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[Wells Fargo Agrees to Pay \\$800K in Schilling Video Game Deal.](#)

PROVIDENCE, R.I. — Wells Fargo Securities has agreed to pay an \$800,000 civil penalty to settle a U.S. Securities and Exchange Commission lawsuit over Rhode Island's failed \$75 million deal with former Boston Red Sox pitcher Curt Schilling's video game company.

Wells Fargo and the SEC announced the proposed settlement in filings Monday with the U.S. District Court in Providence. A federal judge must approve it.

According to details of the agreement, Wells Fargo does not admit or deny wrongdoing. If approved, the company would be permanently barred by the judge from violating certain municipal securities and other laws.

A Wells Fargo spokeswoman said she would not comment because the matter is still pending and has not yet been approved.

The case represents the final legal battle over 38 Studios.

Schilling struck a deal in 2010 to move his company from Massachusetts to Rhode Island in exchange for a \$75 million loan guarantee. The state's economic development agency used bonds to fund the deal. Less than two years after the move, 38 Studios ran out of money and went bankrupt.

The SEC sued Wells Fargo and Rhode Island's economic development agency in 2016, accusing them of making misleading statements about the bonds.

It said they failed to disclose that 38 Studios needed at least \$75 million but would receive only \$50 million of proceeds from the offering, leaving a gap of \$25 million. It also said Wells Fargo represented 38 Studios while also representing the state economic development agency as bond placement agent, something it failed to disclose.

The economic development agency previously settled the case, paying a \$50,000 penalty without admitting wrongdoing.

Claims against a Wells Fargo employee are still pending. A message was left with his lawyer.

In a separate lawsuit in state court, Rhode Island sued several people and companies involved in the deal. It received about \$61 million in settlements in that case, which ended in 2017.

By The Associated Press

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