

# Insights



## **Bloomberg News: NY Court Ruling Obtained by Kobre & Kim is “A Possibly Expedient Way” For Creditors to Sue Bond Issuers Directly**

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A ruling obtained in New York by Kobre & Kim on behalf of global bondholders against Chinese property developer Glory Health “provides a glimpse of a possibly expedient way for creditors to sue financially strapped bond issuers to get paid under New York law, the state with jurisdiction on a large bulk of Chinese companies’ dollar notes,” *Bloomberg News* reports.

Glory Health missed payments on its US \$334 million bond and had sought to dismiss a lawsuit from BFAM and other global bondholders by arguing they were not the trustee or holders of the notes. A New York Supreme Court judge disagreed, and as *Bloomberg* notes, the ruling “may foreshadow Chinese developers’ legal options in fending off creditors of their dollar-denominated bonds amid cratering property prices and demand.”

Kobre & Kim’s John Han tells *Bloomberg* the order could make New York law-governed dollar notes “more easily enforceable as a general matter, which could even impact pricing.” Investors “may no longer need to form groups to take action, and can make and quickly execute on strategic decisions without going through a bond trustee.”

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