The cases to be discussed are below:

Summary: Wright v. Bird Global, Inc. (Bankr. S.D. Fla. Aug. 12, 2024)
In *Wright v. Bird Global, Inc.*, the Bankruptcy Court for the Southern District of Florida denied a motion to stay confirmation of Bird Global's Chapter 11 plan pending appeal. The plan included a $19.2 million insurance settlement, a channeling injunction, and a bar order protecting settling parties from future litigation. The appellants—California tort claimants—argued that the plan's third-party releases violated the Supreme Court's decision in *Purdue Pharma*, but the court found that ruling inapplicable due to full payment to claimants and the releases being part of a Rule 9019 settlement and § 363 sale.
Applying the four-factor test for a stay pending appeal, the court found the appellants failed to demonstrate likelihood of success, irreparable harm, lack of harm to others, or that a stay would serve the public interest. The court emphasized that equitable mootness alone does not constitute irreparable harm and that delaying the plan would jeopardize trust viability and harm other creditors.

Summary: In re Roman Catholic Diocese of Syracuse, New York, 667 B.R. 628 (Bankr. N.D.N.Y. 2024)
The Bankruptcy Court in *In re Roman Catholic Diocese of Syracuse* addressed whether an opt-out mechanism for third-party releases in a mass tort Chapter 11 plan violates due process or the Supreme Court's ruling in *Purdue Pharma*. The central legal issue was whether silence could constitute consent to third-party releases under the revised standards post-*Purdue Pharma*, which prohibits nonconsensual releases.
The court held that the opt-out mechanism, as proposed, did not render the plan patently unconfirmable. The court affirmed that third-party releases may be consensual if claimants are given adequate notice and a meaningful opportunity to opt out, emphasizing that consent may be inferred where claimants are represented, the process is not coercive, and the class shares sufficient commonality.
Key facts supporting the decision included:

- **The Plan proposed a $100 million settlement trust** funded by the Diocese and Participating Parties in exchange for releases.
- **94% of the 433 abuse claimants were represented by counsel**.
- The **Committee, composed entirely of survivors, supported the Plan** and the opt-out structure.
- The court found the **survivors shared a common injury and were adequately represented, justifying the use of an opt-out mechanism in this mass tort context**.

The court required revisions to the Disclosure Statement to ensure plain-language explanations of claim treatment and the consequences of opting out, and rejected overly broad release and exculpation provisions.

Summary: In re Crédito Real, S.A.B. de C.V., SOFOM, E.N.R., 2025 WL 977967 (Bankr. D. Del. Apr. 1, 2025)
In *In re Crédito Real*, the U.S. Bankruptcy Court for the District of Delaware addressed whether it could recognize and enforce a Mexican insolvency plan under Chapter 15 that included nonconsensual third-party releases. The central legal issue was whether such enforcement would be "manifestly contrary" to U.S. public policy under 11 U.S.C. § 1506.

The court held that it could enforce the Mexican Concurso Plan, including the nonconsensual releases, because the foreign proceeding was procedurally fair and did not violate fundamental U.S. public policy. The court emphasized that Chapter 15 is designed to promote international cooperation and comity, distinguishing it from Chapter 11's stricter standards for third-party releases post-*Purdue Pharma*.
Key reasoning included:

- The **Mexican proceeding provided adequate notice and opportunity to object**, satisfying due process.
- The **Concurso Plan was approved by a majority of unsecured creditors and implemented through a trust structure** that distributed assets pari passu.
- The court relied on §§ 1521(a)(7) and 1507 of the Bankruptcy Code, which **permit broad discretionary relief where the foreign process is fair**.

The public policy exception under **§ 1506 is narrowly construed and was not triggered**.

Additional Summaries for Reference:

Summary: Harrington v. Purdue Pharma L.P., 603 U.S. 204 (2024)
In *Harrington v. Purdue Pharma*, the Supreme Court addressed whether the Bankruptcy Code permits a Chapter 11 plan to include nonconsensual releases of claims against non-debtors. The central legal issue was whether bankruptcy courts have statutory authority to extinguish third-party claims against entities that have not filed for bankruptcy.
The Court held that the Bankruptcy Code does not authorize nonconsensual third-party releases. Specifically, it ruled that such releases cannot be approved unless the non-debtor has subjected substantially all of its assets to the jurisdiction of the bankruptcy court and the affected claimants have consented. The Court emphasized that discharge is a benefit reserved for debtors under §§ 541 and 1141(d), and that § 1123(b)(6)'s catchall provision must be interpreted narrowly using *ejusdem generis* (of the same kind), limiting it to debtor-related provisions.
Key facts supporting the decision included the Sackler family's withdrawal of over $11 billion from Purdue prepetition and their proposed $5.5–$6 billion contribution in exchange for a global release of opioid-related claims. Despite overwhelming creditor support and state attorney general backing, the Court found that the Sacklers' attempt to obtain a discharge-like release without filing for bankruptcy violated the structure and intent of the Bankruptcy Code.
The Court reversed the Second Circuit and invalidated the plan's nonconsensual releases. While the ruling does not affect consensual releases or substantially consummated plans, it significantly limits the use of third-party releases in future restructurings.

Summary: In re Odebrecht Engenharia e Construção S.A., 669 B.R. 457 (Bankr. S.D.N.Y. 2025)
In *In re Odebrecht Engenharia*, the U.S. Bankruptcy Court for the Southern District of New York addressed whether it could recognize and enforce a Brazilian restructuring plan under Chapter 15 that included exculpation provisions and injunctive relief potentially amounting to nonconsensual third-party releases. The central legal issue was whether such relief exceeded the scope of the foreign court's order and violated U.S. public policy under 11 U.S.C. § 1506.
The court held that Chapter 15 permits enforcement of foreign restructuring plans with such provisions, even if the relief granted by the U.S. court exceeds that authorized by the foreign court, provided it supports the foreign proceeding and is not manifestly contrary to U.S. public

policy. The court relied on its discretionary authority under §§ 1521 and 1507 of the Bankruptcy Code and emphasized the principle of comity.
Key reasoning included:

- Chapter 15 is distinct from Chapter 11 and is not constrained by the Supreme Court's decision in *Purdue Pharma*, which limits third-party releases in domestic cases.
- The exculpation provisions were narrowly tailored, excluded gross negligence, and applied only to conduct supervised by the court.
- The injunctive relief was necessary to prevent U.S.-based litigation that could undermine the Brazilian RJ Plan.
- The Brazilian proceeding was procedurally fair and approved by a majority of creditors.

Supporting facts:

- Odebrecht, a Brazilian engineering conglomerate, sought judicial reorganization in Brazil to restructure over $3.1 billion in debt.
- The RJ Plan included the creation of a new business unit and $120 million in DIP financing.
- The U.S. recognition order protected Directed Parties (e.g., BNY Mellon, DTC) from liability related to plan implementation.

This decision affirms that U.S. courts may grant broad relief under Chapter 15 to support foreign restructuring efforts, including enforcement mechanisms not present in the foreign plan, so long as they align with principles of fairness and comity.

Summary: In re Robertshaw US Holding Corp., 662 B.R. 300 (Bankr. S.D. Tex. 2024)
In *In re Robertshaw US Holding Corp.*, the Bankruptcy Court for the Southern District of Texas addressed whether the debtors' Chapter 11 plan satisfied the requirements of the Bankruptcy Code, particularly in light of objections concerning claim classification, feasibility, and third-party releases post-*Purdue Pharma*.
The court confirmed the plan, holding that it complied with the statutory requirements under 11 U.S.C. §§ 1122 (classification), 1129(a)(11) (feasibility), and 1129(b)(1) (no unfair discrimination). It further held that the plan's third-party releases were consensual and thus not barred by *Purdue Pharma*, which prohibits nonconsensual releases.
Key reasoning included:

- The $21 million global settlement with the Official Committee of Unsecured Creditors (UCC) was fair and avoided costly litigation.
- The classification of trade creditors (Class 5) and funded debt deficiency claims (Class 6) was legally and commercially justified due to differing rights and business considerations.
- The plan did not unfairly discriminate; trade creditors were favored to preserve future business relationships, while funded debt claims were subordinated under the SPCA waterfall.
- The plan was feasible, fully funded by sale proceeds, and included backstops to cover shortfalls.
- The third-party releases were opt-out, clearly disclosed, and supported by precedent distinguishing *Purdue Pharma*.

Supporting facts:

- The debtors, a global appliance component manufacturer, filed for Chapter 11 to resolve disputes over a 2023 uptier transaction and pursue a sale.

- The court approved the sale to a stalking horse bidder backed by the Ad Hoc Group and One Rock Capital Partners.
- Objections from Invesco and the U.S. Trustee were overruled.

This decision reinforces that consensual third-party releases remain permissible under Chapter 11, and that courts will uphold classification and settlement structures when grounded in sound business and legal rationale.

Summary: In re Smallhold Inc., 665 B.R. 704 (Bankr. D. Del. 2024)

In *In re Smallhold Inc.*, the Bankruptcy Court for the District of Delaware addressed whether third-party releases in a Subchapter V Chapter 11 plan could be deemed consensual through an opt-out mechanism following the Supreme Court's decision in *Purdue Pharma*. The central legal issue was whether silence or failure to opt out constitutes valid consent under post-*Purdue* standards.

The court held that third-party releases are enforceable only where creditors affirmatively consent. Specifically, releases were valid for Class 2 general unsecured creditors who voted on the plan and did not opt out. However, releases were invalid for unimpaired creditors and equity holders who were not solicited and thus did not affirmatively act.

Key reasoning included:

- Post-*Purdue Pharma*, affirmative consent is required for third-party releases; passive silence is insufficient.
- Voting on a plan with clear opt-out instructions constitutes valid consent, analogous to "clickwrap" agreements in e-commerce.
- Unsolicited parties cannot be deemed to have consented, as they were not given a meaningful opportunity to opt out.

Supporting facts:

- Smallhold filed under Subchapter V to restructure its specialty mushroom farming business.
- The plan included releases for the DIP lender (Monomyth) and its representatives.
- The U.S. Trustee objected, arguing that the opt-out structure violated due process under *Purdue Pharma*.
- The court confirmed the plan but limited the scope of enforceable releases to creditors who affirmatively acted.

This decision reinforces the requirement for affirmative creditor consent in post-*Purdue* Chapter 11 plans and clarifies that opt-out mechanisms are valid only when paired with active participation.