

Delaware Bankruptcy Court Reins in Hold-Out Leverage

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In a case of first impression, Chief Judge Brendan L. Shannon of the U.S. Bankruptcy Court for the District of Delaware ruled on Dec. 18, 2014, that Delaware corporate law's "entire fairness" test, which is utilized to evaluate self-dealing transactions, is inapplicable to the Bankruptcy Code's requirement that a plan be "proposed ... not by any means forbidden by law" under § 1129(a)(3) in connection with a consensual reorganization plan.

In *In re Seegrid Corp.*, the court was presented with a confirmation proceeding involving a prepackaged plan where all impaired classes accepted the plan.

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Curtis S. Miller, "Delaware Bankruptcy Court Reins in Hold-Out Leverage," *ABI Journal* (May 2015)

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