

**ALERTS**

# U.S. Supreme Court Preserves Bankruptcy Court Power to Hear Disputes

**May 28, 2015**

Bankruptcy courts may hear state law disputes “when the parties knowingly and voluntarily consent,” held the U.S. Supreme Court on May 26, 2015. *Wellness Int’l Network Ltd. v. Sharif*, 2015 WL 2456619 (May 26, 2015). That consent, moreover, need not be express, reasoned the Court. (“Nothing in the Constitution requires that consent to adjudication by a bankruptcy court be express.”) Reversing the U.S. Court of Appeals for the Seventh Circuit, the Court rejected the debtor’s belated constitutional argument that the bankruptcy court lacked the power to decide whether purported trust assets were part of his estate and thus available to creditors. Even the chief justice and two other justices who dissented from the breadth and reasoning of the majority opinion “would reverse” the Seventh Circuit’s holding because the creditor’s claim to the purported assets “falls within the ... exception that permits a non-Article III adjudicator [i.e., bankruptcy judge] in certain bankruptcy proceedings.”

---

## Related People



**Michael  
Cook**

Of Counsel  
New York

---

## Practices

**BUSINESS REORGANIZATION**

---

## Attachments

⤵ [Download Alert](#)