

FOR IMMEDIATE RELEASE

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BANKRUPTCY FRAUD INVOLVING JP MORGAN'S THEFT OF MILLIONS OF BANKRUPTCY ASSETS AND COLLUSIVE SETTLEMENT BETWEEN ALAN NISSELSON (THE BANKRUPTCY TRUSTEE OF BERNARD MADOFF) AND MARC GOLDBERG TO FRAUDULENTLY STEAL ASSETS IS RUBBER-STAMPED BY JUDGE BEATTY OF THE US BANKRUPTCY COURT FOR THE SOUTHERN DISTRICT OF NEW YORK

NEW YORK, NY –

On Thursday October 28, 2009, The Law Offices of David H. Relkin, on behalf of Donna A. Sturman, applied to retiring Bankruptcy Judge Prudence Beatty, to have the Court “finally do justice” and order JP Morgan and the Trustee to turn over Millions of Dollars of stolen assets—which the Judge flatly denied by claiming Donna “had no standing.”

This case is virtually a tale ripped from the pages of the Trustee’s Manual of Bankruptcy Fraud and Abuse.

On Thursday, the Court having never required an accounting of his collections and distributions in the case, the Trustee finally disclosed that he had taken in over \$41 Million Dollars, still leaving the mystery of where the money went, although most of it found its way into the coffers of JP Morgan.

Prior to the Bankruptcy, the Bank chased after Donna’s brothers to lend them Millions for a hostile takeover of The Cooper Companies, Inc. and, due to its theft of assets, JP Morgan is now one of Cooper’s largest shareholders.

Once the Bank became aware that, what the brothers called their silent partner, Donna Sturman, had commenced an action against them for waste, dissipation and fraudulent transfers of the Sturman Family properties, which were being used by the brothers as their private piggy bank, the Bank frantically began illegally acquiring security interests in the Family assets to secure the brothers’ personal loans with property owned by their sister, including the Southeast Corner of 86th Street, leaving the properties empty shells.

In furtherance of its unlawful conspiracy, the Bank then filed Bankruptcy Petitions against Donna’s three brothers, and installed its handpicked Trustee and law firms, who were counsel the Bank as well as all the other major creditors in the Bankruptcy—which conflict of interest, under the Bankruptcy Code, requires disgorgement of the attorneys’ enormous fees.

Thus, the Bank was able to play both sides of the table by making all the major decisions in the Bankruptcy, while its own officers negligently left a trail of brazen correspondence of the Bank's collusive and corrupt instructions to the Trustee.

Judge Beatty repeatedly approved the Bank's unlawful acquisition and sale of non-debtor assets, allowing her Court to satisfy fraudulent claims over a 20 year period. Under her supervision, the Bank, the Trustee and his law firms were able to rape the assets of the Sturman Family—none of which were in bankruptcy—and to line their pockets with millions of dollars of stolen money.

Judge Beatty blatantly and improperly dismissed Ms. Sturman's action against the Bank for "lack of prosecution," after the action was fully briefed, while keeping in place an injunction prohibiting Donna from taking any discovery of the Banks.

The complicity in fraudulent conduct did not stop there during this 20 year old case (perhaps the longest running bankruptcy in New York). Although the US Trustee was repeatedly advised and supplied with evidence of these crimes, it inexplicably sat on its hands, despite its legal obligation to supervise and investigate Trustee misconduct.¹

To force the brothers to help the Bank go along with its embezzlement, it threatened the brothers with criminal prosecution, and after the Bank got it, had the brothers indicted anyway for submitting false financials, spending thirteen months in federal prison. Unsurprisingly, the Bank officers testified with immunity.

Despite Orders obtained by Donna preventing sales of the properties, the Trustee was allowed by Judge Beatty to simply ignore them, allowing one of the most valuable assets of the Sturman Family Enterprises to be "abandoned" so the Bank could acquire the property for free without using up any of its debt—a lender fraud called "double dipping."

The Bank and its hand-picked Trustee then took control over the other non-bankrupt properties, used them as cash cows, and after bleeding them dry, sold them for the asking to third parties (including one by the Trustee to his own employee) while the Trustee took in \$1.0 Million Dollars a year for seven years on just one property. Where the money went is still a mystery.

¹ The United States Trustee Program is a component of the Department of Justice that, according to its website, "seeks to act as the watchdog over the bankruptcy process to protect the integrity of the Federal bankruptcy system." In addition the Department of Justice has the responsibility to ensure compliance with applicable laws and procedures and to identify and investigate bankruptcy fraud and abuse in coordination with United States Attorneys and the FBI. The Attorney General is charged with the appointment of United States Trustees and Assistant United States Trustees.

On Thursday, after Judge Beatty awarded the Trustee a cumulative amount of over \$8 Million Dollars in fees to him and his law firms (which Judge Beatty fittingly called “Blood Money”), Judge Beatty characterized the negligent failure of the Trustee to do anything in the Bankruptcy case for the last ten years by saying, “I understand how busy people can get.” It is counsel’s opinion that such award of fees was a transfer of stolen money.

In attempting to fight Judge Beatty’s indifference to the criminal activities committed in her Court, Donna retained Helen Chaitman, who coined the phrase “lender liability” but who, like so many of Donna’s attorneys walked away when Donna’s money ran out.

So “successful” in their control of the Bankruptcy, the Bank and the Trustee blocked all of Donna’s income, forcing the heiress to be locked in handcuffs by Judge Beatty, evicted over seven times with her three young children, once in the middle of a winter blizzard, and then thrown into a fraudulent bankruptcy by one of her own law firms whose debt to the Bank was wiped off the books.

Once forced into Bankruptcy, Alan Nisselson, who now supervises the Madoff Bankruptcy, was appointed as Donna’s Trustee to clean up Ms. Sturman’s dangerous claims once and for all. Without any notice to Ms. Sturman, he settled all of Donna’s claims in the brothers’ bankruptcy in a collusive and illegal agreement in which the Trustees even released each other—a violation of law and the Code of Professional Responsibility—which settlement was immediately rubber-stamped by Judge Beatty.

Mr. Relkin is now analyzing the case in order to determine what appropriate actions to take to vindicate Ms. Sturman’s rights.

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