



Portfolio Media, Inc. | 111 West 19th Street, 5th floor | New York, NY 10011 | www.law360.com  
Phone: +1 646 783 7100 | Fax: +1 646 783 7161 | customerservice@law360.com

## Madoff Victims' Atty Conflict Suit Should Stay Put, Judge Says

By **Rick Archer**

Law360 (April 12, 2019, 7:12 PM EDT) -- A suit alleging two law firms allowed an attorney to represent victims of Bernie Madoff despite her conflict of interest belongs in federal court, given the number of clients and amount of money involved, a New York magistrate judge has recommended.

In a report issued Thursday, U.S. Magistrate Judge James L. Cott said billing records from Helen Chaitman's former firm, Becker & Poliakoff PA, and her current firm, Chaitman LLP, established that enough clients have been billed enough money to qualify the suit for federal jurisdiction under the Class Action Fairness Act.

Judge Cott also recommended that the court allow the plaintiffs to amend their complaint to name Chaitman personally, saying she is the "focal point" of the suit.

Three clients had filed suit in November 2017, claiming Chaitman kept Madoff victim clients on the hook for her hourly fees by discouraging "net winners," or clients who made money from their Madoff investment, from settling clawback suits by the Madoff bankruptcy trustee. By working for both net winners and net losers, and so-called early investors who claim their investment profits were not tainted by Madoff's fraud, Chaitman had a conflict of interest, they alleged.

Becker & Poliakoff and Chaitman LLP both moved for dismissal on the grounds that the plaintiffs had failed to prove their suit involved at least 100 potential class members and \$5 million in potential damages, which are requirements to qualify a case for federal jurisdiction under CAFA. But Judge Cott said Chaitman LLP's website touted more than 1,600 Madoff clients and that the plaintiffs had produced an invoice from Becker & Poliakoff splitting the bill 109 ways for time Chaitman spent on Madoff clawbacks.

Judge Cott also rejected the defendants' arguments that while they had collected between them nearly \$6 million in fees on Bernard L. Madoff Investment Securities-related matters, the total number could not be used reach the CAFA threshold because the plaintiffs are not seeking to hold the firms jointly liable.

"The claims brought against B&P are wholly related to the claims brought against Chaitman LLP and all arise from the common denominator of Helen Chaitman's representation of plaintiffs and the putative class in their [Bernard L. Madoff Investment Securities] lawsuits," Judge Cott said.

Counsel for the defendants declined comment. Counsel for the plaintiffs did not immediately respond to requests for comment Friday.

The plaintiffs are represented by Dylan Ruga and David Angeloff of Stalwart Law Group.

Chaitman LLP is represented by Rebecca Barrett of Kaufman Borgeest & Ryan LLP.

Becker & Poliakoff is represented by Mark Kenneth Anesh and Jamie Rebecca Wozman of Lewis Brisbois Bisgaard & Smith LLP.

The case is Shulman et al. v. Becker & Poliakoff LLP et al., case number 1:17-cv-09330, in the U.S.

District Court for the Southern District of New York.

--Editing by Abbie Sarfo.

---

All Content © 2003-2019, Portfolio Media, Inc.