

THE NEW SECURITIES

REALITY

SUPREME COURT OF THE UNITED STATES

Syllabus

MORRISON ET AL. v. NATIONAL AUSTRALIA BANK
LTD. ET AL.
CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR
THE SECOND CIRCUIT

No. 08-1191. Argued March 29, 2010—Decided June 24, 2010
In 1998, respondent National Australia Bank (National), a foreign bank whose “ordinary shares” are not traded on any exchange in this country, purchased respondent HomeSide Lending, a company headquartered in Florida that was in the business of servicing mortgages—seeing to collection of the monthly payments, etc. In 2001, National had to write down the value of HomeSide’s assets, causing National’s share prices to fall. Petitioners, Australians who purchased National’s shares before the write-downs, sued respondents—National, HomeSide, and officers of both companies—in Federal District Court for violation of §§10(b) and 20(a) of the Securities and Exchange Act and SEC Rule 10b-5. They claimed that HomeSide and its officers manipulated financial models to make the company’s trading rights appear more valuable than they really were. Respondents moved to dismiss for lack of subject-matter jurisdiction under Rule 12(b)(6). The District Court granted the motion, finding no jurisdiction because the claim was based on a securities fraud that occurred in Australia. National’s extrajurisdictional activity, thus allowing the claim to be heard in a tribunal of the United States.

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