



# Final Verdict: Second Circuit Rules in Favor of JPMC in Traffic Stream Matter

December 20, 2002

In the final chapter of JP Morgan Chase's New York action against Traffic Stream (BVI) Infrastructure Ltd., which was addressed by the U.S. Supreme Court earlier this year, Kelley Drye obtained a favorable judgment upon remand to the Second Circuit Court of Appeals. In this case, JPMC claimed, on behalf of its noteholders, that Traffic Stream had defaulted on a \$119 million debt issue to build and operate toll roads in China. After the Second Circuit initially ruled that the trial court did not have jurisdiction over the British Virgin Islands company Traffic Stream, the matter was appealed to the U.S. Supreme Court. The Supreme Court unanimously disagreed with the Second Circuit's ruling, and confirmed that the matter did fall within federal subject matter jurisdiction. The case was remanded to the Second Circuit Court of Appeals, where the Second Circuit unanimously affirmed the deficiency judgment against Traffic Stream.