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Update: Voidable Transfers At Issue In Sandy Hook Litigation: The Statute of Elizabeth Lives On

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Michael H. Traison
Chicago/NYC – 312.860.4230

Jocelyn E. Lupetin
Garden City – 516.296.9109

Since issuing our recent Client Alert regarding the Alex Jones cases and the Sandy Hook Families, some notable rulings have been issued in the Free Speech Systems LLC's ("Free Speech") bankruptcy case which is pending in the Southern District of Texas. At the urging of creditors, bankruptcy Judge Christopher M. Lopez removed Free Speech's top attorney and chief restructuring officer for their failure to disclose prior connections to Jones. Judge Lopez also directed the case's bankruptcy trustee to conduct an examination of the company's financial affairs, operations and insider relationships in response to creditors' complaints that the company is using intricate corporate structures to hide assets that could be used to pay claims.

Further hearings are scheduled, which we will continue to monitor. We eagerly await the court's determination of pending motions which seek to remove Jones as Debtor in Possession to be replaced by a Chapter 11 Trustee in light of the fact that bankruptcy code § 1104 does not appear to apply in small business chapter 11 cases.

Please note this is a general overview of developments in the law and does not constitute legal advice. Nothing herein creates an attorney-client relationship between the sender and recipient. If you have questions regarding voidable transactions or fraudulent transfers, please contact Michael H. Traison (mtraison@cullenllp.com) at 312.860.4230 or Jocelyn E. Lupetin (jlupetin@cullenllp.com) at 516.296.9109.

Practices

- Bankruptcy and Creditors' Rights

Attorneys

- Michael H. Traison
- Jocelyn E. Lupetin