



Banks Lose Bid to Delay Enron Trial

Merrill Lynch, Credit Suisse First Boston, and Barclays Bank had sought to push back the April 9 trial date, pending an appeals court decision on whether the litigation can proceed as a class action.

[Dave Cook](#), CFO.com

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U.S. District Judge Melinda Harmon ruled Wednesday that a lawsuit will proceed as planned against three banks accused of participating in Enron's massive accounting scandal, according to published accounts.

Merrill Lynch, Credit Suisse First Boston, and Barclays Bank had sought to delay the trial, scheduled for April 9, pending an appeals court decision on whether the litigation can proceed as a class action, reported the *Houston Chronicle*.

The Board of Regents of University of California, the lead plaintiff in the case, has alleged that the defendant banks set up false investments in clandestinely controlled Enron partnerships and used offshore companies to disguise loans and facilitate phony sales of phantom Enron assets. As a result, added the university, Enron executives were able to deceive investors by reporting increased cash flow from operations and by moving billions of dollars of debt off Enron's balance sheet, thereby artificially inflating securities prices.

The case was originally scheduled for trial in December 2003 but has been postponed three times, the *Chronicle* added. Since that original trial date, the investor group has settled with many of the defendant banks, notably the Canadian Imperial Bank of Commerce, which [settled for \\$2.4 billion](#), JPMorgan Chase, which [agreed to pay \\$2.2 billion](#), and Citigroup, which [settled for \\$2 billion](#).

Last August, after Judge Harmon ruled that investors could sue as a class, Merrill, Credit Suisse, and Barclays took their case to the U.S. Court of Appeals for the Fifth Circuit. According to Bloomberg, the banks have argued that since the plaintiffs cannot prove that they directly participated in the Enron fraud, they shouldn't be certified as a class. Indeed, the banks have denied any role in the fraud whatsoever, the wire service noted.

The plaintiffs reportedly maintained that they have waited long enough, and on Wednesday, Judge Harmon agreed.

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