

Carrington Coleman Client Wins Federal Bench Trial in \$12 Million Securities Lawsuit

A team of Carrington Coleman Lawyers, led by Bruce Collins, prevailed in a one-week bench trial in September in a federal district court in Kansas. At stake for the firm's client, a chemical and climate control company, was up to \$12 million in damages.

The plaintiffs, who were hedge funds and former shareholders of the company, alleged the company made false statements that induced the plaintiffs to agree to limit their conversion of the company's preferred stock. The claims brought by the plaintiffs were for breach of fiduciary duty, common law fraud, and federal and state securities fraud. Those claims centered on the alleged statements made by the firm's client regarding the effect on the company's net operating losses if the plaintiffs converted all their preferred stock. The plaintiffs also alleged that the company breached the terms of the agreement governing the stock by not paying dividends with one of the conversions.

After a week's worth of testimony, the federal judge ruled against the plaintiff and in favor of the company on all claims. The court held that the company's statements were not fraudulent, the company did not owe the plaintiffs fiduciary duties, that the plaintiffs did not rely on and were not harmed by the company's alleged statements, and that the plaintiffs were not entitled to the payment of dividends. The company was represented by the Carrington Coleman trial team of Bruce Collins, Bryan Erman, and Alex More.