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Credit Suisse to Pay Enron \$90 Mln to Settle Suit (Update4)

May 9 (Bloomberg) -- Credit Suisse Group, Switzerland's second-biggest bank, agreed to pay \$90 million to Enron Corp. to settle a lawsuit related to the energy company's bankruptcy.

Under the settlement, Credit Suisse will forgo \$337 million in claims that it was seeking in the bankruptcy case, Houston-based Enron said today in a statement. Claims in the case are worth from 18 to 20 cents on the dollar.

"We are gratified with the progress we have made to date" in the bankruptcy litigation "and remain eager to reach resolution with the remaining financial institutions," John J. Ray III, Enron's chairman and president, said in the statement.

Credit Suisse joins other banks, including the Royal Bank of Scotland PLC and Lehman Brothers Holdings Inc., which have settled litigation arising out of Enron's bankruptcy. Enron sued at least 10 different financial institutions in 2003 for allegedly aiding and abetting the accounting fraud that drove the company into bankruptcy in 2001.

The agreement announced today resolves "claims asserted by Enron against all named Credit Suisse First Boston and Donaldson Lufkin & Jenrette entities" in cases pending in U.S. Bankruptcy Court in New York, Zurich-based Credit Suisse said in a statement. Credit Suisse acquired Donaldson Lufkin & Jenrette in 2000.

Credit Suisse spokeswoman Victoria Harmon declined to comment. The bank didn't admit wrongdoing in the settlement.

Under the settlement, \$92 million in additional bankruptcy claims, which Credit Suisse has sold or transferred to other companies, can still be sought from the Enron estate.

'Fewer Transactions'

Enron said that the amount of the settlement reflects that Credit Suisse was "involved in fewer transactions with Enron than certain of the other" defendants in the case.

Banks still involved in the litigation, include Citigroup Inc., the world's largest bank by market value, Frankfurt, Germany-based Deutsche Bank AG, London's Barclays Plc, Bank of America Corp.'s Fleet Financial Bank, and Merrill Lynch & Co., Enron said in the statement.

In February, Lehman Brothers, the fourth-biggest U.S. securities firm by market value, agreed to pay Enron \$69.9 million and to give up a bankruptcy claim to settle its dispute.

In the case against Lehman, Enron alleged that as much as \$155 million paid to the bank in the days leading up to Enron's bankruptcy under an "equity swap" agreement were recoverable under bankruptcy law. To maximize returns to creditors, the law allows a debtor to try and recover payments made on the eve of a bankruptcy filing.

In Enron's settlement with the Royal Bank of Scotland, Britain's second-biggest bank agreed to pay \$41.8 million and forfeit some claims in the bankruptcy case. In exchange, Enron agreed to pay Royal Bank of Scotland \$20 million to resolve \$329 million in claims the bank filed against the energy trader.

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