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## Nationwide ordered to pay \$10M in damages for fund relationship gone bad



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**Nationwide Mutual Insurance Co.** must pay \$10.3 million to a Michigan investment management firm for breach of contract after it sold its stake in the company and then undercut the business, a Delaware judge decided.

The July 16 opinion holds Nationwide liable for damages and termination fees for its soured relationship with **NorthPointe Holdings LLC**, of Troy, Michigan.

The lawsuit stems from Nationwide's divestiture in 2006 of a 65 percent stake in NorthPointe Capital by offering a management buyout to the firm's partners. They and three others created NorthPointe Holdings LLC to purchase the shares. Although a separate entity, it managed five Nationwide-branded funds, including the company's largest, NorthPointe Nationwide Variable Insurance Trust Funds (NVIT).

Nationwide in 2008 redeemed \$260 million from the variable annuity/variable life trust fund and reallocated \$135 million to a competing fund, violating the NVIT contract and breaching the covenant of good faith and fair dealing, Judge **Andrea Rocanelli** of the Superior Court of Delaware decided.

Nationwide admitted to no wrongdoing.

"Nationwide is disappointed in the court's ruling, and we will be exploring our legal options," the company said in a statement. "Nationwide stands behind its business practices and leadership. We believe we acted appropriately throughout and in the best interest of the funds' shareholders."

Evan Weese covers funding and capital for Columbus Business First.



Doug Buchanan

A Delaware judge says Nationwide must pay \$10.3 million to a Michigan investment management firm for breach of contract. **Year built:** 1978