

Clear Contractual Terms Prevail Over Equitable Principles in Bankruptcy Cases (Again)

A federal district court in New York recently held that a creditor could not be held liable for aggressively protecting its own interests when the plain language of the relevant documents permitted the actions taken by the creditor, according to a legal update from **Dechert's** Business Restructuring and Reorganization Group.

Lehman Brothers Holdings Inc. v. JPMorgan Chase Bank, N.A., No. 11-cv-7670 (RJS) (S.D.N.Y. Sept. 30, 2015) arose out of an adversary proceeding initiated by Lehman Brothers Holdings Inc. and its affiliates against JPM, the update reports.

"The Debtors advanced multiple causes of action and theories against JPM, alleging that JPM improperly and unfairly appropriated value from the Debtors (thus harming their creditors) in the months leading up to LBHI's bankruptcy filing by allegedly strong-arming the Debtors into providing it with additional collateral and protections," it continues. "The Court, however, entered summary judgment against LBHI on nearly all counts because it found that the written contracts between JPM and LBHI expressly permitted JPM's purportedly inequitable actions."

Read the article.