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## [Preston Hollow Capital Gratified by Delaware Chancery Court's Finding That Nuveen Used 'Threats and Lies' to Stifle Competition in Municipal Bond Market.](#)

### **- Ruling Affirms that Nuveen Undertook a Systematic, Destructive Campaign Against Smaller Rival, Preston Hollow Capital -**

Preston Hollow Capital ("PHC"), an independent specialty municipal finance company based in Dallas, today outlined its response to the recent ruling by the Delaware Chancery Court, which found Nuveen guilty of using "threats and lies in a successful attempt to damage [PHC] in its business relationships." The ruling was delivered on Thursday, April 9, 2020 in a [60-page Memorandum Opinion](#) from Vice Chancellor Sam Glasscock III. Vice Chancellor Glasscock found Nuveen liable for the anti-competitive and injurious actions of its team led by Nuveen Head of Municipals, John Miller, in intentionally and illegally interfering with PHC's business relations with its primary lender and six major Wall Street investment banks.

Jim Thompson, Chairman and Chief Executive Officer of Preston Hollow Capital, stated, "Municipal borrowers deserve a truly competitive marketplace where they are able to select the capital provider that meets *their* needs in funding their vital projects, not the needs of a large money manager like Nuveen. This is, in essence, the very injustice that the Vice Chancellor exposed. His ruling meticulously details Nuveen's campaign of anti-competitive, untruthful, unfair and destructive conduct carried out by Miller and his team against Preston Hollow in our marketplace. It's important to remember that the real 'winners' are municipal borrowers across the country, as we expect Nuveen to heed the Court's stern admonition that it would be 'exceedingly unwise for Nuveen to mount a similar campaign of malicious behavior' against Preston Hollow going forward."

### **Nuveen's Anti-Competitive Conduct**

The Court's ruling painstakingly reveals Nuveen's organized, methodical attack against its smaller rival, which Miller had come to view as a competitive threat. In the words of the Court:

The facts revealed in litigation ... show that as Preston Hollow was becoming a contender in the high-yield municipal bond market, Nuveen, the self-styled "largest high-yield [municipal] fund in the world," sought an industry-wide agreement not to conduct business with Preston Hollow. Although part of Nuveen's motive was its interest in 'seeing all the deals,' its behavior shows that its object was also an attack directed at Preston Hollow's ability to operate. The evidence demonstrated an aggressive and widely dispersed campaign to use almost any pressure necessary to cut off a competitor from its chief source of business as well as its financing. I find that Nuveen was not simply attempting to achieve a competitive edge; it meant to use the leverage resulting from its size in the market to destroy Preston Hollow. [Memorandum Opinion, p. 51]

These and related findings made by the Court reflect intentional anticompetitive conduct of the kind often punished by regulators charged with supervision of financial markets.

## **Nuveen's Pattern of Deceit Concerning Preston Hollow Capital**

The Memorandum Opinion also catalogues the array of falsehoods about Preston Hollow that Miller and his team spread throughout the municipal marketplace:

[The Nuveen witnesses'] circumlocutions for falsehoods—"hedge," "bluff," "exaggeration," "role-play," "scenario," "overstatement," "blustering," "short-cutting," "puff," "shorthand," "overblowing"—in situations where more quotidian creatures would simply say "lie," might make one doubt that the latter word is in their vocabulary. Their testimony was generally that institutional investors and their bankers speak in an argot of forceful misstatements that all parties involved know is posturing, so that no real untruth is conveyed. Perhaps. Far more likely is that institutional investors, like the rest of us Yahoos, make statements of fact, true or false, with the intent to be believed. In this post-trial Memorandum Opinion, I find that Nuveen used threats and lies in a successful attempt to damage the Plaintiff in its business relationships. [Memorandum Opinion, pp. 1-2]

The Vice Chancellor lays down withering criticism of Nuveen's trial witnesses' credibility, characterizing their explanations as "both self-serving and disingenuous." [Memorandum Opinion, p. 39]:

### **Business Wire**

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