

PUBLICATIONS

District Court Upholds Future Claimants' Due Process Rights Against Broad Releases in Section 363 Sale Order

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The United States District Court for the Southern District of New York on March 29, 2012 held that a bankruptcy court sale order issued under Section 363 of the Bankruptcy Code ("Section 363") could not extinguish state law successor liability personal injury claims brought against the purchaser by third parties injured after the close of the bankruptcy case, but whose injuries arose out of conduct of the debtor prior to its bankruptcy. Although the Second Circuit Court of Appeals has not yet considered this issue, the district court's decision is in line with those of other circuit courts that have ruled on similar issues. This decision has important practical implications for purchasers of assets from a debtor's estate.

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