

# Can a Claim Transferee “Wash” the Claim From Disallowance Risk? Another Chapter in the Firestar Saga

By: Bruce S. Nathan, Esq, Scott Cargill, Esq, John P. Schneider, Esq, Lowenstein Sandler LLP

*As originally published in the Credit Research Foundation’s publication, Perspective by CRF (Q2 2021)*

*A full, more detailed version of this article will be available in the upcoming Q2 edition of The Credit & Financial Management Review.*

Claims trading is an efficient avenue for creditors of bankrupt companies to quickly liquidate their prepetition claim by selling the claim, at a discount, rather than waiting out the bankruptcy process hoping to receive a recovery from the bankruptcy estate. Conversely, buyers are often willing to purchase a claim for a variety of reasons, including with an expectation that the bankruptcy estate’s eventual distribution on account of the purchased claim will exceed the...

*This article is only available to members of the Credit Research Foundation (CRF).*

*Interested in reading more? Join CRF to gain access to this and hundreds of other resources! [CLICK HERE](#) for membership information.*

## About the Authors



Bruce S. Nathan is a Partner in Lowenstein Sandler’s Bankruptcy, Financial Reorganization & Creditors’ Rights Department. He has more than 35 years of experience in the bankruptcy and insolvency field, and is a recognized national expert on trade creditor rights and the representation of trade creditors in bankruptcy and other legal matters.



Scott Cargill is Of Counsel for Lowenstein Sandler, and has represented various parties in numerous restructuring and insolvency proceedings in bankruptcy courts. He has also advised clients on such matters as the auction and sale of debtor assets, setoff rights, preference and fraudulent transfer liability issues.



John P. Schneider is an associate in Lowenstein Sandler’s Bankruptcy, Financial Reorganization & Creditors’ Rights Department. He represents debtors, creditors, and creditors’ committees in Chapter 11 matters and has served as counsel to Chapter 7 bankruptcy trustees in asset cases of varying complexity.