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Nuveen Bond-Market Coercion Led to \$628 Million in Damages, Rival Says.

- **Preston Hollow says smear campaign reduced its bond business**
- **Delaware jury trial set for July after three-year legal fight**

Preston Hollow Capital LLC said in a court filing that U.S. bond-market powerhouse Nuveen LLC should be forced to pay as much as \$628 million in damages for trying to coerce banks into not doing business with its smaller rival.

Nuveen's head of municipal investment John Miller smeared Preston Hollow and wrongfully used his firm's market power in a bid to blackball its competitor, Dallas-based Preston Hollow said in a court filing earlier this month. It's the latest salvo in a more than three-year legal battle that's headed for a July trial in state court in Wilmington, Delaware.

"Preston Hollow will prove at trial Nuveen engaged in a coordinated attack on Preston Hollow, including false and defamatory statements to the largest and most influential municipal bond broker-dealers," lawyers for Preston Hollow said in an unsealed March 2 filing. "As a result, the dollar volume of municipal-bond transactions originated by Preston Hollow sharply declined in 2019 and that decline continued in 2020 and 2021."

Nuveen, one of the biggest buyers of U.S. state and local government bonds, denied in a separate filing that it had targeted Preston Hollow's business and argued that it shouldn't be hit with any damages.

"We continue to believe PHC's claims are meritless, particularly its damages claims which lack any legally valid analysis or supporting evidence, and disregard PHC's own contradictory testimony," Nuveen spokeswoman Jessica Greaney said in an emailed statement.

Nuveen is a unit of teachers' investment group TIAA and the second-largest municipal bond-fund manager. Miller oversees \$230 billion of municipal assets. New York-based TIAA has more than \$1.3 trillion under management.

Preston Hollow occupies a niche in the \$4 trillion municipal-bond market, by lending directly to risky projects. The fund has extended \$3.7 billion in loans, financing projects such as hospitals in California and New York.

Rival Experts

Preston Hollow's estimate of damages became public March 2 as part of the fund's request to block an expert from Nuveen from testifying about it at trial. The filing had originally been sealed.

According to Nuveen's expert, Glenn Hubbard, a finance and economics professor at Columbia University, the damage analysis by Preston Hollow's expert is based on flawed assumptions, shaky math and shouldn't be presented to the jury, court filings show. Nuveen says it's not liable for any

damages.

Testimony from Michael Goldstein, Preston Hollow's expert, "will confuse the jury and severely prejudice Nuveen," according to Nuveen. Goldstein is a professor of applied investment at Babson College in Massachusetts.

"Among other things, PHC's damages calculation assumes that its revenue decline was solely attributable to Nuveen, ignoring other factors that dramatically affected the municipal bond market, including record-breaking inflows that flooded the municipal bond market beginning in 2019," Greaney said in her statement.

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

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