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## Debtor Against Debtor: Limits on the Discharge of Claims by One Bankruptcy Estate Against Another

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As corporate bankruptcy filings increase, one debtor corporation is more likely to find that it has claims against another unaffiliated debtor corporation. The US Bankruptcy Code is generally not drafted with this situation in mind, and questions may arise regarding the effect of one debtor's bankruptcy on another's. Recently, the Southern District of New York Bankruptcy Court considered whether the avoidance actions pursued in the bankruptcy of OneStar under Sections 547 and 549 of the Bankruptcy Code could be maintained against WorldCom, which had confirmed in its own bankruptcy a Chapter 11 Plan of Reorganization discharging all claims against it under Section 1141 of the Bankruptcy Code. For more on the WorldCom-OneStar decision, see our recent [Email Alert](#).