

Simpson Thacher Obtains Appellate Victory in Dismissal of Suit Arising out of Petters Ponzi Scheme

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On September 13, 2022, the U.S. Court of Appeals for the Eighth Circuit affirmed the dismissal with prejudice of a suit against several defendants, including JPMorgan Chase & Co. (“JPMorgan”) and affiliates, brought by hedge fund Ritchie Capital Management SEZC, Ltd. (“Ritchie”) and related entities. The suit sought to recoup losses Ritchie incurred by investing approximately \$189 million in companies controlled by former Minnesota businessman, Thomas Petters, who was subsequently convicted and sentenced to 50 years in prison for operating a massive Ponzi scheme. Ritchie’s complaint asserted fraudulent conveyance and aiding and abetting claims. The Eighth Circuit held that Ritchie lacked standing to bring its claims against JPMorgan as a result of bankruptcy-standing doctrine and related bar orders entered in bankruptcy court. Ritchie originally filed its claims in 2014, and Simpson Thacher has litigated on behalf of JPMorgan for more than eight years across multiple jurisdictions and multiple rounds of appeal.

The Simpson Thacher team includes Alan Turner (who argued the appeal), Josh Polster and Isaac Rethy.

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