

In re El Paso Corporation Securities Litigation

COURT: United States District Court, Southern District of Texas
CASE NUMBER: 02-cv-2717
JUDGE: Hon. Lynn N. Hughes
CLASS PERIOD: 02/22/2000 - 02/17/2004

Securities fraud class action filed on behalf of a class of persons and entities who purchased or acquired the securities of El Paso Corporation ("El Paso") between February 22, 2000 and February 17, 2004 (the "Class Period").

On November 7, 2005, the United States District Court for the Southern District of Texas (the Honorable Lynn N. Hughes presiding) appointed BLB&G client Jacksonville Police & Fire Pension Fund as Lead Plaintiff, together with two co-lead plaintiffs, and further appointed BLB&G as Co-Lead Counsel for the Class.

El Paso Agrees to Settle All Claims for \$285 Million

On August 2, 2006, El Paso issued a press release announcing that it reached an agreement to settle this litigation. The terms of the proposed settlement, which is subject to final approval by the Court, create a settlement fund totaling \$285,000,000 to be paid by El Paso, its insurers and PricewaterhouseCoopers ("PwC"). The proposed settlement will resolve the claims against all defendants.

The Court granted preliminary approval of the settlement on December 5, 2006, and final approval of the settlement on March 6, 2007.

IN ORDER TO BE ELIGIBLE TO SHARE IN THE BENEFITS OF THE SETTLEMENT, CLASS MEMBERS MUST HAVE SUBMITTED A COMPLETED AND SIGNED PROOF OF CLAIM FORM POSTMARKED NO LATER THAN APRIL 18, 2007.

Background

Following reports in the summer of 2002 that El Paso hid debt in off-balance sheet entities and may have engaged in "round-trip trading," numerous securities class actions were filed against El Paso and additional defendants. On December 12, 2002, plaintiffs filed their first Consolidated Class Action Complaint alleging an initial class period from November 9, 2000 to September 23, 2002. All defendants moved to dismiss that complaint. On February 17, 2004, while the motions were pending, El Paso disclosed that its proved oil and gas reserves were overstated. El Paso's stock price dropped by over 17%. As a result, other plaintiffs filed new complaints based on the overstated reserves disclosures. The cases were consolidated, and on July 2, 2004, Lead Plaintiffs filed their Second Consolidated Class Action Complaint (the "Second Amended Complaint") alleging the current Class Period from February 22, 2000 through February 17, 2004. Again, defendants moved to dismiss.

The Second Amended Complaint asserts claims against defendants for violations of §§11, 12(a)(2), and 15 of the Securities Act of 1933 ("Securities Act") and §§10(b) and 20(a) of the Securities Exchange Act of 1934 ("Exchange Act") and Rule 10b-5. The defendants are (1) El Paso; (2) PwC; (3) Credit Suisse First Boston; (4) William Wise, El Paso's former CEO; (5) H. Brent Austin, its former CFO until October 2002; (6) D. Dwight Scott, its CFO since October 2002; (7) Ralph Eads, former President of El Paso Merchant Energy; (8) Rodney Erskine, former President of El Paso Production; and (9) Ronald Kuehn, Jr., former El Paso board chairman.