



Kobre & Kim's Claim Monetization & Dilution Team



Carolina Leung

São Paulo
carolina.leung@kobrekim.com



Daniel J. Saval

New York
daniel.savall@kobrekim.com



Igor Margulyan

New York
igor.margulyan@kobrekim.com



John Han

Hong Kong
john.han@kobrekim.com



Michael Brasky

Tel Aviv
michael.brasky@kobrekim.com



Paul Hughes

London
paul.hughes@kobrekim.com

MAY 14, 2026

U.S. Court Denies Chapter 15 Recognition of Russian Bankruptcy Proceedings Against U.S.-Based Individual

A Massachusetts bankruptcy court denied Chapter 15 recognition of Russian insolvency proceedings against a U.S.-based individual represented by Kobre & Kim, underscoring that recognition is not automatic and depends on strict satisfaction of statutory requirements. The decision highlights the limits of Chapter 15 relief, particularly where an individual has established ties to the U.S., offering practical guidance for both those resisting and pursuing cross-border insolvency recognition.

Kobre & Kim recently secured a significant victory for a client, defeating a Russian bankruptcy trustee's attempt to obtain recognition of Russian insolvency proceedings in the U.S. under Chapter 15 of the U.S. Bankruptcy Code. The decision highlights the limits of Chapter 15 relief, particularly where an individual has established ties to the U.S., offering practical guidance for both those resisting and pursuing cross-border insolvency recognition.

WHAT HAPPENED

A Russian bankruptcy trustee petitioned a Massachusetts bankruptcy court to recognize Russian bankruptcy proceedings against Alexander Zheleznyak, co-founder of Probusinessbank, a financial institution that had been declared bankrupt in Russia.

Following the bank's liquidation approximately a decade ago, Mr. Zheleznyak became the subject of Russian bankruptcy proceedings. He left Russia in 2016 and later resettled in Massachusetts with his family.

The Massachusetts bankruptcy court denied recognition, finding that the Russian trustee failed to satisfy Chapter 15's threshold requirements of showing that the Russian proceedings qualified as either a "foreign main" or "foreign non-main" proceeding. The decision is notable given that U.S. courts have previously recognized certain Russian bankruptcies under Chapter 15, and the proceedings at issue in this case had previously been recognized in another jurisdiction outside Russia. The court also agreed that the trustee was not entitled to discovery or an evidentiary hearing before a ruling on recognition.

IMPLICATIONS

This ruling reinforces that Chapter 15 recognition is not automatic and will turn on a strict application of statutory requirements, particularly where proceedings target individuals who have relocated to the United States.

For individuals facing recognition efforts, the decision underscores that outcomes can often be decided at the threshold stage if the foreign insolvency representative cannot meet the statutory test. In practice, this means:

- Challenging "main" or "non-main" status can be decisive, even before broader policy arguments are considered.
- Evidence of a settled U.S. life carries weight, including residence, family relocation, and economic activity.
- Public policy arguments can strengthen the defense, particularly where there are indications of corruption, political motivation, or lack of due process—but are most effective when paired with strong statutory challenges.
- Courts may decline to provide foreign bankruptcy trustees any relief, including declining requests for discovery or evidentiary hearings, where the petition for recognition is deficient on its face.

For foreign insolvency representatives and creditors considering Chapter 15 proceedings against individuals based in the U.S., the decision highlights the importance of developing a careful upfront strategy. In particular:

- Recognition requires a clear statutory foundation, especially where the debtor has strong and longstanding ties to the United States.
- U.S. courts will independently assess recognition, regardless of outcomes in other jurisdictions.
- Petitioners should expect scrutiny of both the statutory elements and the surrounding context, particularly where objections to recognition raise fairness or due process concerns.
- A well-developed evidentiary record when filing the Chapter 15 petition is critical, as courts may not allow additional discovery to fill gaps before ruling on the petition.

Taken together, the decision illustrates that Chapter 15 remains a fact-intensive and strategic process—where both sides must be prepared to litigate threshold issues rigorously from the outset.

About Kobre & Kim

Kobre & Kim is a global law firm focusing on cross-border disputes and investigations, often involving fraud and misconduct. The firm:

- Has significant experience acting on behalf of judgment creditors to develop and implement offensive enforcement and asset tracing/recovery strategies to monetize high-value judgments – efforts which are strengthened by the team's in-depth understanding of the defensive litigation strategies that debtors are likely to deploy.
- Offers deep experience coordinating judgment enforcement and monetization strategies across jurisdictions, often involving assets and adversaries in the PRC and other Asian countries, with lawyers admitted across the U.S., Latin America, Asia, EMEA and key offshore financial centers.
- Focuses on helping clients realize value from their claims, developing investigative, enforcement, and asset tracing/recovery plans in the pre-dispute stage to maximize monetization.
- Often works with other law firms to help enforce high-value judgments, arbitration awards, and distressed debt recovery.