

Blixseth Ordered To Pay Resort Creditors \$286 Million

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Following a 9th U.S. Circuit Court of Appeals ruling, bankruptcy judge orders payment

A former real estate mogul who spent more than a year in jail for refusing court orders to reveal his assets has been ordered by a bankruptcy judge to pay creditors of a Montana resort he used to run \$286 million.

The Wall Street Journal summarized the years-long case against Blixseth:

“Mr. Blixseth allegedly diverted hundreds of millions of dollars from a 2005 Credit Suisse loan to the club, using the money to buy jets, yachts and luxury properties around the globe. His ex-wife received the club as part of their divorce settlement in 2008 and it went bankrupt within months after its huge liabilities were uncovered. The club later emerged from bankruptcy under new ownership.”

Bailey Glasser partner Brian Glasser of the firm’s Charleston, West Virginia, office is serving as trustee for the club’s creditors. Kevin Barrett, also of the Charleston office, represents the Yellowstone Club Liquidating Trust.

Originally, U.S. Bankruptcy Judge Ralph Kirscher agreed with Blixseth’s argument that Credit Suisse shared blame for the Yellowstone Club for enticing him into accepting a reckless loan. Kirscher had reduced the judgement against Blixseth to \$41 million. But Bailey Glasser helped convince the 9th U.S. Circuit Court of Appeals that any wrongdoing by Credit Suisse was eclipsed by Blixseth’s misdeeds, and the appeals court reversed the reduction of the judgment.

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Practice Areas

Private & Family Businesses