

PUBLICATIONS

Delaware District Court Could Guide Supreme Court Purdue Pharma Decision

The Bankruptcy Strategist

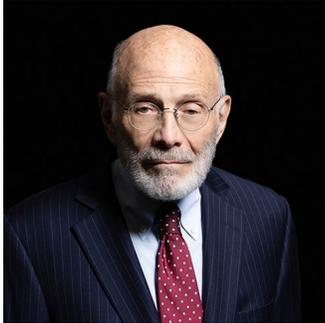
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In his latest article for *The Bankruptcy Strategist* titled, “Delaware District Court Could Guide Supreme Court Purdue Pharma Decision,” Schulte Roth & Zabel of counsel Michael L. Cook discusses how a Delaware District court decision, *In re Port Neches Fuels, LLC*, could guide the US Supreme Court’s forthcoming decision in *Harrington v. Purdue Pharma L.P.* with respect to third-party releases in Chapter 11 reorganization cases.

A bankruptcy court, said the district court, properly held that derivative claims based on “piercing the corporate veil theory of liability [were] released under” a confirmed reorganization plan, but that direct “claims for negligent undertaking” were not released and “could be asserted” in state court against the debtors’ equity sponsors (Sponsors). *In re Port Neches Fuels, LLC*, 2024 WL 1298590, *1 (D. Del. Mar. 27, 2024). The confirmed plan, affirmed by the district court, had released “any and all claims ... (including any derivative claims, asserted or assertable on behalf of the Debtors [and] the Reorganized Debtors ... against certain released parties,” including the debtor’s equity Sponsors. When plaintiffs sued the Sponsors in Texas state court, the defendants asked the bankruptcy court to “enforce the plan, arguing that [all of] the plaintiffs’ claims were . . . released under the plan.” *Id.*

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