

INSIGHTS

## Lightning Round: LTL Management Files “Chapter 22” Case Immediately Following Bankruptcy Court’s Dismissal of its Prior Bankruptcy

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Just hours after the United States Bankruptcy Court for the District of New Jersey entered an order dismissing the Chapter 11 Case of Johnson & Johnson subsidiary, LTL Management, as a bad faith filing, LTL filed for Chapter 11 protection again in the same Bankruptcy Court. In an effort to improve upon its prior offering to talc claimants, however, LTL is entering Chapter 11 with a plan support agreement that contemplates, among other items, an \$8.9 billion commitment from LTL and Johnson & Johnson to be funded in a trust over 25 years in order to resolve current and future talc-related claims—in LTL’s words, the “largest settlement ever reached in an asbestos bankruptcy case, even cases where (unlike here) the manufacturer conceded that its products contained asbestos.” LTL has represented that representatives for over 60,000 current talc claimants have committed to support the proposed deal.

While “Chapter 22” filings are not unheard of, it is rare for a company to come back to the restructuring table before the dust has settled from its first filing. As detailed in our [prior alert](#), LTL’s first round in bankruptcy became the subject of national attention when the United States Court of Appeals for the Third Circuit effectively created a standard for good faith filings that allowed for the dismissal of non-distressed debtors while honoring the Bankruptcy Code’s lack of a solvency requirement.

Bracewell continues to monitor LTL’s Chapter 11 filing and will provide updates as necessary.