



**IN RE: HOSPITAL AUTHORITY OF CHARLTON COUNTY, Chapter 9,
Debtor.**

UNITED STATES TRUSTEE, Movant,

v.

HOSPITAL AUTHORITY OF CHARLTON COUNTY, Respondent.

[Case No. 12-50305.](#)

United States Bankruptcy Court, S.D. Georgia, Waycross Division.

July 3, 2012.

Summary

The debtor filed a motion to convert its chapter 9 bankruptcy case to a chapter 11 case, while the U.S. Trustee filed a motion to dismiss the chapter 9 case. The parties agreed that the Hospital Authority was not eligible for chapter 9, but the parties differed in their theories. According to the U.S. Trustee, the Hospital Authority was not eligible to be a debtor under chapter 9 because the Bankruptcy Code requires specific state authorization for an entity to file chapter 9, and the state of Georgia explicitly prohibits authorities created pursuant to state law from filing a petition for debt relief. See 11 U.S.C. § 109(c)(2); O.C.G.A. § 36-80-5. According to the Hospital Authority, it was not eligible for chapter 9 because it is not a "municipality" as required by 11 U.S.C. § 109(c)(1). See 11 U.S.C. § 101(40) (defining "municipality" to mean a "political subdivision or public agency or instrumentality of a State"). The Hospital Authority sought to convert the case to chapter 11. However, the U.S. Trustee argued that the Hospital Authority was not eligible for chapter 11 because it is a "governmental unit," and therefore not a "person" entitled to chapter 11 relief. See 11 U.S.C. §§ 109(d), 101(41). After a hearing and briefing, the Court denied the conversion motion and granted the motion to dismiss the case.

Link to free copy of full text of the opinion: <http://wp.me/p29MeI-6QZ>