

**ALERTS**

## **Court Validates Rescue Loan, Rejecting Equitable Subordination and Fraudulent Transfer Claims**

**May 22, 2015**

A bank did not engage in “egregious conduct” sufficient to subordinate its lien on equitable grounds, held the U.S. District Court for the Northern District of Illinois on Dec. 10, 2014. *In re Sentinel Management Group, Inc.*, 2014 WL 6990322 (N.D. Ill. Dec. 10, 2014) (“*Sentinel IV*”). Moreover, because of the bank’s “good faith,” the corrupt borrower’s fraudulent pledging of customer funds to the bank to secure a so-called \$312-million rescue loan “cannot be avoided.” Of special relevance to “rescue lenders,” *Sentinel IV* shows that rescue lending is still viable but not without its risks.

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## Related People



**Michael  
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