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Seventh Circuit Bars Bad Faith Asset Buyer Protection

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In “Seventh Circuit Bars Bad Faith Asset Buyer Protection,” an article published in the June 2022 edition of *The Bankruptcy Strategist*, Michael L. Cook discusses how purchasers enjoy strong protections under the Bankruptcy Code, as long as they are acting in good faith.

“Good-faith purchasers enjoy strong protection under [Bankruptcy Code (“Code”)] § 363(m),” but the silent asset buyer (“B”) with “actual and constructive knowledge of a competing interest” lacks “good faith,” held the U.S. Court of Appeals for the Seventh Circuit on April 4, 2022. *Archer-Daniels-Midland Co. (“ADM”) v. Country Visions Cooperative*, 2022 WL 998984 (7th Cir. Apr. 4, 2022). Affirming the lower courts’ denial of B’s motion to enforce a “free-and-clear sale” provision in a plan confirmation order, the Seventh Circuit cited the bad faith of both the debtors and B, the asset purchaser.

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