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FOR IMMEDIATE RELEASE

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The University of California today (Friday) announced a \$2 billion settlement with Citigroup in the Enron Corp. securities litigation. The settlement is subject to approval by the UC Board of Regents and the Board of Directors of Citigroup Inc., and court approval. The university is lead plaintiff representing a class of Enron investors who lost tens of billions of dollars.

"This agreement is a tremendous recovery for Enron investors and continues a pattern of highly favorable settlements," said James E. Holst, the university's general counsel. "Citigroup has acted very responsibly in stepping up to the plate in this manner, and the firm and its advisers have acted with the utmost professionalism in the course of this litigation. We will continue to work to achieve large recoveries from the remaining defendants, either through settlement or at trial."

UC alleged that Citigroup participated in an elaborate scheme to defraud investors and thereby violated Section 10(b) of the Securities Exchange Act of 1934 and other securities laws.

"We are very proud of the University of California's achievement," said William S. Lerach, of Lerach Coughlin Stoia Geller Rudman & Robbins LLP, lead counsel for the university in the litigation. "We continue to pursue other defendants, including other banks that have been charged with knowingly participating in the scheme to defraud Enron investors. The lawsuit is proceeding very satisfactorily and further large recoveries are anticipated."

In prior settlements, UC has obtained \$491.5 million for Enron investors from Lehman Brothers, Bank of America, Andersen Worldwide, Enron's outside directors and Ken Harrison. The class also received a distribution of \$20 million through the LJM2 bankruptcy.

Retired federal judge Hon. J. Lawrence Irving, who is acting as an adviser to the UC regents in the Enron litigation, said, "The size of this settlement is unprecedented for a stock fraud case. I unqualifiedly endorse this settlement and hope it helps lead to a major recovery for the investor victims of the Enron debacle."

Remaining defendants in the investors' lawsuit include the financial institutions of J.P. Morgan Chase, Merrill Lynch, Credit Suisse First Boston, Canadian Imperial Bank of Commerce, Barclays Bank, Deutsche Bank, Toronto-Dominion Bank, Royal Bank of Canada and the Royal Bank of Scotland, all alleged to be key players in a series of fraudulent transactions that ultimately cost Enron investors tens of billions of dollars, and Goldman Sachs, which is named because of its role as an underwriter of Enron securities.

Certain of these banks allegedly set up false investments in clandestinely controlled Enron partnerships, used offshore companies to disguise loans and facilitated phony sales of phantom Enron assets. As a result, 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.

Other remaining defendants include former officers of Enron, its accountants, Arthur Andersen, and certain law firms.

In February 2002, UC was named lead plaintiff in the Enron shareholders' class action suit previously filed against 29 top executives of Enron Corp. and its accounting firm, Arthur Andersen LLP. The university filed a consolidated complaint on April 8, 2002, adding nine banks and two law firms as defendants in the case. In April 2003, U.S. District Court Judge Melinda Harmon completed her rulings on the various defendants' motions to dismiss and lifted the stay on discovery. Following those rulings, UC filed an amended complaint on May 14, 2003.

Other institutional investors acting as representative plaintiffs on behalf of Enron investors include Washington State Investment Board, the Amalgamated Bank and its Long View Funds, Illinois State Board of Investment, San Francisco City and County Employees' Retirement System, Employer-Teamsters Local Nos. 175 & 505 Pension Trust Fund, Hawaii Laborers Pension Plan, Greenville Plumbers Pension Plan, Archdiocese of

Milwaukee and Staro Asset Management.

Depositions in the case began in June 2004, with the trial slated to begin in Houston on Oct. 16, 2006.

For more background on the Enron lawsuit: www.universityofcalifornia.edu/news/enron

A copy of Judge Irving's letter to the UC regents is available at www.universityofcalifornia.edu/news/enron/irvingletter.pdf

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