



TAMPA BAY BANKRUPTCY CENTER, P.A.

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Automaker Saab near Bankrupt

Automaker Saab found itself in a crisis when a Swedish court did not approve its bankruptcy protection application Thursday. This spells trouble as Saab is likely to face bankruptcy action against it by trade union workers within the next few days.

Saab has been in financial trouble since General Motors sold its holding company, Spyker Cars in the Netherlands in 2010. Spyker Cars acquired Saab, and then changed its name to Swedish Automobile. Swedish Automobile says it will appeal the ruling brought by the Vanersborg District Court. It has been given until September 29 to do so.

As their financial woes deepened, Saab struggled to meet its financial obligations. It was unable to pay salaries to its 3,700 workers and its debts to its suppliers. Production in its Trollhattan plant ground to a halt earlier this year.

It is uncertain if the Swedish court will approve Saab's request for bankruptcy protection. Meanwhile, trade unions representing Saab's 3,700 workers say they will initiate bankruptcy proceedings against Saab as the workers have still to be paid their August salaries.

Sweden has bankruptcy laws that are similar with the US. Their bankruptcy legislation is much like our Chapter 11 that allows financially troubled companies to reorganize their companies, improve their financial standing and restructure their debts to avoid liquidation. When a company receives bankruptcy protection, the Swedish government underwrites to pay the salaries of its employees.

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But with Swedish Automobile, although it has submitted its bankruptcy protection application and restructuring plans to the court last Wednesday, it failed to convince the court that it had enough financial backing to stay afloat. Swedish Automobile is hoping certain Chinese investors, namely Zhejiang Youngman Lotus Automobile Co and Pang Da Automobile Trade Co will pump in as much as \$344 million to enable it to continue operations. The Chinese investors are now awaiting approval from the relevant authorities.

According to the Swedish court, it was not clear if and when the Chinese authorities would approve the agreements. In addition, other solutions presented by Saab do not appear to be sustainable, either.

Bankruptcy negotiations can be extremely complex. You need an experienced bankruptcy attorney to navigate the many challenges for you for you to be successful in your bankruptcy application. If you need a bankruptcy attorney, call us at (813) 200 4133 for a free consultation.