

Disproving Allegations in \$27 Million Complaint from Madoff's Investment Scam

Client:	New York Life Insurance Company
Industry:	Insurance
Area of Law:	Litigation
Venues:	U.S. District Court, Southern District of New York
Result:	Granted motions to dismiss every allegation in the complaint



In the wake of the multibillion-dollar Ponzi scheme perpetrated by Bernie Madoff, some victims have sought to recoup their losses from other parties. When a major financial company, New York Life Insurance, faced a \$27 million claim of this type in Manhattan's federal court, Pillsbury made sure the client was rightly absolved of responsibility for Madoff's fraud.

The plaintiff, a manufacturing company based in the Midwest, had purchased eight variable universal life policies from New York Life, the nation's largest mutual insurance company. The plaintiff paid \$123 million in premiums and directed New York Life to invest all excess premiums with a Madoff feeder fund.

In its suit, the plaintiff sought to hold New York Life responsible for investment losses following the revelation of Madoff's scam. Pillsbury's lawyers argued that New York Life had not made the promises alleged by the plaintiff and that the plaintiff had failed to show any bad faith or other alleged wrongdoing by New York Life. In September 2013, the court agreed, granting Pillsbury's motions to dismiss the complaint in its entirety.

"This case was being monitored at the highest levels of the company, and all of us at New York Life were pleased with the result."

—Robert Karmen, Vice President and Deputy General Counsel, New York Life