

Bond Case Briefs

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JURISDICTION - MISSOURI

Cromeans v. Morgan Keegan & Co., Inc.

United States District Court, W.D. Missouri, Central Division - April 8, 2014 - Slip Copy - 2014 WL 1375038

The City of Moberly, Missouri approved the issuance of \$39 million in municipal bonds by its Industrial Development Authority for a manufacturing facility ("Mamtek").

The facility failed and the bondholders sued the underwriter, Morgan Keegan, alleging that the offering statement contained material misrepresentations and omissions. Underwriter subsequently filed a third-party complaint for contribution and indemnity against Perkins Coie, Mamtek's intellectual property counsel during the relevant period.

Perkins Coie moved to dismiss, arguing that the Court lacked personal jurisdiction. Morgan Keegan maintained that Perkins Coie was subject to both specific and general personal jurisdiction.

The District Court held that:

- Neither Missouri's long-arm statute nor the Due Process Clause permit the exercise of personal jurisdiction based on Perkins Coie's alleged transaction of business in Missouri, as there was no evidence that Perkins Coie entered into any kind of business transaction in Missouri or with any resident of Missouri, and
- Perkins Coie was not subject to general jurisdiction, as it had not developed continuous and systematic general business contacts within the state.

"In sum, the type of attenuated and passive involvement in a client's business dealings evidenced here cannot suffice to subject a law firm to personal jurisdiction in whichever state the client, at some point, chooses to conduct business. Although Mamtek apparently elected to use the bond proceeds to pay for some or all of Perkins Coie's services, there is no evidence that Perkins Coie contracted to be paid, or was even aware that it was paid, from the bond proceeds. Accordingly, Mamtek's unilateral decision to use the bond proceeds to make repayments on prior debt of Mamtek International, which included payments to Perkins Coie for services rendered before the Moberly project had even become a concept, does not show that Perkins Coie transacted business in Missouri."

With regard to general jurisdiction, the court noted that Perkins Coie did not have an office in Missouri, had two partners with active Missouri bar licenses, and derived seven-tenths of one percent of its annual gross revenue from Missouri clients.