

BERLINER CORCORAN & ROWE LLP WINS DISMISSAL OF
\$125 MILLION SUIT AGAINST CORPORATE CLIENT

The United States District Court for the Eastern District of Virginia (US District Judge Trenga) issued an order dismissing the lawsuit filed by the United States against Government Logistics, NV (“GovLog”) on December 24, 2014. Representing GovLog were BCR lawyers Bill Coffield and Laina Lopez.

The United States Government had sought to hold Government Logistics liable as an alleged successor entity for over \$125 million dollars of False Claims Act penalties and damages against Gosselin Group, NV. In rejecting the Government’s allegations that Government Logistics had entered into a fraudulent transaction intended to hinder potential judgment creditors, the Court, in its Memorandum Opinion of December 23, 2014, stated, “There is no evidence that anything represented or stated in the Purchase and Sale Agreement was untrue or stated with an intent to defraud.”

The Court went on, “As the Court has concluded that the evidence is insufficient to find that the Gosselin-GovLog transaction was fraudulent or unlawful, the fraudulent transaction theory fails, regardless of the motivation for the transaction or the effect of Gosselin's otherwise legitimate business decisions on plaintiffs' post-judgment remedies. In short, imposing liability under a fraudulent transaction theory without a fraudulent transaction, solely because of the incidental effects of that transaction, turns that theory, in effect, into a theory of strict liability. The plaintiffs have cited no authority, and the Court has found none, that allows the imposition of successor liability under a fraudulent transaction theory under these circumstances.”

The dismissal is a sweeping victory for Government Logistics, ending nearly seven years of litigation.

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Memorandum Opinion

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