UNITED STATES DISTRICT COURT FOR THE DISTRICT OF CONNECTICUT

BBAM Aircraft Management LP and BBAM US LP v. Babcock & Brown LLC, Burnham Sterling & Company LLC, Babcock & Brown Securities, LLC, Babcock & Brown Investment Management LLC

BBAM Aircraft Management · No. 3:20-cv-1056 (OAW) · Decided March 31, 2026

SUMMARY

The United States District Court for the District of Connecticut grants Plaintiffs' motion to dismiss Defendants' amended California Unfair Competition Law counterclaim. The court concludes that the allegations do not plausibly show that BBAM acted as an unlicensed broker-dealer in connection with the relevant aircraft sale and lease-back transactions. The counterclaim is dismissed with prejudice, and related motions are denied or denied as moot.

CASE DETAILS

COURT	United States District Court for the District of Connecticut
WRITING FOR THE COURT	Omar A. Williams
JURISDICTION	United States District Court for the District of Connecticut
DECIDED	March 31, 2026
DOCKET	3:20-cv-1056 (OAW)
DISPOSITION	dismissed
PROCEDURAL POSTURE	Plaintiffs and counterclaim defendants moved under Federal Rule of Civil Procedure 12(b)(6) to dismiss the defendants' Second Amended Counterclaim alleging California Unfair Competition Law violations. The court granted the motion and dismissed the counterclaim with prejudice.
STANDARD OF REVIEW	On a Rule 12(b)(6) motion, the court accepts well-pleaded factual allegations as true, draws reasonable inferences in the nonmovant's favor, disregards legal conclusions and threadbare recitals, and determines whether the complaint states a facially plausible claim for relief.
PRECEDENTIAL VALUE	Unknown

TOPICS

motions to dismiss | deceptive trade practices | commercial litigation | civil procedure | sanctions

PRACTICE AREAS

civil procedure | commercial litigation | consumer protection | securities regulation

QUESTIONS PRESENTED

1. Whether the Second Amended Counterclaim plausibly alleged that BBAM acted as an unlicensed broker-dealer in securities transactions so as to support a California Unfair Competition Law claim.
2. Whether BBAM's identification and marketing of potential investors and its role in procuring and managing aircraft assets constituted participation in the chain of distribution of securities.
3. Whether the UCL counterclaim should be dismissed with prejudice after defendants' third unsuccessful attempt to state the claim.

HOLDINGS

1. The Second Amended Counterclaim failed to plausibly allege that BBAM acted as a broker-dealer in securities transactions. BBAM's alleged role was limited principally to procuring and managing aircraft assets, and the sale-and-leaseback arrangements were not transformed into securities transactions merely because the purchasing entities were financial vehicles for investors whose interests were securities.
2. The defendants failed to state a plausible California Unfair Competition Law claim because the alleged broker-dealer violation was inadequately pleaded.
3. Dismissal of the UCL counterclaim was with prejudice because it was defendants' third unsuccessful attempt to state the claim.

KEY QUOTATIONS

> *"To withstand a motion to dismiss filed pursuant to Federal Rule of Civil Procedure 12(b)(6), "a complaint must contain sufficient factual matter, accepted as true, to 'state a claim to relief that is plausible on its face.'""*

> *"And none of this participation occurred at any point "in the chain of distribution" of the securities at issue."*

FACTUAL BACKGROUND

BBAM identified aircraft for sale, negotiated sale-and-leaseback arrangements between sellers and newly formed single-purpose vehicles, and worked with Nomura Babcock & Brown Co., Ltd. to market the investment structures to Japanese investors. BBAM then created a U.S. trust funded by investor money to purchase the aircraft, contribute its interests to the single-purpose vehicle, and manage the aircraft. Defendants alleged that BBAM's activities made it an unlicensed broker-dealer under federal and California law, giving it an unfair competitive advantage in the Japanese aircraft-leasing market.

PROCEDURAL HISTORY

Plaintiffs asserted trademark-related claims concerning use of the trade name "Babcock & Brown" in aviation. Defendants asserted six counterclaims, five seeking declaratory relief and one under California Business and Professions Code section 17200. The court previously dismissed all six counterclaims but allowed defendants to amend the UCL counterclaim; after the third attempt, the court dismissed the amended claim with prejudice. The court also denied defendants' motion to lift the discovery stay as moot, denied plaintiffs' renewed sanctions motion, denied plaintiffs' motion for a new scheduling order as moot, and granted motions to seal.

DISPOSITION

dismissed

CASES CITED

- Ashcroft v. Iqbal, 556 U.S. 662, 678 (2009)
- Bell Atl. Corp. v. Twombly, 550 U.S. 544, 555, 570 (2007)
- Nielsen v. AECOM Tech. Corp., 762 F.3d 214, 218 (2d Cir. 2014)
- Graziano v. Pataki, 689 F.3d 110, 114 (2d Cir. 2012)
- Loginovskaya v. Batratchenko, 764 F.3d 266, 274-75 (2d Cir. 2014)
- S.E.C. v. Martino, 255 F. Supp. 2d 268, 283 (S.D.N.Y. 2003)
- SEC v. Hansen, No. 83 Civ. 3692, 1984 WL 2413, at *10 (S.D.N.Y. Apr. 6, 1984)
- Rhode v. Bartholomew, 94 Cal. App. 2d 272, 280 (1949)
- McKenna v. Edwards, 19 Cal. App. 2d 327 (1937)
- Freeman v. Jergins, 125 Cal. App. 2d 536, 547 (1954)
- Evans v. Riverside Int'l Raceway, 237 Cal. App. 2d 666, 675-76 (Ct. App. 1965)
- Culbertson v. Schuchert, 110 F.3d 67 (9th Cir. 1997)
- Chambers v. Times Warner, 282 F.3d 147, 152-53 (2d Cir. 2002)

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