



BofA, Goldman, Others Settle Taser Short-Selling Suit

New York (June 20, 2011) -- Shareholders of Taser International Inc. struck a settlement in Georgia on Monday with a host of Wall Street firms that they alleged conspired to short-sell the weapons producer's stock and flood the market with counterfeit shares.

The deal will end the investors' suit against [Bank of America Securities LLC](#), Bear Stearns Securities Corp., [Credit Suisse USA Inc.](#), [Deutsche Bank Securities Inc.](#), [Goldman Sachs Group Inc.](#), Merrill Lynch, Pierce Fenner & Smith Inc., [Morgan Stanley & Co.](#) Inc. and [UBS Securities LLC](#). Details on the settlement have not been released.

"The plaintiffs are happy to have the case resolved," said plaintiffs attorney Steven J. Rosenwasser of [Bondurant Mixson & Elmore LLP](#).

The plaintiffs filed their suit in Georgia state court in 2008, accusing the financial firms of violating the Racketeer Influenced and Corrupt Organization Act. The case was removed to federal court in September.

The suit claims the firms' short selling caused the sale of millions of counterfeit Taser shares. Short selling takes place when investors borrow stock to sell — hoping it will decline in value so they can return it to brokers at the lower price and keep the difference.

"These are not isolated incidents: we believe the trading data evidences an ongoing and coordinated effort to violate securities and other laws," plaintiffs lawyer Wes Christian of Christian Smith & Jewell LLP said in a statement announcing the lawsuit.

Illegal naked short selling is when investors put up IOUs they can't honor and may have no intention of honoring. The practice can produce counterfeit shares,

according to the complaint, because short sellers effectively introduce additional shares into the market.

“Although in 2005 Taser had authorized and issued only approximately 60 million shares of common stock, more than 80 million votes were cast at the company's annual meeting,” the plaintiffs' law firms said.

According to the complaint, the defendant companies diluted Taser stock and caused its price to dip. They allegedly concealed their conduct by submitting misleading reports and falsely marking short sales as long positions.

Attorneys for the defendants did not immediately return calls seeking comment on the settlement Monday.

The defendants are represented by Richard H. Sinkfield of [Rogers & Hardin LLP](#).

The plaintiffs are represented by Steven J. Rosenwasser, John E. Floyd, Nicole G. Iannarone and Elizabeth G. Eager of Bondurant Mixson & Elmore LLP, and Wes Christian of Christian Smith & Jewell LLP.

The case is Taser International Inc. et al. v. Morgan Stanley & Co. et al., case number 1:10-cv-03108, in the U.S. District Court for the Northern District of Georgia.

<http://www.law360.com/securities/articles/252507/bofa-goldman-others-settle-taser-short-selling-suit>