

PUBLICATIONS

Third Circuit Affirms Dismissal of Good Involuntary Petition for Bad Faith

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“[B]ad faith provides an independent basis for dismissing an involuntary [bankruptcy] petition” despite the creditors’ having met all of the “statutory requirements,” held the U.S. Court of Appeals for the Third Circuit recently. As the court stressed in this rarely litigated type of case, even when creditors file an otherwise valid petition, “that doesn’t mean the bankruptcy court can’t dismiss the case.” In this article, SRZ partner Michael L. Cook discusses this Third Circuit decision, which held that bad faith can be an independent basis for dismissing an involuntary petition, even when the creditors have met all of the statutory requirements.

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