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Wheels of Justice Churn 44 Years in Citigroup Suit

By Jonathan Stempel

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The year 1966 was when "Star Trek" made its TV debut, Ronald Reagan was first elected governor of California, and The Beatles released "Revolver."

It was also the year a lawsuit over an Okinawa, Japan, school construction project was first filed against the bank now known as Citigroup Inc <C.N>. That case now appears headed for trial.

A New York state appeals court reinstated claims by Lance International Inc, a construction materials supplier, that Citigroup predecessor First National City Bank failed to properly act as a collection agent for the project.

Richard Roth, a lawyer for Lance, said the case could be the oldest lawsuit pending in New York. According to the Feb. 19 opinion by a three-judge panel, Citigroup knew as early as 1988 that Lance had been dissolved because it failed to pay its taxes, but did not seek to dismiss the case on those grounds until January 2009.

The court called Citigroup's motion "untimely." It added that even though Lance was out of business, it could pursue its claims alleging breaches of contract and fiduciary duty in the course of winding down its affairs. "While we are not unmindful of the age of this case and the parties' failure to diligently litigate the matter, we are constrained to reinstate the complaint," the panel wrote. "The parties are directed to proceed to an immediate trial."

A trial in an old case can present problems for both sides. Memories fade, witnesses die, and documents could vanish. **Roth** plans to seek a jury trial, which he said could last two weeks. "We have access to the documents and witnesses we need to put on our case," he said on Tuesday.

Citigroup had no immediate comment on the ruling.

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