CASE COMMENT


**Abstract**

This Case Comment explores the application of comity to foreign bankruptcy proceedings, particularly when comity would render the Internal Revenue Service a general unsecured creditor in bankruptcy. The United States Court of Appeals for the Fifth Circuit held on public policy grounds that comity should not be accorded to a Luxembourg bankruptcy proceeding that discriminated against tax obligations owed to the United States government. This Case Comment discusses the factual setting for the instant decision and presents a brief history of transnational insolvency law. The author finds that the law of transnational insolvency is inconsistent and underdeveloped and that the instant decision furthers the territoriality approach towards international bankruptcy under which United States courts refuse to recognize foreign bankruptcy proceedings. The author concludes that in today’s global economy such an approach is unworkable, and that the United States must adopt the universality approach towards transnational insolvency in order to encourage foreign tribunals to recognize United States bankruptcy proceedings and to facilitate the reorganization of multinational corporations.