

Articles + Publications | August 1, 2025

Gamesmanship and Weaponizing the Automatic Stay—A Cautionary Tale for Debtors

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Maximizing the value and avoiding the piecemeal whittling away of a bankruptcy estate's assets lies at the heart of the automatic stay—a temporary mechanism which shields the debtor from collection efforts arising from prepetition liabilities. In a recent U.S. Court of Appeals for the Eleventh Circuit case (*In re Patel* (Case No. 23-12847, 11th Cir. Jul. 8, 2025)), the court considered whether a bankruptcy court had the authority to retroactively annul the automatic stay under circumstances where the debtor affirmatively participated in an arbitration but subsequently argued that enforcement of the arbitration award against him should be subject to the automatic stay when he did not like the outcome.

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