

S 2497

Nondebtor Release Prohibition Act of 2021

Congress: 117 (2021–2023, Ended)

Chamber: Senate

Policy Area: Finance and Financial Sector

Introduced: Jul 28, 2021

Current Status: Read twice and referred to the Committee on the Judiciary.

Latest Action: Read twice and referred to the Committee on the Judiciary. (Jul 28, 2021)

Official Text: <https://www.congress.gov/bill/117th-congress/senate-bill/2497>

Sponsor

Name: Sen. Warren, Elizabeth [D-MA]

Party: Democratic • **State:** MA • **Chamber:** Senate

Cosponsors (4 total)

Cosponsor	Party / State	Role	Date Joined
Sen. Blumenthal, Richard [D-CT]	D · CT		Jul 28, 2021
Sen. Durbin, Richard J. [D-IL]	D · IL		Jul 28, 2021
Sen. Booker, Cory A. [D-NJ]	D · NJ		Dec 9, 2021
Sen. Sanders, Bernard [I-VT]	I · VT		Jun 13, 2022

Committee Activity

Committee	Chamber	Activity	Date
Judiciary Committee	Senate	Referred To	Jul 28, 2021

Subjects & Policy Tags

Policy Area:

Finance and Financial Sector

Related Bills

Bill	Relationship	Last Action
117 HR 4777	Identical bill	Nov 3, 2021: Ordered to be Reported (Amended) by the Yeas and Nays: 23 - 17.

Nondebtor Release Prohibition Act of 2021

This bill addresses the release by bankruptcy courts of creditor or other third-party claims against non-debtors. Complex bankruptcies may involve third-party claims against non-debtors associated with the debtor, such as the debtor's officers, directors, or employees. Currently, in carrying out a bankruptcy plan, bankruptcy courts may release non-debtors from liability (there is a split in the judicial circuits regarding this practice).

The bill generally prohibits a bankruptcy court from (1) releasing or modifying a non-debtor's liability through the approval of a bankruptcy plan or through an order, or (2) enjoining a judicial proceeding or other act to collect or otherwise enforce such a claim or cause of action against a non-debtor. However, the bill provides for the release of such liability if express consent is given by the third party.

The bill also generally limits an order or decree to temporarily enjoin a proceeding against a non-debtor to 90 days.

Additionally, the bill gives appellate jurisdiction to the appropriate U.S. court of appeals regarding an order or decree to temporarily enjoin or stay a proceeding against a non-debtor in a Chapter 11 reorganization bankruptcy case. Currently, U.S. district courts have appellate jurisdiction for these matters.

Upon request of an interested party, and after notice and a hearing, the court shall dismiss a Chapter 11 reorganization bankruptcy case if the debtor was involved in certain restructuring activity that (1) had the intent or foreseeable effect of separating a debtor's assets from a debtor's liabilities and the debtor assuming or retaining such liabilities, and (2) occurred in the 10-year period prior to the filing of the bankruptcy petition.

Actions Timeline

- **Jul 28, 2021:** Introduced in Senate
- **Jul 28, 2021:** Read twice and referred to the Committee on the Judiciary.

LegiList

CONGRESS, MADE CLEAR.

Search Every Federal Bill, Law, and Vote

LegiList is the fastest way to research Congress. Track any bill from introduction to enactment, see how every legislator voted, follow committee activity, and read the full text of every bill — all in one place, always up to date.

legilist.com

Free Course: Learn How Congress Actually Works

LegiList Learn is a free, self-paced course that walks through the entire legislative process — from drafting a bill to a presidential signature. Seven modules, plain language, no politics. Earn a certificate when you finish.

legilist.com/learn

Developer API: Build Apps on Legislative Data

The LegiList API gives developers direct access to bills, votes, legislators, committees, and more. Start free with 1,000 requests per day — no credit card required. Upgrade to Pro when you need to scale.

legilist.com/api

Public data belongs to the public. — legilist.com