

U.S. Senate

Committee on Finance

For Immediate Release

Friday, Jan. 9, 2004

Grassley, Baucus Pursue Information on Enron Executives' Tax Dealings

WASHINGTON – Sen. Chuck Grassley, chairman of the Committee on Finance, and Sen. Max Baucus, ranking member, today asked the Internal Revenue Service to account for any investigations of Enron Corp. executives' individual tax dealings, such as attempts to conceal income, possibly through offshore bank accounts.

“The courts are deciding whether Enron executives cheated investors,” Grassley said. “It’s important for the IRS to decide whether these executives cheated the IRS. Every time someone dodges his tax responsibility, other taxpayers pick up the tab. The taxpayers deserve a full accounting of any Enron executives’ tax shenanigans.”

Baucus said, “It has been more than two years since the collapse of Enron. The damage done from this scandal and others has damaged investor confidence and raised serious concerns about corporate governance and the integrity of our tax system. The Finance Committee investigated Enron’s corporate level tax transactions. But our work is incomplete if we fail to see the impact of the Enron executives’ schemes on their own individual tax returns. The taxpaying public needs to be assured that tax cheats will be held accountable for their actions.”

The text of the senators’ letter to the IRS follows.

January 9, 2004

The Honorable Mark W. Everson
Commissioner
Internal Revenue Service
1111 Constitution Avenue, NW
Washington, D.C. 20224

Dear Commissioner Everson:

As developments unfold regarding the investigations of various Enron executives, we are following up on our letters dated July 19, 2002; September 24, 2002; and January 8, 2003 (Commissioner Rossotti and then Acting Commissioner Wenzel) requesting information on possible tax investigations of Enron executives.

Specifically, we requested (1) information as to whether any Enron executive is listed in the information the IRS has developed with respect to the use of offshore bank accounts, (2) information as to whether there is any evidence suggesting that such executive has attempted to conceal income from the IRS, (3) that the IRS advise the Committee about any action taken against any Enron executive regarding their individual income liability, (4) a follow-up to the IRS response dated September 18, 2002, that “the individual income tax returns of at least four Enron executives are undergoing ‘preliminary review’ ”, we asked for a description of the phrase “preliminary review” and whether these corporate executives’ tax returns are under examination, (5) the number of key officer and executive income tax returns examined as part of the Enron corporate income tax examination for the past 5 years, and (6) whether the individual income tax examinations were opened during the corporate income tax examination.

We reiterate our previous requests and ask for a written response and briefing by January 15, 2004. Pursuant to Internal Revenue Code section 6103(f)(4), the Chairman hereby authorizes Msrs. Dean Zerbe and Patrick Heck and Ms. Anita Horn Rizek to receive and inspect tax returns and return information with regard to this request.

Sincerely yours,

Max Baucus
Ranking Member

Charles E. Grassley
Chairman