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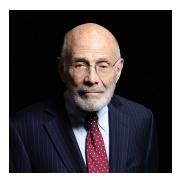
# Fifth Circuit Subordinates Claim for Deemed Dividends

### The Bankruptcy Strategist

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"Payments owed to a shareholder by a bankrupt debtor, which are not quite dividends but which certainly look a lot like dividends, should be treated like the equity interests of a shareholder and subordinated to claims by creditors of the debtor," held the U.S. Court of Appeals for the Fifth Circuit on Sept. 3, 2019. *In re Linn Energy, LLC*, 2019 WL 4149481 (5th Cir. Sept. 3, 2019). According to the court, subordination of a purported creditor's claims "was appropriate" when "deemed dividends gave the [creditor] benefits normally reserved for equity investors." In this article, of counsel Michael Cook discusses this Fifth Circuit decision and the court's overall broad interpretations of claims arising from Bankruptcy Code \$510(b).

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