



Hon. Stacey G.C. Jernigan

U.S. Bankruptcy Judge, Northern District of Texas

COUNSEL: "And so do you have any explanation, then, any other explanation for the missing what you're claiming is 2,941 head? Any explanation for those missing cattle?"

WITNESS: "Deads. I don't—which account for a lot of them. Some of them strayed. That's all the things—but it's not just overnight, because it was all calculated. You could count all the deads year by year, even."

THE COURT: "Are you saying 'deads'?"

WITNESS: "Yes, ma'am. Dead ones."

COUNSEL: "Dead cattle."

THE COURT: "Okay."

Bankruptcy Judge Stacey Jernigan learned a lot about "deads" and other details of the cattle business when an agricultural lender filed a lawsuit to deny the discharge of a Texas rancher and debtor. "The Case of the Disappearing Cattle," as she called it in a published opinion, is just one example of the varied businesses that fall into her court. Oil and gas companies, senior living communities, ice manufacturers, healthcare businesses, technology companies, restaurants, music companies, commercial office buildings, shopping centers, beauty supply businesses—you name the business or industry and there is a good chance Judge Jernigan has presided over such a case since she was appointed to the bench in May 2006. Judge Jernigan and her staff also stay busy with a very robust consumer bankruptcy docket, but the business cases are her passion.

Judge Jernigan, a Dallas native, began working with troubled businesses in 1989 when she joined the bankruptcy and business reorganization practice group at the law firm of Haynes and Boone. As an associate, she enjoyed learning the dynamics of the Chapter 11 process, which brings together various players, including the debtor, lenders, a committee



of unsecured creditors, trade vendors, landlords, and others. She made partner in 1997 and became the head of her bankruptcy group three years later. She was also inducted into the American College of Bankruptcy at a relatively young age. She was (and still is) very active in the John C. Ford American Inn of Court, an organization that promotes collegiality and mentoring in the local bankruptcy bar. Judge Jernigan developed a national practice of Chapter 11 bankruptcies and out-of-court workouts, with an emphasis on casinos, energy companies, real estate, and regulated utilities. Her experience representing the creditors' committee in the El Paso Electric utility bankruptcy case led to one of her more interesting assignments. Specifically,

the California State Assembly asked Judge Jernigan and one of her senior partners for advice in connection with the California utility financial crisis in 2000–01. Jernigan and her colleague provided advice and input on possible bankruptcy and legislative solutions that might be utilized to deal with the problems that had stemmed from failed deregulation and inadequate power supply in that state. More than one legislator marveled that the California State Assembly had reached across the country for help from these Texas interlopers, who made the California State Capitol in Sacramento their home away from home. On one such visit to the state capitol, Judge Jernigan and her partner were in a late night meeting with the California State Assembly when a tractor-trailer rig, air horn blaring and accelerating to an estimated 70 mph, smashed into the south side of the state capitol building, exploding into a fireball and killing the driver instantly. In the confusing moments after the event, many thought the explosion resulted from a bomb. Thankfully, the California legislators and the visiting Texas bankruptcy lawyers made it out unscathed.

Judge Jernigan prepared for her career in exploding-rig survival at Southern Methodist University, where she majored in the much more mundane subject of accounting and minored in Italian. She earned her law degree from the University of Texas at Austin.

While on the bench, Judge Jernigan has employed her knowledge of law, accounting, and Italian to amass an exotic-automobile collection, including a Maserati. Okay, she doesn't actually *own* the cars. But she has entered a number of orders in different bankruptcy cases—her “car collection”—denying rote agreements between the debtors and luxury-car lenders that would allow the debtors to keep the exotic cars (and keep making the high monthly payments) while paying little or nothing to unsecured creditors. She requires, instead, that the parties come into court with evidence that it is in the best interest of the debtors, their creditors and their bankruptcy estates for the debtors to hold onto the luxury vehicles. Judge Jernigan explains that sometimes her job in consumer cases makes her feel a little like the “lifestyle police” (having to say “no” to budget choices that are not going to help debtors to solve their problems), but she feels it doesn't make sense to let a debtor go through a bankruptcy case without highlighting his or her bad habits and encouraging the debtor to learn from the experience.

Judge Jernigan may have learned some of her tough-love tactics from her husband, Jack, a police officer and former high school football coach who provides street-smart advice to his wife. When attorneys in court don't get along or misbehave, Judge Jernigan has to resist the urge to order them to “take a lap.” And what would Judge Jernigan consider “misbehavior”? Not being candid and not being polite to everyone in the courtroom. Additional “pet peeves” are lawyers who do not take the time to know their clients' business and affairs inside and out, and lawyers who don't seem to care that much for their clients as people.

The judge can be tough and serious, but she also keeps things in perspective and has a great sense of humor. And

occasionally that sense of humor and clever wit find their way into her opinions and orders. A good example is one of the footnotes in the “Case of the Disappearing Cattle”: “The court is reminded of an old, bad joke: How do you count cows? With a cow-culator.” In another case, in an order dismissing a bankruptcy case filed on behalf of a dead person, she borrowed from a Monty Python skit: “[A]n expired person, bereft of life, who has shed his mortal coil and ceased to be, is not eligible to file for a Chapter 13 bankruptcy case....” In yet another opinion, involving a defendant who was accused of misappropriating partnership funds on a lavish lifestyle involving frequent, expensive trips to a day spa, Judge Jernigan explained in a footnote what “gom-mage” skin exfoliation treatments are (and in doing so, referred to both the fictional character Elle Woods, from the motion picture *Legally Blond*, and *Cosmopolitan* magazine as good sources of information on this topic).

Her car-collection orders often quote famous song lyrics about the car in question. For example, Janis Joplin: “Oh Lord, won't you buy me a Mercedes Benz?/My friends all drive Porsches./I must make amends./Worked hard all my lifetime./No help from my friends./So Lord, won't you buy me a Mercedes Benz.” In another case, she again cited a famous musician, Joe Walsh: “My Maserati does 185./I lost my license, now I don't drive..../I have a mansion, forget the price./Ain't never been there, they tell me it's nice.” In yet another matter, when the debtor wanted to retain a 1955 model T-Bird, at a cost of more than \$1,000 per month, Judge Jernigan quoted the Beach Boys famous lyric “and she'll have fun, fun, fun 'til her daddy takes the T-Bird away.”

In her free time, Judge Jernigan writes for Bloomberg News, and speaks frequently at legal educational seminars. She also is a member of one of the advisory committees that has been recently appointed by the American Bankruptcy Institute's Commission to Study the Reform of Chapter 11. Apart from the law, Judge Jernigan enjoys high school and college football, cycling (don't ask her about Lance Armstrong), and travel.

The Jernigans have a daughter in high school who plays the clarinet and currently plans for a career in law enforcement. They also have a son who is a freshman at Oklahoma State University, majoring in accounting. Oklahoma, with its combination of nutritious grasses and productive grain farms, is home to a large farming and ranching industry. Should Judge Jernigan's son take his accounting degree in that direction, he'll have a leg up on his classmates. His mom knows all about the deads. ☺

Judge Jernigan explains that sometimes her job in consumer cases makes her feel a little like the “lifestyle police,” but she feels it doesn't make sense to let a debtor go through a bankruptcy case without highlighting his or her bad habits and encouraging the debtor to learn from the experience.