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State High Court Preserves Lenders' Tort Claims Against Debtors' Insiders

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A lender's state law tort claims against "non-debtor third-parties for tortious interference with a contract" were "not preempted" by "federal bankruptcy law," held the New York Court of Appeals on Nov. 24, 2020. *Sutton 58 Associates LLC v. Pilevsky*, 2020 WL 6875979, 1 (N.Y. Ct. Appeals, Nov. 24, 2020) (4-3). In a split opinion, the Court of Appeals reversed the Appellate Division's dismissal of a lender's complaint against the Chapter 11 debtors' non-debtor insiders. The lender will still have to prove its case at trial. In this article, of counsel Michael Cook discusses the court's decision and analyzes its relevance to commercial lenders.

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