6-29/118.20 Chapter 11 Conversion

A Chapter 11 debtor has a one-time absolute right to convert to Chapter 7 unless: the debtor is not a debtor in possession; the case originally was commenced as an involuntary Chapter 11; or the case was converted to a Chapter 11 at the request of a party other than the debtor. (11 USC 1112(a))

The debtor must file and serve a motion for conversion. (FRBP 1017(d); 9013) No hearing is required unless ordered by the court. (FRBP 1017) The court may convert a Chapter 11 to a Chapter 7 when it is in the best interest of creditors and the estate at the request of a party in interest or the United States trustee after a noticed hearing for cause. (11 USC 1112(b)) Additionally, the court may convert the case *sua sponte* by issuing an order to show cause against the debtor.

At the request of the U.S. trustee, a conversion or dismissal may occur upon failure of the debtor in a voluntary case to timely file a list containing the names, addresses and claim amounts of the holders of the 20 largest unsecured claims. (11 USC 1112(e))

The court may not convert a Chapter 11 to a Chapter 7 if the debtor is a corporation that is not a moneyed business or commercial corporation, unless requested by the debtor. (11 USC 1112(c)) The court may convert a Chapter 11 to Chapter 13 if requested by the debtor and the debtor has not been discharged. (11 USC 1112(d))