BAILEY GLASSER LLP

Yellowstone Club Liquidating Trust v. Blixseth

The saga known as “” commenced in 2009, after Brian Glasser began pursuing Timothy Blixseth, the onetime Forbes 400 billionaire whose actions forced the Yellowstone Mountain Club - members and investors included Bill Gates and champion bicyclist Greg LeMond – into bankruptcy in 2008. According to findings in the case, Blixseth borrowed $375 million from banks led by Credit Suisse and immediately moved $209 million of the proceeds into his own accounts. Before filing for bankruptcy, he attempted to insulate himself against the debt by transferring the Club to his then-wife, Edra, in a divorce proceeding and transferring all of his other assets into a special purpose entity known as Desert Ranch LLP. In a suit brought by the Yellowstone Club Liquidating Trust against Blixseth, a federal judge later said Blixseth was guilty of an “elaborate fraudulent scheme of self-dealing” and ultimately ordered him to repay $286.4 million to the Club’s creditors.

In 2010, US Bankruptcy Judge Ralph Kirscher issued a decision against Blixseth saying that he fraudulently transferred $209 million of the Credit Suisse loan to the Club and another $80 million of other club assets to himself for his personal use. That ruling — later upheld in US District Court — said Credit Suisse shared responsibility under a legal doctrine known as "unclean hands" due to the manner in which it had marketed the loan to Blixseth and limited the Trust’s judgment against Blixseth to just $41 million. Both Blixseth and the Trust appealed that decision.

While the appeals remained pending, a US District Court in California later added its own $219 million judgment against Blixseth. Other smaller judgments followed.

The entry of those judgments was only the middle of the story, as Blixseth refused to pay the judgments forcing the Trust to seek to enforce the judgments against Blixseth’s assets in courts across nine states.

Fast forward to 2014, when the firm, now representing Brian Glasser who took over as trustee of the Yellowstone Club Liquidating Trust in 2013, filed a new lawsuit in federal court in Seattle against Blixseth’s then-wife and mother-in-law. The lawsuit accused Blixseth of again transferring his assets along with a string of private corporations in December 2013 in order to avoid paying the judgments against him. The final resting place for Blixseth’s last remaining known assets – Blixseth’s 156-foot yacht, “The Piano Bar,” private jet, and another 58-foot fishing yacht, “The Piano Bar Too” – was JTB, LLC, a Washington company controlled by Jessica F. Blixseth, Blixseth’s then wife. The Seattle suit resulted in a $9.5 million judgment against Jessica Blixseth and her mother, a judgment subsequently settled by the Trust.

In 2016, the US Court of Appeals for the Ninth Circuit affirmed the 2012 bankruptcy court judgment against Blixseth but reversed that court's decision to reduce the judgment to $41 million. The Montana bankruptcy court subsequently entered judgment against Blixseth on the fraudulent transfer and related claims for the full $286.4 million amount.

The saga also famously resulted in Blixseth's incarceration in connection with the Trust's motion for civil contempt for 15 months in a county jail in Great Falls, Montana.

Brian Glasser represented the Yellowstone Club Liquidating Trust in securing the initial decision and judgment. In 2013, he became the trustee of the Trust, and Kevin Barrett, partner at Bailey Glasser, took over the legal duties of trying to collect on the $520 million in unpaid federal court judgments against Blixseth.

After Blixseth seemingly frittered away his fortune (leading to an article in the *Seattle Weekly* titled "How to Lose $1 Billion"), he finally paid the Trust $3 million to settle the claims.

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Practice Areas

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