

BUSINESS ROUNDUP

BCCI staff to drop appeal after deal

FORMER employees of the collapsed Bank of Credit and Commerce International (BCCI) will withdraw legal proceedings in the Luxembourg and English courts after reaching a deal with the bank's liquidators that \$70 million will be paid into two staff trusts. The deal takes the proposed \$1.8 billion compensation payment from the Abu Dhabi authorities, the bank's majority shareholder, a step closer.

The payment was being held up by an appeal in the Luxembourg court against the BCCI liquidators' proposed settlement with the Abu Dhabi shareholders. Former staff alleged that the proposed settlement was "insufficient and prejudicial" to their interests. The appeal should be withdrawn at the next hearing on November 16. The English High Court and the Cayman Islands court have already approved the Abu Dhabi settlement. Last night's deal must now be cleared by the Cayman Islands court because it is part of the Cayman Islands liquidation.

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Former employees offer to drop appeal against creditors' deal

Hopes rise for BCCI settlement

By Jim Kelly,
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Four former employees of the collapsed Bank of Credit and Commerce International yesterday unexpectedly offered to withdraw their appeal against a worldwide settlement for the bank's creditors.

The move signalled a breakthrough in long-running efforts to get the settlement cleared by the Luxembourg courts. The settlement is based on a payment of \$1.8bn (£1.1bn) from the Abu Dhabi government, BCCI's principal shareholder.

The offer to withdraw the appeal is linked to a proposed out-of-court settlement in a separate case which would bring \$70m to about 15,000 former employees of the bank which collapsed in 1991 with debts of

\$10bn. A spokesman for the employees said: "They are delighted with the result - it will bring benefits to staff and their families who have suffered considerable hardship since the collapse of the bank."

The breakthrough reflects the mounting legal and professional costs in the case. Creditors were estimated to be losing \$300,000 a day in interest on the agreement.

It is hoped that a complex network of legal claims will be dropped once the appeal has been withdrawn.

The court of appeal in Luxembourg, which yesterday heard the employees' offer to withdraw, adjourned the case until November 16.

While all parties to the case hesitated yesterday to claim the case was over there is consider-

able optimism that a dividend may be paid next year.

If the Luxembourg court clears the settlement, an initial \$1.55bn will be paid by Abu Dhabi. Payments to creditors had been due to begin this summer. An interim dividend of up to 20p in the pound was expected with an eventual payment estimated provisionally at between 30p and 40p.

The former employees had been fighting on several fronts to try to win a better deal. They claimed they had suffered by losing their jobs in the collapse as well as their savings in many cases. They had blocked an earlier agreement by an appeal to the Luxembourg courts.

The breakthrough in the case has been negotiated by the Cayman Island liquidators of BCCI Overseas, and Credit & Finance

Corp, a company which acts as the trustee for two staff benefit funds which have been the subject of court action by former employees.

The employees had claimed between \$180m and \$200m from the Cayman Island liquidators with respect to the two benefit funds - claiming that money had been diverted from them into BCCI during the 1980s. They claimed they had been denied their rightful benefits as a result.

If the appeal blocking the Luxembourg agreement is successfully withdrawn, \$50m will be placed in trust and distributed by a newly appointed independent trustee.

A further \$20m, given by an unnamed third party, is to be deposited in a separate trust to cover outstanding staff loans owed to the liquidators.