

The Sun Sets On Safe Harbor Interpretations In Multiple Circuits

The Supreme Court of the United States sided with the Seventh Circuit’s interpretation of section 546(e) of the Bankruptcy code on Tuesday. The ruling invalidated interpretations of the “safe harbor” provision in the Second, Third, Sixth, Eighth and Tenth Circuits.

Read the Supreme Court’s ruling, the briefs from the case and recent legal news below:

Merit Mgmt. Group v. FTI Consulting, 2018 U.S. LEXIS 1514

Review the Briefs from Merit Mgmt. Group v. FTI Consulting

Read Recent Legal News Coverage of Merit Mgmt. Group v. FTI Consulting



SCOTUS Sides With The 7th Circuit

In a decision with hefty economic implications, the high court found that a Bankruptcy Code provision forcing trustees to honor transfers to securities and financial institutions doesn't protect transfers where the institution is just a conduit. Siding with the Seventh Circuit's 2016 interpretation of the law, the justices said that when determining whether transfers can be avoided in bankruptcy, courts should look at the overarching transfer instead of its component parts. [*Justices Limit Ch. 11 Safe Harbor For Securities Clawbacks, Law360, February 27, 2018.*](#)