

Invitation

You are cordially invited to the public defense to obtain the academic degree of

DOCTOR OF ECONOMICS

by Shilin Zhang

Shopping in Big Chapter 11 Bankruptcies

Supervisor:

Prof. dr. Kris Boudt

Friday, 19 September 2025 at 16h00

In the "Faculteitsraadzaal", Campus Tweeckerken, Tweeckerkenstraat 2, 9000 Ghent

Please confirm your attendance no later than 9 September by filling the RSVP <https://forms.gle/AiCLN9inqY7EUue7>

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Abstract

This dissertation investigates the court shopping in large Chapter 11 bankruptcies in the United States. Chapter 11 is a section of the U.S. Bankruptcy Code that allows financially distressed businesses to reorganize their debts and operations under court supervision, intending to emerge as viable entities. However, the fairness and efficiency of court shopping by large companies seeking to initiate Chapter 11 proceedings remains debatable. The dissertation focuses on court shopping, judicial decisions, political contributions, and bankruptcy outcomes. The dissertation is organized into five chapters.

Chapter 1 provides an overview of bankruptcy in the United States, including its legal definition and broader context. It also identifies key research gaps, outlines the contributions of this study, and briefly outlines the structure and objectives of the three studies included in this thesis.

Chapter 2, *Far From Headquarters Bankruptcy Filings*, explores the phenomenon of firms filing for Chapter 11 bankruptcy in jurisdictions far from their headquarters from 1980 to 2022, analyzing the strategic reasons and benefits that debtors can obtain behind such decisions. We study 1115 large and public Chapter 11 cases in the United States and find that the average distance the companies traveled increased from 38 miles in 1980 to 634 miles in 1995. Our conjecture of this trend is that bankruptcy venue choice reflects a strategic balance between the convenience and potential advantages of filing bankruptcy in one's home country and the legal, reputational, and financial incentives of filing bankruptcy in other districts. We find a significant positive relationship between the distance traveled to file for bankruptcy and the likelihood of obtaining debtor-in-possession (DIP) financing. These findings suggest that strategic considerations, including access to favorable jurisdictions and better financing opportunities, play an important role in firms' bankruptcy venue choices.

In Chapter 3, *Pro-Debtor Bias, Court Shopping, and Bankruptcy Outcomes*, we propose an indicator for pro-debtor bias in Chapter 11 based on the judicial decisions and relate it to court shopping and bankruptcy resolution. We study 408 large and public Chapter 11 bankruptcies from 2004 to 2022 to investigate the impact of the pro-debtor bias on shopping behavior. We find that pro-debtor bias is significantly higher for the so-called bootstrap shoppers who file in a district that is neither their main place of business nor their main assets, nor the district of incorporation. Additionally, we find that pro-debtor bias reputation of a court is a significant driver of success in attracting bootstrap shoppers. Furthermore, we explore that pro-debtor bias is detrimental to bankruptcy outcomes. We show that pro-debtor bias is detrimental to bankruptcy outcomes since the cases with more pro-debtor bias tend to have a higher refiling rate.

Chapter 4, *Political Contributions and Large Chapter 11 Cases*, examines whether firms making contributions receive preferential treatment in judicial outcomes and bankruptcy outcomes. We study 408 large and public Chapter 11 bankruptcies from 2004 to 2022. We find that abnormal political contributions are significantly lower only in the year of bankruptcy filing. We also find that firms with larger contributions are more likely to receive favorable judicial decisions. We do not find any evidence that the contributions are strongly associated with higher probabilities of completing reorganization plans and continuing as a going concern. However, we find that CEO contribution is also strongly associated with a higher likelihood of staying in business long term, which means a lower likelihood of filing for bankruptcy again.

Finally, Chapter 5 discusses the policy implications derived from the findings; it offers several policy recommendations aimed at improving bankruptcy venue law in the US.

Curriculum vitae

Shilin Zhang (born in China) holds the degree of Master of Science in Business Analytics and Finance (2019, University of Southampton, UK). She joined in Ghent University (Faculty of Economics and Business Administration) in 2020 as a PhD researcher. Her first study was presented at the Faculty's annual Research Day in 2025. The second study is a working paper that has been presented at several academic venues, including the Harvard Law School seminar (2024), the Belgian Financial Research Forum (2023), and the R/Finance Conference at the University of Illinois Chicago (2022). The third study was presented at the International Conference in Banking and Financial Studies in Italy (2023).