ONE HUNDRED SEVENTH CONGRESS

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Statement of Rep. Henry A. Waxman
March 26, 2002

As we piece together the story behind Enron's collapse, we're learning that at every turn Enron's management misled employees and demonstrated a callous indifference to their employees' financial well-being. Enron's conduct regarding PaineWebber appears to be the latest in a series of indefensible actions.

In December 1999, Cindy Olson, Enron's executive vice president for human resources, told employees that they should "absolutely" invest all of their 401(K) savings in Enron stock. Throughout 2000 and 2001, Enron's senior executives continued to encourage employees to invest in Enron stock. In August and October 2001, as the company was collapsing, then-Chairman Ken Lay was still extolling the virtues of Enron stock, even as Mr. Lay was selling his own stock.

Now it appears that Enron's management pressured PaineWebber to dismiss Chung Wu, a PaineWebber financial advisor who was supposed to be independent of Enron, simply because Mr. Wu suggested to clients that they sell their Enron stock. Soon after being contacted by Enron's management, PaineWebber terminated Mr. Wu. Now we need to know more about that decision.

The information PaineWebber provided in its March 22 letter is helpful, but it does not adequately explain whether PaineWebber acted in the best interests of its clients. Should PaineWebber have done more to encourage clients to diversify their assets? Was PaineWebber's "strong buy" recommendation flawed because of its close relationship with Enron? These are issues that need to be investigated.