

Bond Case Briefs

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SECURITIES ARBITRATION - NEVADA

BOKE, NA v. Estes

United States Court of Appeals, Ninth Circuit - May 2, 2019 - F.3d - 2019 WL 1941931

Federally-chartered bank brought action against holders of bonds for which its corporate trust department served as indenture trustee for certain conduit municipal bonds seeking injunctive relief and declaratory judgment that it was not subject to Financial Industry Regulatory Authority (FINRA) arbitration.

The United States District Court for the District of Nevada denied parties' cross-motions for preliminary injunction. Bank appealed.

The Court of Appeals held that neither bank nor its trust department was a "municipal securities dealer" subject to compelled arbitration before the FINRA.

Neither federally-chartered bank nor its corporate trust department which served as indenture trustee for certain conduit municipal bonds was a "municipal securities dealer," within the meaning of the Securities Exchange Act, and thus, was not subject to compelled arbitration before the Financial Industry Regulatory Authority (FINRA); neither bank, nor its trust department traded in securities on its own account.