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ONE HUNDRED SEVENTH CONGRESS

# Congress of the United States

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January 10, 2002

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INDEPENDENT

The Honorable John Ashcroft  
Attorney General  
U.S. Department of Justice  
950 Pennsylvania Avenue, NW  
Washington, D.C. 20530

Dear Attorney General Ashcroft:

According to press reports, the Justice Department's criminal division in Washington, D.C., has opened an investigation of Enron Corporation. This is a significant step in ensuring that the very serious allegations of fraud and self-dealing that have been leveled against the company and its officers and directors are thoroughly investigated and, if appropriate, prosecuted. The Department's investigation can help to shed light on the mysterious events surrounding the sudden collapse of the seventh-largest company in the country.

As welcome as the Department of Justice's involvement is, it raises an awkward question regarding your own personal background with Enron. As you know, during your last election campaign in 2000, Enron was one of your largest contributors. In total, you received \$55,000 from Enron's PAC and Kenneth Lay, the CEO of Enron. On October 31, 2000, just one week before the election, Mr. Lay himself gave \$25,000 to the "Ashcroft Victory Committee." The amount of Mr. Lay's contribution was many times greater than the maximum allowable contribution by individuals to federal candidates, which is just \$2,000, and it appears to have been given in a manner that many campaign finance experts believe thwarted the intent of election laws.<sup>1</sup>

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<sup>1</sup>According to FEC filings, the Ashcroft Victory Committee was "a joint fundraising committee of Ashcroft 2000 and the National Republican Senatorial Committee" that "maintains both federal and nonfederal accounts." Letter from Beth Lyndon, Treasurer, Ashcroft Victory Committee to Kenneth A. Davis, Reports Analyst, Federal Elections Commission (Apr. 27, 2000). The public interest group Common Cause has written that this unusually structured committee was "designed to raise illegal 'soft money' into [your] campaign" and succeeded in raising money that exceeded federal contribution limits. Letter from Scott Harshbarger, President, Common Cause, and Fred Wertheimer, President, Democracy 21 to Sen. Patrick Leahy (Jan. 16, 2001).

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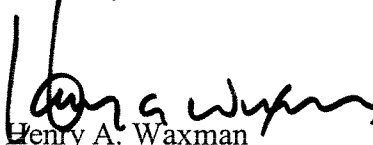
There have also been reports that Mr. Lay hosted a fundraiser for you in 1998, when you were running for the Republican presidential nomination,<sup>2</sup> and that Mr. Lay has been a contributor to your campaigns since 1994, when you first ran for U.S. Senate.<sup>3</sup>

At this time, I am not writing to recommend a specific course of action for you, but rather to seek your thoughts about the impact of your previous association with Enron. The Justice Department's Manual for U.S. Attorneys provides that "[w]here there is the appearance of a conflict of interest, the United States Attorney should consider a recusal."<sup>4</sup> I am interested in your views on whether your previous connections with Enron would pose either a "conflict of interest" or an "appearance of a conflict of interest" that would warrant a recusal. I would also like to know whether you are considering other measures to ensure the impartiality of the Enron investigation.

In the past, when conflict-of-interest concerns were raised regarding Enron, the White House Counsel's Office summarily dismissed the issue and refused to provide relevant information. For example, the White House Counsel's Office has consistently denied my repeated requests to provide details about the contacts that Karl Rove, Senior Advisor to the President, had with Mr. Lay while Mr. Rove held over \$60,000 of Enron stock.

I hope that you will take a different approach. The Enron collapse is a scandal of significant proportions. It clearly warrants thorough investigation by the Justice Department and congressional committees. At a minimum, I would hope that you would immediately fully disclose your past background and contacts with Enron and seriously consider whether it is appropriate for you to be involved in the criminal investigation of Enron.

Sincerely,



Henry A. Waxman  
Ranking Minority Member

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<sup>2</sup>*Local Elections Can Alter Number of Votes in Congressional Runoffs*, Houston Chronicle (Apr. 19, 1998).

<sup>3</sup>According to the FEC records, Mr. Lay gave you \$1,000 during your 1994 campaign for Senate. In total, the FEC records indicate that you have received over \$60,000 from Mr. Lay or other Enron sources during your campaigns for federal office.

<sup>4</sup>U.S. Attorney's Manual at 3-2.170.