



Lowenstein Bankruptcy Lowdown Video 44 – First Brands: Lessons Learned from Denied Confirmation

By [Jeffrey Cohen](#) and [Brittany M. Clark](#)

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Brittany M. Clark:

Hi, I'm Brittany Clark, and welcome to the [Lowenstein Bankruptcy Lowdown](#).

With me today is Jeff Cohen, the chair of our bankruptcy practice. Jeff, First Brands has been generating a lot of discussions lately. Before we get started, yes, the court did pump the brakes on the plan.

Jeffrey Cohen:

Now that you took my line, why don't you set the stage for us?

Brittany M. Clark:

Absolutely. First Brands filed for Chapter 11 in the Southern District of Texas in 2025, with billions of liabilities and limited cash on hand.

They tried a going concern sale. Unfortunately, that did flop, and by plan confirmation, they had about \$143 million against nearly 6 billion in secured debt, plus a \$3.3 billion dip roll up. All they had were these speculative litigation claims against insiders.

Now, with that, said, Jeff, what did the debtors ultimately propose?

Jeffrey Cohen:

Well, some really smart restructuring professionals had to figure a way out. The parties filed a joint liquidating plan, betting everything on recovering \$2 billion in cash. The dip lenders would credit bid avoidance actions and give them to the trust to pursue, which included over \$25 billion in claims against insiders. The problem is the plan effective date would be delayed.

Administrative creditors would not get paid until the trust recovered at least \$350 million in cash.

Brittany M. Clark:

Wow. Essentially, it sounds like administrative creditors were not necessarily subordinated and priority, but they certainly were in time.

Jeffrey Cohen:

That's exactly right, Brittany. Judge Lopez denied confirmation for three main issues.

First, the \$2 billion claim projection lacked a claim-by-claim analysis. Judge Lopez really wanted to see them with granular detail. In addition, the projections didn't include defenses that the defendants might have. Lastly, it didn't include whether the federal government would pursue claims of their own.

Plus, no administrative claims bar date was set, so Judge Lopez couldn't even figure out what the claims denominator would be.

Brittany M. Clark:

Was this more about the plan structure, or the record that was supporting it?

Jeffrey Cohen:

I think that's a good question, Brittany. It's really both.

The court wanted to stress test the projections, but again, couldn't because there was no granular claim-by-claim analysis. Like Judge Lopez had previously seen in Stewart Health Care. Structurally here, confirmation was a one-way street. Trust formation and liability releases would be approved immediately at the confirmation date.

In Stewart Health, Judge Lopez conditioned confirmation on periodic check-ins. Here again, that wasn't available. There was no mechanism for course correction.

Brittany M. Clark:

It sounds like the court was being asked to approve something that was completely irreversible based on projections that it could not verify.

Jeffrey Cohen:

That's exactly right, Brittany. That's a hard ask for any judge.

Everything happened and became irreversible on the confirmation date itself. There was no mechanism for course correction. Judge Lopez was essentially being asked to take a leap of faith, and he was unwilling to do that.

Brittany M. Clark:

That's fair. Well, thank you so much, Jeff. That's all that we have for today's [Lowenstein Bankruptcy Lowdown](#). Thanks for joining.