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Credit Bid Buyers Beware: Delaware Bankruptcy Court Caps Credit Bid

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On Jan. 10, 2014, the United States Bankruptcy Court for the District of Delaware (the bankruptcy court) in *In re Fisker Automotive Holdings, Inc., et al.*, capped a secured creditor's right to credit bid its \$168 million claim at only \$25 million (the amount it paid to purchase the claim). The secured creditor immediately appealed to the district court but has since consented to the sale and withdrawn its appeal. In this article, SRZ business reorganization partner Adam C. Harris and former Schulte lawyers David M. Hillman and James T. Bentley discuss the court's decision, which serves as a cautionary tale for secured lenders who may want to credit bid to acquire a debtor's assets.

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