UNITED STATES BANKRUPTCY COURT FOR THE EASTERN DISTRICT OF NEW YORK

Allan B. Mendelsohn, Solely in His Capacity as Chapter 7 Trustee of the Estates of Barnett Corp. and Barnett Forest LLC v. Copap Inc.

Mendelsohn v. Copap · No. Adv. Pro. No. 8-24-08149-AST; underlying bankruptcy Case No. 8-22-73623-AST · Decided February 13, 2026

SUMMARY

The United States Bankruptcy Court for the Eastern District of New York partially granted and conditionally granted Copap Inc.'s motion to dismiss the Chapter 7 trustee's claims. The court dismissed claims under the former New York Debtor and Creditor Law and claims for disallowance under 11 U.S.C. §§ 502(d) and (j), while granting the trustee 21 days to replead claims involving personal jurisdiction, constructive fraudulent transfers, current NYDCL claims, unjust enrichment, and money had and received. The order is dated February 13, 2026.

CASE DETAILS

COURT	United States Bankruptcy Court for the Eastern District of New York
WRITING FOR THE COURT	Alan S. Trust
JURISDICTION	United States Bankruptcy Court for the Eastern District of New York
DECIDED	February 13, 2026
DOCKET	Adv. Pro. No. 8-24-08149-AST; underlying bankruptcy Case No. 8-22-73623-AST
DISPOSITION	other
PROCEDURAL POSTURE	Defendant moved to dismiss the Chapter 7 trustee's adversary complaint under Federal Rules of Civil Procedure 12(b)(2) and 12(b)(6), as incorporated by Federal Rule of Bankruptcy Procedure 7012. The bankruptcy court partially granted and conditionally granted the motion, dismissing certain claims and granting the trustee twenty-one days to amend other claims.
STANDARD OF REVIEW	On a Rule 12(b)(6) motion, the court accepted factual allegations as true and drew reasonable inferences in the trustee's favor, determining whether the complaint stated a claim for relief that was plausible on its face under the Rule 8 and Iqbal/Twombly standards. On a Rule 12(b)

	(2) motion, the trustee was required to make a prima facie showing that personal jurisdiction existed.
PRECEDENTIAL VALUE	unknown

TOPICS

motions to dismiss · personal jurisdiction · fraudulent transfer · chapter 7 · adversary proceedings

PRACTICE AREAS

Bankruptcy · Civil procedure · Commercial litigation · Remedies

QUESTIONS PRESENTED

1. Whether the complaint made a prima facie showing that the bankruptcy court had personal jurisdiction over Copap.
2. Whether the constructive-fraud claim under 11 U.S.C. § 548(a)(1)(B) satisfied Federal Rule of Civil Procedure 8 and the plausibility standard.
3. Whether the claims under the current New York Debtor and Creditor Law §§ 273(a) and 274 adequately pleaded lack of fair consideration and the required insolvency or financial-condition elements.
4. Whether the unjust-enrichment and money-had-and-received claims contained sufficient factual allegations and addressed the possibility of an underlying contract or quasi-contract.
5. Whether the claim for disallowance under 11 U.S.C. §§ 502(d) and 502(j) was legally sufficient when Copap had not filed a proof of claim.
6. Whether the trustee should be granted leave to amend the conditionally dismissed claims.

HOLDINGS

1. A plaintiff opposing a Rule 12(b)(2) motion must make a prima facie showing that personal jurisdiction exists. Allegations that a foreign defendant merely received transfers from the debtor's United States headquarters and banks, without more specific allegations of purposeful availment, did not satisfy that requirement.
2. A constructive-fraudulent-transfer claim under 11 U.S.C. § 548(a)(1)(B) must plead facts plausibly showing a transfer of an interest in property within two years of the petition date, less than reasonably equivalent value, and the required insolvency, inadequate-capital, or inability-to-pay condition. The trustee's conclusory allegations did not satisfy Rule 8 and the Iqbal/Twombly plausibility standard.
3. A claim under current NYDCL §§ 273(a) and 274 must plausibly allege that the transfer was made without fair consideration and satisfy the applicable insolvency, inadequate-capital, or inability-to-pay requirement. Bare assertions that transfers lacked fair consideration or good faith, without supporting facts, are insufficient under Rule 8 and Iqbal/Twombly.
4. Unjust-enrichment and money-had-and-received claims must contain factual allegations supporting the elements of the claims and must address whether a valid contract or quasi-contract governs the subject

matter. Formulaic recitations of enrichment, benefit, and inequity do not satisfy Rule 8 and the plausibility standard.

5. A claim seeking disallowance under section 502(d) requires both a legally sufficient avoidance claim and an actually filed proof of claim by the creditor whose claim is to be disallowed. Because Copap had not filed a proof of claim, the trustee's section 502(d) and 502(j) cause of action was dismissed.
6. Leave to amend should generally be freely given when justice requires, but may be denied for prejudice, bad faith, or futility. The trustee was given twenty-one days to replead the conditionally dismissed claims with greater particularity.

KEY QUOTATIONS

> *"The Trustee must plead facts which, if accepted as true, would allow the Court to draw a reasonable inference that Barnett did not receive reasonably equivalent value in exchange for the Transfers."* (Constructive Fraud)

> *"the Trustee shall have twenty-one (21) days from entry of this Order to replead with greater specificity as to those causes of action"* (Conclusion)

FACTUAL BACKGROUND

The Chapter 7 trustee alleged that approximately $3,789,372.07 of Barnett's property was transferred to Copap Inc., a Canadian corporation. The complaint characterized the transfers as fraudulent and alleged that they involved fictitious and converted receivables, but it did not adequately plead the value Barnett received or facts showing that the consideration was not reasonably equivalent or fair. The complaint also alleged that transfers were made from Barnett's United States headquarters and banks, but did not provide specific facts showing that Copap purposefully availed itself of New York. Copap had not filed a proof of claim in the bankruptcy case.

PROCEDURAL HISTORY

Barnett Corporation and Barnett Forest LLC filed Chapter 7 petitions on December 22, 2022, and Allan B. Mendelsohn was appointed trustee. The trustee commenced this adversary proceeding against Copap Inc. on December 20, 2024, asserting fraudulent-transfer, unjust-enrichment, money-had-and-received, and claim-disallowance causes of action concerning $3,789,372.07 in alleged transfers. Copap moved to dismiss; the trustee opposed and acknowledged that the former New York Debtor and Creditor Law claims were insufficiently pleaded. The court dismissed the former-NYDCL claims and the section 502(d) and (j) claim, conditionally granted dismissal of the remaining challenged claims, and allowed repleading.

DISPOSITION

other

CASES CITED

- In re Tops Holding II Corp., 646 B.R. 617, 642 n. 37 (Bankr. S.D.N.Y. 2022)
- In re Christodoulakis, 2019 WL 360064, at 6* (Bankr. E.D.N.Y. Jan. 25, 2019)

- Ashcroft v. Iqbal, 556 U.S. 662, 663, 677-79 (2009)
- Bell Atl. Corp. v. Twombly, 550 U.S. 544, 547, 555-57, 570 (2007)
- In re Ippolito, 2013 WL 828316, at *3-4 (Bankr. E.D.N.Y. Mar. 6, 2013)
- In re Int'l Tobacco Partners, Ltd., 462 B.R. 378, 385 (Bankr. E.D.N.Y. 2011)
- Cleavland v. Caplow Enters., 448 F.3d 518, 521 (2d Cir. 2006)
- Blue Tree Hotels, Inv. (Canada), Ltd. v. Starwood Hotels & Resorts Worldwide, Inc., 369 F.3d 212, 217 (2d Cir. 2004)
- Thomas v. Ashcroft, 470 F.3d 491, 495 (2d Cir. 2006)
- SPV OSUS, Ltd. v. UBS AG, 882 F.3d 333, 343 (2d Cir. 2018)
- In re Platinum & Palladium Antitrust Litig., 61 F.4th 242, 269 (2d Cir. 2023)
- Licci ex rel. Licci v. Lebanese Canadian Bank, SAL, 732 F.3d 161, 170 (2d Cir. 2013)
- Laborers Local 17 Health & Benefit Fund v. Philip Morris, Inc., 26 F. Supp. 2d 593, 604 (S.D.N.Y. 1998)
- In re M. Fabrikant & Sons, Inc., 394 B.R. 721, 735 (Bankr. S.D.N.Y. 2008)
- In re M. Fabrikant & Sons, Inc., 394 B.R. 721, 734 (Bankr. S.D.N.Y. 2008)
- In re Bernard L. Madoff Inv. Sec. LLC, 454 B.R. 317, 332 (Bankr. S.D.N.Y. 2011)
- In re Bernard L. Madoff Inv. Sec. LLC, 458 B.R. 87, 110 (Bankr. S.D.N.Y. 2011)
- In re Fun Bowl Vacations, Inc., 666 B.R. 867, 877 fn. 9 (Bankr. S.D.N.Y. 2025)
- Makmudova v. Cohen, No. 521869/2016, 2024 WL 3361238, at *7 (N.Y. Sup. Ct. July 10, 2024)
- Official Comm. of Unsecured Creditors v. Leucadia Nat'l Corp. (In re Vivaro Corp.), 524 B.R. 536, 550 (Bankr. S.D.N.Y. 2015)
- In re Trinsum Grp., Inc., 460 B.R. 379, 395 (Bankr. S.D.N.Y. 2011)
- Rynasko v. New York University, 63 F.4th 186, 201-02 (2d Cir. 2023)
- Aaron Ferer & Sons Ltd. v. Chase Manhattan Bank, N.A., 731 F.2d 112, 125 (2d Cir. 1984)
- In re Maidan, No. 8-19-77027-LAS, 2022 WL 4125034, at *9 (Bankr. E.D.N.Y. Sept. 9, 2022)
- Goldman v. Metropolitan Life Ins. Co., 5 N.Y.3d 561, 572 (2005)
- IDT Corp. v. Morgan Stanley Dean Witter & Co., 12 N.Y.3d 132, 142 (2009)
- In re 45 John Lofts, LLC, 599 B.R. 730, 750 (Bankr. S.D.N.Y. 2019)
- AEP Energy Servs. Gas Holding Co. v. Bank of Am., N.A., 626 F.3d 699, 725 (2d Cir. 2010)
- Caputo v. Pfizer, Inc., 267 F.3d 181, 191 (2d Cir. 2001)
- McLaughlin v. Anderson, 962 F.2d 187, 195 (2d Cir. 1992)
- In re Ippolito, 2013 WL 828316, at *5 (Bankr. E.D.N.Y. Mar. 6, 2013)
- In re Martelloni, 2013 Bankr. LEXIS 4554, at *16 (Bankr. E.D.N.Y. Oct. 31, 2013)

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