

Is the Door Closing on Broad Third-Party Releases in Bankruptcy?

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One of the many powerful tools Chapter 11 provides is the opportunity for a debtor to obtain a discharge of debts through a plan of reorganization. In complex cases, however, debtors often view the discharge as being insufficient to accomplish all of its restructuring goals. Thus, third-party releases are often incorporated into the bankruptcy plan as a means of protecting nondebtor parties from litigation that is directly or even tangentially related to the debtor's business. Over the last several years, the scope and use of such third-party releases appears to have been stretched arguably to the breaking point.

In this article published in *The Legal Intelligencer*, Troutman Pepper attorneys Fran Lawall and Suzanne Soboeiro discuss the recent and important district court decision in the Ascena case.

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