

Bond Case Briefs

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Lake Ridge New Tech Schools v. Bank of New York Mellon, Trust Company, N.A.

United States District Court, N.D. Indiana - July 31, 2018 - Slip Copy - 2018 WL 3633959

High School filed suit in state court against Trustee for reimbursement of \$120k vendor payment paid out by Trustee via a fraudulently submitted Pay Affidavit. The High School alleged that Trustee's Representative was grossly negligent in failing to ensure that the correct protocol was followed in his absence.

Trustee filed a Notice of Removal premised on diversity jurisdiction. Trustee asserted that the High School had fraudulently joined Trustee's Representative - in his individual capacity - solely to defeat diversity jurisdiction. Trustee argued that the negligence claim against its Representative was improper because the Trust Indenture Agreement governed the relationship between the parties, and that the Representative owed no independent duty to the School.

The District Court held that Trustee's Representative could not be held liable because his alleged negligence consisted solely of his actions within the scope of his authority in negligently carrying out a contractual obligation of the Trustee as his employer.

The Court dismissed the Representative from the action and denied the School's motion to remand.