

Bond Case Briefs

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BONDS - OHIO

Paul Cheatham IRA v. Huntington National Bank

Court of Appeals of Ohio, Sixth District, Lucas County - December 22, 2017 - N.E.3d - 2017 WL 6550474 - 94 UCC Rep.Serv.2d 536 - 2017 -Ohio- 9234

Bondholder who invested funds into municipal bond issue brought purported class action against trustee for bondholders, who also served as lessor of project, asserting claims for breach of fiduciary duty, breach of trust, negligence, breach of contract, and liability for mismanagement of the project.

The Court of Common Pleas denied bondholder's motion to certify class. Bondholder appealed.

The Court of Appeals held that contract claim for breach of trust indenture entered into between trustee for municipal bondholders and county as obligor, whether asserted against trustee or obligor, arose out of contract with bondholders and was thus a "right in the security" that automatically transferred to subsequent bond purchasers pursuant to Ohio version of Uniform Commercial Code (UCC); trust Indenture was part of the contract with the bondholders and was part of the "bond proceedings."