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The Examiners: Repeat Chapter 11s Attributable to Variety of Factors

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COMMENTARY

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When a company files for Chapter 11 protection a second, third or even fourth time, who's to blame?

As is true of a company's initial Chapter 11 filing, various factors can trigger subsequent filings. Some repeat filings are driven by broader market trends, while others are more closely tied to the circumstances surrounding the original restructuring.

A troubled company may initially file with the belief that a broad industry decline has bottomed out and that its reorganization will position the business to thrive in a market rebound. However, in some industries—gaming may be a current example—the broader industry continues to decline following the debtors' emergence (or a subsequent downdraft hits), rendering it nonviable once again.

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