



Financial Recovery Law

Will There Be More Assets to Recover for LandAmerica Creditors?

By: **Bill Gray**. *This was posted Tuesday, November 2nd, 2010*

Just last Wednesday, October 27, 2010, the [LandAmerica 1031 Exchange Company Liquidating Trustee](#) (the "Trustee") and [CitiGroup Global Markets, Inc.](#) ("CGMI") reached an agreement for the purchase of all [auction rate securities](#) which CGMI sold to [LandAmerica 1031 Exchange Services, Inc.](#) ("LES") for the amount of \$95.5 million.

This is a full resolution of all claims and potential claims between the parties, subject to approval by the Bankruptcy Court. A hearing to approve the settlement will be held November 9, 2010 at 11:00 a.m. at the [U. S. Bankruptcy Court for the Eastern District of Virginia](#) here in Richmond.

This agreement comes at the end of an agonizing wait for hundreds of investors who had given over their 1031 transactions funds to LES as a qualified intermediary under the IRS regulations for these investment exchanges. LES' investment of investor's funds in auction rate securities went sour when credit markets seized up and the securities' value plummeted to essentially zero. The situation was so serious it tipped not only LES over into bankruptcy, but was the straw that broke the back of LandAmerica Financial Group, one of Richmond's Fortune 100 firms.

If the settlement is approved by the Bankruptcy Court, it will mean all of LES investors thus far will have received in excess of \$.50 on the dollar on the principal amount of their original investment. The principal remaining assets in the LES estate appear to be the claim against SunTrust/Robinson Humphrey for the similar sale of auction rate securities to LES; the claims against the officers and directors of LES and LFG (much, if not all of which, involve insurance coverage); malpractice claims against certain professionals; and possibly certain avoidance actions.

As [Virginia creditors' rights lawyers](#), we're hopeful that our clients and other creditors of the LES estate will eventually recover as much of their money as possible. Still, they will have lost use of that money and many will have tax consequences still to deal with. There may be no way to compensate them for these losses nor the emotional turmoil that the last two years have subjected them to. What would you do if you found yourself in a similar situation?

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