

CONGRESS BLASTS BANKS' SUPPORT FOR ENRON



SEN. LEVIN
Shocked.
AP

January 3, 2003 -- Now it all becomes clear.

As J. P. Morgan Chase was riding high on its good-news settlement yesterday, Congress released a scathing report damning the big bank, along with several other Wall Street giants, and handing over more ammunition to shareholders who might want to sue them for losses.

"Enron's deceptions were shocking, and equally shocking was the extent to which respected U.S. financial institutions like Chase, Citigroup and Merrill Lynch helped Enron carry out its deceptions and mislead investors and analysts about the company's finances," said Sen. Carl Levin (D-Mich.), chairman of the Permanent Subcommittee on Investigations.

"These financial institutions weren't victims of Enron; they helped plan and carry out Enron's deceptions in exchange for large fees or favorable consideration in business deals," the senator said in a statement yesterday.

Levin and Sen. Susan Collins (R-Maine) the ranking Republican, released the report "Fishtail, Bacchus, Sundance, and Slapshot: Four Enron Transactions Funded and Facilitated by the U.S. Financial Institutions" yesterday with their findings and recommendations related to the Subcommittee's investigation.

The report called on the Securities and Exchange Commission, Federal Reserve and Office of the Comptroller of the Currency to launch a review of banks and securities firms using structured finance deals with U.S. public companies and tighten rules on what is legal.

J. P. Morgan yesterday announced it had settled with 11 insurers over Enron surety bonds and also said it would set aside a whopping \$900 million for litigation costs related to Enron and other regulatory matters, a congressional source said.

Since Levin loses his chairmanship of the subcommittee when Congress reconvenes this month and

further action against the banks might not be pursued by incoming chairman Collins, the best the report can do is give more juice to plaintiffs' lawyers.

Yesterday's release of the report had nothing to do with J. P. Morgan's settlement, a congressional source said. *Jessica Sommar*

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