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# The Supreme Court - March 5, 2018

**The Supreme Court of the United States issued two decisions today:**

**U.S. Bank N.A. v. Village at Lakeridge L.L.C.**, No. 15-1509: Respondent Lakeridge filed for Chapter 11 bankruptcy, and sought approval of a “cramdown” plan – one that impaired the interests of some non-consenting creditors, which here included U.S. Bank N.A. Judicial approval of a cramdown plan, however, requires that another impaired creditor, who is not an “insider,” as defined either under the statute or by the court, consent to the plan. The other creditor in this case, MBP Equity Partners, consented to the plan, but was an “insider” because it owned Lakeridge and was thus in control of the debtor. To get around this, a member of MBP’s board and an officer of Lakeridge, sold MBP’s $2.76 million claim for $5,000 to a retired surgeon with whom she had a romantic relationship. The Bankruptcy Court rejected U.S. Bank’s argument that the surgeon too was an insider, because of the romantic relationship and because the purchase was not an arm’s-length transaction. A divided Ninth Circuit affirmed, applying clear-error review. Today, the Court affirmed, holding that an appellate court should apply the clear-error standard in reviewing the determination of whether a person is an insider based upon whether that person’s transactions with the debtor or another of its insiders were at arm’s length.

The Court's decision is available here.

**Texas v. New Mexico**, No. 141, Orig.: Texas filed an original action before the Court alleging that New Mexico had violated the Rio Grande Compact entered into between Texas, New Mexico, and Colorado, with the federal government’s assent. The United States intervened in the action, filing a complaint with allegations paralleling those of Texas. A Special Master recommended denying New Mexico’s motion to dismiss Texas’s complaint, but recommended dismissing the complaint filed by the United

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States, reasoning in relevant part that the Compact does not give the United States the power to enforce the Compact's terms.  The Court today held that the United States is permitted to pursue its complaint in intervention under the Compact.

The Court's decision is available here.

**Today, the Supreme Court granted certiorari in two cases:**

**Knick v. Township of Scott, Pennsylvania**, No. 17-647:  Whether the Court should reconsider the portion of Williamson County Regional Planning Commission v. Hamilton Bank, 473 U.S. 172, 194-96 (1985), requiring property owners to exhaust state court remedies to ripen federal takings claims, as suggested by Justices of this Court?

**Gundy v. United States**, No. 17-6086:  Whether the federal Sex Offender Notification and Registration Act's delegation to the Attorney General to issue regulations under 42 U.S.C. §16913(d) violates the nondelegation doctrine.