

Large U.S. corporate bankruptcies accelerate

Tue Jun 16, 2009 4:54pm EDT

By [Chelsea Emery](#)

NEW YORK (Reuters) - Large U.S. corporate bankruptcies have accelerated in recent weeks as the U.S. economic slowdown claims more victims, according to industry data.

Eight public companies with assets of more than \$1 billion have filed for bankruptcy protection in the last four weeks, compared with five multibillion-dollar company bankruptcies in the prior four-week period, according to data compiled by BankruptcyData.com and reviewed by Reuters.

That is the largest number of multibillion-dollar public company bankruptcies in a four-week period since the year began, according to the data.

BankruptcyData.com tracks companies that have some form of publicly traded security such as stocks or bonds.

"Corporate revenue is down in the United States and when topline revenue is down, there's less money to spread through expenses," said Brian Hamilton, co-founder and chief executive officer of financial information company Sageworks Inc.

The last few weeks have brought filings from long-term lodging facility operator Extended Stay Inc, which had assets of \$7.13 billion before its bankruptcy, and theme park operator Six Flags Inc, which had assets of about \$3.03 billion.

The largest Chapter 11 bankruptcy case so far this year is that of General Motors Corp, which filed for creditor protection on June 1, with assets of more than \$91 billion.

The widespread credit crunch and economic slowdown have taken such a toll on corporations and individuals that bankruptcy courts are struggling to manage the load.

Barbara Lynn, chair of the bankruptcy committee of the Judicial Conference of the United States, recommended at a congressional hearing that Congress authorize 13 new permanent bankruptcy judgeships and make 22 temporary bankruptcy judgeships permanent.

"In the 12-month period ending March 31, 2009, there were approximately 1.2 million bankruptcy petitions filed -- nearly double the number of petitions filed in 2006," Lynn said.

MORE TO COME

Hamilton of Sageworks said he expects to see more bankruptcies for companies in the auto or real estate industries.

"We all know the automakers are having great difficulty, but if you're producing parts for the automakers you're also having difficulties," said Hamilton, adding that "anything around real estate is probably going to have difficulty for the latter part of 2009."

(Reporting by Chelsea Emery, with additional reporting by Diane Bartz in Washington, editing by Matthew Lewis)