

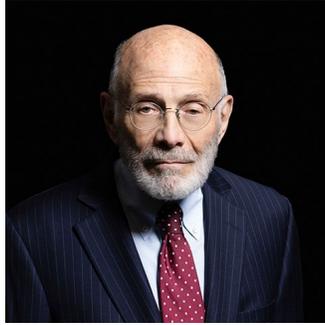
PUBLICATIONS

District Court Adopts Subjective Good Faith Defense for Fraudulent Transfer Claims in SIPA Case

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The U.S. District Court for the Southern District of New York, on April 27, 2014, issued a decision directing the bankruptcy court to dismiss fraudulent transfer complaints brought by the *Madoff* Securities Investor Protection Act of 1970 (“SIPA”) trustee against investment funds, their customers and individuals when the trustee failed “plausibly [to] allege that defendant[s] did not act in good faith.” According to the court, absent “particularized allegations” plausibly showing bad faith, a bankruptcy trustee in a SIPA case “cannot make out a plausible claim that he is entitled to recover the monies defendants received from their securities accounts.” In this article, SRZ partners Michael L. Cook and Harry S. Davis and former SRZ lawyer Michael P. Court review the court’s decision, which has practical significance to investors, funds of funds and investment managers concerned about threatened and pending suits from the trustees of failed securities firms.

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