

Firm Achieves Major Victory for Moody's in Indonesian Court

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On April 22, 2009, the trial court for the Central District of Jakarta, Indonesia announced that STB client Moody's Corporation's wholly-owned subsidiary, PT Moody's Indonesia, was not liable to plaintiff-bondholders in Indonesia who lost their investments following the collapse of Bank Global, an Indonesian bank, amid allegations of fraud.

PT Moody's Indonesia was named as one of seventeen defendants in the lawsuit originally filed in the District Court for South Jakarta in May 2007. The suit was brought by sophisticated institutional investors who alleged that they purchased bonds issued in 2003 by Bank Global, and that Bank Global engaged in an internal accounting fraud by issuing fictitious securities to overstate its capital adequacy ratio. The plaintiffs filed suit against Bank Global and its officers (some of whom were believed to have fled Indonesia), as well as various advisers and third parties, including Moody's local Indonesian subsidiary. The plaintiffs alleged that PT Moody's, which rated the bonds at issue, failed to perform its professional duties by failing to discover the internal accounting fraud at the Bank and by issuing an investment grade rating of the Bank's bonds. The plaintiffs sought damages in excess of \$42 million.

PT Moody's vigorously defended the lawsuit with the assistance of Indonesian counsel Karimsyah and STB as coordinating strategic counsel. PT Moody's initially successfully moved to have the case dismissed on venue grounds, forcing plaintiffs to refile the proceedings in the District Court for Central Jakarta - a court considered to be more sophisticated than the Southern District. PT Moody's then proceeded to develop a factual and legal record to demonstrate that PT Moody's performed its ratings professionally and in accordance with its ordinary procedures. On April 22, 2009, the court held nearly all of the defendants liable in tort to the plaintiff bondholders, but adopted all of PT Moody's arguments on the merits and determined that PT Moody's had no liability to the plaintiffs because it took all appropriate steps to ensure that its rating opinion was accurate to the best of its professional abilities, and was not aware of any material fact that would have rendered its rating opinion misleading.

STB's victory in Indonesia follows recent successes for Moody's in the local courts of Uruguay involving similar claims.

The STB team members who worked on the case are Robert Smit, Tyler Robinson, Kimberly Hamm, and Matilda Sarpong.

Team and

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