

American Bancorp.'s Involuntary Bankruptcy: A New Strategy for Distressed Investors in Trust Preferred Securities

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The involuntary chapter 11 bankruptcy filing of American Bancorporation ("American"), commenced by a group of distressed debt investors holding American's trust-preferred securities ("TruPS"), was upheld by the U.S. Bankruptcy Court for the District of Minnesota pursuant to an order entered on May 27, 2014. This development highlights the use of involuntary bankruptcy as the latest strategy by TruPS holders to increase their leverage and recovery in distressed bank holding company situations.

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

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