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Federal Securities and ERISA claims sustained in Madoff Feeder Fund Litigation

Case Abstract

Lowey attorneys [Barbara Hart](#) and [Tom Skelton](#) represent several upstate New York unions, which serve as the court-appointed Lead Plaintiffs on behalf of investors in Beacon Associates LLC I and II. The Second Amended Complaint filed on June 21, 2010 alleges that more than seventy percent of the Beacon Fund's investments were concentrated in entities managed by Bernard Madoff, and that defendants failed to perform necessary due diligence in placing and monitoring those investments, once valued at over \$500 million. Claims have been brought against various Defendants based on wrongdoing alleged in connection with Madoff's massive Ponzi scheme. All Defendants moved to dismiss the Second Amended Complaint. On October 5, 2010, the Court entered an Order upholding Plaintiffs' federal securities and ERISA Claims against Ivy Asset Management LLC, Beacon Asset Management Corp., J.P. Jeanneret Associates, Inc. and various individual defendants. In ruling on Plaintiffs' securities law claims the Court found that "[p]laintiffs ... persuasively allege that Ivy had grave doubts about Madoff, doubts which were candidly discussed in internal memoranda and e-mails and which led Ivy to steer other investors away from Madoff." **Opinion and Order at *13.** The Court further found that the "failure of the Beacon Defendants to disclose the fact that Ivy would not be performing due diligence on Madoff to Plaintiffs, even as the Beacon Defendants signed an agreement explicitly exculpating Ivy from such responsibilities, presents 'strong circumstantial evidence of conscious misbehavior or recklessness.'" ***Id.* at * 20.**



[Barbara Hart](#)



[Thomas Skelton](#)

Clients

Plumbers & Steamfitters Local 267 Pension Fund and Plumbers & Steamfitters Local 267 Insurance Fund, Plumbers Local 112 Health Fund, Local 73 Retirement Fund and U.A. of Journeymen & Apprentices Local 73 Fund, Trustees of Local 267, the Trustees of Local 112, and the Trustees of Local 73.

Case Name


In re Beacon Associates Litig., 09-cv-0777-LBS (S.D.N.Y.)

Current Status

On October 5, 2010 Hon. Leonard B. Sand sustained federal securities and ERISA claims against Beacon Asset Management Corp., Ivy Asset Management LLC, J.P.

Jeanneret Associates, Inc. and various individual defendants including Larry Simon, Howard Wohl, Joel Danziger, Harris Markhoff, John P. Jeanneret and Paul L. Perry. **See Order and Opinion: *In re Beacon Associates Litigation*, No. 09 Civ. 777 (LBS), 2010 WL 3895582 (S.D.N.Y. Oct. 5, 2010).**

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