



STATE OF CONNECTICUT
NEWS RELEASE

ATTORNEY GENERAL RICHARD BLUMENTHAL
CONNECTICUT RESOURCES RECOVERY
AUTHORITY CHAIRMAN MICHAEL A. PACE

TUESDAY, FEBRUARY 1, 2005

**ATTORNEY GENERAL, CRRA ANNOUNCE RECOVERY OF \$111
MILLION FROM FAILED CRRA-ENRON DEAL**

Attorney General Richard Blumenthal and Connecticut Resources Recovery Authority (CRRA) Chairman Michael A. Pace announced that the CRRA today will receive a \$111.2 million bankruptcy settlement stemming from the authority's failed deal with Enron Corp.

The payment is a milestone in a three-plus year effort by Blumenthal and the CRRA to recover hundreds of millions of dollars in public funds lost in the deal.

Blumenthal's office continues to sue more than 100 other individuals and entities involved in the deal, including Enron's Board of Trustees and the CRRA's former attorneys and financial advisors.

"The CRRA finally has something to celebrate, nearing the end of its long nightmare," Blumenthal said. "I'm proud that my office helped the authority recover \$111.2 million, slightly more than half the losses from its illegal loan to Enron. With Mike Pace's leadership, the CRRA's new board and management team have changed the agency's way of doing business, mending damage done by former managers."

"Receipt of these funds is a milestone in CRRA's history," said Pace, who took over the authority in the wake of its failed deal with Enron. "Our new board and staff, in cooperation with Attorney General Blumenthal, Governor Rell, the Office of the Treasurer, the Office of Policy and Management and many other state officials, have worked exceptionally hard to position this agency for the future."

The CRRA's former management loaned Enron \$220 million in 2001. The energy company agreed to pay back the loan, plus interest, over 12 years. The complex deal with Enron was an illegal loan camouflaged as an energy deal.

MEDIA CONTACTS

ATTORNEY GENERAL'S OFFICE
CHRISTOPHER HOFFMAN 860-808-5324

CONNECTICUT RESOURCES RECOVERY AUTHORITY
PAUL NONNENMACHER 860-757-7771

Enron stopped making payments when it collapsed into bankruptcy in the fall of 2001, just months after the deal was signed.

The CRRA reached a settlement with Enron, agreeing to accept \$82.7 million from the former energy giant. The CRRA then auctioned the award to Deutsche Bank, which bought the settlement, plus a \$28.5 million premium.

A federal bankruptcy court in New York approved the settlement on January 20, 2005. The court's approval allowed the CRRA to collect \$111.2 million from Deutsche Bank today.

*****END*****



The Connecticut Resources Recovery Authority has received the proceeds of the sale of its Enron bankruptcy claim. Displaying a check symbolic of the \$111 million realized from the sale are (from left) Raymond J. O'Brien, a CRRA board member from New Milford; Mark A. R. Cooper, a CRRA board member and first selectman of Southbury; Attorney General Richard Blumenthal; Mark A. Lauretti, a CRRA board member and mayor of Shelton; Michael A. Pace, CRRA chairman and first selectman of Old Saybrook; and Theodore A. Martland, a CRRA board member from Woodbury.

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