

# Court Upholds Fraudulent Conveyance Claims against Bausch Health, Including Right to Enjoin Dividend of Bausch + Lomb Shares



NEWS RELEASE BY ROLNICK KRAMER SADIGHI LLP (RKS)

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Rolnick Kramer Sadighi LLP (“RKS”) today secured a major victory in New Jersey Superior Court in its lawsuit challenging the corporate spin-off of Bausch + Lomb Corporation (“Bausch + Lomb”) from Bausch Health Companies Inc., formerly known as Valeant Pharmaceuticals International, Inc. (“Bausch Health”).

In March 2022, a group of investors including GMO Trust, Brahman Capital, SunAmerica Asset Management, MSD Partners, and Discovery Capital Management, filed suit to have the spin-off of Bausch + Lomb from Bausch Health declared a fraudulent conveyance.

The Honorable Margaret Goodzeit, P.J.Ch., largely denied Bausch Health’s motion to dismiss the lawsuit and ruled that RKS’s clients – aggrieved investors pursuing more than \$3 billion in federal court against Bausch Health for securities fraud – had stated a valid legal claim that the spin-off constitutes a fraudulent transfer under New Jersey law. In addition to finding that the plaintiffs had adequately alleged that the May 2022 spin-off of Bausch + Lomb constituted an actual fraudulent conveyance reflecting several “badges of fraud,” the Court also upheld the plaintiffs’ right to enjoin Bausch Health’s proposed dividend of the Bausch + Lomb shares. Page 34 of the Court’s decision states: “A final judgment enjoining the Dividend Distribution could be appropriate because it would preserve the status quo between the parties until the District Court provides a final determination on the merits as to the plaintiffs’ securities fraud actions.”

“This ruling demonstrates that Courts are willing to protect tort victims against corporate transactions in which assets are transferred to create one strong company and one weak company,” said Lawrence M. Rolnick, Partner at RKS who represents the plaintiffs. “I am pleased that the Court upheld our clients’ right to challenge the transfer of assets to Bausch + Lomb as a fraudulent conveyance and further recognized our right to enjoin the dividend distribution...”

The Court also granted plaintiffs the right to replead certain additional legal theories against the dividend that the Court dismissed as premature because the Court found that defendants currently are under no obligation to proceed with it.

Following Judge Goodzeit’s decision, RKS will pursue the investors’ suit and ensure that Bausch Health cannot improperly thwart its judgment creditors. The case is captioned,

*GMO Trust, et al. v. Bausch Health Companies Inc.*, No. SOM-C-12010-22, and will go forward in the Superior Court of New Jersey, Chancery Division, Somerset County.

A copy of the Court's decision can be provided upon request to the undersigned media contact.

### **About RKS:**

Rolnick Kramer Sadighi, LLP (RKS) provides strategic litigation solutions for the investment management community. Launched in 2020, RKS is a premier securities litigation boutique dedicated to serving the investment management industry, including hedge funds, mutual funds, private equity, credit, real estate, and structured finance firms. For more information, visit RKS online: <https://www.rksllp.com/>.

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