

PUBLICATIONS

Second Circuit Decision Reassures Bankruptcy Claim Purchasers on Enforceability of Recourse Against Sellers

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The United States Court of Appeals for the Second Circuit recently vacated a decision by the District Court for the Southern District of New York, which had declined to enforce the contractual allocation of claim impairment risk between a bankruptcy claim buyer and its seller. Relying on the plain language of the documents, the Second Circuit held in *Longacre Master Fund, Ltd. v. ATS Automation Tooling Systems Inc. (Longacre)* that the debtors' objection to the claims had triggered the seller's repurchase obligation.

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