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## **Muni-Price Fixing Suit Inches Closer to Settlement With Wall Street.**

- **Municipalities seek \$6.5 billion in pre-trebled damages**
- **Illinois settled False Claims Act suit in July for \$68 million**

An almost decade long dispute over price-fixing in the municipal bond market is one-step closer to a settlement after three municipalities secured a small win Thursday.

Judge Jesse M. Furman of the US District Court for the Southern District of New York granted the request for class certification from two cities and one transportation commission suing eight banks — including Bank of America Corp. and Goldman Sachs — for conspiring to fix the rates on variable rate demand obligation bonds.

The municipalities are seeking pre-trebled damages of \$6.5 billion, and the case could head to trial next year, according to Elliott Stein, senior litigation analyst at Bloomberg Intelligence.

“This is an additional milestone that will push this case to settle eventually,” Stein said in an email after the court denied the banks’ motions to bar plaintiffs’ experts, and granted plaintiffs’ motion for class certification, as expected.

Stein has been expecting settlements to amount to about \$600 million across the 8 defendant banks which also include Barclays, Citigroup Inc., JPMorgan Chase & Co., Morgan Stanley, the Royal Bank of Canada and Wells Fargo.

The first of the class action lawsuits was filed by the city of Philadelphia in February of 2019, followed by the city of Baltimore in March of that year, and later by the San Diego Regional Transportation Commission. The lawsuits have since been consolidated.

These lawsuits followed a series of state False Claims Act lawsuits filed under seal in 2014 and unsealed in 2018, by a Minnesota financial adviser named Johan Rosenberg.

In July, the state of Illinois settled its lawsuit for \$68 million, saying the case filed on its behalf “almost certainly” would have resulted in a loss, according to a filing by Attorney General Kwame Raoul.

The so-called VRDOs are long-term bonds that have their rates periodically reset and offer investors the opportunity to return the securities for cash if they think the yields are reset too low. The lawsuits alleged that the banks — acting as remarketing agents on the securities — failed to get the best rates for issuers.

The only bank that has responded to Bloomberg’s requests for comment on the ruling, JPMorgan, declined to comment.

**Bloomberg Markets**

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