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Recent Case Shows Final Asset Sales Are Not Always Final

September 8, 2014

The U.S. Court of Appeals for the Eleventh Circuit, on Aug. 15, 2014, ordered a bankruptcy court to vacate a final asset-sale order almost four years after its entry because of insider misconduct. *In re Global Energies LLC*, (11th Cir. Aug. 15, 2014). Specifically, the court found that the limited liability company debtor's insiders had used a bankruptcy case: (1) "to rid [the debtor] of [a] business partner"; (2) "for the improper purpose of prevailing over [that partner] in a business dispute"; and (3) to take "control of [the debtor's] assets" while "eliminating [the business partner's] interests." *Id.* at *5. Reversing the lower courts, the Eleventh Circuit held that the bankruptcy court had applied "the wrong legal standard, ... made clear errors of judgment and abused its discretion." *Id.* at *4. In this article, SRZ partner Michael L. Cook discusses the court's decision, which is highly relevant to the finality of asset-sale orders in reorganization cases.

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