similarly, the Third Circuit reasoned that under an expansive reading of § 157(b)(2)(E) “every action brought by a trustee or debtor in possession to recover money or property could conceivably be characterized as a turnover proceeding, effectively eradicating *Marathon*.”²⁰ These courts stress that *Marathon* remains good law notwithstanding that it has been narrowed by later Supreme Court case law.²¹

Furthermore, in contesting the minority view, the majority emphasizes its reluctance to rely upon the “catch-all” provisions of § 157, sub-paragraphs (A) and (O). In *Beard v. Braunstein*, for instance, the Third Circuit endorsed a Ninth Circuit decision which reasoned that actions for state law contract claims must fall within the specific enumerations of § 157(b)(2) – sub-paragraphs (B) to (N) – and may not “arguably fall within” sub-paragraphs (A) or (O).²² Also, in *Orion Pictures Corp. v. Showtime Networks*, the Second Circuit criticized a ruling from the Southern District of New York which had found that an action to collect prepetition accounts receivable was a core proceeding within bankruptcy court jurisdiction pursuant to § 157(b)(2)(O).²³ In considering the district court’s reasoning that a disputed accounts receivable action was “inextricably linked to the liquidation of the estate,” the Second Circuit observed that such an analysis “creates an exception to *Marathon* that would swallow the rule.”²⁴

Accordingly, courts adhering to the majority view demand a specific enumeration of jurisdiction prior to finding that a matter constitutes a core proceeding. Yet, these courts also find that reliance upon § 157(b)(2)(E) – under which courts have found actions for accounts receivable to be tantamount to turnover orders issued pursuant to § 542(b) – is insufficient.²⁵ The major-



About the Authors

Joao F. Magalhaes, Esq., is an associate with the New Jersey law firm of Trenk, DiPasquale, Webster, Della Fera & Sodono, P.C. John M. McDonnell, Esq., is a chapter 7 trustee and partner with the New Jersey law firm of Trenk, DiPasquale, Webster, Della Fera & Sodono, P.C.

ity view contends that reliance upon § 157(b)(2)(E) is flawed because under it trustees would not be “seeking to obtain *property of the debtor*,” but rather “would be seeking to obtain *property owed to the debtor*, but belonging to a third party.”²⁶ Certain cases have also held an action for overdue accounts receivable could not be the proper subject of turnover order since the party against which it is sought could have defenses, and thus the debt would not be mature and payable on demand.²⁷

The Minority View

Cases falling under the minority view deem actions to collect accounts receivable to be a central aspect of the administration of a bankruptcy estate. These courts assert that they are “guided by what will best assure an economical and expeditious administration of the debtor’s estate,”²⁸ and they note that trustees should be given a forum in which to efficiently litigate the proceeding.²⁹

Generally, courts relying upon § 157(b)(2)’s catch-all provisions have advanced an expansive interpretation of BAFJA’s jurisdictional grant. In an attempt to advance the policy of centralizing litigation within the bankruptcy courts, courts relying upon sub-paragraph (A) have found that actions to collect accounts receivable further the objective behind its express language to include as core proceedings those “matters concerning the administration of the estate.”

In *Wilson Feed Co.*, for instance, the court observed that “[r]equiring the parties to relitigate this matter in state court would not only undermine judicial economy, but also impose an administrative burden on the bankruptcy estate, and thereby detrimentally affect the recovery of assets for creditors.”³⁰ Likewise, those courts which have found actions to recover prepetition accounts receivable to be core proceedings under sub-paragraph (O) have held that a broad reading of it is consistent with the legislative intent to allow bankruptcy courts to adjudicate matters “inextricably tied to the bankruptcy proceeding” because an outcome of such litigation will inevitably affect the adjustment of the debtor-creditor relationship.³¹

Courts relying upon § 157(b)(2)(E), however, have taken a more conservative approach, reasoning that an overly broad interpretation of § 157(b)(2)’s catch-all provisions could result in even the state law contract claim at issue in *Marathon* as constituting a core proceeding. Rather than rely on such catch-all provisions, these courts view prepetition accounts receivable claims—property of the estate under § 541 of the Bankruptcy Code—as proper subjects of turnover orders issued pursuant to § 542(b). Therefore, under this line of cases, adversary proceedings to turn over funds owed under such accounts are core proceedings pursuant to § 157(b)(2)(E).³² In order to satisfy the terms of § 542(b), the overdue account must be specific in terms of amount due and date payable so as to constitute a matured debt.³³

Courts endorsing the turnover theory of accounts receivable as core proceedings argue that the “remedy of turnover is one the trustee’s many traditional weapons to garner assets of the estate and Congress has specifically stated that an action on a matured debt payable on demand is one right the trustee may pursue.”³⁴ One judge noted that the collection of accounts receivable “is as close as one can get, in my view, to a traditional type of proceeding at the heart or core of bankruptcy.”³⁵

Is the Minority View Reconcilable With Marathon?

Irrespective of whether reliance is predicated upon § 157(b)(2)’s catch-all provisions or § 157(b)(2)(E), any court advocating the minority position must reconcile its decision with Supreme Court precedent due to the inherent similarities between actions for accounts receivable and the state law contract claim at the heart of *Marathon*.

Some courts have cited the concurrence issued by Justices Rehnquist and O’Connor—finding *Marathon*’s holding limited solely to “traditional” state common law claims which were “related only peripherally” to a bankruptcy case—as support for the minority position, since accounts receivable are not merely peripheral matters to a bankruptcy estate.³⁶ Other courts advocating the minority position explain that the scope of bankruptcy court jurisdiction under BAFJA has not yet been finally determined.

In the matter of *Windsor Communications Group*, the Eastern District of Pennsylvania argued that the precise holding of *Marathon* related solely to the constitutionality of former § 1471.³⁷ Although the National Bankruptcy Conference has opined that actions to collect accounts receivable are non-core since they are “close to the *Marathon*-type cause of action,” the *Windsor* court reasoned that this “worst possible case scenario” interpretation of *Marathon* was an over-reaction. Critically, the court noted that subsequent Supreme Court decisions raised genuine questions about how broadly to construe *Marathon*.³⁸ The court further argued that neither the legislative history nor the actual text of BAFJA supports the view that accounts receivable actions were intended to be non-core.³⁹

Furthermore, in response to concerns over the adjudication of state law rights, some courts argue that a sufficient nexus between the claim and the bankruptcy estate alleviates constitutional concerns over the retention of jurisdiction by Article I courts. In *Wilson Feed Co. v. Quality Seeding and Landscaping of Chesapeake*, the Eastern District of Virginia posited that state law issues can be adjudicated by bankruptcy courts so long as “(1) there is sufficient control over them by Article III courts, and (2) there exists a nexus between the proceeding involving a state law cause of action and the bankruptcy estate.”⁴⁰

The *Wilson Feed Co.* court found that the first prong of this inquiry was satisfied by Congress’ passage of BAFJA, which vested original jurisdiction in the district courts. The court then found that the second requirement is satisfied whenever a bankruptcy court holds an action to be a core proceeding under § 157(b). Other courts have seized upon this “nexus theory” as justification for retention of jurisdiction in the post-*Marathon* era, with some observing that virtually every bankruptcy proceeding will involve the creation or nullification of state law rights and obligations.⁴¹

Actions for Postpetition Accounts Receivable

Whereas attempts to collect prepetition accounts receivable raise substantial issues, actions to recover postpetition accounts receivable are generally considered proper under *Marathon* and BAFJA.⁴²

In the widely cited case of *Arnold Print Works v. Apkin*, the First Circuit held that an action to collect an account receivable arising out of a contract made after the debtor was in bankruptcy qualified as a core proceeding.⁴³ The *Arnold* court found that, unlike a suit to recover a prepetition debt, actions to collect a

postpetition debt arising from the sale of estate assets are core proceedings falling within the literal language of §§ 157(b)(2)(A) and (b)(2)(O). Since these obligations arise from administrative activities pertaining to the bankruptcy estate, they constitute “matters concerning the administration of the estate,” and since they arise out of efforts to liquidate assets of the bankruptcy estate, they constitute “other proceedings affecting the liquidation of the assets of the estate.”⁴⁴ Also, it has been observed that a key distinction between actions for prepetition and postpetition accounts receivable, for purposes of determining whether they are core proceedings, is that in the latter the cause of action is not property of the estate at the commencement of the case, and thus arises in the title 11 case itself.⁴⁵

Even the *Arnold* approach, however, is not universally accepted. It has been noted, for example, that nothing in the literal text of *Marathon* necessarily suggests that the Supreme Court relied on this distinction.⁴⁶ More pointedly, a Ninth Circuit Bankruptcy Appellate Panel held that the issue turns not on whether the account balance accrues after the filing of a bankruptcy petition, but rather on whether the dispute involves a purely a state law cause of action.⁴⁷ This criticism, however—raised by a myriad of courts endorsing the majority position—appears to contradict the express terms of § 157(b)(3), which provides that a “determination that a proceeding is not a core proceeding shall not be made solely on the basis that its resolution may be affected by State law.”⁴⁸ In addition, the First Circuit observed that whether the resolution of a claim relies upon state law does not resolve the inquiry of whether an action is a core or non-core proceeding, since many central aspects of a bankruptcy case’s administration may depend entirely on state law.⁴⁹

Conclusion

It is said that the jurisdictional provision of the Bankruptcy Act of 1978—that which *Marathon* deemed unconstitutional—was drafted to counter the “drawback of requiring trustees to litigate lawsuits all over the country,” and to further the “need to consolidate the litigation in one forum,” thereby establishing so-called “one-stop court” bankruptcy jurisdiction.⁵⁰ Although the all-encompassing jurisdictional grant of former 28 U.S.C. § 1471 was clearly too broad, is the majority position’s reading of BAFJA and § 157 overly stringent?⁵¹

Pragmatic intuition would seem to counsel that all accounts receivable, which are closely tied to the affairs of any debtor entity, should be part of that which a bankruptcy court may finally adjudicate. Indeed, the commonplace understanding of “non-core” proceedings as matters which could only have a conceivable effect on the administration of a bankruptcy estate does not seem to apply to an estate asset such as accounts receivable. In addition, whether existing prepetition or arising postpetition, attempts to recover outstanding accounts receivable appear comparable to either instituting preference actions under § 547 or selling estate assets under § 363; all are integral towards liquidating an estate’s assets for the benefit of its creditors. The minority position advances well-reasoned arguments which seek to aid in the administration of bankruptcy estates by attempting to centralize litigation within the bankruptcy courts.

Despite whatever benefits would accrue from the centralization of litigation, bankruptcy court jurisdiction must yield to

constitutional limits, and the majority view presents a major obstacle to trustees and debtors-in-possession seeking an expeditious adjudication of actions for prepetition accounts receivable. Those seeking to resolve prepetition accounts receivable disputes for the benefit of a bankruptcy estate may seek to argue, under the reasoning of the *Windsor Communications Group* and *Wilson Feed Co.* decisions, that this inquiry presents constitutional issues which are open for debate. Indeed, the precise operation of BAFJA’s jurisdictional provisions under *Marathon* is perhaps subject to varying interpretation. Nevertheless, the majority view is based on a fair and textualist interpretation of *Marathon*, and it will remain highly persuasive in many courts—if not binding—until this debate is finally settled by a Supreme Court decision which clarifies the impact of *Marathon* in the post-BAFJA era. 🏛️

Footnotes:

- ¹ Pursuant to § 541 of the Bankruptcy Code, a debtor’s bankruptcy estate includes “all legal or equitable interests of the debtor in property as of the commencement of the case.” 11 U.S.C. § 541(a).
- ² *Official Comm. of Unsecured Creditors v. R.F. Lafferty & Co., Inc.*, 267 F.3d 340 (3d Cir. 2001).
- ³ *Humboldt Express, Inc. v. The Wise Company, Inc. (In re Apex Exp. Corp.)*, 190 F.3d 624, 632 (4th Cir. 1999); *Orion Pictures Corp. v. Showtime Networks, Inc. (In re Orion Pictures Corp.)*, 4 F.3d 1095, 1102 (2d Cir. 1993); *Beard v. Braunstein*, 914 F.2d 434 (3d Cir. 1990); *John Hancock Mut. Life Ins. Co. v. Watson (In re Kincaid)*, 917 F.2d 1162, 1165 (9th Cir. 1990); *In re Pisgah Contractors, Inc.*, 215 B.R. 679 (W.D.N.C. 1995); *Hassett v. BancOhio Nat'l Bank (In re CIS Corp.)*, 172 B.R. 748, 760 (S.D.N.Y. 1994); *In re National Enterprises, Inc.*, 128 B.R. 956, 960 (E.D.Va. 1991); *In re Maislin Indus., U.S., Inc.*, 50 B.R. 943, 948-50 (Bankr. E.D.Mich. 1985); *In re Mec Steel Buildings, Inc.*, 136 B.R. 606, 610 (Bankr. D.P.R. 1992); *In re United Security & Communications, Inc.*, 93 B.R. 945, 957 (Bankr. S.D. Ohio 1988); *In re Tobler Transfer, Inc.*, 74 B.R. 373, 375 (Bankr. C.D.Ill. 1987); *Century Brass Products v. Millard Metals Service Center (In re Century Brass Products)*, 58 B.R. 838 (Bankr. D.Conn. 1986).
- ⁴ *In re Onco Invest. Co.*, 320 B.R. 577, 581 n. 2 (Bankr. D.Del. 2005); *In re Metropolitan Envtl, Inc.*, 293 B.R. 893 (Bankr. N.D. Ohio 2003); *Wilson Feed Co., Inc. v. Quality Seeding and Landscaping of Chesapeake, Inc. (In re Wilson Feed Company, Inc.)*, 142 B.R. 123, 125 (Bankr. E.D.Va. 1992); *Silverman v. U.W. Marx, Inc. (In re Leco Enterprises, Inc.)*, 125 B.R. 385, 389-90 (S.D.N.Y. 1991); *Auto Dealer Services, Inc. v. Prestige Motor Car Imports, Inc. (In re Auto Dealer Services, Inc.)*, 96 B.R. 360, 364 (Bankr. M.D. Fla. 1989); *In re Nuckols and Assocs. Sec., Inc.*, 109 B.R. 294, 295 (Bankr. S.D. Ohio, 1989); *United States Aviox Co., Inc. v. Aviox International, Inc. (In re United States Aviox Co., Inc.)*, 96 B.R. 874, 880-81 (N.D. Ind. 1989); *Miller v. BTS Transport Services (In re Total Transportation, Inc.)*, 87 B.R. 568, 573 (D. Minn. 1988); *Tibular Products, Inc. v. Kestasto Developers and Contractors, Ltd. (In re Tibular Products, Inc.)*, 69 B.R. 582 (E.D. Pa. 1987); *Allegheny, Inc. v. Laniado Wholesale Co. (In re Allegheny, Inc.)*, 68 B.R. 183, 190 (Bankr. W.D. Pa. 1986); *National Equipment & Mold Corp. v. Apollo Tire Co., Inc. (In re National Equipment & Mold Corp.)*, 60 B.R. 133, 136 (Bankr. N.D. Ohio 1986); *Willis v. Ryan (In re Bucyrus Grain Co.)*, 56 B.R. 204, 206 (Bankr. D. Kan. 1986); *In re Windsor Communications Group, Inc.*, 67 B.R. 692, 696-97 (E.D. Pa. 1986); *Cotton v. Shirah In re All American of Ashburn*, 49 B.R. 926, 927-28 (Bankr. N.D. Ga. 1985); *Franklin Computer Corporation v. Harry Strauss & Sons, Inc. (In re Franklin Computer Corp.)*, 50 B.R. 620, 623-24 (Bankr. E.D. Pa. 1985).
- ⁵ *Nuckols*, 109 B.R. at 295 (quoting 1 Bankruptcy Service, L.Ed (Law Co-

- op.) (1989) Section 2C:59). It should be noted that the cited authority stated that actions for accounts receivable had also been found to be core proceedings pursuant to § 157(b)(2)(B).
- ⁶ *Arnold Print Works, Inc. v. Apkin* (In re *Arnold Print Works, Inc.*), 815 F.2d 165 (1st Cir. 1987); *Eastern Electric Sales Co., Inc. v. General Electric Co.*, 94 B.R. 348, 349 (E.D.Pa. 1989); *Umbreit v. Stump, Harvey & Cook, Inc.*, 103 B.R. 103, 105 (D.Md. 1989); *Associated Grocers of Colorado, Inc. v. Tempora Corp.* (In re *Associated Grocers of Colorado*), 97 B.R. 39, 40 (Bankr. D.Colo. 1988); *Germain v. Connecticut Nat'l Bank* (In re *O'Sullivan's Fuel Oil Co., Inc.*), 88 B.R. 17, 20 (D.Conn. 1988); *Sywilok v. Estee Lauder, Inc.* (In re *Epi-Scan, Inc.*), 71 B.R. 975, 978-80 (Bankr. D.N.J. 1987).
- ⁷ Some courts view it simply as a matter of whether the action concerns only state law, see *BN1 Telecommunications, Inc. v. Lomaz* (In re *BN1 Telecommunications, Inc.*), 246 B.R. 845, 849 (6th Cir. (BAP) Ohio 2000), whereas other courts do not specify as to whether their rulings are premised on the subject transaction occurring either prepetition or postpetition.
- ⁸ See 1 Collier on Bankruptcy ¶ 3.02[3][c], [3][d][iii], and [4] (16th ed. 2009).
- ⁹ *Miller v. BTS Transport Services* (In re *Total Transportation, Inc.*), 87 B.R. 568, 571-72 (D.Minn. 1988) (ruling that collection of prepetition accounts receivable constitutes core proceeding)
- ¹⁰ 458 U.S. 50 (1982).
- ¹¹ See Bankruptcy Amendments and Federal Judgeship Act of 1984, Pub. L. No. 98-353, 98 Stat. 333 (1984).
- ¹² *Id.* at 56.
- ¹³ Former 28 U.S.C. § 1471(c) (found unconstitutional by *Northern Pipeline Constr. Co. v. Marathon Pipeline Construction Co.*).
- ¹⁴ *Marathon*, 458 U.S. at 84-87.
- ¹⁵ 28 U.S.C. § 1334.
- ¹⁶ 28 U.S.C. § 157(b), (c)(1).
- ¹⁷ 28 U.S.C. § 157(c)(2).
- ¹⁸ *Beard*, 914 F.2d at 444 (quoting *Matter of Wood*, 825 F.2d 90, 97 (5th Cir. 1987)).
- ¹⁹ *Apex Exp. Corp.*, 190 F.3d at 632.
- ²⁰ *Beard*, 914 F.2d at 444 (quoting 1 Collier on Bankruptcy ¶ 3.01[2][b][iii] at 3-42-43 (15th ed. 1989)).
- ²¹ *Apex Exp. Corp.*, 190 F.3d at 631 (citing *Thomas v. Union Carbide Agricultural Products, Inc.*, 473 U.S. 568 (1985); *Commodity Futures Trading Comm'n v. Schor*, 478 U.S. 833 (1986)).
- ²² *Beard*, 914 F.2d at 444 (citing *Piombo Corp. v. Castlerock Properties* (In re *Castlerock Properties*), 781 F.2d 159, 162 (9th Cir. 1986)). Notably, certain courts within the Third Circuit have refused to give *Beard* controlling weight since “*Beard* does not engage in an analysis of the bankruptcy policy of centering litigation in the bankruptcy court forum” See *Sacred Heart Hospital of Norristown v. Independence Blue Cross* (In re *Sacred Heart Hospital of Norristown*), 181 B.R. 195, 202 (Bankr. E.D.Pa. 1995).
- ²³ *Orion Pictures Corp.*, 4 F.3d at 1102 (citing *Leco Enterprises*, 125 B.R. at 389-90).
- ²⁴ *Id.*
- ²⁵ See *infra*.
- ²⁶ *Hancock Mutual Life Ins. Co.*, 917 F.2d at 1165.
- ²⁷ In a post-*Orion Pictures* decision the Southern District of New York observed that a debt should only be deemed matured and payable on demand “when there is no legitimate dispute over what is owed to the debtor.” *Hassett*, 172 B.R. at 760.
- ²⁸ *Bucyrus Grain*, 56 B.R. at 206.
- ²⁹ See *Auto Dealer Services*, 96 B.R. at 364 (citing *All American of Ashburn*, 49 B.R. at 927-28).
- ³⁰ *Wilson Feed Co.*, 142 B.R. at 126.
- ³¹ *Allegheny*, 68 B.R. at 190
- ³² See *Allegheny*, 68 B.R. at 190 (quoting *In re Perry, Adams and Lewis Securities*, 30 B.R. 845 (Bankr. W.D.Mo. 1983)); see also *Wilson Feed Co.*, 142 B.R. at 125; *National Equipment & Mold Corp.*, 60 B.R. at 136.
- ³³ Section 542(b) of the Bankruptcy Code provides that “[e]xcept as provided in subsection (c) or (d) of this section, an entity that owes a debt that is property of the estate and that is matured, payable on demand, or payable on order, shall pay such debt to, or on the order of, the trustee, except to the extent that such debt may be offset under section 553 of this title against a claim against the debtor.” 11 U.S.C. § 542(b).
- ³⁴ *Total Transportation*, 87 B.R. at 573 (citations omitted).
- ³⁵ *Id.* at 574.
- ³⁶ *Nuckols*, 109 B.R. at 295.
- ³⁷ *Windsor*, 67 B.R. at 696-97.
- ³⁸ *Id.* (citing *Thomas v. Union Carbide Agricultural Products, Inc.*, 473 U.S. 568 (1985); *Commodity Futures Trading Comm'n v. Schor*, 478 U.S. 833 (1986))
- ³⁹ *Id.* at 698.
- ⁴⁰ *Wilson Feed Co.*, 142 B.R. at 125 (citing *Marathon*, 458 U.S. at 80-81).
- ⁴¹ *Lesser v. A-Z Assoc.* (In re *Lion Capital Group*), 46 B.R. 850, 856 (Bankr. S.D.N.Y. 1985) (“It is clear that, under the actual holding in *Marathon*, the constitutional ability of an adjunct bankruptcy court to determine state law issues is to be determined by the nature and extent of the control by Article III courts and whether there is a nexus between the proceeding involving a state law cause of action and bankruptcy estate”); *Franklin Computer Corp.*, 50 B.R. at 623-24 (“Any other resolution of the quandary would be impractical and therefore at odds with the power embodied in the Bankruptcy Clause of the Constitution since virtually every bankruptcy case entails the alteration or nullification of some state created rights”); and *Auto Dealer Services*, 96 B.R. at 364 (“In this case, there too is a nexus between the cause of action and the bankruptcy estate . . . without these collection efforts, there would be no liquidation or distribution to creditors”).
- ⁴² See Collier, *supra* at n. 6, ¶ 3.02[5].
- ⁴³ *Arnold Print Works*, 815 F.2d at 168.
- ⁴⁴ *Id.*
- ⁴⁵ *Eastern Electric Sales Co.*, 94 B.R. at 349; and *Sywilok*, 71 B.R. at 978-80.
- ⁴⁶ *Beard*, 914 F.2d 434, 444-45 (3d Cir. 1990) (noting that “there is no indication that either the plurality or the concurrence in *Marathon* relied on” the prepetition and post-petition distinction).
- ⁴⁷ *BN1 Telecommunications*, 246 B.R. at 849.
- ⁴⁸ 28 U.S.C. § 157(b)(3).
- ⁴⁹ *Arnold Print Works*, 815 F.2d at 168 (setting forth examples of creditor’s claims against a bankruptcy estate, a trustee’s determination of priority amongst claimants, preference actions, actions to determine the validity of liens, and the interpretation of recording statutes).
- ⁵⁰ *Aviex Co.*, 96 B.R. at 880-81 (N.D. Ind. 1989) (ruling that collection of prepetition accounts receivable constitutes core proceeding).
- ⁵¹ Particularly since § 157(b)(2) declares itself a non-exhaustive list (“[c]ore proceedings include, but are not limited to”) 28 U.S.C. § 157(b)(2).