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"Effectiveness of Power of Attorney Provision in Claim Purchase Agreements in Bankruptcy - Delphi Bankruptcy Case Raises Issue" by Michael Friedman, Joon Hong and Keith Sambur

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A recent ruling in the Delphi Corporation bankruptcy case calls into question the effectiveness of power of attorney provisions found in many claim purchase agreements. At hearings held on February 21, 2008 and February 26, 2008, the Honorable Judge Drain of the United States Bankruptcy Court for the Southern District of New York held that claims purchasers could not submit "cure notices" in reliance on powers of attorney. This memorandum, written by our attorneys Michael Friedman, Joon P. Hong and Keith N. Sambur, discusses the impact of Judge Drain's ruling and provides suggestions for claims purchasers going forward.

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