

Bond Case Briefs

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Wells Fargo Parent is Dismissed from Lawsuit by Philadelphia, Baltimore.

NEW YORK (Reuters) – Wells Fargo & Co was dismissed as a defendant in a lawsuit brought by the cities of Philadelphia and Baltimore, which accused large banks of conspiring to inflate interest rates for variable-rate demand obligations (VRDO), a type of tax-exempt bond.

The dismissal came after Wells Fargo represented that it did not remarket, provide letters of credit for, or manage money market funds that invested in the bonds, according to a Tuesday filing in federal court in Manhattan.

Other Wells Fargo entities remain defendants. Goldman Sachs Group Inc and JPMorgan Chase & Co were previously dismissed from the case, though affiliates of those banks remain defendants, according to court records.

The remaining defendants include Bank of America Corp, Barclays Plc, Citigroup Inc, and Royal Bank of Canada, the records showed.

Philadelphia, which said it issued more than \$1.6 billion of VRDOs, and Baltimore, which said it issued \$261 million, stated that the collusion enabled banks to collect hundreds of millions of dollars in fees they did not earn.

The cities said this reduced critical funding for hospitals, power and water supplies, schools, transportation and other municipal services. Their proposed class action covers the period from February 2008 to June 2016.

The case is Philadelphia et al v Bank of America Corp et al, U.S. District Court, Southern District of New York, No. 19-01608.

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