

Bond Case Briefs

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Citigroup, Nuveen Accused of Mishandling Evidence in Muni Brawl.

- **Smaller rival Preston Hollow sued Nuveen, claiming defamation**
- **Now it alleges Citi and bond giant weren't straight with judge**

Citigroup Inc. and Nuveen LLC were accused of mishandling evidence that the municipal bond giant tried to strong-arm banks into blackballing its smaller rival Preston Hollow Capital.

Citigroup failed to turn over tapes of phone calls about alleged demands by Nuveen's head of municipal investment, John Miller, that the bank cut off business with Preston Hollow, the smaller firm said in an April 27 court filing.

Preston Hollow is suing Nuveen in Delaware Superior Court for defamation over what it says was Nuveen's intimidation campaign. Nuveen oversees more than \$140 billion of municipal bonds and generates millions of dollars in revenue for Wall Street trading desks.

Meanwhile, in a separate court, Preston Hollow wants Delaware Chancery Court Judge Sam Glasscock III — who concluded last year that Nuveen's campaign wrongfully interfered with Preston Hollow's business — to sanction Citigroup for failing to hand over the tapes and penalize Nuveen for allegedly offering false testimony about Miller's demands.

Latest Salvo in Long Battle

"The corruption of the judicial process perpetrated by Nuveen (with the active participation of Citi) threatens to undermine" the courts, according to the filing.

It's the latest salvo in a three-year battle over Nuveen's alleged attempt to use its market power as one of the biggest buyers of U.S. state and local government bonds to hammer the smaller firm, whose role in financing risky projects posed a competitive problem, Preston Hollow says.

Preston Hollow is seeking \$100 million in damages from Nuveen over Miller's alleged threats to pull tens of millions of dollars in business from banks that underwrote the smaller firm's offerings and financed its loans. Although Glasscock ruled in its favor, for technical reasons he couldn't award damages, so the bond firm filed the new suit in Superior Court, which allows such requests.

"Preston Hollow continues to make false and misleading statements seeking to assign blame to Nuveen and others," Nuveen spokeswoman Jessica Greaney said in a statement.

Citigroup also denied the alleged wrongdoing.

"Preston Hollow's allegations are meritless and irresponsible, and Citi looks forward to correcting the record," said spokeswoman Danielle Romero-Apsilos.

Taped Calls

In a 2019 trial before Glasscock, Nuveen officials offered testimony from John Leahy, director of Citigroup's institutional municipal bond sales, that Miller never asked the bank to stop doing business with Preston Hollow. As part of the suit filed in Superior Court last year, Citigroup turned over taped calls allegedly showing that Miller demanded the bank cut Preston Hollow off. Those tapes weren't handed over in the Chancery Court case, Preston Hollow said in this week's filing.

"Mr. Miller knew he had called Mr. Leahy and told him to stop doing business with PHC and therefore also knew that Mr. Leahy's deposition testimony to the contrary was false," Preston Hollow said in the filing. "Nevertheless, Mr. Miller and Nuveen presented that false testimony."

Preston Hollow wants Glasscock to punish Citigroup and Nuveen over the tapes and the testimony so it can use that outcome against the companies in the current case, according to the filing.

The current case is Preston Hollow Capital LLC v. Nuveen LLC, N19C-10-107-MMJ, CCLD, Delaware Superior Court (Wilmington).

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