



NEWS

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FOR IMMEDIATE RELEASE

MTA BOARD APPROVES SETTLEMENT OF LAWSUIT AGAINST COMPANY ACCUSED OF OVERCHARGING THE AUTHORITY IN A 1993 BOND REFUNDING

The MTA Board of Directors announced today that it has accepted a settlement of a two-year old lawsuit against a company accused of overcharging the MTA in a 1993 bond refunding transaction.

Under terms of the settlement, Lazard Freres & Co. has agreed to pay the MTA \$9 million. The company also has acknowledged that the law requires it to pay the MTA's legal fees and it has agreed to do so. In addition, Lazard Freres will indemnify the MTA for any amount the Internal Revenue Service may find the agency owes in taxes as a result of overcharges arising from the 1993 transaction.

"I am very pleased that this matter has been resolved," said MTA CEO Julian Burke. "The settlement shows that we will diligently protect our interests."

Lazard Freres & Co. served as the MTA's financial advisor from 1991 to 1994. The lawsuit alleged that the company overcharged the MTA in the purchase of Treasury securities as part of the refinancing of bonds issued for rail construction projects while certifying that the securities were being purchased at the market rate.

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