



BANKRUPTCY NEWS

NOVEMBER 19, 2012 / 9:10 AM / UPDATED 11 YEARS AGO

Citi to pay \$360 mln to end \$1 bln Lehman collateral dispute

By Reuters Staff



Nov 18 (Reuters) - Citigroup Inc has agreed to pay \$360 million to the brokerage estate of Lehman Brothers to resolve a dispute over \$1 billion in collateral that the investment bank was forced to post in the days leading up to its bankruptcy in 2008.

According to a settlement reached on Friday with the trustee liquidating Lehman Brothers's U.S. brokerage unit, Citigroup will also relinquish its claim to \$75 million that was contingently paid to the estate at the beginning of the liquidation, court documents showed.

The trustee, James Giddens, filed the claim against Citigroup and its subsidiaries early last year, arguing that the \$1 billion was obtained under coercion and that the amount should be part of a general asset pool to be divided among creditors in accordance with bankruptcy law.

Citigroup had countered the trustee's claims saying that it is entitled to keep the \$1 billion under the Bankruptcy Code's "safe harbor" provisions, which shield certain financial transactions from being included in the creditors' asset pool.

"For the benefit of customers and other creditors, we continue to resolve disputes and marshal assets for the estate, and this agreement accomplishes both," Giddens said in a statement.

In a New York court filing, Giddens said that the protracted litigation over the collateral dispute, along with associated legal costs, would not be in the best interests of the Lehman estate. Lehman's agreement with Citigroup is subject to court approval.

Lehman emerged from bankruptcy in March, and has paid out or plans to pay out \$33 billion of an expected \$65 billion to creditors, recovering an average of 21 cents on the dollar. The company is also

being wound down.

In October, the U.S. brokerage unit and a European unit of the former Lehman Brothers Holdings Inc said they settled litigation over \$38 billion of asset claims, a major step toward customers and creditors recovering money.

The cases are In re: Lehman Brothers Inc, U.S. Bankruptcy Court, Southern District of New York, No. 08-01420; and In re: Lehman Brothers Holdings Inc in the same court, No. 08-13555.

Our Standards: [The Thomson Reuters Trust Principles](#).

[Apps](#) [Newsletters](#) [Advertise with Us](#) [Advertising Guidelines](#) [Cookies](#) [Terms of Use](#) [Privacy](#)
[Do Not Sell My Personal Information](#)



All quotes delayed a minimum of 15 minutes. See [here](#) for a complete list of exchanges and delays.

© 2023 Reuters. All Rights Reserved.