

TRANSPORTATION LAW ALERT

5/4/15

TransVantage Bankruptcy Leads to Multiple Lawsuits against Motor Carriers

A Bankruptcy Trustee in New Jersey has filed lawsuits against numerous motor carriers to recover payments that were made by TransVantage Group or related entities for delivery and other transportation services provided over a 10-year period.

The lawsuits arise out of an alleged multi-million dollar Ponzi scheme. Shirley Sooy owned a group of freight payment, logistics and shipping businesses under the name TransVantage Group. In May 2014, criminal charges were brought against Sooy accusing her of running a scheme for 10 years in which TransVantage Group contracted with corporate clients to pay audited freight bills. As alleged, Sooy instead took the cash for her own use to make mortgage payments on properties in New Jersey and Palm Beach Gardens, Florida, to buy a 48-foot yacht, a \$135,000 Maserati and to pay off credit card charges for herself and family members.

The motor carriers were unknowingly strung along. Court filings allege that TransVantage commingled funds and would make overdue payments to motor carriers using funds received from customers that were intended for other motor carriers.

In 2013, TransVantage filed for bankruptcy protection in the United States Bankruptcy Court for the District of New Jersey due to its inability to pay its creditors. The case is pending in the United States Bankruptcy Court for the District of New Jersey, Case No. 13-19753. The past several days, the Bankruptcy Trustee has filed adversary proceedings against numerous motor carriers to recover payments that were made by TransVantage on behalf of its customers to motor carriers over a course of several years. The lawsuits seek repayment from motor carriers for payments allegedly fraudulently made by TransVantage on behalf of customers to motor carriers.

In the individual lawsuits against the motor carriers, the Trustee alleges that, by transferring funds held in the commingled account to the motor carrier, TransVantage caused the motor carrier to receive "fraudulent conveyances." The Trustee further alleges that the fraudulent conveyances constitute avoidable fraudulent transfers pursuant to Section 548(a)(1)(A) and (B) of the Bankruptcy Code, and that TransVantage may recover the property transferred for the benefit of TransVantage's estate and creditors.

For further information, please contact the following attorneys in Roetzel's Transportation & Logistics Team:

Bradley A. Wright
Practice Group Manager
Transportation and Retail
330.849.6629 | bwright@ralaw.com

Christopher E. Cotter
330.849.6756 | ccotter@ralaw.com