Ian Peck in Texas Lawbook on 2017 Texas Business Bankruptcies

By Ian T. Peck | March 14, 2018

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Texas Lawbook quoted Haynes Boone Partner Ian Peck, chair of the firm's Restructuring Practice Group, on the spike in business bankruptcies in 2017.

Texas Lawbook reported that filings by Texas companies seeking to restructure in federal bankruptcy court jumped more than 42 percent in 2017, nearly reaching the highs of the "Great Recession" eight years ago.

The report highlighted predictions by restructuring experts of another wave of bankruptcies filed by Texas businesses burdened with historic levels of debt.

While the economy remained strong and oil and gas prices stabilized last year, the number of businesses – large and small – filing for Chapter 11 bankruptcy protection in 2017 skyrocketed to record levels in the Southern District of Texas, which includes Houston, among other cities, *Texas Lawbook* reported. The Northern District, which includes federal courts in Dallas and Fort Worth, also witnessed a dramatic increase with the second most bankruptcy filings in any year in its history.

As a result, the bankruptcy courts in the Southern and Northern Districts in 2017 became the third and fourth busiest in the U.S. for corporate reorganizations, behind only Delaware and the Southern District of New York, according to exclusive federal bankruptcy data compiled by Androvett Legal Media Research.

Addressing the industries most represented in this surge of filings, Peck noted that "[b]usiness bankruptcies in Texas have been a tale of four industries – energy, retail, healthcare and hospitality or restaurants."

The wave of bankruptcies involving large onshore oil and gas exploration and production companies has slowed significantly, but corporate restructuring experts say the spike in new business bankruptcy filings in Texas is not surprising, and several predict 2018 will witness even more activity in reorganizations, *Texas Lawbook* reported. Peck, who oversees Haynes Boone's Oil Patch Bankruptcy Monitor, says energy E&P filings "have slowed to a crawl, while oil service companies and off-shore have increased."

As Peck explained, "[r]estructured E&P companies are putting financial pressures on their service companies, and we are only now starting to see the impacts of that."

Excerpted from *Texas Lawbook*. To read the full article, click the PDF below.

Peck-Business-Bankruptcies.PDF