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WSJ: Wells Fargo Unit Ordered to Buy Back Auction-Rate Securities.

Firm Must Repurchase \$94 Million From New Jersey Family

An arbitration panel has ordered Wells Fargo WFC +0.73% & Co.'s brokerage unit to repurchase about \$94 million in municipal auction-rate securities from a New Jersey family.

James Cohen and the trust of the late Robert Cohen, who founded the Hudson News newsstands, accused Wells Fargo Advisors of fraud, negligence and breach of fiduciary duty related to investments in municipal auction-rate securities, or MARS.

These securities, once touted as safe, froze up during the financial crisis, causing many brokers headaches and investors considerable losses. Firms ranging from E*Trade Securities ETFC +2.47% LLC to Oppenheimer were forced to buy back auction rate securities from investors in recent years.

The Cohens, who filed their case in November 2011, sought damages of \$20 million for investments in MARS starting in March 2008.

A Financial Industry Regulatory Authority Inc. arbitration panel ordered the buyback at par value but denied the Cohens compensation and punitive damages, according to the award dated Dec. 24.

"We are disappointed with the decision and are reviewing it," a spokesman for Wells Fargo said.

A lawyer for the Cohens wasn't available for comment.

By MATTHIAS RIEKER

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