

Bond Case Briefs

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RICO - KENTUCKY

City of Bowling Green, Kentucky v. Mills Family Realty, Inc.

United States District Court, W.D. Kentucky, Bowling Green Division - December 20, 2017 - Slip Copy - 2017 WL 6521309 - RICO Bus.Disp.Guide 12, 978

County issued \$22 million in industrial revenue bonds to finance a commercial development project and city created a TIF district as one source of payment for the bonds.

City subsequently sued the developers, alleging misappropriation of the bond proceeds and the TIF revenue. In addition to the usual causes of action, the city also alleged a RICO claim. To support this claim, city alleged that the defendants committed over 25 predicate acts of racketeering, most of which were requests made by the defendants to withdraw funds from trustee bank in which they certified that they were entitled to the funds.

Defendants argued that the city failed to allege an investment injury, as a plaintiff must plead a specific injury to the plaintiff caused by the investment of income into the racketeering enterprise, *distinct* from any injuries caused by the predicate acts of racketeering.

The District Court agreed, finding that the city had not alleged any such injury arising from the defendants' use or investment of the bond funds and TIF revenue into their own businesses that was distinct from any alleged injury the city suffered as a result of the predicate racketeering offenses of withdrawing those same funds.

Having dismissed the only federal claim, the court dismissed the action for lack of subject matter jurisdiction.