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ONE HUNDRED SEVENTH CONGRESS

Congress of the United States

House of Representatives

COMMITTEE ON GOVERNMENT REFORM

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January 14, 2002

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BERNARD SANDERS, VERMONT,
INDEPENDENT

The Honorable Thomas E. White
Secretary of the Army
The Pentagon
Washington, DC 20310

Dear Secretary White:

Last week, the Administration revealed that Enron Chairman Kenneth L. Lay and other Enron executives discussed Enron's dire financial situation with Secretary of the Treasury Paul H. O'Neill, Secretary of Commerce Donald L. Evans, and Treasury Undersecretary Peter Fisher in October and November 2001 prior to Enron's collapse.¹ Since you were a high-level Enron executive for 11 years prior to your appointment as Secretary of the Army, I am writing to request information about your contacts with Mr. Lay and other Enron executives.

I want to make clear that this information is not being sought because it is alleged that you have done anything inappropriate. Instead, my request is an effort to learn as much as possible about the events involving Enron's financial collapse in 2001.

Before joining the Administration on May 31, 2001, you served as vice chairman of Enron Energy Services, a subsidiary of Enron Corporation. Your official biography states that you were responsible for "the delivery component of energy management services, which included commodity management; purchasing, maintaining, and operating energy assets; developing and implementing energy information services; capital management; and facilities management."² You were also a member of Enron's executive committee and chairman and chief executive officer for Enron Operations Corporation.

In addition to your previous employment at Enron, you were also a large shareholder of Enron stock. According to the financial disclosure report that you filed on May 4, 2001, you had the following financial interest in Enron:

- Enron common stock – valued between \$25 million and \$50 million
- Enron stock options – valued between \$25 million and \$50 million

¹*Enron Asked for Help from Cabinet Officials*, Washington Post (Jan. 11, 2002); *Enron Asked Treasury for Credit Aid*, Associated Press (Jan. 11, 2002).

²Official Biography of Thomas E. White (<http://www.army.mil/leaders/Secarmy/bio.htm>).

The Honorable Thomas E. White
January 14, 2002
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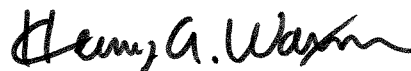
- Enron phantom stock award – valued between \$5 million and \$25 million³
- Enron employee stock ownership plan – valued between \$1 million and \$5 million
- Enron cash balance retirement account – valued between \$100,000 and \$250,000

In light of your extensive professional and financial ties with Enron, it would be helpful if you could provide information about any contacts that you might have had with your former employer, as well as information about the sale of your Enron stock. Accordingly, I ask that you respond to the following questions:

- (1) Since joining the Administration, have you had any meetings or phone conversations with Mr. Lay or any other employee of Enron? If so, please provide the date of the meetings or conversations, the persons involved, the subject matters discussed, and your best recollection of any views you expressed.
- (2) Since joining the Administration, have you had any meetings or phone conversations in which the financial condition of Enron was discussed? If so, please provide the date of the meetings or conversations, the persons involved, the subject matters discussed, and your best recollection of any views you expressed.
- (3) Since joining the Administration, have you had any meetings or phone conversations regarding Enron, including its financial condition, with the President, the Secretary of the Treasury, the Secretary of Commerce, or any other cabinet member or White House staff member? If so, please provide the date of the meetings or conversations, the persons involved, the subject matters discussed, and your best recollection of any views you expressed.
- (4) Since joining the Administration, have you bought or sold Enron stock, exercised any option in Enron stock, or received any money from Enron? If so, please provide the date and amount of the transaction.

I hope it will be possible for you to provide the answers I am seeking by January 22, 2002.

Sincerely,



Henry A. Waxman
Ranking Minority Member

³My understanding is that a phantom stock award is a type of incentive grant in which the recipient is not issued actual shares of stock on the grant date but receives an account credited with a certain number of hypothetical shares.