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Bondholders Sue American Dream, Saying Lower Assessment Imperils Their Repayment.

Action claims megamall, town colluded on actions tied to $800 million in municipal debt

The American Dream megamall, one of the nation's largest retail centers, and the New Jersey town where it's located have been slapped with a lawsuit that alleges they plotted together to reduce the debt payments that the project's bondholders are owed.

The bondholders' trustee — U.S. Bank Trust Co., National Association — filed the 69-page breach-o--contract suit in Superior Court on Friday in Bergen County in New Jersey. Those bondholders issued $800 million in debt to help pay for the completion of the construction of American Dream — a 3.5-million-square-foot entertainment-and-shopping venue in East Rutherford in northern New Jersey's Meadowlands region.

"This case concerns a pattern of wrongful conduct that, unless stopped, jeopardizes the developer's repayment of approximately $800 million in tax-exempt municipal [Public Finance Authority] bonds issued to finance the development of the second largest mall in the United States," the lawsuit said.

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CoStar News

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