

Former billionaire's 'self-dealing' leads to \$200 million judgment in civil fraud case



FILE - In this April 29, 2009, file photo, Tim Blixseth arrives at the federal courthouse in Missoula, Mont. A federal judge in California has issued a \$200 million civil judgment against one-time billionaire Tim Blixseth for the fraudulent transfer of money out of an ultra-luxury resort he founded in southern Montana. U.S. District Judge Gary Feess referred to Blixseth's actions while at the Yellowstone Club near Big Sky as an "elaborate fraudulent scheme of self-dealing." Feess said the club's creditors deserve to be repaid. (AP Photo/Mike Albans, File)



By MATTHEW BROWN, Associated Press

BILLINGS, Mont. (AP) — A federal judge in California has issued a \$200 million civil judgment against one-time billionaire Tim Blixseth for the fraudulent transfer of money out of an ultra-luxury resort he founded in southern Montana.

U.S. District Judge Gary Feess referred to Blixseth's actions involving the Yellowstone Club near Big Sky as an "elaborate fraudulent scheme of self-dealing." Feess said creditors in the case deserve to be repaid.

Beginning in 2005, Blixseth and his former wife, Edra, diverted most of a \$375 million loan to the club for their personal use. When the couple divorced in 2008, Edra Blixseth got the club and it immediately fell into bankruptcy.

Tim Blixseth claimed that during their divorce, Edra Blixseth assumed responsibility for repaying a note on the money from the loan. The loan money had passed through a corporation known as BLX.

Fees referred to BLX in his Wednesday ruling as Tim Blixseth's "alter-ego," and said Tim Blixseth intended to defraud his creditors when he obtained a release on the loan note from his ex-wife. He said that constituted a fraudulent transfer under both California and federal law.

Tim Blixseth, who lives in Washington state, has spent millions of dollars trying to fend off the club's creditors over the past five years.

He said Thursday he will appeal the Feess' ruling.

"Our justice system has sunk so low that a citizen can lose nearly \$200 million without even being allowed a trial of the facts, let alone the deprivation of the constitutional right to have 12 jurors decide the facts. This will be appealed," he said in an email to The Associated Press.

A Montana bankruptcy court previously issued a \$41 million judgment against Tim Blixseth. The Trustee of the Yellowstone Club Liquidating Trust, which represents the club's creditors, said the combined pending judgments against Blixseth top \$250 million once interest is factored in.

"So far we haven't collected a penny from Mr. Blixseth. He's in the process of trying to hide his assets, dissipate his assets," said trustee Brian Glasser, an attorney with Bailey & Glasser LLP in Charleston, West Virginia. "He can rest assured we will continue to pursue it until we collect."

The Yellowstone Club emerged from bankruptcy in 2009 under new ownership.

In February, attorneys for the liquidating trust asked a Montana judge to incarcerate Blixseth after he failed to comply with a court order to hand over almost \$14 million from his sale of an ocean-side property in Mexico.

The move by Blixseth earned him a contempt citation for defying an earlier order not to sell the property. Further actions in the matter are on hold pending an appeal by Blixseth.

Sanctions against Blixseth and his attorneys also are being contemplated by the 9th U.S. Circuit Court of Appeals, for filing meritless claims in a campaign to remove the judge who oversaw the club's bankruptcy case and handed down the \$41 million judgment against Blixseth.

Montana tax authorities have said Blixseth owes \$57 million in back taxes on the money he diverted from the club. Court rulings in that matter so far have come down in his favor.

Copyright 2014 The [Associated Press](#). All rights reserved. This material may not be published, broadcast, rewritten or redistributed.