# Confirmed, Not Complete: Navigating Post-Confirmation Chapter 11 Issues

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***In re Wrigley Health Systems, Inc.***

**Background:**

Wrigley Health Systems, Inc. ("**Wrigley Health**" or the "**Debtor**"), a regional hospital operator, confirmed a plan of reorganization (the "**Plan**") eight months ago and the plan became effective shortly thereafter. The Plan was the product of a global settlement among the Debtor, its secured lender group, the Creditors' Committee (mostly trade vendors and a large class of former patients asserting billing-fraud and data-breach claims, the "**Patient Class**"), and Wrigley Health's private equity sponsor, **Comiskey Capital Partners** ("**Comiskey Capital**"), which had personally guaranteed certain prepetition credit facility obligations.

**Key Plan Mechanics:**

1. **Litigation Trust.** The Plan created a Litigation Trust (the "**Trust**"), which received (a) all estate causes of action against former officers and directors for prepetition mismanagement, and (b) proceeds of a scheduled, but not yet filed, claim against a former vendor, **Sox Data Systems** ("**Sox Data**"), tied to a data breach affecting patient records. The Trust is managed by a Litigation Trustee (the "**Trustee**"), with a three-member Trust Oversight Committee (two former UCC members, one management designee) holding consent rights over any settlement above $2 million.

2. **Third-Party Releases and Exculpation.** In exchange for a $40 million contribution to the Trust and a patient-claims reserve, Comiskey Capital and its officers received releases of all Wrigley Health-related claims, including claims held directly by the Patient Class, not just derivative estate claims. The release used an opt-out mechanic: under the Plan's solicitation materials and ballot, any Patient Class member who (a) voted to accept the Plan, or (b) abstained from voting and did not affirmatively check a box on the ballot electing to opt out, would be deemed to have consented to release Comiskey Capital and its officers from all claims, including direct, non-derivative personal-injury and data-privacy claims arising from the breach. Critically, the opt-out box appeared only on the accept-side ballot; there was not an opt-out box on the reject portion of the ballot. Comiskey Capital's

position is that a rejecting voter who somehow also wanted to opt out needed to check the box anyway, notwithstanding its placement on the accept-ballot form; the confirmation record is silent on whether rejecting creditors received any notice that the box applied to them. The Plan also contains a broad exculpation clause covering the Debtor, the Creditors' Committee, and their respective professionals for "any act or omission in connection with the Chapter 11 Case," and a plan injunction barring suit against Released Parties in any forum.

3. **Retained Jurisdiction.** The Confirmation Order includes standard-form retention language: the Bankruptcy Court retains jurisdiction over "all matters arising under, arising in, or related to the Case," including "enforcement of the Plan, resolution of Trust disputes, and interpretation of the release, exculpation, and injunction provisions." The Confirmation Order stated that the litigation to be pursued by the Trust was integral to the Chapter 11 Case and the Plan.

4. **Plan Default.** The Plan promised the Patient Class deferred cash payments funded by ongoing hospital operations, projected on optimistic reimbursement assumptions. Eight months in, Wrigley Health misses two consecutive quarterly distributions. The reorganized Debtor's new board (three Comiskey Capital designees, two independent directors) is considering a unilateral, out-of-court modification to extend the payment schedule and subordinate Patient Class payments behind a new revolver (without returning to the Bankruptcy Court for approval).

**The triggering disputes:**

- The Trustee wants to sue Sox Data in federal district court on a data-breach theory that sweeps in non-derivative, direct claims belonging to individual patients, not just the estate's claims.

- Two individual patients, **Addison Banks** and **Ozzie Fisk**, both voted to reject the Plan and did **not** check any opt-out box, because their ballots (the rejecting-side form) never presented one. They've filed their own suit against Sox Data and Comiskey Capital in state court. They argue: (a) they never consented to any release, opt-out mechanics or not, since the ballot never gave them a functioning election in the first place; (b) even if some opt-out mechanic could bind a silent acceptor, it cannot bind a claimant who affirmatively rejected the Plan and was never given the chance to opt out; and (c) the Trust has no exclusive right to their personal claims against Sox Data regardless, and the Oversight Committee is dragging its feet on the Sox Data claim to protect Comiskey Capital-affiliated board members who also sat on Sox Data's board pre-breach.

- Comiskey Capital moves to enforce the plan injunction against Banks and Fisk's state court suit, arguing their rejecting vote, plus the fact that they did not opt out, nets out to "deemed consent" under the Plan's defined terms, and that the dispute is "related to" the released claims and therefore within the Bankruptcy Court's retained jurisdiction. Banks and Fisk respond that *Purdue Pharma* forecloses any release of their direct, non-debtor claims against Comiskey Capital absent genuine consent and that a defective, one-sided ballot mechanic that never gave a rejecting creditor a real election cannot be "consent" under any reading of *Purdue*. They separately argue that the Bankruptcy Court's post-confirmation jurisdiction doesn't reach enjoining wholly independent third-party litigation with no effect on the estate's property.

- Separately, **Steve Bartman**, a former Wrigley Health officer sued individually by the Trustee, invokes the exculpation clause, arguing his conduct in negotiating the Plan, even though it also touches prepetition mismanagement, is covered.

**Representative Post-Confirmation Jurisdiction Cases:**

- *Pettibone Corp. v. Easley*, 935 F.2d 120, 122 (7th Cir. 1991) (holding that the bankruptcy court lacked jurisdiction to resolve tort defenses after plan confirmation: "[o]nce the bankruptcy court confirms a plan of reorganization, the debtor may go about its business without further supervision or approval. . . . It may not come running to the bankruptcy judge every time something unpleasant happens.")

- *In re Craig's Stores of Tex., Inc.*, 266 F.3d 388, 390–91 (5th Cir. 2001) (rejecting the broader "conceivable effect" standard post-confirmation and holding that bankruptcy jurisdiction ceases upon confirmation except for matters pertaining to implementation or execution of the plan; state-law action asserted against bank for bank's alleged post-confirmation breach of contract "[did] not bear on the interpretation or execution of the debtor's plan")

- *In re Resorts Int'l, Inc.*, 372 F.3d 154, 166–67 (3d Cir. 2004) (holding that post-confirmation "related to" jurisdiction turns on whether there is a "close nexus" to the plan or proceeding and that "[m]atters that affect the interpretation, implementation, consummation, execution, or administration of the confirmed plan will typically have the requisite close nexus")

- *In re Petrie Retail, Inc.*, 304 F.3d 223, 230 (2d Cir. 2002) (upholding post-confirmation jurisdiction over a dispute between two non-debtors where resolution required interpreting the bankruptcy court's own orders; "[a] bankruptcy court retains post-confirmation jurisdiction to interpret and enforce its own orders, particularly when disputes arise over a bankruptcy plan of reorganization")

- *In re Shenango Grp., Inc.*, 501 F.3d 338, 343–44 (3d Cir. 2007) (applying *Resorts Int'l*'s "close nexus" test and holding that the bankruptcy court properly exercised "related to" jurisdiction over a post-confirmation dispute between the reorganized debtor and a retiree subclass, since the debtor was a party to the dispute and the dispute turned on interpretation of the plan's provision governing the debtor's liability to fund benefit increases for pension plan participants outside the subclass)

- *In re GenOn Mid-Atl. Dev., L.L.C.*, 42 F.4th 523, 535–38 (5th Cir. 2022) (holding that the district court had post-confirmation "related to" jurisdiction over a state-law contract dispute between non-debtors where, at the time of removal, the claims threatened performance of an "instrumental" settlement "enshrined" in the debtor parent's not-yet-consummated plan)

- *Matter of Sanchez Energy Corp.*, 159 F.4th 309, 318, 323, 327 (5th Cir. 2025) (holding that the bankruptcy court lacked post-confirmation "related to" jurisdiction over a state-law dispute between non-debtors arising eighteen months after confirmation, because the dispute was between non-debtors and concerned agreements that did not pertain to the plan's implementation or execution)

- *In re Augustus Intel., Inc.*, 2025 WL 936432, at *4 (Bankr. D. Del. Mar. 26, 2025) (holding that the court lacked post-confirmation "related to" jurisdiction over claims assigned by pre-petition investors to a litigation trustee because they would be "liquidated for the benefit of only those equity holders who assigned them," making them, in essence, claims "by non-debtors against non-debtors")

- *In re Simply Interior Homes, LLC*, 2026 WL 2854820 (Bankr. D. Del. Sept. 22, 2026) (setting forth a four-factor test to assess whether plan-preserved causes of action retain post-confirmation "related to" jurisdiction under § 1141(b): (1) claims identified with sufficient specificity; (2) material connection to debtor's financial distress, plan consummation, or anticipated recoveries; (3) retention necessary to plan implementation, not merely forum selection; and (4) plan/confirmation order limits the exception to the identified claims)

- *Pitta v. Bodaken (In re Rite Aid Corp.)*, Adv. Pro. Nos. 25-1386, 25-1387, 25-1388 (JNP), slip op. at 12–18 (Bankr. D.N.J. Oct. 5, 2026) (holding that the court lacked post-confirmation "related to" jurisdiction over a litigation trust's fiduciary-duty claims against former D&Os, and that the claims' asserted materiality to the plan did not supply a close nexus, where the plan's definitions of "Assigned Claims," "Causes of Action," and "Excluded Parties" failed to specifically identify either the claims or the defendants: although breach of fiduciary duty was listed, the definition was "so broad that the Court struggles to think of a single cause of action that is not covered by this language," and,

separately, the plan "fails to identify a single defendant by name, instead describing a pool of potential defendants far too large to satisfy the specificity requirements laid out in *Resorts* and *SunPower II*.")

- *In re TRP Brands LLC*, No. 24 B 1529, slip op. at 2, 11–13 (Bankr. N.D. Ill. Sept. 22, 2026) (holding that the bankruptcy court had post-confirmation jurisdiction to interpret and enforce a confirmed liquidating plan on a creditor trustee's motion, under its power to enforce its own orders, the plan's retention-of-jurisdiction provision, and 11 U.S.C. § 1142(b))

- *NJS Liquidating Trust v. Peyton (In re Serwin)*, Adv. Pro. No. 25-00253, slip op. at 11–12 (Bankr. N.D. Ill. Sept. 22, 2026) (holding that the court lacked post-confirmation "related to" jurisdiction over a liquidating trust's declaratory and injunctive claims against its former attorney in part because the dispute did not concern plan implementation, since carrying out the plan depended on selling Mexican properties, a matter requiring resolution in Mexico)

**Representative Derivative Standing Cases:**

- *Mitchell Excavators v. Mitchell*, 734 F.2d 129, 131 (2d Cir. 1984) (holding that rights of action against officers, directors and shareholders of a corporation for breaches of fiduciary duties become property of the estate which the trustee alone has the right to pursue after the petition date) (citing *Pepper v. Litton*, 308 U.S. 295, 306–07 (1939))

- *Koch Refining v. Farmers Union Cent. Exch., Inc.*, 831 F.2d 1339, 1349–50 (7th Cir. 1987) (holding that "[t]o determine whether an action accrues individually to a claimant or generally to the corporation, a court must look to the injury for which relief is sought and consider whether it is peculiar and personal to the claimant or general and common to the corporation and creditors.")

- *St. Paul Fire & Marine Ins. Co. v. PepsiCo, Inc.*, 884 F.2d 688, 704–05 (2d Cir. 1989) (holding that a guarantor lacked standing to assert an alter-ego claim against a third party outside the debtor's bankruptcy proceeding, because the guarantor had "not shown that [its] harm differs in kind from the harm suffered by any other creditor" of the debtor)

- *Matter of Educators Grp. Health Tr.*, 25 F.3d 1281, 1285 (5th Cir. 1994) (rejecting the bankruptcy court's standard that "general harm to creditors" determines whether a cause of action belongs to the estate, and holding instead that the claim belongs to the estate only "to the extent that the complaint alleges an injury . . . which derives from a direct injury to the bankruptcy estate")

- *Steinberg v. Buczynski*, 40 F.3d 890, 892–93 (7th Cir. 1994) (applying *Koch Refining* to distinguish claims belonging to the corporation from claims personal to a creditor and holding that a bankruptcy trustee for a corporate debtor is confined to enforcing the corporation's entitlements and has no right to enforce those of a creditor of the corporation; that "[w]hen a third party has injured not the bankrupt corporation itself but a creditor of that corporation, the trustee in bankruptcy cannot bring suit against the third party")

- *In re Emoral, Inc.*, 740 F.3d 875, 879–82 (3d Cir. 2014) (holding that for a cause of action to be considered property of the estate, the claim must be a general one, with no particularized injury arising from it; therefore, personal-injury plaintiffs' assertion of a "mere continuation" successor-liability theory against the purchaser of the debtor's assets was "general," because the successor-liability theory itself rested on facts generally available to any creditor)

- *In re Whittaker, Clark & Daniels, Inc.*, 176 F.4th 241, 264–69 (3d Cir. 2026) (holding that successor-liability claims against the purchaser of the debtors' operating assets were property of the debtors' estates rather than of individual tort creditors, because the theory turns on the successor's relationship to the manufacturer and rests on a prepetition injury to the debtors that caused secondary harm to all creditors, not on a particularized injury directly traceable to the purchaser)

- *Matter of Buccaneer Res., L.L.C.*, 912 F.3d 291, 293, 296 (5th Cir. 2019) (holding that where conduct harms both the debtor and the creditor independently, "the estate and the creditor" each "have separate claims against" the third party "arising out of the same events," and that a former CEO's tortious interference claim belonged to him individually because it was "based on an injury" he personally suffered—the loss of his employment—"and not the debtor")

**Consensual/Non-Consensual Releases**

- *In re Lutheran Home & Servs. for the Aged, Inc.*, 2026 WL 626606, at *29–30 (Bankr. N.D. Ill. Mar. 4, 2026) (holding that it was fair to find consent to a plan's third-party releases from creditors who voted to accept it, because the plan and ballots made clear that an accepting vote bound the creditor to the entire plan and a "yes" vote "cannot come with a line-item veto"; declining to decide whether creditors who vote to reject and do not opt out can be bound)