

**Remarks Prepared for Delivery by
U.S. Secretary of Labor Elaine L. Chao
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Good morning.

Today, the Department of Labor is filing suit in federal district court in Houston, Texas to recover losses that Enron employees suffered due to the mismanagement of two of Enron's main pension plans.

This is the first federal enforcement action that names former Enron executives Kenneth Lay and Jeffrey Skilling, in addition to the former Enron Board of Directors and the former Administrative Committee of these retirement plans.

Enron employees had a right to expect that their retirement savings would be managed with prudence and without destructive conflicts of interest. Today, we seek to vindicate that right.

More than half the assets of Enron's 401(k) Savings Plan and nearly all the assets of Enron's Employee Stock Ownership Plan consisted of Enron stock. Yet even as the company's financial situation disintegrated and the stock lost virtually all of its value, not one of the fiduciaries of Enron's pension plans acted to protect employees from the immense losses they ultimately suffered.

Not one member of the Administrative Committee questioned the prudence of holding so much Enron stock in the company's pension plan. Not one of them acted to redirect Enron's matching contributions to anything other than Enron stock. And no one proposed not buying more of the company's stock or removing the company's stock as an investment option in the 401(k) Plan.

When top officials were shedding *their* dwindling Enron assets, they *said* nothing and *did* nothing to protect the plan participants.

In fact, two members of the Administrative Committee ignored evidence in their personal possession of serious financial misconduct at Enron. One of

them even tried to isolate an Enron whistleblower, helped confiscate her laptop, and attempted to cover up her allegations. At my insistence, the Administrative Committee for Enron's employee pension plans was replaced by an independent fiduciary approved by the U.S. Department of Labor. That fiduciary has been working on the plans' behalf since April 19, 2002.

Former Enron executives Kenneth Lay and Jeffrey Skilling are named in this action because they selected the Administrative Committee for these pension plans and had a responsibility to monitor their actions. On both counts, they failed their employees and their duty under the law.

Mr. Lay went so far as to tout the stock as a good investment for his own employees—even after he had been warned that a wave of accounting scandals was about to engulf the corporation.

We are also suing Enron's Board of Directors for failing to *ever* appoint a trustee for the company's Employee Stock Ownership Plan, as specified in the plan documents and required by ERISA.

Today's filing is the culmination of a massive U.S. Department of Labor investigation that involved 2.5 million pages of evidence and 110 witnesses. Our aim is to recover as much as possible for Enron employees who lost their savings and their dreams for retirement.

But we also do this on behalf of *all* American workers. We are sending a message to every pension plan officer, director and fiduciary: you have a solemn duty to safeguard your employees' pension assets. If you put those assets in jeopardy through neglect or malfeasance, we *will* hold you accountable.

Now I have with me the Assistant Secretary for Employee Benefits Security and our Acting Solicitor—together with their staff who worked so hard on this investigation—and they are available to answer your questions.

Thank you.