



News from

Office of the Attorney General
55 Elm Street
Hartford, Connecticut 06106

Attorney General

Richard Blumenthal

For
Immediate
Release

MONDAY, JULY 19, 2004

ATTORNEY GENERAL AND CRRA CHAIRMAN APPROACHING ENRON SETTLEMENT

Attorney General Richard Blumenthal and Connecticut Resources Recovery Authority (CRRA) Chairman Michael Pace today announced a settlement in the Enron Corp. bankruptcy proceeding, which will produce more than \$80 million for CRRA.

The ongoing negotiations are the result of claims against Enron for the failed \$220 million deal between the giant energy company and CRRA, which Blumenthal has characterized as a disguised loan. The deal had been created by Enron and CRRA's former management, and their financial and legal advisors.

While the agreement in principle needs the approval of the CRRA Board of Directors, the Enron Board of Directors, the bankruptcy court and others, both Blumenthal and Pace are hopeful that the matter will be resolved quickly.

"Perseverance pays," Blumenthal said. "This payment marks a major milestone in our continuing fight to recover \$220 million lost to CRRA member towns and citizens in a disguised loan, but we must persevere in battling for the rest. We expect money back this fall to CRRA, or perhaps earlier if its claims are sold to investors. This step will be significant for CRRA towns and taxpayers, but we must hold accountable anyone responsible for enabling the unwise and unwarranted waste of money that resulted from the Enron loan by the former CRRA management. Today's landmark step is a tribute to the new leadership and vision brought to CRRA by Mike Pace and his board, which replaced the individuals responsible for the Enron loan."

"We will continue to aggressively pursue our claims in court against more than 100 defendants that should be held accountable for enabling this loss, including the individual Enron board members and management as well as law firms, financial institutions, banks, accountants, credit rating agencies, and others."

"The bankruptcy settlement is the first of what will be several successful outcomes of suits initiated on behalf of CRRA by the Attorney General's office, and this recovery is the latest step in our new board's plan to restore CRRA's financial stability," Pace said. "Since its appointment two years ago our new board has made

significant, positive organizational changes which, combined with these recoveries, have benefited and will benefit our member towns by ensuring them of reliable, affordable solid waste disposal services for years to come.”

The nearing settlement would only resolve the bankruptcy claims that the Attorney General and CRRA have raised, and would have no effect on the three lawsuits that the Attorney General and CRRA have filed against 101 individuals they believe are responsible for Enron's financial collapse and failed deal with CRRA.

*****END*****

