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Third-Party Releases Under Continued Fire in E.D. Va. Decision

Harvard Law School Bankruptcy Roundtable

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In this article for the *Harvard Law School Bankruptcy Roundtable*, Adam Harris, Douglas Mintz, Abbey Walsh and Kelly (Bucky) Knight discuss how courts have recently asserted clear push-back on third-party releases, after years of uncertainty.

A U.S. district court has questioned the authority of bankruptcy courts to issue non-consensual third-party releases as part of a plan of reorganization. The U.S. District Court for the Eastern District of Virginia vacated the confirmation order in the Mahwah Bergen Retail Group, Inc. (f/k/a Ascena Retail Group, Inc.) Chapter 11 cases on the grounds that the plan contained impermissible non-consensual third-party releases. The court attributed its ruling, in part, to the fact that the "ubiquity of third-party releases in the Richmond Division demands even greater scrutiny of the propriety of such releases."

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