



The Impacts of South Korean Hanjin Shipping Co Ltd. Filing for Court Receivership

By: [Richard Ormond](#)

South Korea's Hanjin Shipping Co Ltd. filed for court receivership on Wednesday, August 31st in South Korea after losing the support of its banks, setting the stage for its assets to be frozen as West Coast ports deny access to its vessels. This recent development will have an immediate impact on a number of Buchalter's clients, including manufacturers, retailers and asset based lenders.

A South Korean receivership in many ways parallels the receivership and bankruptcy procedures available in the United States and the South Korean courts are currently looking to obtain the necessary financing to recover seized assets and pay port fees along the West Coast.

Because many of Hanjin's customers are located in the United States; i.e., businesses that manufacture overseas and import their goods here, there will be a need for parallel U.S. based legal proceedings. Lawsuits and other legal proceedings began yesterday and Buchalter responded by establishing a team of attorneys to handle inquiries and provide legal guidance so as not to deny U.S. located creditors their due process rights in this troubling development. We are witnessing a race to the court house to try and mobilize goods sitting off shore and assert various creditor and customer rights.

This development will likely have a significant impact on supply chains and inventory for manufacturers, delaying shipments right before the beginning of the holiday season, and on lenders who provide loans based on collateral that is funnelling through these manufacturers. Retailers, large and small, will be impacted significantly and consumers could be affected by higher prices, empty shelves or both.



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