



## Turnaround & Restructuring Newsletter

July/Aug 2023

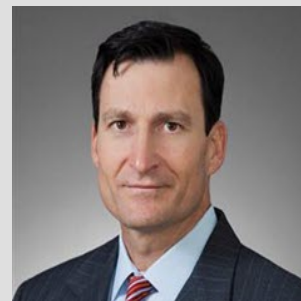


### Views from our leaders

#### John Little, Principal

At the start of my more than 20 years living and working in Texas, the dream of my bankruptcy attorney friends had been to somehow have more and larger Chapter 11 bankruptcy filings in Texas and get back to the 1980s and '90s, when Texas was a hot spot for debtors.

It seems that dream has been largely realized today, with the Southern District of Texas (SDTX) leading the way. The facts support this. Though the raw number of bankruptcies filed in SDTX has increased decade over decade (2001–2010<sup>1</sup> versus 2011–2020<sup>2</sup>—normalizing for the COVID-19 increase in 2020) more than 50 percent. Furthermore, cases that in that earlier decade would have been unlikely to file here now are quite likely to do so. For instance, from late 2019 to early 2021, of the top 20 largest cases in the country by asset value



filing Chapter 11 (according to Statista<sup>3</sup>), six filed in New York, four in SDTX, and four in Delaware. Only one of the four filing in SDTX was headquartered in that geography. A comparable search from 20 years earlier showed 0 of the largest 20 filed in SDTX despite the largest (Enron) being headquartered blocks from the courthouse in Houston. Nine of the top 20 filed in Delaware and five in New York.

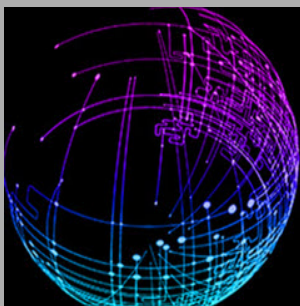
What happened in the intervening 20 years? My understanding is that SDTX (and other venues in Texas) took measures to attract larger cases. This included actions to help cases move faster, accommodate emergency motions, provide more certainty regarding rulings on certain legal matters, and other actions that have made a court located outside the Acela corridor an attractive venue for large debtors located in and out of Texas. In turn, the largest law firms in restructuring have placed (or acquired) more restructuring professionals in Texas to handle the increased volume of large cases.

<sup>1</sup> [Caseload Statistics Data Tables | United States Courts \(uscourts.gov\)](#)

<sup>2</sup> [Bankruptcy Filings Statistics | United States Courts \(uscourts.gov\)](#)

<sup>3</sup> [Statista – The Statistics Portal for Market Data, Market Research and Market Studies](#)

## Our latest eminence



### **Manage Working Capital to unlock liquidity for your business**

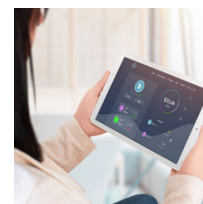
Explore how we have helped clients enhance their processes through broad measures and the approach we take to help them manage cash flow.

[READ MORE](#)

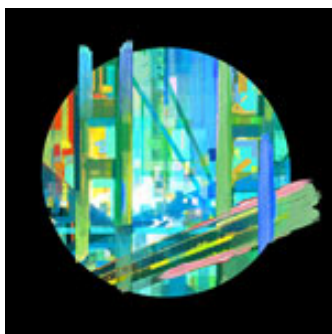
## Recent engagements

## Blockchain infrastructure company gets support

Deloitte Turnaround & Restructuring (T&R) is providing technical accounting, valuation, and ASC 852/bankruptcy accounting services to a blockchain infrastructure, hosting provider, and digital mining company. Additionally, Deloitte Advisory is teaming up with Deloitte Tax LLP to assist the company with its overall tax restructuring efforts and its ASC 740 reporting requirements.



## Upcoming Dbriefs



### Turning diligence insights into actionable integration steps

July 25, Tuesday | 1:00 PM ET

How do you turn what you learn during diligence into actionable integration steps? Participants will identify key areas of diligence that can be used as a starting point for their integration plan.

[Register](#) to learn more.

## Additional insights

Should companies rethink a key working capital metric? [Read our latest insights](#) to find out.

### About Deloitte Turnaround & Restructuring (T&R)

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