



## Citigroup, JPMorgan Pay \$4.5 Million in Enron Accord (Update3)

By Phil Milford

Dec. 27 (Bloomberg) -- Citigroup Inc., JPMorgan Chase & Co. and other defendants agreed to pay Ohio state pension funds \$4.5 million to settle any liability related to the fraud that destroyed Enron Corp. five years ago.

The funds, which balked at joining an earlier settlement with former Enron lenders, asked a federal judge in Houston to dismiss their claims against the banks as part of a Dec. 15 agreement, according to papers filed yesterday in Houston federal court.

The Ohio pension funds pursued their claims separately from Enron investors who have recovered more than \$7 billion in their case against former Enron banks, law firms and officers. Citigroup, the biggest U.S. bank, and JPMorgan, the third- biggest, previously settled claims by investors in the securities class action.

The parties `` desire to resolve and settle their differences and disputes without continued litigation and without in any way acknowledging any fault or liability on the part of the" defendants, lawyers for both sides wrote in the accord.

Enron filed the second-largest bankruptcy in U.S. history in December 2001 after disclosing it had hidden debt in off-the- books partnerships. Enron's stock fell from a market value high of \$68 billion in August 2000 to just pennies a share by the time of its bankruptcy, which was surpassed only by that of WorldCom Inc.

### Banks Involved

The banks involved in the Ohio accord, including Toronto- based Canadian Imperial Bank of Commerce, didn't admit any wrongdoing as part of the agreement and said they settled to avoid protracted litigation.

Former top executives at Enron were convicted for their roles in the accounting fraud at the Houston-based energy trader. The bankruptcy eliminated more than 5,000 jobs at the company, once the seventh-largest U.S. company by sales. Former Chief Executive Officers Jeffrey Skilling and Kenneth Lay were convicted of securities fraud and conspiracy. Skilling is serving a 24-prison term. Lay died before his appeal was completed, and his conviction was later set aside.

Former Enron Chief Financial Officer Andrew Fastow, who created the off-the-books partnerships at the heart of the fraud, pleaded guilty and helped convict Skilling and Lay.

`` We're pleased this matter has been resolved," said Citigroup spokesman Mike Hanretta of the Dec. 15 accord.

CIBC spokesman Rob McLeod and JPMorgan spokeswoman Kristin Lemkau declined to comment.

### Class Action

In May, a federal judge approved Enron settlements by the three banks, including \$2.2 billion from JPMorgan, \$2 billion from Citigroup and \$2.4 billion from CIBC.

Merrill Lynch & Co., Credit Suisse and Barclays Plc remain defendants in the investor securities class

action and face a trial in April in Houston federal court.

The court papers filed today said payments would be provided according to "a contribution agreement" among New York-based Citigroup, New York-based JPMorgan and CIBC, but didn't specify how much each bank would pay.

Plaintiffs' lawyer Sidney Liebesman of Wilmington, Delaware-based Grant & Eisenhofer, didn't immediately return calls and e-mail messages seeking comment on the settlement. Partner Stuart Grant declined to immediately comment.

Merrill Lynch is passive minority investor in Bloomberg LP, the parent company of Bloomberg News.

The case is *Newby v. Enron Corp.*, 01-cv-3624, in the United States Southern District, Southern District of Texas (Houston).

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