

International Development on Insolvency Law From Around the World

Israeli-founded hospitality chain Selina facing insolvency after defaulting on loan

Selina has reportedly taken a \$50 million loan in November 2020 but could not make an interest payment of \$455,000, which was due on July 15, 2024, to IDB invest. The company went public two years ago on Nasdaq at a valuation of \$1.2 billion. However, it has lost 99.5% of its value since going public, currently having a market cap of just \$25 million. It is set to soon be delisted from Nasdaq after repeatedly failing to meet the exchange's deadlines. Following the non-payment, IDB informed Selina that this violation leads to default and accelerates the subsequent payments, amounting to \$44.1 million. As part of the breach, IDB can take over the collateral that Selina has provided, which includes many of the company's assets in Latin America. IDB is a financial group specializing in financing projects mainly in this region. Beyond this, the agreement with IDB may lead to the cross-realization of collateral within the framework of additional loans taken by Selina.

For More Details, Please Visit: <https://www.calcalistech.com/technews/article/hyudh35oc>

June 2024 marked a historic surge in US corporate bankruptcy filings since early 2020: Report

According to a Report by S&P Global Market Intelligence 75 new corporate bankruptcy cases were filed in the USA in June 2024. The Report suggests that the pace of bankruptcy filings accelerated from the first months of 2024 and is rivalled by only the busiest months in 2020. "The 346 total filings so far in 2024 is also higher than any comparable figure in the prior 13 years," said the Report. High interest rates, supply chain issues and slowing consumer spending have been recorded as reasons behind surge in bankruptcy filings. As per the Report, the consumer discretionary sector continued to lead others in 2024, with 55 total bankruptcy filings. The sector recorded 16 new filings during June. Healthcare and industrials each recorded the second-highest bankruptcy totals in 2024, with 40 filings each. A total of seven healthcare companies sought bankruptcy protection during June, while nine industrials' companies entered bankruptcy proceedings. Among the major



companies, Electric-vehicle maker Fisker Group Inc. entered bankruptcy proceedings on June 17, joined in the filing shortly after by parent company Fisker Inc. The company announced a pause in production of its flagship Ocean SUV in March as it sought funding and a potential transaction with a larger automaker.

For More Details, Please Visit: <https://www.spglobal.com/marketintelligence/en/news-insights/latest-news-headlines/us-corporate-bankruptcies-in-june-reach-highest-monthly-level-since-early-2020-82297569>

Cineworld to close about 25% of its cinemas in the UK

Cineworld is reportedly considering closing a quarter of its 100 UK cinemas as part of a wide-ranging restructuring. According to a media report, the cinema operator, which delisted from the London Stock Exchange last year after its share price collapsed, is drawing up plans to shut as many as 25 cinemas and renegotiate rent agreements at 50 more of its 100 or so UK sites. The chain owns cinemas including the Picturehouse chain and employs thousands of people.

The proposals were reportedly expected to be outlined formally to creditors, including landlords, in the coming weeks and the mechanism adopted by the cinema operator was expected to be a restructuring plan rather than a company voluntary arrangement. The debt-laden chain struggled during the Covid-19 pandemic, which led to enforced closure of its sites for months. It filed

for Chapter 11 bankruptcy protection in the US in 2022 and lodged a reorganisation plan with an American bankruptcy court from which it emerged last year. It tried to sell its US, UK and Irish businesses last year, but did not receive any acceptable offers. Cineworld was founded in 1995. Its acquisition of Regal Entertainment created the second largest cinema business in the world by number of screens, and it operates in central and eastern European markets including Poland and Hungary as well as Israel and the US.

For More Details, Please Visit: <https://www.theguardian.com/business/article/2024/jul/04/cineworld-considers-closing-a-quarter-of-its-100-uk-cinemas>

Czech Steelworks Liberty Ostrava Falls into Bankruptcy

The Czech Republic's biggest steelworks Liberty Ostrava, part of Indian-British billionaire Sanjeev Gupta's business empire, was sent into bankruptcy by a court on Friday, AFP reported. Liberty Steel Group, part of Gupta's GFG Alliance, said earlier this month it had put its operations in the eastern Czech steel hub of Ostrava up for sale, citing "very demanding" conditions on the crisis-hit steel market. Liberty Ostrava has said its overdue debt had exceeded five billion koruna (\$214 million) as it asked to be declared insolvent. The government has meanwhile sought a buyer for the company, which is a major employer in the region with over 5,000 staff. The regional court in Ostrava on Friday announced that its ruling "on bankruptcy takes effect as of the publication of this decision in the insolvency register". Liberty switched off its blast furnace in Ostrava last October and ordered most of its employees to stay at home in December as its on-site energy provider Tameh had halted supplies over soaring debt.

For More Details, Please Visit: <https://oilprice.com/Metals/Commodities/Liberty-Ostravas-Insolvency-Raises-Concerns-for-European-Steel-Industry.html>

Irish Insolvencies Have Hit Their 'Highest Level Since 2018'

The first six months of this year have seen the highest rate of corporate insolvencies in Ireland since 2018, according to a study by Deloitte, the Irish Independent reported. Their research found there have been 412 insolvencies since January – up 25pc on the same period in 2023. Of those, 77 were in the hospitality sector, which was an 88 percent year-on-year increase. Deloitte calculates that Ireland is on course for over 800 insolvencies in the full year, which would be 25pc up

in 2023. Almost all the firms going bust are small- and medium-sized enterprises. The Government has been downplaying fears about a record number of companies going to the wall in the aftermath of Covid, when many were kept afloat by State handouts. Last month a senior official at the Department of Enterprise said it does not believe there is any clear evidence that Ireland is facing into a "tsunami" of insolvencies.

For More Details, Please Visit: <https://www.independent.ie/business/irish/irish-insolvencies-have-hit-their-highest-level-since-2018-report-reveals/a1951237115.html>

Romania Begins Insolvency Against Damen Mangalia Shipyard

The long-running battle between Damen and the Romanian government over the operations of the Mangalia shipyard on the Black Sea took a new step as a court in Constanta initiated an insolvency procedure. An administrator has been appointed to look for a recovery plan for the shipyard, the Maritime Executive reported.

The Netherlands' Damen took operational control of the shipyard in 2018 with high expectations for the operation which remained 51 percent owned by the government. Damen has a long history with Romania operating the Galati shipyard since 1999. Plans for Mangalia called for expansion and further investment in areas such as the outfitting capabilities. Mangalia however was hit hard by the downturn in the shipping industry with the company citing the decline in demand from the offshore sector. They also reported increased competition from shipyards in Asia. The company however in early 2023 highlighted a recovery including two HVDC (High-Voltage Direct Current) offshore transmission projects at the yard, both of which were being constructed under contracts with Aker Solutions as the main EPCI contractor. The Romanian government in June 2023 passed a new law that gave it control of Mangalia and limited Damen's involvement to a minority investor. The company protested but unable to resolve issues with the government moved in August 2023 to terminate the joint venture.

For More Details, Please Visit: <https://maritime-executive.com/article/romania-begins-insolvency-against-damen-mangalia-shipyard>

Insolvency Service of Ireland Saw Rise in Demand for Its Services in 2023

The Insolvency Service of Ireland said that it saw an increase in demand for its services last year with applications for insolvency solutions, other than bankruptcy, increasing by 20% compared to 2022, RTE.ie reported. In its annual report released Friday, the ISI

said 72 people were adjudicated bankrupt in 2023, down from 105 in 2022. 99 people also exited bankruptcy last year. More than 1,560 new insolvency applications were made last year, while the ISE website reported a total of 87,791 visits. The ISI added that a total of 1,001 debt solutions were put in place, while a total of 1,325 Protective Certificates were also issued, 90% of which were for Personal Insolvency Arrangements - the solution that deals with mortgage debt. During the year, the Government announcement of the extension of the Abhaile scheme - which offers free support services to people in mortgage arrears - until December 2027.

For More Details, Please Visit: <https://www.gov.ie/en/press-release/flce4-insolvency-service-of-ireland-isi-publishes-2023-annual-report/>

U.K. Company Insolvencies Fall in May Amid Uptick in Business Confidence

Fewer companies went bust in May than the previous month, amid a pick-up in business activity across England and Wales, according to official data, PA Media reported. U.K. company insolvencies fell 6% month-on-month to 2,006, which is 21% lower than in May 2023, the Insolvency Service said. The number of firms going out of business rose steadily during 2021 and 2022, with 2023 seeing the highest annual number of company insolvencies since 1993. Experts said that the fall last month reflects better trading conditions for businesses than the end of last year, when the UK went into a small recession. Benjamin Wiles, managing director at data company Kroll, said: "Compared to this time last year, we are seeing a pickup in business activity with key indicators showing improving consumer and business confidence." After a positive start to the year, economic growth remained flat in April, according to the Office for National Statistics, which could yet cause problems for some companies. The figures showed that construction businesses made up the highest percentage of companies going insolvent in the 12 months to April, at 18%, or 4,401 firms. The number of total company insolvencies also remains higher than those seen both during the Covid-19 pandemic and between 2014 and 2019.

For More Details, Please Visit: <https://www.standard.co.uk/business/money/company-insolvencies-fall-in-may-amid-uptick-in-business-confidence-b1165092.html>

US Supreme Court rejects bankruptcy refund that would have cost \$326 million

The Supreme Court of the United States of America (USA) has ruled that bankrupt companies are not entitled

to be reimbursed to make up for a disparity in bankruptcy fees that lasted from 2018 to 2020. In a 6-3 opinion, the Court upheld that Congress had intended to raise rates uniformly and had already addressed the disparity by raising rates in two states that briefly charged lower fees. Giving refunds to every debtor in the other 48 states - where 98% of large bankruptcies were filed -- would cost taxpayers \$326 million and cause "extreme disruption" to bankruptcy courts across the U.S., said the Court.

Source: *Reuters.com, June 15, 2024.*

<https://www.reuters.com/legal/government/us-supreme-court-rejects-bankruptcy-refund-that-would-have-cost-326-million-2024-06-14/>

Insurers have a broad right to weigh in on bankruptcies: US Supreme Court

The U.S. Supreme Court has ruled that insurers have a broad right to weigh in on bankruptcies that may put them on the hook for paying claims, in a victory for an insurer challenging the restructuring plan of a manufacturer of asbestos-containing products. In an 8-0 opinion, the Supreme Court held that Truck Insurance Exchange should have been allowed to object to Kaiser Gypsum's proposed \$50 million settlement of thousands of asbestos-related lawsuits through its Chapter 11 bankruptcy reorganization, because the deal would be funded largely by the company's insurance policies.

Source: *Reuters.com, June 07, 2024.*

<https://www.reuters.com/legal/government/us-supreme-court-backs-insurers-right-speak-up-bankruptcy-2024-06-06/>

Brazil's Gol airline reveals Bankruptcy exit plan

Brazilian airline Gol (GOLL4.SA), through a securities filing, has said that its exit from Chapter 11 bankruptcy proceedings to involve a \$1.5 billion capital injection through the issuance of new shares and refinancing of \$2 billion in debt. The company had filed for bankruptcy in the United States earlier this year after struggling with heavy debt and delayed deliveries from plane maker Boeing. The estimates for it to emerge from the restructuring process are part of a broader five-year strategic plan unveiled by the firm, which includes increasing its fleet and boosting operating margins.

Source: *Reuters.com, May 27, 2024.*

<https://www.reuters.com/business/aerospace-defense/brazils-gol-says-bankruptcy-exit-involve-15-billion-capital-injection-2024-05-27/>