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trey.davis@ucop.eduFor investor questions: 800-449-4900 or www.enronfraud.com/contact.html**UC secures \$2.2 billion settlement with JPMorgan Chase in Enron fraud case**

The University of California has reached a second large settlement in less than a week in the Enron Corp. securities fraud class action, with the announcement today (Jun. 14) of a \$2.2 billion agreement with JPMorgan Chase. The university is lead plaintiff representing a class of Enron investors who lost tens of billions of dollars.

"This agreement represents an extremely important and very substantial recovery for Enron investors and sustains the course of highly favorable settlements," said James E. Holst, the university's general counsel. "JPMorgan Chase and its advisors have acted very responsibly in reaching this settlement. We will now move ahead with our objective of additional large recoveries from the remaining defendants, either through settlement or at trial."

UC alleged that JPMorgan Chase 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. Beyond today's agreement, the lawsuit continues to proceed very satisfactorily and further large recoveries are anticipated."

With this \$2.2 billion latest settlement, UC has now obtained more than \$4.7 billion for Enron investors, including \$2 billion from Citigroup, \$222.5 million from Lehman Brothers, \$69 million from Bank of America, \$168 million from Enron's outside directors, and \$32 million from Andersen Worldwide. Through the bankruptcy proceeding for the LJM2 partnership involved in the Enron scheme, UC will secure a distribution of approximately \$32 million for investors.

Retired federal judge Hon. J. Lawrence Irving, who is acting as an advisor to the UC Regents in the Enron litigation, said, "I unqualifiedly endorse this additional settlement and hope it helps lead to further substantial recoveries for Enron investors."

This settlement is subject to approval by the UC Regents, the JPMorgan Chase board of directors and the court.

Remaining defendants in the investors' lawsuit include the financial institutions of 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 an estimated \$40-45 billion in market losses.

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.

Additional remaining defendants include Goldman Sachs, because of its role as an underwriter of Enron securities, as well as 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.

Recovered funds, to be split among investors who bought Enron shares or publicly traded debt securities issued by Enron and Enron-related entities between Sept. 9, 1997, and its Dec. 2001 bankruptcy filing, are earning interest. The court must approve an allocation plan for the distribution. At this point, the total amount of money that will be recovered and the total pool of investor shares to receive it are unknown.

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/irvingmorgan.pdf

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