



U.S. Department of Justice

Executive Office for United States Trustees

PRESS RELEASE

For Immediate Release

March 27, 2006

U.S. Trustee Program Announces Stipulated Agreement Reducing Stephen Forbes Cooper LLC's Success Fee Request in Enron Corp. Bankruptcy Case

WASHINGTON, D.C.—The United States Trustee Program announced today that it has reached an agreement with Stephen Forbes Cooper LLC (SFC) to reduce by \$12.5 million the success fee SFC requested for its work in the Chapter 11 case of Enron Corp. The stipulated agreement was filed March 24, 2006, in the U.S. Bankruptcy Court for the Southern District of New York.

According to the stipulated agreement, in reviewing SFC's motion for a \$25 million success fee, the U.S. Trustee undertook an investigation that uncovered billing practices and billing irregularities unacceptable to the U.S. Trustee, which the U.S. Trustee maintains were not disclosed to the bankruptcy court. The U.S. Trustee shared concerns about these findings with the bankruptcy court and with SFC.

In April 2002, the bankruptcy court authorized SFC and its principal, Stephen Forbes Cooper, to provide management services to Enron and its affiliated debtor entities on terms and conditions set forth in an employment agreement. Several weeks after Enron's reorganization plan was confirmed in July 2004, SFC filed a motion seeking payment of a \$25 million success fee in accordance with the provisions of the employment agreement. The bankruptcy court held a hearing on SFC's motion on November 15, 2005, but withheld its ruling on the motion, pending the filing of a response by the U.S. Trustee.

Cliff White, Acting Director of the Executive Office for U.S. Trustees, commended Washington, D.C.-based Assistant U.S. Trustee Richard Byrne and Newark-based Bankruptcy Analyst Linda Logan "for their superlative efforts in investigating this matter and reaching a settlement that should send a strong message that unacceptable billing practices and billing irregularities will not be tolerated in the bankruptcy system."

The stipulated agreement entered on March 24, 2006, was approved by the bankruptcy court on that date, but the final decision on the amount of the success fee to be paid to SFC remains with the court.

The U.S. Trustee Program is the component of the Justice Department that protects the integrity of the bankruptcy system by overseeing case administration and litigating to enforce the bankruptcy laws.

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