According to the plaintiffs, during the negotiations of this deal Davison represented to Epstein that he was "virtually assured of receiving an 18-20% return on [his] investment, with a possible return of as much as 30%" and assured him that Citibank was going to remain actively involved in the investment. (Epstein Decl. ¶ 11.)

After further discussion between Epstein and Davison, Citibank offered to loan Epstein $10 million on the express condition that the money be used exclusively to fund FTC's investment in the AIG-managed venture. *(Id.* ¶¶ 12-13.) On August 2, 1999, Epstein exesuted a promissory note in favor of Citibank in the amount of $10 million [the "1999 Note"]. (Pis.' Mem. Of Law in Opp'n to Mot. To Dismiss, Epstein Decl. ¶ 15; Mem. Of Law in Support of Defs.' Mot. To Dismiss, Ex. A.) In addition, Citibank and FTC entered into a hypothecation agreement. (Mem. Of Law in Support of Defs.' Mot. to Dismiss, Ex. B at 7.)

On June 15, 2000, Epstein executed and delivered to Citibank an amended and restated promissory note ["the Amended 1999 Note"] that superseded the 1999 Note. The Amended 1999 Note extended the maturity date of the 1999 Note to August 2, 2001. *(Id.* Ex. D.) In connection with the Amended 1999 Note, Epstein and FTC also signed an agreement entitled "First Amendment to Note and Affirmation of Hypothecation Agreement and Certain Documents Referred to Therein" [the "first Extension Agreement"] in which they reaffirmed the Amended 1999 Note in its entirety, the Hypothecation Agreement, and each document and term thereunder. *(Id.* Ex. E.) Each of these documents—the original 1999 Note, the 1999 hypothecation agreement, the Amended 1999 Note, and the first Extension Agreement—contains clauses stating that New York law would govern the "construction, validity, and performance" of the 1999 Note and the Amended 1999 Note. *(Id.* Ex. A at 8-9; Ex. B at 7-8; Ex. D at 10; Ex. E at 2-3.)

Sometime in the spring of 2001, Epstein and FTC discovered that the AIG Investment was "suddenly and rapidly deteriorating." (Pls.' Mem. Of Law in Opp'n to Mot. To Dismiss, Epstein Decl. ¶ 20.) According to the plaintiffs, FTC's advisors contacted Davison and other employees of Citibank, and requested Citibank's help in coordinating the replacement of the AIG fund's manager. *(Id.* ¶ 21; Schantz Decl. ¶ 5.) In May 2001, Davison informed the plaintiffs that, in order to remove AIG as the fund manager, FTC would need sixty-six and two-thirds percent (662/3%) of the votes of income note holders. Because the plaintiffs did not know the identities or respective percentages of ownership of the other income note holders, they requested that Davison provide them with that information. The plaintiffs claim that Davison initially assured them that she would provide such information promptly, but later informed them that she was having difficulty obtaining the information from SSB, and recommended that they seek the information from Chase Manhattan, the Trustee of the fund. (Pls.' Mem. Of Law in Opp'n to Mot. To Dismiss, Schantz Decl. ¶¶ 6-8.) Chase Manhattan, however, referred the plaintiffs back to Citigroup. In June, the plaintiffs learned for the first time that AIG itself owned twenty-eight percent (28%) of the income notes of the AIG investment. Thus, plaintiffs would not need other income note holders with as much of an investment in the income notes as they originally had believed because AIG's interest would not count toward any vote to remove it as manager. In July 2001, the plaintiffs finally received the information they had requested from Citibank. (*Id.* ¶¶ 9-10.)

At this time, Davison and SSB representatives urged the plaintiffs not to attempt to seek to remove AIG as the fund manager. In August 2001, FTC's attorney arranged a telephone conference with representatives from Citibank and SSB. Plaintiffs contend that during this conference they learned for the first time that Citibank could not assist them in seeking to remove AIG because SSB had an investment banking relationship with AIG that might be adversely affected by such an action. *(Id.* at ¶¶ 11-13.)

On June 11, 2002, the plaintiffs filed their complaint in this Court. One month later on July 11, 2002, Citibank sued the plaintiffs in the Southern District of New York, alleging that they had defaulted on both the loan at issue here and a second $10 million loan.1 *See Citibank, N.A. v. Epstein,* Index No. 02-CV-5332-SHS (S.D.N.Y.2002). On November 27, 2002, I issued an order restraining Citibank and Citigroup from pursuing their New York lawsuit pending decisions on these motions. *Financial Trust Co., Inc. v. Citibank, N.A.,* Order, Civ. No.2002-108 (D.V.I. Nov. 27, 2002). In light of subsequent events, however, I *sua sponte* vacated this prohibition. *Financial Trust Co., Inc. v. Citibank, N.A.,* Order, Civ. No.2002-108 (D.V.I. Dec. 13, 2002).

The defendants charge that plaintiffs' suit in the Virgin Islands is merely "a transparent attempt to launch a preemptive strike to hamper Citibank's efforts to recover the $20 million in promissory notes... upon which Epstein has defaulted." (Mem. Of Law in Support of Def.'s Mot. To Dismiss at 2.) The defendants move to dismiss this action under Federal Rule of Civil Procedure 12(b)(2) for lack of personal jurisdiction, or alternatively, to transfer this case to the Southern District of New York under 28 U.S.C. § 1404(a). Finally, the defendants aver that the amended complaint fails to state a cause of action upon which relief may be granted under Federal Rule of Civil Procedure 12(b)(6) and does not allege fraud with the requisite particularity as required by Federal Rule of Civil Procedure 9(b). I address each argument in turn.

II. DISCUSSION

A. THIS COURT HAS PERSONAL JURISDICTION OVER CITIBANK AND CITIGROUP