

Highly Favorable Settlement Reached in JPMorgan Chase Trial

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JPMorgan Chase & Co. settled its dispute with 11 insurers that will cover approximately 60 percent of the nearly \$1.1 billion the bank lost in complex financing deals arranged with bankrupt energy trader Enron Corp. JPMC was represented by Kelley Drye & Warren LLP in this action, which was scheduled to go to the jury just before its ultimate settlement.

At issue was whether 11 insurers, including Chubb Corp., CNA Financial Corp., Liberty Mutual Insurance Co., and Travelers were required to pay out on bonds issued to guarantee a series of gas trades between Enron and offshore entities.

As reported in *The Wall Street Journal*, *The New York Times*, *The Financial Times*, and *The New York Law Journal*, Kelley Drye had argued before the jury that the insurers could not claim that they were defrauded about the substance of the complex transactions, and that they were aware that the transactions were intended to provide financing to Enron. The insurers in the case had claimed that they were told the deals were gas delivery transactions, but were, in fact, "disguised loans" from JPMorgan to Enron.