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By Jan Wolfe, The Litigation Daily

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Chinese Investment Giant Dodges N.Y. Securities Class Action



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A federal judge in Manhattan on Tuesday [dismissed](#) a class action lawsuit alleging that a unit of CITIC Group Corporation, a massive state-owned Chinese investment company, facilitated securities fraud on the part of Puda Coal Inc.

Puda Coal was a U.S.-listed Chinese company that collapsed in an accounting scandal in 2011, triggering a slew of shareholder class actions and a U.S. Securities and Exchange Commission lawsuit. Puda Coal's chairman, Ming Zhao, is alleged to have transferred the company's most important subsidiary to himself and then forged documents to conceal the scheme from shareholders. As [Barron's reported](#), CITIC loaned money to Zhao before its collapse, but the investment giant wasn't targeted in the SEC complaint.


In April 2013 a Puda shareholder represented by the Rosen Law Firm filed class action claims against CITIC Group subsidiary CITIC Trust Co., alleging that it aided and abetted Puda Coal's deceit in violation of U.S. securities laws. CITIC's lawyer, Carl Oberdier of the small Manhattan firm Oberdier Ressimyer, moved to dismiss on jurisdictional grounds. Oberdier also argued that the shareholder failed to point to any evidence that CITIC knowingly or negligently assisted Zhao's scheme.

U.S. District Judge Katherine Forrest adopted both arguments in Tuesday's ruling. She concluded that she doesn't have jurisdiction over CITIC, because its conduct wasn't aimed at the U.S. and it didn't aid Puda Coal "in a manner that might have some effect in the United States." She also concluded that the facts alleged in the complaint "are equally consistent with CITIC's ignorance of Zhao's fraud."

CITIC counsel Oberdier said in an interview that he's pleased that the court adopted both of CITIC's dismissal arguments.

Practice Area(s): [Corporate and Securities](#)

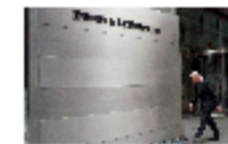
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