

Haynes and Boone Lawyers in Law360: Managers of Busted \$2.5B Hedge Fund Fight Class Cert.

November 22, 2013 Barry McNeil

PRACTICES Class Action Defense

The former directors of a collapsed \$2.5 billion hedge fund that had invested in commercial mortgage-backed securities said at a hearing in Texas federal court Thursday that the fund investors' class certification should be denied because their claims are too individualized to move forward as a group.

The Parkcentral Global LP fund went bust in late 2008. Investors Southern Avenue Partners LP and Levine Capital Ltd. on behalf of a putative class allege Perot Investments Inc. fund managers had lied about the risk they were taking by investing heavily in CMBS and had failed to disclose how overleveraged the CMBS investment was. The plaintiffs said they would have pulled their money earlier had they known the true nature of the fund's financial outlook...

"There was no lie. There was no undisclosed truth," said [Daniel Gold](#) of Haynes and Boone, LLP, an attorney for the executives.

Because the case is being tried under Delaware law, the court cannot presume investor reliance on the statements Parkcentral sent to its limited partners about fund performance, Gold said, adding that proving actual reliance on the alleged misrepresentations is an inherently individualized inquiry...

The defendants are represented by [Barry McNeil](#), Daniel Gold and [Emily Black](#) of Haynes Boone.