UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA, Individually and On Behalf of All Others Similarly Situated, Plaintiff, vs. TORONTO-DOMINION BANK, TORONTO-DOMINION HOLDINGS (U.S.A.), INC., TD SECURITIES INC., TD SECURITIES (USA) INC., TORONTO-DOMINION (TEXAS), INC., THE ROYAL BANK OF SCOTLAND GROUP PLC, THE ROYAL BANK OF SCOTLAND PLC, NATIONAL WESTMINSTER BANK PLC, GREENWICH NATWEST STRUCTURED FINANCE, INC., GREENWICH NATWEST LTD., and CAMPSIE LTD., Defendants.	§ §	Civil Action No. ________________ CLASS ACTION COMPLAINT FOR VIOLATION OF THE SECURITIES LAWS DEMAND FOR JURY TRIAL

1. This is a securities class action on behalf of purchasers of Enron Corporation's ("Enron" or the "Company") publicly traded equity and debt securities between December 2, 1998 and November 27, 2001 (the "Class Period"), including securities whose repayment depends on Enron's credit, financial condition and ability to pay, against defendants:

(a) Toronto-Dominion Bank and certain of its subsidiaries and affiliates; and

(b) The Royal Bank of Scotland Group plc and certain of its subsidiaries and affiliates.

2. Each of the defendants engaged in or participated in the implementation of manipulative or deceptive devices in order to inflate Enron's reported profits and financial condition, made or participated in the making of false and misleading statements and participated in a scheme to defraud or a course of business that operated as a fraud or a deceit on purchasers of Enron and Enron-related publicly traded securities between December 2, 1998 and November 27, 2001. Both prior to and during the Class Period, Enron reported very strong profits and profit growth and a strong balance sheet that enabled it to maintain an investment grade credit rating. As a result of defendants' wrongful conduct and scheme, Enron's common stock was artificially inflated to as high as $90-3/4 per share, giving Enron a market capitalization of over $70 billion in August 2000, while the Enron and Enron-related preferred and debt securities also traded at artificially inflated prices. Defendants' scheme and fraudulent course of business was designed to and did enable Enron and Enron-related entities to issue billions of dollars of new equity and debt securities to investors during the Class Period.

3. This fraudulent scheme and course of business enabled defendants to pocket tens, if not hundreds, of millions of dollars in fees, interest and credit facility payments, such that each defendant was significantly enriched. In October 2001, Enron suddenly reported $1 billion (after-tax) in write-offs and wrote down a billion dollars of shareholder equity. It then restated its

previously reported financial results to eliminate hundreds of millions of dollars of previously reported profits and billions more in shareholders' equity. Enron's stock collapsed, its credit rating was downgraded to "junk" and it went bankrupt, as investors realized that the huge profits Enron had reported over the past several years had been grossly inflated and falsified and that Enron had hidden billions of dollars of debt that should have been reported on its balance sheet. The fraudulent scheme to misrepresent Enron's financial condition and results is detailed in The Regents' First Amended Consolidated Complaint filed May 14, 2003, in H-01-3624. Enron filed its petition for bankruptcy on December 2, 2001.

4. Lead Plaintiff received notice of the conduct alleged herein by the public filing of the Final Report by Enron's Court-Appointed Examiner, consequently the Complaint is filed in this format for (among other reasons) purposes of expedience.

JURISDICTION AND VENUE

5. The claims asserted herein arise and pursuant to §§10(b) and 20(a) of the Securities Exchange Act of 1934 ("1934 Act"), 15 U.S.C. §§78j(b) and 78t(a), and Rule 10b-5 promulgated thereunder by the SEC, 17 C.F.R. §240.10b-5.

6. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. §§1331 and 1367 and §27 of the 1934 Act, 15 U.S.C. §78aa.

7. Venue is proper in this District pursuant to §27 of the 1934 Act and 28 U.S.C. §1391(b). Enron maintained its principal place of business in this District and many of the acts and practices at issue occurred in substantial part in this District.

8. In connection with the acts alleged in this Complaint, defendants directly or indirectly used the means and instrumentalities of interstate commerce, including, but not limited to, the mails, interstate telephone communications and the facilities of the national securities markets.

PARTIES

A. Plaintiff

9. The Regents of the University of California, Court Appointed Lead Plaintiff in *Newby v. Enron Corp.*, No. H-01-3624 (S.D. Tex.), purchased more than 2 million shares of Enron securities at artificially inflated prices during the Class Period as detailed in its Certification, filed herewith, and suffered damages of more than $144 million as a result thereof.

10. The Regents of the University of California, the nation's premier public research university, was founded in 1868 and is composed of 10 campuses with a mission of teaching, research and public service. The University has over 183,000 graduate and undergraduate students, three law schools, five medical schools and the nation's largest continuing education program. The University has more than 155,000 employees and is governed by a 26-member Board of Regents. The Regents oversees the management of a portfolio totaling more than $54 billion. The investment funds managed consist of the University's retirement, defined contribution and endowment funds, including both actively managed equity portfolios and passively managed index funds. These investments provide substantial benefits to current and retired employees and support the University's mission of education, research and public service.

B. Defendants

11. Each of the bank holding company entities sued as defendants conducts its business affairs through a series of wholly owned and controlled subsidiaries where the bank holding company directly or indirectly owns 100% of the stock of the subsidiaries and completely directs and controls their business operations through the selection and appointment of their officers and, where necessary, directors. These controlled subsidiaries are also the agents of the bank holding company entities and include subsidiaries rendering financial advice and services to public companies, including Enron. The financial operations and condition of these subsidiaries are, for financial

reporting and other purposes, consolidated with the bank holding companies' financial statements. Thus, all revenues, earnings and income of the bank holding company subsidiaries are upstreamed to and belong to the bank holding companies. The bank holding companies named as defendants in this action all participated in the fraudulent scheme and course of business complained of, not only by way of the actions of the holding company itself, but also by way of the actions of numerous of its controlled subsidiaries and agents, some of which have been named as defendants in this action as well.

12. (a) Defendant Toronto-Dominion Bank is an integrated financial services institution that through known and unknown subsidiaries, divisions and affiliates, acting as the agent of and controlled by Toronto-Dominion Bank, such as, but not limited to, Toronto-Dominion Holdings (U.S.A.), Inc., TD Securities Inc., TD Securities (USA) Inc., Toronto-Dominion Investments Inc., Toronto Securities Ltd., Toronto-Dominion Investments Ltd. and Toronto-Dominion (Texas), Inc. (collectively, "Toronto-Dominion"), provides commercial and investment banking and advisory services. Toronto-Dominion and its subsidiaries together are known as the TD Bank Financial Group. Toronto-Dominion engaged and participated in the scheme to defraud purchasers of Enron and Enron-related securities and Enron's course of business which operated as a fraud and deceit on purchasers of Enron's securities by rendering services to Enron as described in greater detail in Appendix G to the Final Report of Neal Batson, Court-Appointed Examiner ("Final Report") in the Enron bankruptcy proceedings, attached hereto and incorporated herein. The Final Report was first released to the public, including The Regents, on November 24, 2003. In addition to Toronto-Dominion Bank, the following subsidiaries, divisions and affiliates, acting at the direction of and under the control of Toronto-Dominion Bank, are specifically named as defendants:

(b) Defendant Toronto-Dominion Holdings (U.S.A.), Inc., under the control of Toronto-Dominion Bank, acted, as detailed herein and in Appendix G to the Final Report, on its own

and through its subsidiaries, divisions, and affiliates, including TD Securities (USA) Inc. and Toronto-Dominion (Texas), Inc., to further the defendants' fraudulent deceptive devices created for the purpose of falsifying Enron's reported financial disclosures, including: the December 1998 prepay, Truman prepay, Jethro prepay, Nixon prepay, Albert prepay, London prepay, and Hawaii, JEDI, Firefly Trust, and Bammel Gas Trust transactions.

(c) Defendant TD Securities Inc., under the control of Toronto-Dominion Bank, acted, as detailed herein and in Appendix G to the Final Report, to further the defendants' fraudulent scheme by substantially financing deceptive devices created for the purpose of falsifying Enron's reported financial disclosures, including: the December 1998 prepay, Truman prepay, Jethro prepay, Nixon prepay, Alberta prepay, London prepay, and Hawaii, JEDI, Firefly Trust, and Bammel Gas Trust transactions.

(d) Defendant TD Securities (USA) Inc., under the control of Toronto-Dominion Bank and Toronto-Dominion Holdings (U.S.A.), Inc., acted, as detailed herein and in Appendix G to the Final Report, to further the defendants' fraudulent scheme by substantially financing deceptive devices created for the purpose of falsifying Enron's reported financial disclosures, including: the December 1998 prepay, Truman prepay, Jethro prepay, Nixon prepay, Alberta prepay, London prepay, and Hawaii, JEDI, Firefly Trust, and Bammel Gas Trust transactions.

(e) Defendant Toronto-Dominion (Texas), Inc., under the control of Toronto-Dominion Bank, Toronto-Dominion Holdings (U.S.A.), Inc., TD Securities Inc. and TD Securities (USA) Inc., acted, as detailed herein and in Appendix G to the Final Report, to further the defendants' fraudulent scheme by substantially financing deceptive devices created for the purpose of falsifying Enron's reported financial disclosures, including: the December 1998 prepay, Truman prepay, Jethro prepay, and London prepay.

13. (a) Defendant The Royal Bank of Scotland Group plc ("RBSG"), is one of the largest banks in the United Kingdom and has offices in the United States, Europe and Asia. RBSG is a large integrated financial services institution that through known and unknown subsidiaries, divisions and affiliates acting as the agent of and controlled by RBSG, including, without limitation, The Royal Bank of Scotland plc, The Royal Bank of Scotland International, National Westminster Bank plc, Greenwich NatWest Ltd., Greenwich NatWest Structured Finance, Inc., NatWest Offshore, Coutts & Co., Coutts Offshore, Coutts (Cayman) Ltd., and Campsie Ltd. (collectively, "Royal Bank"). Royal Bank provides commercial and investment banking services, commercial loans to corporate entities, and advisory services concerning the structuring of financial transactions, including engaging in or helping to structure derivatives and hedging financial transactions, and acting as underwriter in the sale of corporate securities to the public. Royal Bank engaged and participated in the scheme to defraud purchasers of Enron securities and Enron's course of business which operated as a fraud and deceit on purchasers of Enron's securities by rendering all of the above services to Enron as described herein and in Appendix E to the Final Report, attached hereto and incorporated herein. In addition to RBSG, the following subsidiaries, divisions and affiliates, acting at the direction of and under the control of RBSG, are specifically named as defendants:

(b) Defendant The Royal Bank of Scotland plc, under control of RBSG, acted, as detailed herein and in Appendix E to the Final Report, to further the defendants' fraudulent scheme by substantially financing deceptive devices created for the purpose of falsifying Enron's reported financial disclosures, including, without limitation, the Nixon prepay transaction and three FAS 140 transactions known as ETOL I, ETOL II, and ETOL III.

(c) Defendant National Westminster Bank plc ("NatWest"), under the control of RBSG, as detailed herein and in Appendix E to the Final Report, acted to further defendants' fraudulent scheme by substantially financing of Enron's disguised loans hidden as prepaid swap

transactions and by playing a primary role in several of the other fraudulent transactions designed to falsify Enron's reported financial results, including: LJM1, which NatWest helped fund, participate as a limited partner, and profit substantially from; the Nixon transaction (a multi-bank prepay in which RBSG internally recognized it was loaning Enron $110 million for "window dressing"); and four FAS 140 transactions called Sutton Bridge, ETOL I, ETOL II and ETOL III (which monetized Enron's assets and allowed Enron to falsely inflate its income from bogus asset sales and falsely report the proceeds as cash flow from operating activities as opposed to cash flow from financing activities). Nixon and the FAS 140 transactions together allowed Enron to falsely record $191 million of income from asset sales, understate debt by $177 million and $273 million in Enron's 1999 and 2000 balance sheets, and erroneously record $444 million in proceeds as cash flow from operating activities.

(d) Defendant Greenwich NatWest Structured Finance, Inc. is a part of RBSG and participated in the acts complained of herein.

(e) Defendant Greenwich NatWest Ltd. is a part of RBSG and participated in the acts complained of herein.

(f) Defendant Campsie Ltd. ("Campsie"), a wholly-owned affiliate of RBSG, was used to further the defendants' fraudulent scheme by funneling $45 million in cash to LJM1, which was used to enable Enron to complete the bogus LJM1/Rhythms Hedging Transaction. LJM1/Rhythms allowed Enron to record $95 million in bogus income in 1999, representing 10.6% of Enron's reported net income. LJM1 also was used to unlawfully enrich Enron CFO Andrew Fastow and others by over $40 million.

DEFENDANTS' SCHEME AND FRAUDULENT COURSE OF BUSINESS

14. Each defendant is liable for participating in a scheme to defraud and/or a course of business that operated as a fraud or deceit on purchasers of Enron and Enron-related publicly traded

securities during the Class Period. This wrongful conduct enabled Enron to raise billions for Enron from the sale of newly issued securities during the Class Period. The wrongful conduct allowed defendants to pocket tens, if not hundreds, of millions of dollars in fees, commissions and other charges.

Toronto-Dominion

15. Between December 1998 and December 2000, Toronto-Dominion participated in six sham prepay transactions with Enron, whose total proceeds approximated $2 billion.

Name	Closing Date	Amount	Toronto-Dominion Role
Dec. 1998	Dec. 30, 1998	$250 million	Funded $250 million (JP Morgan Chase was counterparty)
Truman	June 29, 1999	$500 million	Funded $250 million and acted as swap counterparty for $250 million Citigroup-funded portion of prepay
Jethro	Sept. 29, 1999	$675 million	Funded $337.5 million and acted as swap counterparty for $337.5 million Citigroup-funded portion of prepay
Nixon	Dec. 14, 1999	$324 million	Acted as swap counterparty for prepays funded by Citigroup, Royal Bank and Barclays
Alberta	Sept. 27, 2000	CAD $147.4 million (approx. $105 million U.S.)	Funded approx. CAD $147.4 million (JP Morgan Chase acted as swap counterparty)
London	Dec. 2000	$165 million	Funded $165 million (Morgan Stanley acting as swap counterparty)

16. Each of the prepays between Toronto-Dominion and Enron was structured with the commodity price risk moving through other parties and back to Enron in a circle, so the risk was eliminated. The prepays were simply debt structured as commodity swaps. Toronto-Dominion knew Enron did not transfer any commodity or any associated price risk in the bogus prepays and the transactions were effectively debt. Toronto-Dominion also knew Enron did not report its prepays as debt. Toronto-Dominion knew Enron reported the proceeds from the prepays as cash flow from operating activities. Enron's accounting for the prepays, with no disclosure in the financial statement footnotes or Management's Discussion and Analysis, did not provide an investor with any

understanding of the amount of Enron's repayment obligations or the terms of such obligations. The prepay transactions were a powerful tool for Enron to manage its reported financial condition and satisfy rating agency expectations.

17. As identified by Examiner Batson, Toronto-Dominion's credit approval memoranda concerning the sham prepays make clear Toronto-Dominion considered the prepays to be loans:

- "[T]he swap transaction is effectively a 2 month loan to Enron."
- "We have been approached by Enron to structure a deal whereby TD provides a loan which is based on a future delivery of natural gas .... As a result, we have structured a fully-hedged $200MM 60-day Prepaid Natural Gas-Linked Term Loan."
- "At closing, TD will fund a $200MM loan, which will be structured as a prepayment for the future delivery of specified volumes of natural gas at a market index."
- "As this transaction effectively involves a fixed rate loan, there will be no interest resets over the term, and there will be only 1 repayment date."
- "At maturity, [Enron] will repay [the swap] with the financial equivalent of a pre-determined value of crude oil at a specified price. The precise value of crude oil will be determined at the trade date in an amount sufficient to cover 100% of principal and interest."

18. Enron accounted for the prepays as price risk management activities and characterized the proceeds of these financings as cash flows from operating activities rather than from financing activities. As a result, Enron materially understated its true debt obligations and materially overstated its true cash flow from operating activities, and misrepresented key financial ratios relied on by rating agencies when establishing Enron's credit rating.

19. Toronto-Dominion's prepay transactions with Enron had a material effect on Enron's cash flows from operating activities:

Period (dollar amounts in millions)	Reported Cash Flows From (Used By) Operating Activities	Net Cash Flows From (Used By) Toronto-Dominion Prepays	Cash Flows From Operating Activities Without Toronto-Dominion Prepays	Percentage Impact
Year Ended Dec. 31, 1998	$1,640	$250	$1,390	15%
3 Mos. Ended Mar. 31, 1999	($660)	($250)	($410)	(38%)
6 Mos. Ended June 30, 1999	($38)	$250	($288)	658%
9 Mos. Ended Sept. 30, 1999	($43)	$425	($468)	988%
Year Ended Dec. 31, 1999	$1,228	$74	$1,154	6%

20. Had Enron reported its obligations arising from the bogus prepay as debt, rather than as liabilities from price risk management activities, Enron's reported debt levels would have increased:

As of (dollar amounts in millions)	Reported Debt (Does Not Include Prepay Transactions)	Amount Outstanding on Toronto-Dominion Prepays	Debt Including Amount Outstanding on Toronto-Dominion Prepays	Percentage Increase
Dec. 31, 1998	$7,357	$250	$7,607	3%
Mar. 31, 1999	$9,419	$0	$9,419	0%
June 30, 1999	$8,979	$500	$9,479	6%
Sept. 30, 1999	$8,592	$675	$9,267	8%
Dec. 31, 1999	$8,152	$324	$8,476	4%
Dec. 31, 2000	$10,229	$270	$10,499	3%

21. Examiner Batson has identified numerous documents showing Toronto-Dominion knew Enron used these sham prepay transactions to manipulate its balance sheet:

- "To address head office's concern regarding balance sheet manipulation, we have discussed the use of this structure with Enron."

- "[W]e've been warned about the balance-sheet games at least twice in the last few months ...."

- "Enron has approached us again to help them manage their balance sheet for the rating agencies and the analysts. The Company is

coming to TD as we have demonstrated the ability to deliver, on a short-time frame, the same prepaid structured transaction."

22. Examiner Batson also has identified documents showing Toronto-Dominion was aware that pressure from the rating agencies was an important part of Enron's motivation in doing prepay transactions. In the credit approval request for the December 1998 prepay, for example, it was noted that:

> Based on conversations with Enron, the ***sole*** purpose of this facility is to satisfy promises made to the rating agencies early this year about reducing leverage.

23. Toronto-Dominion executed the prepays because they were "highly profitable" for the Bank. During the two year period in which Toronto-Dominion entered into prepay transactions with Enron, its Risk Adjusted Return on Capital for the Enron relationship was 39%, nearly twice the return of 20% that Toronto-Dominion targeted for its corporate customers, and in sharp contrast to the return of 12% the Enron relationship provided Toronto-Dominion in 1997, just prior to the period in which the prepays were executed. The full scope of Toronto-Dominion's active participation in the Enron fraud is detailed in Appendix G to the Final Report, attached hereto and incorporated herein.

Royal Bank

24. Royal Bank and its subsidiaries had extensive dealings with Enron before its bankruptcy. Prior to its acquisition by Royal Bank, NatWest was one of Enron's Tier I banks. After the NatWest takeover, Royal Bank became a Tier I bank, and the Royal Bank subsidiaries continued to work closely with Enron. Royal Bank participated in Enron transactions known as:

- the LJM1/Rhythms Hedging Transaction;
- the Sutton Bridge FAS 140 Transaction;
- the ETOL I, II and III FAS 140 Transactions; and
- the Nixon Prepay Transaction.

LJM1 Transaction/Rhythms Hedging Transaction

25. Former Enron CFO Andrew Fastow formed LJM1, with the approval of the Enron Board, to engage in transactions with Enron, including the LJM1/Rhythms Hedging Transaction. Fastow, as the owner of the general partner of LJM1, controlled LJM1, and Royal Bank and Credit Suisse First Boston, through their affiliates, Royal Bank's being Campsie, were the only limited partners. Campsie purchased its partnership interest for $7.5 million (the same price paid by CSFB's affiliate for its partnership interest) and Fastow contributed $1 million, for total capital contributions of $16 million.

26. Enron transferred to LJM1 6,755,394 shares of Enron stock, with an aggregate stock price of $276 million, in exchange for the LJM1/Rhythms Hedging Transaction and two promissory notes totaling $64 million.

27. When Enron first presented Royal Bank with the opportunity to participate in LJM1, a senior Royal Bank manager who was the lead banker on the proposed transaction, characterized it as follows:

> "The fact is that a two bit LLC called Martin [the original name for LJM1], owned by a couple of Enron employees, will all of a sudden be gifted $220m of Enron stock. It could never bother about the borrowing base, sell the stock in the market, pack up [its] bag and disappear off to Rio. If you owned it, wouldn't you? Now I'm beginning to understand why these guys are so keen to get in on it....
>
> What am I missing???????
>
> There needs to be consideration given to the Enron group."

28. KPMG Audit plc, engaged by Royal Bank to analyze the bank's internal accounting for the transaction, noted,

> "the nature of the transaction is highly unusual. The role of the CFO of Enron and the use of its own shares, raises significant concerns as to the potential reputational risk to the bank if the transaction is not disclosed appropriately by Enron or shareholders claim to have been disadvantaged."

29. Besides the prohibition against Fastow sharing in any value from the transferred Enron stock, the hedging and transfer restrictions on the Enron shares transferred to LJM1 were set forth in a "lock-up agreement." Royal Bank took actions to circumvent these restrictions and, as a result, generated substantial profits for each of the partners, including Fastow. Royal Bank did so through total return swaps with an insurance company, despite recognizing the effect of the total return swaps was to produce results counter to the conditions upon which LJM1 was approved. Royal Bank noted in internal correspondence that a competing CSFB proposal was aimed at providing Fastow with "'[l]iquidity of (net) $66m, which is entirely windfall (it was NEVER the intention in the original deal).'"

30. While continuing to derive substantial profits from its interest in LJM1, in March 2000 Royal Bank sold its interest in a subsidiary of LJMI to a number of Enron insiders. The sale allegedly was planned by Fastow, Michael Kopper and three Royal Bank bankers and timed to allow these and other insiders to profit personally from an imminent termination fee to be paid by Enron to the LJM1 subsidiary. Royal Bank did not, however, receive the full sale price of $20 million that Enron was told would be paid to Royal Bank for its interest in the subsidiary. Instead, Royal Bank received $1 million because its three key bankers on the transaction allegedly siphoned off the remaining $19 million of the represented purchase price for themselves personally, Fastow, Kopper and the other Enron insiders who were invited to contribute to the purchase of the subsidiary.

31. Royal Bank profited greatly from its participation in LJM1. One of the means by which it did so was by completing the total return swaps. It also profited through receipt of distributions declared by Fastow and through proceeds of Enron's repurchase (at a premium) from LJM1 of its interest in a Brazilian electric generation facility. On August 31, 2001, with no assets remaining in LJM1, Royal Bank calculated that it had received in the aggregate from the LJM1 transactions, "'a total return on our $7.5m investment of approx [sic] $22.7m or in excess of 1200%

IRR. This is a most satisfactory result and underlines the way Enron supports its Tier 1 banks.'" The improper LJM1/Rhythms Hedging Transaction enabled Enron to inappropriately recognize $95 million of income in 1999, representing 10.6% of its reported income for that year.

The FAS 140 Transactions

32. Royal Bank repeatedly received verbal assurances from top Enron officials, including Fastow, of repayment of the Bank's equity investment in each of the FAS 140 Transactions with Enron: Sutton Bridge, ETOL I, ETOL II, and ETOL III. Royal Bank understood this equity needed to be "'at risk'" and understood these verbal assurances could neither be "'formally documented for accounting reasons'" nor publicly disclosed if Enron was to derive the accounting benefits that it sought from these transactions. Royal Bank also knew Enron booked accounting gains not permitted in view of the existence of such assurances, as shown by Examiner Batson. In each of the FAS 140 Transactions, Royal Bank placed "'significant reliance'" on Enron's verbal assurance to "'make the Bank whole'" regardless of the cash generated by the underlying asset in the transaction. Royal Bank failed to disclose the existence of these verbal assurances of repayment of the equity plus stated yield, which Royal Bank referred to as its "'required return,'" to any third party. Within the Bank, however, Royal Bank officials characterized the FAS 140 structure through which Royal Bank facilitated Enron's booking of purported gains on sales and cash flow from operations as "'***21st Century Alchemy***.'"

Nixon Prepay

33. The Nixon Prepay, which also involved Citigroup, Barclays and Toronto-Dominion (as a conduit between each of the three other banks and Enron), provided Enron with $110 million of funding from Royal Bank in December 1999, which Enron improperly recorded as cash flow from operating activities. Royal Bank's credit committees were informed by a Royal Bank senior research analyst that the proposed transaction was "'***effectively a window dressing request***'" that

Enron would employ "to reduce [its] reported year-end net debt position.'" Royal Bank also recognized Nixon's '"whole structure [was] set up to remove the commodity risk for all parties, [so] all payments against commodity price moves are exactly off-set by receipts from the party on the other side.'" Indeed, Royal Bank personnel believed the Nixon Prepay '"raise[d] issues over the absolute level of manipulation undertaken by Enron in its financial statements.'" Royal Bank understood Enron accounted for proceeds from transactions such as the Nixon Prepay as cash flow from operating activities, but nonetheless provided Enron with the funding that it sought, then extended the maturity date at Enron's request, having internally noted in connection with another Enron transaction in the same time period that '"***[b]ecause this is balance sheet management, it pays better than straight Enron corporate risk***.'"

34. Royal Bank agreed to extend the Nixon Prepay maturity date despite an internal credit analysis at the time of the proposed extension that reflected increasing alarm regarding '"financial period manipulation'" by Enron:

> "The scale of financial period manipulation [by Enron] is exceedingly worrying and I don't yet understand it, nor am I sure that anyone in the bank does.... Such concern has been a theme of all our discussions for a while. We have twice increased exposure since doing this deal, [including] another manipulation when we joined in the JM Trust [i.e., Ghost] 18 month bridge....
>
> I can see from a relationship/business perspective that there is a temptation to write another income generating transaction on the basis of the comfort we are taking from it being very short term, but the concern must obviously be that if lots of counterparties are doing this then any bad news (or shortage for whatever reason of counterparty capacity) will cut refinance ability dramatically and/or end Enron's ability to manipulate thus leading to a horrendous on-balance sheet position which would further exacerbate the position. The question is when do we stop...."

35. The full scope of Royal Bank's active participation in the Enron fraud is detailed in Appendix E to the Final Report, attached hereto and incorporated herein.

CLASS ACTION ALLEGATIONS

36. Plaintiff brings this action pursuant to Rule 23 of Federal Rules of Civil Procedure on behalf of all persons who acquired Enron's publicly traded securities (the "Publicly Traded Securities") during the Class Period (the "Class"), including persons who purchased Enron securities traceable to false and misleading Registration Statements, and Enron employees who purchased Enron stock individually or for their 401(k) retirement plans during the Class Period.[1] The Class includes purchasers of all securities identified herein issued by Enron and Enron-related entities during the Class Period, the value or repayment of which was dependent on the credit, financial condition or ability to pay of Enron. Excluded from the Class are the defendants herein, all defendants in *Newby v. Enron Corp.*, No. H-01-3624, in which The Regents is Lead Plaintiff, and all defendants in *Washington State Investment Board v. Lay*, No. H-02-3401, and members of their immediate families, any officer, director or partner of these defendants, any entity in which a defendant has a controlling interest and the heirs of any such excluded party.

37. The members of the Class are so numerous that joinder of all members is impracticable. While the exact number of Class members is unknown at the present time, as of

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[1] The Publicly Traded Securities include Enron's publicly traded debt and equity securities as well as preferred securities issued by Enron, Enron Capital LLC 8% Cumulative Guaranteed Monthly Income Preferred Shares, Enron Capital Trust I Trust Originated Preferred Securities, Enron Capital Trust II Trust Originated Preferred Securities and Enron Capital Resources, L.P. 9% Cumulative Preferred Securities (collectively, the "Preferred Securities"), and Osprey $1,400,000,000 8.31% Senior Secured Notes due 2003, Yosemite $750,000,000 8.25% Series 1999-A Linked Enron Obligations due November 15, 2004, Yosemite £200,000,000 8.75% Series 2000-A Linked Enron Obligations due 2007, Enron Credit Linked Notes $500,000,000 8% due 2005, Osprey $750,000,000 7.797% Senior Secured Notes due 2003 and €315,000,000 6.375% Senior Secured Notes due 2003, Enron Credit Linked Notes II $500,000,000 7.375% due 2006, Enron EuroCredit Linked Notes Trust €200,000,000 6.5% due 2006, Enron Sterling Credit Linked Notes Trust £125,000,000 7.25% due 2006, and Marlin $475,000,000 6.31% Senior Secured Notes due 2003 and €515,000,000 6.19% Senior Secured Notes due 2003, as well as all other Enron-related "debt and equity securities issued during the Class Period.

December 31, 2000, there were more than 750 million shares of common stock outstanding, more than 25 million shares of the Preferred Securities and billions of dollars of debt securities, owned by thousands of investors.

38. The Regents' claims are typical of the claims of the Class because The Regents and all the Class members sustained damages which arose from the defendants' unlawful conduct alleged herein.

39. The Regents is a representative party who will fully and adequately protect the interests of the Class members. The Regents has retained counsel who are experienced and competent in both class action and securities litigation. The Regents has no interest which is in conflict with those of the Class it seeks to represent.

40. A class action would be superior to all other available methods for the fair and efficient and adjudication of this controversy. The Regents knows of no difficulty to be encountered in the management of this action that would preclude its maintenance as a class action.

41. The prosecution of separate actions by individual Class members would create a risk of inconsistent and varying adjudications, which could establish incompatible standards of conduct for defendants. Questions of law and fact common to the Class predominate over any questions which may affect only individual members. Among the common questions of law and fact are:

(a) whether defendants implemented the manipulative devices or engaged in the wrongful scheme alleged herein;

(b) whether the 1934 Act was violated by defendants' acts as alleged herein;

(c) whether defendants knowingly or recklessly engaged in deceptive or manipulative devices;

(d) whether the prices of the Publicly Traded Securities were artificially inflated; and

(e) the extent of damage sustained by Class members and the appropriate measure of damages.

FIRST CLAIM FOR RELIEF
For Violation of §§10(b)
and 20(a) of the 1934 Act and Rule 10b-5

42. The Regents incorporates ¶¶1-41 by reference.

43. This Claim is brought by The Regents against Toronto-Dominion Bank, Toronto-Dominion Holdings (U.S.A.), Inc., TD Securities Inc., TD Securities (USA) Inc., Toronto-Dominion (Texas), Inc., RBSG, The Royal Bank of Scotland plc, NatWest, Greenwich NatWest Ltd., Greenwich NatWest Structured Finance, Inc., and Campsie.

44. Each of the defendants named herein participated in defendants' wrongful scheme, the implementation of the manipulative devices discussed herein, which they knew or recklessly disregarded were deceptive.

45. Defendants violated §§10(b) and/or 20(a) of the 1934 Act and Rule 10b-5 in that they:

(a) Employed devices, schemes, and artifices to defraud; or

(b) Engaged in acts, practices, and a course of business that operated as a fraud or deceit upon The Regents and others similarly situated in connection with their purchases of Enron securities during the Class Period.

46. Defendants Toronto-Dominion Bank and RBSG controlled each of their respective subsidiaries and affiliates. Toronto-Dominion Bank controlled directly or indirectly, Toronto-Dominion Holdings (U.S.A.), Inc., TD Securities (USA) Inc., Toronto-Dominion (Texas), Inc., and TD Securities Inc. RBSG controlled directly or indirectly, The Royal Bank of Scotland plc, NatWest, Greenwich NatWest Ltd., Greenwich NatWest Structured Finance, Inc., and Campsie.

47. The Regents and the other Class members as detailed herein have suffered damages in that, in reliance on the integrity of the market, they paid artificially inflated prices in connection with their purchase of Enron and Enron-related securities. The Regents and the Class members would not have purchased Enron and Enron-related securities at the prices they paid, or at all, if they had been aware that the market prices had been artificially and falsely inflated by defendants' wrongful scheme.

PRAYER FOR RELIEF

A. WHEREFORE, The Regents prays for relief and judgment, including:

B. Determining that this action is a proper class action, and certifying The Regents as class representatives under Rule 23 of the Federal Rules of Civil Procedure;

C. Restitution of investors' monies of which they were defrauded;

D. Awarding compensatory damages in favor of The Regents and the other Class members against all defendants, jointly and severally, for all damages sustained as a result of their wrongdoing, in an amount to be proven at trial, including interest thereon;

E. Awarding The Regents and the Class their reasonable costs and expenses incurred in this action, including counsel fees and expert fees; and

F. Such other and further relief as the Court may deem just and proper.

JURY DEMAND

The Regents hereby demands a trial by jury.

DATED: December 2, 2003

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CERTIFICATION OF NAMED PLAINTIFF
PURSUANT TO FEDERAL SECURITIES LAWS

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA ("Plaintiff") declares:

1. Plaintiff has reviewed a complaint and authorized its filing.

2. Plaintiff did not acquire the security that is the subject of this action at the direction of plaintiff's counsel or in order to participate in this private action or any other litigation under the federal securities laws.

3. Plaintiff is willing to serve as a representative party on behalf of the class, including providing testimony at deposition and trial, if necessary.

4. Plaintiff has made the following transaction(s) during the Class Period in the securities that are the subject of this action:

Security	Transaction	Date	Price Per Share

See attached Schedule A.

5. During the three years prior to the date of this Certificate, Plaintiff has not sought to serve or served as a representative party for a class in an action filed under the federal securities laws except as detailed below:

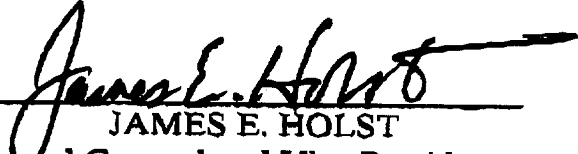
In re Dynegy, Inc. Sec. Litig., No. H-02-1571 (S.D. Tex.)

6. The Plaintiff will not accept any payment for serving as a representative party on behalf of the class beyond the Plaintiff's pro rata share of any recovery,

except such reasonable costs and expenses (including lost wages) directly relating to the representation of the class as ordered or approved by the court.

I declare under penalty of perjury that the foregoing is true and correct. Executed this 2nd day of December, 2003.

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

By: 
JAMES E. HOLST

Its: General Counsel and Vice President for Legal Affairs – Office of the General Counsel

SCHEDULE A

SECURITIES TRANSACTIONS

Acquisitions

Date Acquired	Type/Amount of Securities Acquired	Acquisition Price Per Share	
11/16/1999	250	$0.00	Gift Fund
05/24/2000	169,000	$66.95	
06/02/2000	378,800	$69.37	
06/05/2000	200,000	$68.34	
06/06/2000	225,000	$68.65	
06/19/2000	342,500	$69.92	
06/20/2000	1,000	$69.50	
06/26/2000	25,000	$69.28	
06/27/2000	60,000	$68.59	
06/30/2000	145,000	$64.82	
11/02/2000	56,949	$81.75	
11/06/2000	1,000	$81.56	
11/17/2000	15,090	$81.50	
11/20/2000	300	$80.25	
11/22/2000	9,000	$77.38	
11/24/2000	7,200	$77.95	
11/27/2000	30,000	$79.50	
11/28/2000	11,700	$78.94	
11/29/2000	3,500	$71.29	
11/29/2000	31,200	$72.57	
11/30/2000	15,000	$64.88	
11/30/2000	15,100	$64.22	
12/01/2000	26,000	$67.46	
12/01/2000	2,200	$65.50	
12/05/2000	44,400	$67.52	
12/05/2000	50,000	$67.29	
12/05/2000	100,000	$67.20	
12/06/2000	25,000	$69.77	
12/07/2000	38,700	$72.88	
12/08/2000	31,300	$71.68	
12/11/2000	9,900	$76.50	
12/11/2000	22,500	$74.85	
12/15/2000	28,000	$77.07	
12/18/2000	47,210	$78.92	
01/09/2001	25,000	$69.00	
01/26/2001	1,100	$82.00	
03/01/2001	3,400	$68.68	
03/01/2001	2,800	$68.63	

SCHEDULE A

SECURITIES TRANSACTIONS

Acquisitions

Date Acquired	Type/Amount of Securities Acquired	Acquisition Price Per Share
04/02/2001	4,700	$57.07
04/05/2001	20,800	$54.24
07/18/2001	2,000	$48.97
10/10/2001	400	$35.20

Sales

Date Sold	Type/Amount of Securities Sold	Sales Price Per Share	
11/17/1999	250	$0.00	Gift Fund
06/29/2001	11,300	$49.08	
11/14/2001	100,000	$10.06	
11/21/2001	1,299,800	$5.13	
11/21/2001	350,000	$4.93	
11/29/2001	466,649	$0.37	

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing COMPLAINT FOR VIOLATION OF THE SECURITIES LAWS document has been served by sending a copy via electronic mail to serve@ESL3624.com on this 2nd day of December, 2003.

I further certify that a copy of the foregoing document has been served via overnight mail on the following parties, who do not accept service by electronic mail on December 2, 2003.

Carolyn S. Schwartz
United States Trustee, Region 2
33 Whitehall Street, 21st Floor
New York, NY 10004

Deborah S. Granger

DEBORAH S. GRANGER