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## Nuveen Sued by Preston Hollow Over 'Campaign of Intimidation'

- **Nuveen threatened to pull business from banks, lawsuit says**
- **Preston Hollow Capital seeks injunction in Delaware Court**

Nuveen's head of municipal bond investments, John Miller, engaged in a "campaign of intimidation" to coerce banks that underwrite high-yield state and local government debt deals from doing business with Preston Hollow Capital, the Dallas-based lender alleged in a lawsuit.

Miller and his staff at Nuveen, which oversees more than $140 billion in municipal assets and is the biggest buyer of the market's high-yield debt, threatened to use its power to pull tens of millions of dollars in business from banks that engaged in limited offerings with Preston Hollow, the firm said. Chicago-based Nuveen also made threatening, anti-competitive and defamatory statements about Preston Hollow to the firm's primary lender, the suit said.

"If broker-dealers do not make Preston Hollow aware of investment opportunities, or if they refuse to serve as underwriter for transactions that Preston Hollow directly originates, Preston Hollow's business of investing in municipal bonds that are the product of its custom-structured solutions will be significantly impaired," Preston Hollow said in the suit filed in Delaware Chancery Court.

A Nuveen spokesman said the company and Miller believe the claims are without merit and intends to vigorously defend itself against the allegations.

Preston Hollow, founded in 2014 by Jim Thompson, a former chief executive officer at Orix USA, occupies a growing niche in the $3.8 trillion municipal bond market by lending directly to risky projects. Preston Hollow has extended $2 billion in loans, financing projects like a hotel in a Dallas suburb, hospitals in California and New York, student housing in Pennsylvania, and roads, sewers and other infrastructure for economic redevelopment projects in the suburbs of New York City, Cleveland and Atlanta.

Preston Hollow is "highly dependent" on its relationships with investment bankers who can help the firm find deals, the suit said. Since Preston Hollow typically buys all of a borrowers securities in a limited offering, that would potentially put it in direct competition with Nuveen as a buyer.

Miller allegedly defamed Preston Hollow by saying that the firm charged excessive rates, causing borrowers to overpay for projects. He boasted he had secured commitments from several banks to discontinue or curtail doing business with Preston Hollow, the suit alleged.

On Feb. 25, one bank told Preston Hollow it wouldn't participate in certain deals with the firm because of Nuveen's threats, according to the complaint.

Details on the alleged calls that Miller and his team made to banks were redacted in the complaint.

Preston Hollow wants the court to stop Nuveen from further "unlawful and tortuous

communications” with banks and direct Nuveen to disavow Millers comments and adopt supervisory procedures to ensure Miller and Nuveen employees don’t engage in future misconduct.

“Miller’s efforts to weaponize Nuveen’s considerable market power and use its leverage with those institutions pose a serious risk to Preston Hollow and its businesses, causing Preston Hollow to suffer irreparable harm,” the suit said. Left unchecked “Miller and Nuveen will be emboldened to similarly attack other, smaller competitors to the detriment of the municipal markets as a whole.”

The case is Preston Hollow Capital LLC v. Nuveen LLC. Docket Number: 2019-0169 in Delaware Court of Chancery.

**Bloomberg Markets**

By Martin Z Braun

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