



Fla. Judge OKs Espirito Santo's \$8M Deal With Bankrupt Bank

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By Carolina Bolado

A Florida bankruptcy judge on Tuesday indicated that she would sign off on an \$8 million settlement ending bankrupt Brazilian bank Banco Santos SA's racketeering and tort suit against Portugal-based Espirito Santo Bank.

In a hearing in Miami, U.S. Bankruptcy Judge Laurel Isicoff said she would sign off on an order preliminarily approving a deal that resolves a suit filed by Banco Santos' court-appointed administrator Vanio Cesar Pickler Aguiar claiming the bank lost \$38.7 million through ESB's fraud and money laundering.

The judge noted that there were no objections filed to the settlement agreement and urged the attorneys to get the order in quickly so that she could sign off on it before the holiday break.

In the adversary proceeding, filed in December 2013, Aguiar claims that ESB diverted millions in Banco Santos' assets through various corporate entities to Florida, from which they were transferred offshore and laundered, according to the complaint. In the suit, Aguiar requested not just the \$38.7 million the bank allegedly lost, but also treble damages of \$116 million.

ESB rebuts all of the claims in the complaint.

Banco Santos was ordered into a court-supervised liquidation by the Second Bankruptcy and Judicial Reorganization Court of Sao Paulo in September 2005. Aguiar filed a Chapter 15 petition in December 2010 in the Southern District of Florida listing \$500 million to \$1 billion in assets and more than \$1 billion in liabilities.

The Espirito Santo group, which traces to a storied Portuguese banking family, saw four of its companies file for creditor protection in July after a central bank audit two months earlier had turned up accounting irregularities at Espirito Santo International SA, the group's holding company.

The Portuguese central bank in August unveiled a plan to split up BES, the country's second-largest lender, under a rescue plan backed by €4.9 billion (\$6.4 billion) in state money after the bank failed to weather losses on its exposure to the Espirito Santo group.

Authorities in several countries are investigating the dealings of the Espirito Santo empire.

Switzerland's financial regulator said in September that it is looking into the distribution of financial products by a Swiss bank, Banque Privee Espirito Santo SA, which is tied to the Espirito Santo group.

Aguiar is represented by Edward H. Davis Jr., Gregory S. Grossman, Arnaldo B. Lacayo and Nyana A. Miller of Astigarraga Davis.

ESB is represented by Samuel J. Capuano and Gary M. Freedman of Tabas Freedman.

The adversary proceeding is Aguiar v. Espirito Santo Bank, case number 1:13-ap-01934, in the U.S. Bankruptcy Court for the Southern District of Florida.

The bankruptcy is In re: Banco Santos SA, case number 1:10-bk-47543, in the U.S. Bankruptcy Court for the Southern District of Florida.

--Additional reporting by Jeff Sistrunk. Editing by Patricia K. Cole.