
Hughes Hubbard & Reed

MF Global Team Achieves Unprecedented Success

News & Events

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Hughes Hubbard's MF Global team reached a deal with the parent company that would allow them to repay unsecured creditors nearly in full and pave the way to ending the four-year brokerage liquidation.

On July 24, 2015, MF Global Trustee Jim Giddens filed a motion with the U.S. Bankruptcy Court for the Southern District of New York seeking permission to sell various claims held by the brokerage, including the right to pursue litigation against former CEO Jon Corzine and other former leaders, to the plan administrator overseeing the parent company's Chapter 11 case. In return, the administrator would withdraw the \$1.16 billion unsecured claim it brought against the brokerage.

The agreement would add \$186 million to the brokerage's bankruptcy estate and enable Giddens to pay unsecured creditors up to 95 percent on their claims, including the nearly \$1 billion they have already received.

"This agreement marks a final chapter in the liquidation and is the best possible outcome for the MF Global Inc. estate," Giddens said in a statement. "Unsecured general creditors can now expect a near full recovery on their allowed claims, an outcome that was inconceivable when this liquidation began less than four years ago. This extraordinary result is consistent with my fiduciary duty to act with fairness and diligence to maximize returns to all customers and creditors of the MF Global Inc. estate in as short a period of time as possible."

The bankruptcy court will consider approval of the agreement at an Aug. 19 hearing. The Securities Investor Protection Corporation (SIPC) praised the deal.

"The size and scope of the case, coupled with a 94 to 95 percent distribution, make this case virtually unprecedented under the Securities Investor Protection Act, or any other bankruptcy," SIPC President Stephen Harbeck said in a statement. "This is an extraordinary achievement and Trustee Giddens and his staff have demonstrated that the Securities Investor Protection Act is an effective mechanism in the most complex liquidation proceedings."

Since the brokerage collapsed in 2011, the team has fully repaid former customers with \$6.7 billion.

The deal made headlines in The Wall Street Journal, Reuters and other news outlets.

Giddens is represented by a large HHR team led by Jim Kobak and Chris Kiplok, which includes Sarah Cave, Jeff Coleman, Dustin Smith, Anson Frelinghuysen, Erin Diers, Jeff Margolin, Meredith Stead, Ken Aulet, Sara Echenique, Dina Hoffer, Paulina Bellantonio and Pavlos Petrovas.

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James W. Giddens



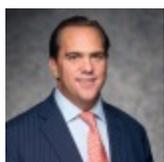
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