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Congress of the United States

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May 23, 2002

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INDEPENDENT

The Honorable Joseph I. Lieberman
Chairman
Committee on Governmental Affairs
SD-340 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Chairman Lieberman:

This morning, I received a copy of the attachment that the White House sent to you in response to your recent request for information on the Bush Administration's contacts with Enron. I asked my staff to compare the information provided to you with similar information that the White House has provided me and with other sources of information about White House contacts with Enron.

After just a preliminary review of the new material, it is clear that the White House withheld relevant information from Congress and the public earlier this year. It is equally clear that its most recent submission to you is glaringly incomplete.

On January 3, 2002, the Vice President's counsel wrote to me to disclose contacts between the White House energy task force and Enron.¹ That letter identified only six contacts between Enron and White House officials at which the Administration's energy policy was discussed. The May 22, 2002, letter to you, however, identifies at least 24 contacts between Enron and White House officials where energy policy was discussed. For example, the letter reveals:

- Larry Lindsey, Assistant to the President for Economic Policy and Director of the National Economic Council, had several communications with Ken Lay in the winter and spring of 2001 regarding the California energy crisis.
- Robert McNally, Special Assistant to the President for Economic Policy, who is responsible for energy issues, had multiple meetings and telephone communications with Enron representatives in 2001 about issues related to power production and electricity.

¹Letter from David S. Addington to Rep. Henry Waxman (Jan. 3, 2002).

- Steve Ruhlen, Deputy Assistant to the Vice President for Legislative Affairs, had several telephone calls with Enron employee Pat Shortridge concerning her inquiries as to the likely contents of the President's energy plan.

The new information provided to you, as well as other information, also reveals that the January 3, 2002, letter is not even an accurate accounting of contacts between Enron and officials and staff of the White House energy task force. We know now that Enron had over 20 contacts with members and staff of the task force.²

The letter to you also reveals that the Administration was not candid when asked about White House discussions of Enron's financial collapse. White House spokesman Ari Fleisher was asked the following question on January 9, 2002: "Can the Administration say categorically that no one in the White House ever discussed Enron's financial situation with the company?" He responded: "I'm not aware of anybody in the White House who discussed Enron's financial situation."³

The letter to you, however, makes clear that there were extensive discussions of Enron's financial situation within the White House. These discussions involved White House deputy chief of staff Joshua Bolton, who asked the Department of Treasury about the effect of Enron's collapse on energy or financial markets in late October or early November 2001; White House economic advisor Marcus Sumerlin, who talked to the Department of Treasury about risks relating to the collapse of Enron in the fall of 2001; and White House economic advisor Philippa Malmgren, who talked to officials with the CFTC about the financial implications of Enron's collapse in the fall of 2001.

²In addition to the six contacts disclosed in the January 3, 2002, letter, we now know that Enron had numerous additional contacts with the task force members and staff, including the following: in the winter and spring of 2001, Larry Lindsey had several telephone conversations with Ken Lay about the California energy crisis; on March 29, 2001, task force executive director Andrew Lundquist met with members of the Clean Power Group, a coalition funded by five power companies that included Enron; on April 5, 2001, Enron CEO Jeffrey Skilling met with Treasury Secretary O'Neill for a half-hour to discuss the West Coast energy crisis; on April 6, 2001, Larry Lindsey met with Ken Lay and Linda Robertson on energy issues related to electricity; on May 15, 2001, Vice President Cheney attended a meeting preparing for release of the energy policy, which included Thomas Briggs, an Enron official; in the spring of 2001, John Howard of CEQ met with Clean Power Group representatives including Enron officials on two occasions; and in the fall of 2001, Mr. Howard met with a representative from Enron Windpower regarding tax policy for renewable energy.

³Transcript of *Press Briefing by Ari Fleischer*, The White House (Jan. 9, 2002) (available at www.whitehouse.gov/news/releases).

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At the same time that the White House's letter to you shows that its previous disclosures were inaccurate, the letter also inexplicably fails to mention a number of relevant and important contacts between the Administration and Enron that we know occurred. In some cases, direct White House-Enron communications are simply omitted. For example, the letter fails to mention that White House Budget Director Mitch Daniels discussed with Mr. Lay the prospects for the economic stimulus package and repeal of the AMT corporate tax in early October 2001.⁴

The letter to you purports to disclose discussions among White House officials and other executive branch officials at which matters pertaining to Enron were addressed. But the letter does not include any mention of the discussions among Administration officials regarding attempts to aid Enron's investment in the Dabhol power plant in India. We know from other sources that the Vice President raised this issue in a meeting with senior Indian officials in June 2001,⁵ that the National Security Council led a "Dabhol working group" in July 2001,⁶ and that talking points were prepared for President Bush to discuss Dabhol with the Indian Prime Minister in November 2001.⁷ But none of the White House discussions relating to these activities are disclosed in the letter to you.

The White House letter also omits an enormous number of contacts between senior Administration officials and Enron. For example, you would not know from reading the letter that Enron officials and other California suppliers met with Secretary Abraham on March 29, 2001;⁸ that

⁴*Enron Executive Warned Chairman in August that 'Hiding Losses' Threatened Company*, Associated Press (Jan. 15, 2002).

⁵*White House Aided Enron in Dispute: Cheney, Others Intervened Over Indian Power Plant*, Washington Post (Jan. 19, 2002); *Veep Tried to Aid Enron: Key Role in India Debt Row*, New York Daily News (Jan. 18, 2002); *Money, Energy Politics and Enron's Costly Misadventure*, New York Times (Feb. 3, 2002).

⁶*White House Aided Enron in Dispute: Cheney, Others Intervened Over Indian Power Plant*, Washington Post (Jan. 19, 2002); *Accounting for Enron: U.S. Fought for Company's Project in India*, Wall Street Journal (Jan. 21, 2002).

⁷*Enron's Overseas Reach Fell Shy of Goals: Firm Rode U.S. Policy, Washington Ties to Lofty but Failed Ventures*, Dallas Morning News (Feb. 2, 2002); *White House Aided Enron in Dispute: Cheney, Others Intervened Over Indian Power Plant*, Washington Post (Jan. 19, 2002).

⁸This meeting was disclosed in documents released by the Department of Energy (Bates stamps 8330 and 25874).

The Honorable Joseph I. Lieberman

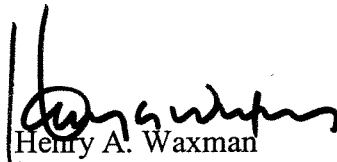
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Jeffrey Skilling met with Treasury Secretary O'Neill on April 5, 2001;⁹ or that Energy Deputy Secretary Frank Blake met with Enron officials on September 19, 2001.¹⁰

I urge you to continue your investigation into White House contacts with Enron so that Congress and the public will finally obtain an accurate accounting.

Sincerely,

A handwritten signature in black ink, appearing to read "Henry A. Waxman". The signature is stylized and cursive.

Henry A. Waxman
Ranking Minority Member

⁹*Skilling, O'Neill Met During Tenure on Energy Panel*, Wall Street Journal (Mar. 11, 2002).

¹⁰*Local Firm Swept into Energy Industry Review*, Houston Chronicle (April 12, 2002).