

Hitachi Parent Cut From Truenorth's \$6.8M Merger Fee Suit

By **Pete Brush**

Law360, New York (July 7, 2015, 4:26 PM ET) -- Finding no jurisdictional tie to New York, a Manhattan federal judge Tuesday cut Japan-based Hitachi Metals Ltd. and two of its subsidiaries from investment banking firm Truenorth Capital Partners LLC's bid to collect a \$6.8 million fee tied to Hitachi's 2014 purchase of Waupaca Foundry Inc. for \$1.3 billion.

U.S. District Judge George B. Daniels' decision, issued from the bench after more than two hours of oral arguments, likely leaves New York-based Hitachi Metals America LLC as the sole remaining defendant in the contract dispute.

Daniels gave the plaintiff 30 days to file a letter asking to amend again to cure the jurisdictional issue, but expressed doubt about that potential strategy.

The ruling leaves Truenorth having to decide whether to proceed against only Hitachi Metals America or attempt to amend again in order to affirmatively allege that the three other Hitachi defendants' conduct in allegedly stiffing the plaintiff binds them to New York on personal jurisdiction.

"There has got to be an agency theory," Judge Daniels said. "I have no reason to believe that [such allegations] exist."

Hitachi's lawyer, Troy S. Brown of Morgan Lewis & Bockius LLP, said that there was no cause to drag the Japan-based parent or the other two subs into New York especially since they didn't even sign the contract at issue.

"Complete relief is possible against [Hitachi Metals America] as the contracting party," he said, though he also expressed confidence that the remaining defendant would be able to beat the breach claim at the summary judgment stage.

According to the complaint, during Truenorth's time as Hitachi's adviser for potential mergers and acquisitions between March 2012 and December 2013, Truenorth helped the company pinpoint Waupaca as a potential target.

The suit claims that even though Hitachi did not wind up acquiring Waupaca until after its contract with Truenorth had expired, it is clear that the investment banking firm was partially responsible for the deal. According to the suit, Truenorth is owed a completion fee.

The remaining litigants were to move forward with discovery ahead of the next case conference set for Sept. 8.

Truenorth Capital is represented by Lawrence M. Segan.

The Hitachi defendants are represented by Troy S. Brown of Morgan Lewis & Bockius LLP.

The case is Truenorth Capital Partners et al. v. Hitachi Metals America et al., case number 1:15-cv-00651, in the U.S. District Court for the Southern District of New York.

--Editing by Kelly Duncan.

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