

# Congress of the United States

Washington, DC 20515

The Honorable Larry Thompson  
Deputy Attorney General  
Department of Justice  
950 Pennsylvania Avenue, N.W.  
Washington, D.C. 20530

January 10, 2003

Dear Attorney General Thompson:

We urge the Department of Justice to take its merger review role seriously as it considers the proposed merger between Crédit Agricole and Crédit Lyonnais. As we stated in earlier letters, we have serious concerns about the delays and other issues surrounding the Department's ongoing investigation into the role that Crédit Lyonnais played in the acquisition of the California-based Executive Life Insurance Company in the early 1990s.

Many Members of Congress have been reviewing the alleged illegal acquisition of the Executive Life Insurance Company by Crédit Lyonnais. Last October, the House Government Reform Committee held a lengthy hearing on the subject where government regulators, victims and others testified as to the conduct of Crédit Lyonnais and the status of legal proceedings.

As you know, in 1991 the State of California was forced to auction the assets of Executive Life. Crédit Lyonnais allegedly took the company's bond portfolio through a "front company" – notwithstanding existing federal law barring a bank from owning interests in an insurance company and California state law prohibiting a foreign government from holding an interest in a California insurance company. Crédit Lyonnais subsequently earned substantial profits from its acquisition by selling select portions of the company's assets while the remaining 330,000 policyholders suffered significantly lower payments and many states had to cover the costs of Executive Life's "bail out."

Several months ago, a federal court in Los Angeles issued a prima facie finding of criminal fraud against the French bank. The press has also reported that career Justice Department prosecutors have recommended a criminal indictment of Crédit Lyonnais based on evidence that the bank continued to cover up its alleged fraud long-after 1991. We urge the Department to review the recommendations of its career prosecutors and to fully investigate these serious allegations.

In addition, we were pleased to see in recent media reports, such as the one in *The Economist* on December 5, 2002, that grand jury proceedings have been allowed to proceed in this matter. We applaud this step forward on the path toward justice for the thousands of Executive Life policyholders. But, we continue to have concerns that Crédit Lyonnais' refusal to take full responsibility for its actions may continue to harm the numerous policyholders left struggling in the wake of Executive Life's dissolution. We are hopeful that Crédit Agricole's decision to acquire Crédit Lyonnais will result in a change of attitude and that Crédit Lyonnais will finally accept responsibility for its actions.

While we respect the confidentiality of the grand jury proceedings, we continue to have a number of questions, consistent with our oversight responsibilities, about the handling of the matter by the Department of Justice. Therefore, we would again like to request an opportunity to meet with you and your staff at your earliest convenience. Please contact Jim Kaplan with Rep. Doug Ose's office at (202) 225-5716 to make any necessary arrangements.

We look forward to hearing from you in the near future.

Sincerely,



DOUG OSE  
Member of Congress



HENRY WAXMAN  
Member of Congress



JERRY LEWIS  
Member of Congress