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AUCTION RATE SECURITIES - NEW YORK

In re JP Morgan Auction Rate Securities (ARS) Marketing Litigation

United States District Court, S.D. New York - September 30, 2014 - Slip Copy - 2014 WL 4953554

Cellular South, Inc., an investor in auction rate securities ("ARS"), brought the standard-issue ARS-related securities action against J.P. Morgan Securities, Inc. ("JP Morgan"), a securities broker-dealer that underwrote, marketed, and sold ARS and conducted the auctions at which the securities' interest rates were set.

Plaintiff claims that Defendant profited by knowingly misrepresenting and omitting material information concerning the liquidity of its ARS products, and by manipulating the ARS market through the regular placement of support bids in its own auctions.

JP Morgan moved to dismiss the Complaint for failure to state a claim.

The District Court granted Defendant's motion to dismiss, finding that Plaintiff had not pled facts sufficient to show that JP Morgan had the scienter necessary to engage in fraud, either through market manipulation or through misrepresentations and omissions.