



Commercial Bankruptcy Case Law Update

Mississippi Bankruptcy Conference Annual Seminar
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Introduction

- Focus: Commercial bankruptcy case law (Nov 2024–Present)
- Emphasis on Fifth Circuit + Mississippi decisions
- Objectives:
 1. Identify major legal themes & trends
 2. Highlight 2024-2025 case law
 3. Provide practical takeaways & practice notes

Setting the Stage

Two pivotal decisions reshaped practice:

Harrington v. Purdue Pharma (603 U.S. 204, 2024): Non-consensual third-party releases are out.

Matter of Highland Capital Mgmt. (132 F.4th 353, 5th Cir. 2025): Fifth Circuit limits plan exculpations & gatekeeping.

Theme: Courts are demanding precision & adherence to statute—creative plan drafting is under scrutiny.

Exculpation & Gatekeeping: What Changed

- *Purdue* reset the baseline on third-party releases (consent or statute required).
- Practical effect: plans must narrow exculpation to case-related conduct.

Fifth Circuit Follow-Through: Highland Capital

- *Highland* trims broad gatekeeping and “no-sue” provisions.
- Exculpation limited to debtor, committee, professionals for case-related acts.
- Takeaway: Overbroad plan shields risk reversal.

Liability Management: Serta Simmons

- *Serta Simmons Bedding* (125 F.4th 555, 5th Cir. 2024): scrutiny of “uptier” deals.
- Court rejected indemnities/protections that entrenched a non-pro-rata swap.
- Practice Tip: Expect tougher review of liability-management constructs.

Plan Language v. State Rights: Atlantic Maritime

- *Atlantic Maritime v. QuarterNorth* (5th Cir. June 2025): “Satisfied/settled” ≠ extinguished liens.
- State-law privileges survived boilerplate plan language.
- Takeaway: Words don’t replace payment or valid extinguishment.

Single Satisfaction: Sanchez Energy

- *Sanchez Energy* (5th Cir. Apr 2025): No double recovery under §550.
- Takeaway: Reinforces priority discipline in creative plans.

Sale Orders & Appeals: §363(m) Still Bites

- Lesson from *Fieldwood* line: No stay = likely statutory mootness.
- Tie to drafting: lock down stay/appeal strategy at sale approval.

Mississippi Example: Stay Extension Limits (*El Dorado* – Feb 2025)

- Court denied request to extend §362 to non-debtor farmland.
- To extend under §105(a): show identity of interests, immediate substantial harm, and necessity to preserve estate/jurisdiction.
- Takeaway: Ownership alone isn't enough; bring evidence on all §105 factors.

Mississippi Example: Enforcing Sale Orders (*El Dorado* – July 2025)

- Motion to enforce sale order/compel performance denied; admin expense denied.
- Sale orders aren't unlimited enforcement tools; remedies must be in the PSA.
- Practice Tip: Build escrows/holdbacks and clear remedies up front.

Mississippi State-Law Guardrail: *Crabtree*

- *Crabtree v. Allstate* (Miss. May 2025): Champerty doctrine—creditors can't route estate claims through "disinterested" buyers.
- Takeaway: Validate claim sales/Trust structures against Mississippi law.

Admin Expenses & Professional Fees: *CHFS* (June 2025)

- *Community Home Financial Services* (Bankr. S.D. Miss.): supplemental/bonus fee requests denied.
- §330 controls: approved scope only; contemporaneous time; enhancements need extraordinary proof.
- Takeaway: No retroactive approvals; no end-run via §503(b).

Other Federal: *Bassel v. Durand-Day*

- (5th Cir. Apr 2025) Textualist reading of “under the plan” (§1325).
- Takeaway: Signals continued literal approach that bleeds into commercial contexts.

Other Federal: *United States v. Miller*

- §544(b) can't claw back fraudulent tax payments to the U.S. due to sovereign immunity.
- Takeaway: Narrower avoidance playbook where government is the transferee.

Practical Takeaways (Cheat Sheet)

- Third-party releases: Only consensual post-*Purdue* — Get explicit consent/statutory hook
- Exculpation/gatekeeping: Narrow per *Highland* — Limit to case-related conduct
- Plan satisfaction: Words \neq payment — Pay or carve out liens
- Stay extensions: *El Dorado* limits — Prove identity, harm, necessity
- Sale enforcement: *El Dorado* — Bake remedies into PSA
- Professional fees: *CHFS* — Stick to §330 scope & records
- State-law claim sales: *Crabtree* — Avoid champertous transfers

Appendix

Full Case Citations

1. *Harrington v. Purdue Pharma L.P.*, 603 U.S. 204 (2024).
2. *Matter of Highland Capital Mgmt., L.P.*, 132 F.4th 353 (5th Cir. 2025).
3. *In re Serta Simmons Bedding, LLC*, 125 F.4th 555 (5th Cir. 2024).
4. *Atlantic Maritime v. QuarterNorth Energy*, No. 23-20218 (5th Cir. June 11, 2025).
5. *Sanchez Energy*, No. 23-20557 (5th Cir. Apr 2025).
6. *In re El Dorado Gas & Oil, Inc.*, No. 23-51715-JAW (Bankr. S.D. Miss. Feb 7 & July 21, 2025).
7. *Crabtree v. Allstate Prop. & Cas. Ins. Co.*, 2024-FC-00827-SCT (Miss. May 15, 2025).
8. *In re Community Home Financial Services, Inc.*, No. 12-01703-JAW (Bankr. S.D. Miss. June 6, 2025).
9. *Bassel v. Durand-Day*, No. 23-10956 (5th Cir. Apr 21, 2025).
10. *United States v. Miller*, 604 U.S. ____ (2025).