

# US bankruptcies fall; restructuring pros scramble

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June 23 (Reuters) - U.S. corporate bankruptcies have fallen by more than half this year as loosening credit markets and an improving economy have brightened the outlook for beleaguered companies -- and brought stress to restructuring professionals.

In the first six months of this year, 50 publicly traded companies filed for Chapter 11 or Chapter 7 bankruptcy in U.S. courts. That's down from 118 a year earlier, according to BankruptcyData.com.

"There are a lot of hungry bankruptcy professionals, restructuring firms and financial advisers," said Mark Jacobs, a partner at Pryor Cashman LLP who specializes in this area. "Everyone out there is trolling for new business."

The lull comes as the economy picks up steam, hedge funds become more aggressive about keeping their investments out of court, and companies benefit from the 2009 shakeout of weaker rivals.

"We're on the backside of the implosion of 2008," when financial markets cratered, said Jacobs. "The cases that were going to file in the wake of the Great Recession have pretty much filed."

Gross domestic product, a measure of U.S. economic strength, expanded at a 3.2 percent rate in the first quarter, marking three straight quarters of growth as the United States climbs out of its worst recession since the 1930s.

Hedge funds that own distressed companies have tried to keep their holdings out of bankruptcy court. Doing an out-of-court restructuring can cost half as much as one in court, saving millions. It is also less risky as the funds and the companies, rather than a bankruptcy judge, control the restructuring process.

The size of the bankruptcies has also plummeted, according to BankruptcyData.com.

The companies that filed in the first half of last year had combined assets of \$367 billion. This year? Just \$45 billion.

Last year brought the bankruptcies of massive U.S. companies such as automaker General Motors [GM.UL], with assets of about \$91.05 billion, and lender CIT Group Inc (CIT.N), with \$80.45 billion.

So far this year, the largest public company bankruptcy has been Corus Bankshares Inc CORS.PK, with assets of \$8.35 billion.

All this is causing bankruptcy professionals to scramble.

"In creditor-committee pitches, I'm seeing a lot more people show up," said Jacobs. "Whenever there's a filing of any size, you see a lot more people looking for the business." (Reporting by Chelsea Emery; Editing by Lisa Von Ahn)