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BERNARD SANDERS, VERMONT,
INDEPENDENT

The Vice President
The Eisenhower Executive Office Building
Washington, D.C. 20501

Dear Mr. Vice President:

I am writing to ask that you release information about secret contacts your energy task force had with Enron Corporation, which filed for bankruptcy on December 2. Press reports indicate that Enron -- a major Republican contributor -- had detailed communications with the task force and other senior Administration officials. In light of Enron's financial collapse, it is important to know whether Enron communicated pertinent facts about its financial situation to the task force. It is also important to know to what extent the task force relied on information from Enron that may have been unreliable or self-serving.

I have previously written to express my concern about your task force's meetings with top energy-company executives, many of whom contributed heavily to the Republican party. While you have refused to disclose information about these secret meetings, I hope that Enron's recent and sudden collapse amidst allegations of serious financial improprieties will cause you to reconsider your position.

Enron has numerous close ties to the Bush Administration. Enron's chairman, Kenneth Lay, is a close friend of and longtime contributor to the President.¹ Enron gave over \$110,000 to President Bush's presidential campaign, making it one of the campaign's top backers.² In total, Mr. Lay and the company's employees have donated nearly \$2 million to Mr. Bush since 1993.³

¹Mr. Lay contributed \$75,000 to then-Governor Bush's 1998 re-election campaign. Center for Responsive Politics (on line at <http://www.opensecrets.org/TX/gets/st/contrib/tx183.htm>).

²Center for Responsive Politics (on line at <http://www.opensecrets.org/2000elect/contrib/P00003335.htm>).

³*Collapse of Enron May Reshape the Battlefield of Deregulation*, New York Times (Dec. 4, 2001).

You have also described Mr. Lay as a “friend” and admitted meeting with him to discuss energy matters.⁴

Additionally, one of the officials who served on the task force -- Lawrence Lindsay, the President’s chief economic advisor -- “served on an Enron advisory board”⁵ and reportedly received \$50,000 last year from Enron.⁶ Several other senior White House aides apparently owned Enron stock or served as paid consultants to the company, including your own chief of staff.⁷ Senior advisor Karl Rove, who owned over \$60,000 worth of Enron stock, has reportedly “spoken frequently about energy policy” with Mr. Lay.⁸ U.S. Trade Representative Robert Zoellick served on Enron’s advisory council.⁹ And Secretary of the Army Thomas White, a former Enron executive, valued his company stock between \$25 million and \$50 million earlier this year.¹⁰

Perhaps as a result of these contacts, Enron and Mr. Lay appear to have exerted a significant influence on the task force. The *New York Times* reported in May that Mr. Lay “had access to the team writing the White House’s energy report, which embraces several initiatives and issues dear to Enron.”¹¹ The article further noted that:

[t]he report’s recommendations include finding ways to give the federal government more

⁴*Frontline* interview, PBS (conducted May 17, 2001) (on line at <http://www.pbs.org/wgbh/pages/frontline/shows/blackout/interviews/chenev.html>).

⁵*Bush’s Energy Plan Bares Industry Clout*, Los Angeles Times (Aug. 26, 2001).

⁶*Bush Aides Disclose Finances*, Washington Post (June 2, 2001).

⁷*Bush Aides Disclose Finances*, Washington Post (June 2, 2001); *Three Bush Officials Sold Enron Stock*, Associated Press (Nov 29, 2001).

⁸*Taking Stock of Karl Rove*, Newsweek (June 25, 2001). Mr. Lay reportedly lobbied Mr. Rove regarding global warming and an opening on the Federal Energy Regulatory Commission. *Power Politics: In Era of Deregulation, Enron Woos Regulators More Avidly than Ever*, Wall Street Journal (May 18, 2001).

⁹Biography of Robert B. Zoellick (on line at <http://www.ustr.gov/about-ustr/ambassador/zoellick.html>).

¹⁰*Three Bush Officials Sold Enron Stock*, Associated Press (Nov 29, 2001).

¹¹*Power Trader Tied to Bush Finds Washington All Ears*, New York Times (May 25, 2001).

power over electricity transmission networks, a longtime goal of the company that was spelled out in a memorandum Mr. Lay discussed during a 30-minute meeting earlier this spring with Mr. Cheney. Mr. Cheney's report includes much of what Mr. Lay advocated during their meeting, documents show.¹²

Similarly, the *Los Angeles Times* reported on contacts between executives representing Enron and the task force:

Some firms sent emissaries more than once. Enron Corp., which trades electricity and natural gas, once got three top officials into a private session with Vice President Dick Cheney, who headed the energy task force. Cheney did "a lot of listening," according to a company spokesman.¹³

Indeed, an article in today's *New York Times* further reports that:

Enron also had an unusual opportunity to influence Mr. Bush's choices for the Federal Energy Regulatory Commission, which oversees the markets in which Enron operates. Mr. Lay met Mr. Bush's personnel adviser, Clay Johnson, to discuss nominees. When Mr. Bush picked people to fill two vacant Republican slots on the five-member commission, both had the backing of Enron as well as other companies.¹⁴

Unfortunately, you have declined to provide details about your meeting with Mr. Lay or any of these other Enron contacts.

In light of Enron's financial failure, you should reconsider your insistence on secrecy. It is appropriate to ask whether Enron communicated to you or others affiliated with your task force information about its precarious financial position. This is especially important since this information was apparently hidden from investors and the public until quite recently. Furthermore, the emerging reports about Enron's illicit financial dealings call into question the accuracy of information previously provided by Enron. It is thus important to know whether the task force -- and the policy changes recommended by the task force -- may have been influenced by unreliable data or opinions provided by Enron.

¹²*Id.* An Enron spokesman confirmed that Mr. Lay and another executive had a 30-minute meeting with you. *Cheney's Role Offers Strengths And Liabilities*, Washington Post (May 17, 2001).

¹³*Bush's Energy Plan Bares Industry Clout*, Los Angeles Times (Aug. 26, 2001).

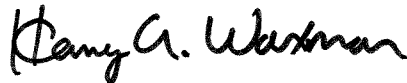
¹⁴*Collapse of Enron May Reshape the Battlefield of Deregulation*, New York Times (Dec. 4, 2001).

Further complicating this extraordinary situation is the fact that senior Enron executives were enriching themselves at the same time that Enron was lavishing large campaign contributions on President Bush and the Republican party and apparently influencing the administration's energy policies. Senior Enron executives -- who were in a position to know about the company's undisclosed losses -- reaped huge profits by selling company stock. Enron officials sold 1.8 million shares valued at about \$106 million through July of this year.¹⁵ According to corporate filings, Mr. Lay realized \$123 million in 2000 by exercising stock options.¹⁶ In addition, Mr. Lay has cashed in shares for a further \$25 million this year.¹⁷

These executive windfalls contrast starkly with the devastating losses suffered by Enron's rank-and-file employees and small investors. A recently filed class-action lawsuit indicates that Enron's current and former employees have lost a staggering \$1 billion from their 401(k) accounts in the wake of the company's collapse.¹⁸

At the very least, the confluence of these actions creates an appearance of impropriety. I urge you to reevaluate your refusal to provide the public with information about the Administration's dealings with Enron. Enron's collapse has shaken public confidence in energy markets. Continued secrecy from the White House will only compound public concerns.

Sincerely,



Henry A. Waxman
Ranking Minority Member

cc: The Honorable David M. Walker

¹⁵*Deals & Deal Makers: Enron Officials Sell Shares Amid Stock-Price Slump*, Wall Street Journal (Oct. 26, 2001).

¹⁶*Enron Corporation Schedule 14A Proxy Statement* (Mar. 27, 2001) (available on line at <http://www.freedgar.com>).

¹⁷*Deals & Deal Makers: Enron Officials Sell Shares Amid Stock-Price Slump*, Wall Street Journal (Oct. 26, 2001).

¹⁸*See Class Action Complaint, Gary Kemper, et al., v. Enron Corp., et al.* (S.D. Tex.) (Civil Action No. H-01-4089).