# Supreme Court rejects challenge to Mall of America’s century-old Sears lease



The U.S. Supreme Court has declined to hear a case brought by the owners of the Mall of America aimed at overturning a decades-old lease agreement with the now-bankrupt retailer Sears. This decision means that the 34-year-old lease, which allows Sears to pay an annual rent of just $10, will remain in place.

The Mall of America, located in Bloomington, Minnesota, is the largest shopping mall in the United States. Its owner, the Triple Five Group, had sought to invalidate the lease signed by Sears in 1991. Sears had secured the lease for approximately 160,000 square feet of space spread over three floors at a highly discounted rate as part of its status as a major department store chain, a key driver of foot traffic for the mall.

According to Rudy Milian, president and CEO of retail consultancy Woodcliff Realty Advisors, “In the 1970s and 1980s, mall developers gave super-cheap and sometimes rent-free leases to department stores for several reasons.” Milian also noted that the Mall of America opened in 1992 featuring major department stores such as Nordstrom, Macy’s, Bloomingdale’s, and Sears. He described the presence of Sears as “a coup” for the mall’s developers, Melvin Simon and Associates (a predecessor to Simon Property Group), who partnered with Triple Five Group to build the massive complex.

The litigation surrounding this lease began about five years ago following Sears’ bankruptcy filing in 2018. Since then, the situation has become increasingly complex due to the bankruptcy proceedings and subsequent corporate restructuring. Sears closed its Mall of America location in 2019 as part of a wider series of store closures.

Two years ago, the Supreme Court allowed Triple Five Group to contest the transfer of the lease to Transform Holdco, a company created by former Sears CEO Eddie Lampert and other post-bankruptcy shareholders. Lampert’s fund, ESL Investments, had acquired Sears assets for $5.2 billion in 2019. Transform Holdco inherited the lease for the former Sears space in the Mall of America as part of this transaction, leading to ongoing legal challenges.

However, with the Supreme Court’s recent refusal to hear the case, the lower court’s December ruling by the Second Circuit Court of Appeals stands, preserving the enforceability of the lease for what is effectively a century-long term.

This ruling means the Mall of America remains bound by the terms first agreed over three decades ago, retaining the 100-year lease at the symbolic rate of $10 per year, despite the evolving retail landscape and the bankruptcy-related changes in ownership of Sears’ assets.

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

1. <https://www.scotusblog.com/2023/04/court-rules-in-favor-of-mall-of-america-in-dispute-over-sears-lease/> - This article explains the Supreme Court's decision in a dispute involving the Mall of America and Sears' lease transfer, highlighting the nuances of bankruptcy law. It corroborates the complex legal history surrounding Sears' bankruptcy and the lease.
2. <https://www.mlexwatch.com/real-estate-authority/commercial/articles/2328079/justices-won-t-hear-mall-of-america-s-sears-lease-dispute> - The U.S. Supreme Court declined to hear a case brought by the Mall of America regarding its dispute with Sears over a lease agreement. This decision supports the article's claim about the lease remaining in place.
3. <https://www.weil.com/articles/weil-wins-complete-second-circuit-victory-for-sears-liquidating-trust> - The Second Circuit Court of Appeals ruled that the Sears Liquidating Trust retains ownership of the 100-year lease at the Mall of America. This supports the article's mention of the lease's enforceability and the trust's ownership.
4. <https://content.next.westlaw.com/practical-law/document/Id6caf967defa11ed8921fbef1a541940/SCOTUS-revives-Mall-of-America-s-challenge-to-Sears-lease-transfer?viewType=FullText&transitionType=Default&contextData=%28sc.Default%29> - The Supreme Court previously allowed the Mall of America to contest the transfer of the lease to Transform Holdco. This highlights the legal challenges and decisions that have shaped the lease's status over time.
5. <https://www.abi.org/newsroom/daily-wire/sears-landlord-wins-big-supreme-court-appeal-but-has-nothing-to-show-for-the> - Although the landlord of a large Sears store won a significant appeal, the ownership of the Sears store remains with the Sears chapter 11 trust. This supports the claim that despite legal victories, the Mall of America didn't gain control over the lease.
6. <https://www.mallofamerica.com/about> - The Mall of America website provides information about its history and size, confirming it is the largest shopping mall in the United States. This supports the description of the mall in the article.
7. <https://www.bisnow.com/national/news/retail/sears-10-a-year-mall-of-america-lease-withstands-legal-challenges-129049> - Please view link - unable to able to access data