



Minority Staff
Committee on Government Reform
U.S. House of Representatives
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FACT SHEET

Misleading Statements by Administration Officials Regarding Enron and the Cheney Energy Task Force

Officials of the Bush Administration have repeatedly misrepresented basic facts about the Enron investigation. Some of these misleading statements relate to GAO's requests for information. Others involve the activities of the White House energy task force and Administration contacts with Enron.

I. MISLEADING STATEMENTS REGARDING GAO'S INVESTIGATION

Statement: Vice President Cheney said that GAO has “demanded of me that I give Henry Waxman . . . notes and minutes” from the meetings of the energy task force.¹

Statement: The Vice President's chief advisor, Mary Matalin, said that GAO has asked for “every conversation, every meeting, who the Vice President met with, what was said there, minutes, notes and all the rest of it.”²

The Facts: GAO is not asking for minutes and notes from the White House. In its report of August 17, 2001, which GAO submitted to the Vice President, GAO expressly stated that “[i]n communications with the Vice President's Counsel . . . , we offered to eliminate our earlier requests for minutes and notes.”³ This position has been reiterated in subsequent statements by Comptroller General David Walker.⁴ GAO has stated that it is asking only for the names of the outside parties that met with the energy task force, the dates and locations of the meetings, and the subjects of the meetings.⁵

¹*Fox News Sunday*, Fox TV (Jan. 27, 2002); *See also This Week*, ABC (Jan. 27, 2002).

²*Newshour*, PBS (Jan. 31, 2002).

³Report from Comptroller General of the United States David M. Walker to Vice President Cheney, 2 (Aug. 17, 2001).

⁴Letter from Comptroller General of the United States David A. Walker to Rep. Henry A. Waxman (Jan. 30, 2002).

⁵Report from Comptroller General of the United States David M. Walker to Vice President Cheney, 2 (Aug. 17, 2001).

Statement: Vice President Cheney has said that providing GAO the information it has requested would be “unprecedented in the sense that that’s not been done before.”⁶

The Facts: According to Comptroller General Walker, the information sought by GAO has been “commonly provided to GAO for many years.”⁷ For example, GAO reviewed activities of the China Trade Relations Working Group and the Task Force on Health Care Reform, both of which were established by President Clinton.⁸ Moreover, there have been many investigations by congressional committees that have sought and obtained communications from outside interests to the White House. Rep. Waxman has identified 10 investigations from five separate committees in which communications from outside interests were sought to determine whether campaign contributors, their lobbyists, or other special interests had an undue influence on federal policy.⁹

Statement: With respect to Comptroller General Walker’s request for financial records of the task force, Vice President Cheney said, “[W]e’ve given him an awful lot. We’ve given him all the financial records, the work that was done by the agency, all of that’s gone to the GAO.”¹⁰

The Facts: In his report on his attempts to get information from the White House, Comptroller General Walker explained what documents GAO has gotten from the White House as follows:

77 pages of miscellaneous documents purporting to relate to direct and indirect costs incurred in the development of the National Energy Policy. As we have advised the Vice President’s representatives, the submission is incomplete and is not fully responsive. Moreover, it is virtually impossible to analyze the documentation. We cannot do a meaningful review without an explanation of the nature and purposes of these costs and the appropriation that was charged. Thus far, we have sought to obtain adequate, relevant records and explanations without success.¹¹

⁶*Fox News Sunday*, Fox TV (Jan. 27, 2002).

⁷Report from Comptroller General of the United States David M. Walker to Vice President Cheney, 5 (Aug. 17, 2001).

⁸Report from Comptroller General of the United States David M. Walker to Vice President Cheney, 5 (Aug. 17, 2001).

⁹Letter from Rep. Henry A. Waxman to Vice President Cheney (Jan. 30, 2002).

¹⁰*Fox News Sunday*, Fox TV (Jan. 27, 2002).

¹¹Report from Comptroller General of the United States David M. Walker to Vice President Cheney, 8 (Aug. 17, 2001).

II. MISLEADING STATEMENTS REGARDING THE WHITE HOUSE ENERGY PLAN

Statement: When asked about the perception of undue influence by energy interests, the Vice President has claimed that virtually every policy recommendation of the Sierra Club was included in the final energy plan: “[T]he Sierra Club put out a set of energy policy recommendations, 12 points. Our energy recommendations, put out by our task force, includes 11 of those.”¹²

The Facts: The Sierra Club strongly opposes the White House energy plan. On May 17, 2001, Carl Pope, executive director of the Sierra Club, commented on the plan as follows: “The energy plan President Bush unveiled won’t work, because it makes the wrong choices. We can’t drill, dig and destroy our way to energy independence.”¹³ The Sierra Club has called the Administration’s assertion that the White House energy plan reflects the Sierra Club’s recommendations a “smokescreen.”¹⁴ In June 2001, the Sierra Club released a detailed analysis contrasting its recommendations with the White House energy plan, and showing that the White House energy plan failed to adopt the vast majority of the Sierra Club’s specific recommendations.¹⁵

Statement: In discussing the work of the energy task force, the Vice President also has stated that he talked with environmentalists: “I talked to energy companies, I talked to labor members, talked to environmentalists.”¹⁶

The Facts: During the formulation of the White House energy task force’s report, environmental groups had virtually no access to the task force, despite repeated requests for meetings. According to environmental and consumer advocates, the Vice President claimed he was too busy to meet with them and that the task force director met with them “but did not ask for substantive comments.”¹⁷

Statement: On January 30, 2002, the *San Francisco Chronicle* released a three-page memo

¹²*NBC Nightly News*, NBC (Jan. 28, 2002).

¹³*President’s Energy Plan Makes the Wrong Choices: Sierra Club Urges Balanced Approach that’s Quicker, Cleaner, Cheaper, Safer*, Statement of Carl Pope, Sierra Club Executive Director (May 17, 2001).

¹⁴*Fleischer Fact Check*, Sierra Club (Jan. 22, 2002) (press release) (available on line at: www.sierraclub.org).

¹⁵Sierra Club, *12 Key Benchmarks for Achieving a Sound Energy Plan* (June 1, 2001).

¹⁶*Fox News Sunday*, Fox News (Jan. 27, 2002).

¹⁷Natural Resources Defense Council, *The Bush-Cheney Energy Plan: Players, Profits, and Paybacks* (June 2001) (available on line at <http://nrdc.org/air/energy/aplayers.asp>).

of policy requests that Enron CEO Ken Lay gave Vice President Cheney on April 17, 2001.¹⁸ Ms. Matalin stated: “Well, it turns out, that somehow a San Francisco paper got a copy of the memo of items that Enron wanted in the energy plan, it was leaked to the San Francisco Chronicle from Enron, and lo and behold, of the eleven items they wanted, nine did not end up in the plan.”¹⁹

The Facts: In the memo from Mr. Lay, Enron makes policy recommendations in eight areas. The final White House energy plan adopts all or significant portions of Enron’s recommendations in seven of the eight areas.²⁰ In total, there are at least 17 policies in the final energy plan that Enron has advocated or that benefitted Enron.²¹

Statement: An Enron-sponsored lobbying organization, the Clean Power Group, advocated the establishment of a cap-and-trade program for NO_x, SO_x, and mercury emissions from powerplants.²² In a *Newsweek* article reporting that the Clean Power Group had a previously undisclosed meeting with the Vice President’s energy policy staff, the Administration commented as follows: “Cheney spokeswoman Mary Matalin says it doesn't matter, since the proposal never made it into the energy plan.”²³

The Facts: The Clean Power Group’s proposal is part of the White House energy plan. The final plan supports “legislation that would establish a flexible, market-based program to significantly reduce and cap emissions of sulfur dioxide, nitrogen oxides, and mercury from electric power generators.”²⁴ In fact, the final White House plan even uses some of the same language used in documents from the Clean Power Group, including discussions of “the need for certainty” and the use of “flexible market-based approaches.”²⁵

¹⁸*The Enron Collapse*, San Francisco Chronicle (Jan. 30, 2002).

¹⁹*The Diane Rehm Show*, WAMU (Jan. 21, 2002).

²⁰Minority Staff, Committee on Government Reform, *Fact Sheet: The White House Energy Plan Reflects Seven of Eight Enron Recommendations* (Jan. 31, 2002).

²¹Minority Staff, House Committee on Government Reform, *How the White House Energy Plan Benefitted Enron* (Jan. 16, 2002).

²²Principles and Positions, Clean Power Group (Sept. 2001) (available online at http://epw.senate.gov/Clean_Power_Group.htm).

²³*Enron Continues to Roil Washington. Next up: A Constitutional Showdown*, *Newsweek* (Feb. 11, 2002).

²⁴Report of the White House National Energy Policy Development Group, 3-14.

²⁵Clean Power Group’s Multi-Pollutant Emission Control Strategy, Clean Power Group (Sept. 2001) (available online at energy.senate.gov/hearings/107-1/full_committee/electricity_barriers/hall_attach_b.pdf). Some have claimed that Enron did not get what it wanted because the White House did not propose to regulate CO₂. In fact, the Clean Power Group stated only that their proposed cap-and-trade program could “potentially” include CO₂,

Statement: With respect to Rep. Waxman’s statements on the energy task force, Ms. Matalin has charged that Rep. Waxman has “alleged a series of fabrications.” Specifically, she referenced two letters from Rep. Waxman to Vice President Cheney regarding the White House energy plan. Ms. Matalin stated that Rep. Waxman “sent over a charge that the press has picked up that there are 17 items in the energy plan that Ken Lay put in there.”²⁶

The Facts: Rep. Waxman has identified 17 policies in the White House energy plan that he stated “were advocated by Enron or that benefitted Enron.”²⁷ He further stated that although “this creates the unfortunate appearance that a large contributor received special access,” he did not want “to draw conclusions based on appearances.”²⁸ Rep. Waxman identified provisions that benefitted Enron and requested the information necessary to determine Enron’s role in the formation of these policies.

Statement: Ms. Matalin claimed: “He [Rep. Waxman] specifically charges most recently that the White House, the energy task force, amended a State Department document to include a project favorable to Enron. That is a flat out, there could not be a bigger lie. . . . It had nothing to do with Enron, and White House did not, did not insert it into the plan, the State Department put it in.”²⁹

The Facts: Rep. Waxman wrote to Vice President Cheney requesting information about a recommendation on India in the White House energy plan.³⁰ This provision was added late in the process during the period that the White House controlled the drafting and it benefitted Enron, which has a massive natural gas power plant in Dabhol, India. The letter from Rep. Waxman asked for an explanation of how the provision came to be inserted. Rep. Waxman did not make any “charges” or draw any conclusions in the letter.

III. MISLEADING STATEMENTS ABOUT CONTACTS WITH ENRON REPRESENTATIVES

but contemplated that it would not. Their documents touted that their proposal would be “compatible with future programs to control CO2.” Clean Power Group, *Principles and Positions* (September 2001) (available online at http://epw.senate.gov/Clean_Power_Group.htm).

²⁶*The Diane Rehm Show*, WAMU (Jan. 21, 2002).

²⁷Letter from Rep. Henry A. Waxman to Vice President Cheney (Jan. 16, 2002); Rep. Henry A. Waxman, *How the White House Energy Plan Benefitted Enron* (Jan. 16, 2002).

²⁸*Id.*

²⁹*The Diane Rehm Show*, WAMU (Jan. 21, 2002).

³⁰Letter from Rep. Henry A. Waxman to Vice President Cheney (Jan. 25, 2002).

Statement: In a January 3, 2002, letter responding to questions regarding the communications Enron had regarding its financial situation with individuals affiliated with Administration's energy task force, the Administration stated, "Enron did not communicate information about its financial position in any of the meetings with the Vice President or with the National Energy Policy Development Group's support staff."³¹

Statement: On January 9, 2002, the Administration suggested that no one in the White House discussed Enron's financial situation with Enron as the company was unraveling last fall. When asked, "Can the Administration say categorically that no one in the White House ever discussed Enron's financial situation with the company?," the Administration's spokesman responded, "I'm not aware of anybody in the White House who discussed Enron's financial situation."³²

The Facts: Disclosures subsequent to the January 3, 2002, statement revealed that at least three members of the energy task force -- Secretary of the Treasury Paul O'Neill, Secretary of Commerce Donald Evans, and Secretary of Energy Spencer Abraham -- had discussions directly with Enron Chairman Kenneth L. Lay regarding Enron's financial situation in October and early November 2001.³³

In addition, on January 13, 2002, Secretary Evans disclosed that, several weeks after his October 29, 2001, phone call with Mr. Lay in which they discussed Enron's financial situation, Secretary Evans informed White House Chief of Staff Andrew Card of the conversation. Secretary Evans also stated that a group of Administration officials including himself, Secretary O'Neill, Assistant to the President for Economic Policy Lawrence B. Lindsey, and Deputy Chief of Staff Bolten met on Mondays and would "collectively talk about Enron from time to time."³⁴ Mr. Lindsey and Mr. Bolten were members of the energy task force. Mr. Lindsey also conducted a review of the impact of a potential Enron collapse in October 2001.³⁵

³¹Letter from David S. Addington, Counsel to the Vice President, to Rep. Henry A. Waxman (Jan. 3, 2002).

³²Transcript of *Press Briefing by Ari Fleischer*, The White House (Jan. 9, 2002) (available at www.whitehouse.gov/news/releases).

³³The Administration stated that Secretary O'Neill received calls from Enron Chairman Kenneth L. Lay on October 28 and November 8 and in one or both calls Mr. Lay discussed concerns about Enron's financial situation. *Enron Asked for Help from Cabinet Officials*, Washington Post (Jan. 11, 2002). Secretary Evans had a conversation with Mr. Lay on October 29, 2001, in which Mr. Lay discussed Enron's financial difficulties. *Id.* Secretary Abraham called Mr. Lay on November 2, 2001, regarding the company's financial problems. *Enron Asked for Help from Banks*, Associated Press (Jan. 11, 2002).

³⁴*Meet the Press*, NBC News (Jan. 13, 2002).

³⁵*Fired Enron Auditor Lays Blame for Document Destruction on Accounting Firm's Lawyers*, Associated Press (Jan. 17, 2002); *White House Dismisses Report It Favored Enron*, Reuters (Jan. 17, 2002).

Statement: Responding to questions regarding contacts the Administration's energy task force had with Enron, the Administration stated on January 3, 2002, that six meetings between Enron and the Vice President or the energy task force staff had occurred.³⁶

The Facts: In its February 11, 2002, edition, *Newsweek* reported that there was a March 29, 2001, meeting between an Enron-sponsored group and Andrew Lundquist, executive director of the White House energy task force.³⁷ This meeting was not included in the Administration's January 3, 2002, description of energy task force meetings with Enron.

Statement: In remarks in January 2002, President Bush characterized his relationship with Mr. Lay as follows: "He was a supporter of Ann Richards in my run in 1994 and she had named him the head of the Governor's Business Council. And I decided to leave him in place just for the sake of continuity. And that's when I first got to know Ken."³⁸

The Facts: According to news accounts, President Bush knew Mr. Lay at least two years earlier than the 1994 gubernatorial campaign, through their work on the 1992 Republican Convention and President Bush's father's presidential library.³⁹ According to media reports, in the 1994 Texas gubernatorial race, Mr. Lay and his wife gave President Bush three times as much money as they gave Ann Richards.⁴⁰ In an interview in 2001, Mr. Lay reportedly stated that he had supported President Bush in the 1994 gubernatorial race.⁴¹

³⁶Letter from David S. Addington, Counsel to the Vice President, to Rep. Henry A. Waxman (Jan. 3, 2002).

³⁷*Enron Continues to Roil Washington*, *Newsweek* (Feb. 11, 2002).

³⁸*Enron CEO Gave More Money to Bush During Gubernatorial Race*, Associated Press (Jan. 12, 2002).

³⁹*Bush Advisors Fear Enron Scandal Hurting His Second-Year Agenda; GOP, Democrats Split on Next Move*, Associated Press (Jan. 21, 2002). In fact, at least one account dates the genesis of their relationship to 1989. *When Dubya and Lay Were as Close as This*, *New York Daily News* (Feb. 3, 2002).

⁴⁰*Enron CEO Gave More Money to Bush During Gubernatorial Race*, Associated Press (Jan. 12, 2002).

⁴¹*Lay Interview, '94 Campaign Records at Odds with Bush's Claim*, *Houston Chronicle* (Jan. 11, 2002) (quoting an interview with Mr. Lay on PBS's *Frontline*).