

“Enough Is Enough: Bank’s Bad Faith Results in Lien Avoidance,” American Bankruptcy Institute Journal

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In this article, Jenner & Block Partners Vincent E. Lazar and Angela M. Allen examine *Grede v. Bank of New York Mellon Corp.*, a case in which they represent Frederick Grede, the bankruptcy trustee of Sentinel Management Group. In January 2016, the Seventh Circuit held that Mr. Grede established at trial that BNY Mellon should have known that the collateral that Sentinel had been pledging to secure its loan actually belonged to Sentinel’s customers. “As a result,” the authors write, “the bank’s claims would be treated as unsecured claims, and the \$300+ million against which the bank asserted a lien would be available for distribution to Sentinel’s defrauded customers.”

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