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Nuveen's John Miller Says Trash Talk Was Just That, Not a Blackball.

- **Preston Hollow says muni-bond titan broke N.Y. antitrust law**
- **Miller says you have to do some 'blustering' on Wall Street**

Muni-bond titan Nuveen LLC's John Miller testified that he was only "blustering" when he told bankers he'd persuaded Goldman Sachs Group Inc., JPMorgan Chase & Co. and other bond-market players to stop doing business with rival Preston Hollow Capital LLC.

Miller, the co-head of Nuveen's fixed-income unit, took the witness stand as Preston Hollow seeks to prove that Nuveen sought to freeze the Dallas-based lender out of the high-yield municipal-bond market. Miller said on Monday he was just overblowing it when he assured Deutsche Bank AG officials last year that he'd gotten Wall Street to swear off Preston Hollow deals or risk losing Nuveen's business.

"Sometimes you have to exaggerate to get people's attention, especially on Wall Street trading desks," Miller said at the trial in Delaware Chancery Court.

In the end, Nuveen never got any agreements from Wall Street banks to stop doing business with Preston Hollow, he said.

Preston Hollow is trying to persuade Judge Sam Glasscock III that Nuveen used its market power as one of the biggest buyers of U.S. state and local government bonds to blackball the lender, whose role in financing risky projects posed a competitive problem. Preston Hollow accuses Miller and other Nuveen executives of threatening to pull tens of millions of dollars in business from banks that underwrote offerings with it and financed the loans.

Nuveen violated New York antitrust law by pressuring big banks, including Wells Fargo & Co. and Citigroup Inc., to shun the firm, according to the lawsuit, which seeks unspecified damages.

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Preston Hollow has made $2 billion in loans to finance hospitals, real estate developments and student housing. Nuveen, which had almost $1 trillion in assets under management as of March 31, is the investment manager of TIAA, best known for offering financial products to teachers.

In court on Monday, Preston Hollow's lawyers played a tape of a December call between Miller and executives of Deutsche Bank.

"You have to make a choice who you want to do business with," Miller said on the tape. "I don't want to do business with anyone doing business with Preston Hollow."

On the call, Miller told the Deutsche Bank officials that Preston Hollow engaged in "dirty deals" that fleeced investors through "predatory lending."

Although Miller testified he believed the interest on a Preston Hollow loan to Roosevelt University in Chicago to refinance debt was higher than the market rate, he admitted he didn't know the specific terms of the deal or follow up with officials of the school.

Miller said he'd gotten reports about questionable Preston Hollow deals that "had been gnawing at me for two years." Once the Texas firm became more of a threat, he said, he decided to share his concerns with other bond-market participants.

In a call with Goldman Sachs officials, Miller derided Preston Hollow's private-placement deals as "private bull— business" that posed a threat to the entire bond market.

Miller testified that the purpose of the call to Goldman was to keep the pipeline of high-yield deals between the firms going, rather than as an ultimatum to cut ties to Preston Hollow.

"Ultimately, my goal is to keep the partnership, the new-issue allocations, to keep that going into next year," Miller said.

On Tuesday, Karen Davern, Nuveen's manager of fixed income trading, testified she made calls to Bank of America, Citigroup, Morgan Stanley and Goldman Sachs because the banks weren't marketing all of their high-yield bond deals to Nuveen. Had BlackRock Inc. or Vanguard Group received exclusive access to bonds, she would have made the same calls, she said.

"It wasn't about Preston Hollow. It was about seeing deals," said Davern, who manages relationships with Nuveen's dealers. "They're a competitor and they were getting deals we weren't seeing."

The case is Preston Hollow Capital LLC v. Nuveen LLC, 2019-0169, Delaware Court of Chancery (Georgetown).

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