

Sampliner, Gary

From: Rao, Geetha
Sent: Wednesday, September 05, 2001 11:29 AM
To: Sampliner, Gary; Christopulos, Greg
Subject: RE: India/Union Carbide Dispute.

[(b)(5)]

-----Original Message-----

From: Sampliner, Gary
Sent: Wednesday, September 05, 2001 10:31 AM
To: Christopulos, Greg
Cc: Rao, Geetha
Subject: RE: India/Union Carbide Dispute.

[(b)(5)]

-----Original Message-----

From: Christopulos, Greg
Sent: Wednesday, September 05, 2001 10:29 AM
To: Sampliner, Gary; 'AEtaylor@ABAnet.org'; LandbergCA@State.Gov
Cc: Rao, Geetha
Subject: India/Union Carbide Dispute.
Importance: High

Dep Sec Dam is going to India next week. In preparation for the trip he asked about the Union Carbide dispute. I didn't see anything that looked like the Union Carbide dispute in the draft Helms report.

Gary -- do you remember anything?

[(b)(5)]

Alysha -- Can you check with the commerce desk and the advocacy center or get me the names of who I should call?

Thanks

Sampliner, Gary

From: Kosmides, Ivy
Sent: Wednesday, July 25, 2001 4:33 PM
To: 'Recinos, Helen G'; Christopulos, Greg; Sloniewsky, Katerina; Sampliner, Gary; TCrawford@WorldBank.org; Joldersma, Dirk
Subject: RE: MIGA/R2001-0047, Dominican Republic, guarantee to investments in Edenorte and Edesur



DR1 Daily News -
Wednesday, 2...

Notable quote from Guillermo Perry on DR power sector. - See attached #1-3.

[(b)(6)]

-----Original Message-----

From: Recinos, Helen G [mailto:RecinosHG@state.gov]
Sent: Wednesday, July 25, 2001 3:56 PM
To: 'Greg.Christopulos@do.treas.gov'; 'Katerina.Sloniewsky@do.treas.gov'; 'Gary.Sampliner@do.treas.gov'; 'Ivy.Kosmides@do.treas.gov'; 'TCrawford@WorldBank.org'
Subject: RE: MIGA/R2001-0047, Dominican Republic, guarantee to investments in Edenorte and Edesur

[(b)(5)]

-----Original Message-----

From: Greg.Christopulos@do.treas.gov [mailto:Greg.Christopulos@do.treas.gov]
Sent: Wednesday, July 25, 2001 2:05 PM
To: RecinosHG@State.Gov; Katerina.Sloniewsky@do.treas.gov; Gary.Sampliner@do.treas.gov; Ivy.Kosmides@do.treas.gov; TCrawford@WorldBank.org
Subject: RE: MIGA/R2001-0047, Dominican Republic, guarantee to investments in Edenorte and Edesur

[(b)(5)]

Helen -- please check with the State inv office. I sent Todd e-mail to Landberg and Tracton. [(b)(6)]

Thanks.

-----Original Message-----

From: Kosmides, Ivy
Sent: Wednesday, July 25, 2001 1:36 PM
To: Christopoulos, Greg
Cc: Todd Crawford
Subject: FW: MIGA/R2001-0047, Dominican Republic, guarantee to investments in Edenorte and Edesur

Greg... for you.

-----Original Message-----

From: tcrawford@worldbank.org [mailto:tcrawford@worldbank.org]
Sent: Wednesday, July 25, 2001 1:37 PM
To: ivy.kosmides@do.treas.gov
Subject: MIGA/R2001-0047, Dominican Republic, guarantee to investments in Edenorte and Edesur

Ivy - Would you forward this to Greg, please. For some reason, my machine won't communicate w/ him today. Don't understand why, as I believe I have his correct e-mail address. Thanks. T

----- Forwarded by Todd W. Crawford/Person/World Bank EDs on 07/25/2001 01:36 PM -----

Todd W.

Crawford
Greg.Christopoulos@Do.Treas.Gov,
Stephen.Altheim@Do.Treas.Gov,
07/25/2001
Recinoshg@State.Gov

12:00 PM
Barbara.Holloway@Do.Treas.Gov, Barbara Geiser
80112 EDS01
Dominican Republic, guarantee to

To:
Katerina.Sloniewsky@Do.Treas.Gov,
Dirk.Joldersma@Do.Treas.Gov,
cc:
Subject: MIGA/R2001-0047,
investments in Edenorte and Edesur

Greg et al.

[(b)(5)]

[(b)(5)]

Many thanks.

Todd

Sampliner, Gary

From: Rao, Geetha
Sent: Tuesday, July 24, 2001 10:57 AM
To: Christopulos, Greg
Cc: Sampliner, Gary
Subject: RE: Info memo to Taylor on Enron



07-12-01 Enron-OPIC

info mem..

the final version..

-----Original Message-----

From: Christopulos, Greg
Sent: Tuesday, July 24, 2001 10:25 AM
To: Rao, Geetha
Cc: Sampliner, Gary
Subject: RE: Info memo to Taylor on Enron

[(b)(5)]

-----Original Message-----

From: Rao, Geetha
Sent: Tuesday, July 24, 2001 10:12 AM
To: Christopulos, Greg; Sampliner, Gary
Subject: RE: Info memo to Taylor on Enron

[(b)(5)]

-----Original Message-----

From: Christopulos, Greg
Sent: Tuesday, July 24, 2001 10:07 AM
To: Rao, Geetha; Sampliner, Gary
Subject: RE: Info memo to Taylor on Enron

[(b)(5)]

-----Original Message-----

From: Rao, Geetha
Sent: Tuesday, July 24, 2001 9:57 AM
To: Sampliner, Gary; Christopulos, Greg
Subject: RE: Info memo to Taylor on Enron

[(b)(5)]

-----Original Message-----

From: Sampliner, Gary
Sent: Monday, July 23, 2001 6:35 PM
To: Christopoulos, Greg; Rao, Geetha
Subject: RE: Info memo to Taylor on Enron

[(b)(5)]

-----Original Message-----

From: Christopoulos, Greg
Sent: Monday, July 23, 2001 6:28 PM
To: Sampliner, Gary; Rao, Geetha
Subject: RE: Info memo to Taylor on Enron

The correct numbers are in the handout OPIC distributed at the NSC meeting. Geetha, is that where you got the numbers?

-----Original Message-----

From: Sampliner, Gary
Sent: Monday, July 23, 2001 6:22 PM
To: Rao, Geetha; Christopoulos, Greg
Subject: RE: Info memo to Taylor on Enron

[(b)(5)]

-----Original Message-----

From: Rao, Geetha
Sent: Monday, July 23, 2001 5:11 PM
To: Sampliner, Gary; Christopoulos, Greg
Subject: Info memo to Taylor on Enron

FYI We've prepared an info memo to U/S Taylor on the Dabhol issue. DAS Radelet is currently reviewing. If you have any clarifications, please let me know. Thanks.

<< File: (07-12-01) Enron-OPIC info memo - final.doc >>

PS Greg - these are the final talking points which were delivered to Post on Friday.

INFORMATION

MEMORANDUM FOR UNDER SECRETARY TAYLOR

FROM: Steven C. Radelet, DAS (Africa, Middle East, South Asia)

SUBJECT: OPIC's role in Enron's Power Dispute in Maharashtra

[(b)(5)]

FINAL – INTERAGENCY CLEARED

TALKING POINTS FOR US EMBASSY- INDIA

Re: Meeting with Ministries of Finance and Power and Dabhol Lenders' Steering Committee

[Follow-up to meeting between Principal Secretary and National Security Advisor Mishra and OPIC President Watson in Washington]

- We are concerned that the continuing dispute over the Dabhol Power Project, unless expeditiously resolved, could affect India's investment climate and hamper development of our bilateral economic and political relations.
- It is important that the GOI work actively for a long-term solution for the Dabhol project. The GOI's involvement is critical to the sound resolution of the dispute.
- We very much appreciate the efforts to date of Ministers Sinha and Prabhu. Their continued engagement will be critical in any long-term solution.
- We encourage the GOI to work with the Maharashtra state government to bring a speedy resolution to the payment dispute and reinforce the need for power sector reforms in the state's overall efforts to support economic growth.
- GOI needs to engage the secured lenders to the project directly and quickly. The lenders represent 2/3rds of the capital invested in the project and their loans are secured by all of the project assets. Given the current status of the project, the lenders have assumed a key decision-making role.
- The lenders want to work with the government of India to resolve this problem. They have formed a steering committee to make recommendations to the larger group about how to proceed. We urge GOI officials, including the Ministers of Power and Finance, to meet with this steering committee at the earliest possible time in August.
- In addition, despite the full availability of the plant, Phase I cash flow has ceased. This is a serious problem for the project and its lenders. If the GOI could encourage the restart of cash flow to Phase I, it would provide a strong signal of the GOI's intention to seek a resolution to the matter.
- As you know, the Overseas Private Investment Corporation (OPIC) and the Export-Import Bank (ExIm), agencies of the U.S. government, have provided significant support to the Dabhol Power Project. This complicates the issue in that a negative outcome of the Dabhol problem ultimately could have unwanted legal and financial effects on our government-to-government relations.
- This Administration very much wants to build the U.S.-India relationship. The U.S. government hopes that a creative resolution can be found to Dabhol so that we can focus without distraction on our growing economic and political ties.

Sampliner, Gary

From: Rao, Geetha
Sent: Monday, July 23, 2001 5:11 PM
To: Sampliner, Gary; Christopoulos, Greg
Subject: Info memo to Taylor on Enron

FYI We've prepared an info memo to U/S Taylor on the Dabhol issue. DAS Radelet is currently reviewing. If you have any clarifications, please let me know. Thanks.



(07-12-01) Enron-OPIC
info memo...

PS Greg - these are the final talking points which were delivered to Post on Friday.

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SUBJECT: OPIC's role in Enron's Power Dispute in Maharashtra

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- This Administration very much wants to build the U.S.-India relationship. The U.S. government hopes that a creative resolution can be found to Dabhol so that we can focus without distraction on our growing economic and political ties.

Sampliner, Gary

From: Rao, Geetha
Sent: Friday, July 20, 2001 10:44 AM
To: Rao, Geetha; Resnick, Bonnie; Christopoulos, Greg; Sampliner, Gary
Cc: Grewe, Maureen; Mills, Marshall; McDonald, Larry
Subject: RE: Reschedule of Enron's meeting

We will be having this meeting on Monday July 23 at 10:30 in Room 3430. thanks.

-----Original Message-----

From: Rao, Geetha
Sent: Wednesday, July 18, 2001 4:55 PM
To: Resnick, Bonnie; Christopoulos, Greg; Sampliner, Gary
Cc: Grewe, Maureen; Mills, Marshall; McDonald, Larry
Subject: Reschedule of Enron's meeting

Can we aim to reschedule the Enron meeting either next monday at 10:30 am or Tuesday at 11:00 am? Please indicate preference. Thanks.

-----Original Message-----

From: Rao, Geetha
Sent: Monday, July 16, 2001 4:27 PM
To: Sampliner, Gary; Grewe, Maureen; Christopoulos, Greg; Resnick, Bonnie; Sils, Gay
Cc: McDonald, Larry
Subject: Enron Meeting this Wednesday
Importance: High

John Hardy, Enron (DC office), requested a meeting with Treasury to bring us up-to-date on the Enron's project in India.

This meeting will take place on Wednesday July 18 at 3 pm in Room 3430 MT.
Please let me know if you plan to attend.

Thanks, geetha

Sampliner, Gary

From: Sils, Gay
Sent: Thursday, July 12, 2001 5:41 PM
To: Rao, Geetha; Berg, Katie; Grewe, Maureen; Resnick, Bonnie; Christopoulos, Greg; Sampliner, Gary
Cc: Donovan, Meg; Mills, Marshall; McDonald, Larry; Radelet, Steve
Subject: RE: Dabhol meeting on Enron/OPIC project at NSC

OK WITH ME

-----Original Message-----

From: Rao, Geetha
Sent: Thursday, July 12, 2001 5:39 PM
To: Sils, Gay; Berg, Katie; Grewe, Maureen; Resnick, Bonnie; Christopoulos, Greg; Sampliner, Gary
Cc: Donovan, Meg; Mills, Marshall; McDonald, Larry; Radelet, Steve
Subject: RE: Dabhol meeting on Enron/OPIC project at NSC
Importance: High

We have a final set of talking points for both Treasury and State to send over to NSC by COB today please comment by 6 pm today if you have any concerns.... it is in line with what we had suggested. We've also posed some questions to OPIC. Thanks! and sorry for the short deadline!

-----Original Message-----

From: Speck, Janet G [mailto:SpeckJG@state.gov]
Sent: Thursday, July 12, 2001 5:20 PM
To: 'Rao, Geetha'; Usrey, Gary S; Gadzinski, Peter S; Shub, Adam M(E); Walker, M Karen; 'brooks, jo'
Cc: Scholz, Wesley S; Delare, Thomas L; Bay, Janice F
Subject: TALKING POINTS FOR US EMBASSY- INDIA

Attached are talking points for the Embassy to deliver to the GOI re Dabhol. They have been revised as per Treasury's suggestions. Please let me know asap if you have further comments so that we can forward them to the NSC tonight. Thanks.

<< File: EmbtalkY1 Dabhol rev.doc >>

-----Original Message-----

From: Sils, Gay
Sent: Thursday, July 12, 2001 3:18 PM
To: Rao, Geetha; Berg, Katie; Grewe, Maureen; Resnick, Bonnie; Christopoulos, Greg; Sampliner, Gary
Cc: Donovan, Meg; Mills, Marshall; McDonald, Larry; Radelet, Steve
Subject: RE: Dabhol meeting on Enron/OPIC project at NSC

[(b)(5)]

-----Original Message-----

From: Rao, Geetha
Sent: Thursday, July 12, 2001 11:01 AM
To: Rao, Geetha; Berg, Katie; Sils, Gay; Grewe, Maureen; Resnick, Bonnie; Christopoulos, Greg; Sampliner, Gary
Cc: Donovan, Meg; Mills, Marshall; McDonald, Larry; Radelet, Steve
Subject: RE: Dabhol meeting on Enron/OPIC project at NSC
Importance: High

Attached are the talking points that State sent over this morning. Please review and send back any comments by 1:30 pm TODAY. We need to submit a joint set of TPs today. [(b)(5)]

any other

suggestions?

<< File: EmbtalkY1 State.doc >>

-----Original Message-----

From: Rao, Geetha
Sent: Wednesday, July 11, 2001 4:13 PM
To: Berg, Katie; Sils, Gay; Grewe, Maureen; Resnick, Bonnie; Christopoulos, Greg; Sampliner, Gary
Cc: Donovan, Meg; Mills, Marshall; McDonald, Larry; Radelet, Steve
Subject: RE: Dabhol meeting on Enron/OPIC project at NSC

Katie, [(b)(5)]

Thanks to all.

-----Original Message-----

From: Berg, Katie
Sent: Wednesday, July 11, 2001 4:09 PM
To: Sils, Gay; Rao, Geetha; Grewe, Maureen; Resnick, Bonnie; Christopoulos, Greg; Sampliner, Gary
Cc: Donovan, Meg; Mills, Marshall; McDonald, Larry; Radelet, Steve
Subject: RE: Dabhol meeting on Enron/OPIC project at NSC

[(b)(5)]

-----Original Message-----

From: Sils, Gay
Sent: Wednesday, July 11, 2001 3:54 PM
To: Rao, Geetha; Grewe, Maureen; Resnick, Bonnie; Christopoulos, Greg; Sampliner, Gary
Cc: Donovan, Meg; Mills, Marshall; McDonald, Larry; Radelet, Steve; Berg, Katie
Subject: RE: Dabhol meeting on Enron/OPIC project at NSC

[(b)(5)]

-----Original Message-----

From: Rao, Geetha
Sent: Wednesday, July 11, 2001 1:54 PM
To: Grewe, Maureen; Sils, Gay; Resnick, Bonnie; Christopoulos, Greg; Sampliner, Gary
Cc: Donovan, Meg; Mills, Marshall; McDonald, Larry; Radelet, Steve
Subject: RE: Dabhol meeting on Enron/OPIC project at NSC
Importance: High

Attached are the revisions to the OPIC talking points that OPIC sent over late yesterday. The objective is to steer the discussion away from whether the project is in default or not, but to still underscore the importance of engaging with the state governments and the lenders asap. The Charge from the US Embassy will most likely deliver the points to the GOI. Please comment asap. Thanks.

<< File: EmbtalkY1.doc >>

-----Original Message-----

From: Grewe, Maureen
Sent: Wednesday, July 11, 2001 12:52 PM
To: Sils, Gay; Resnick, Bonnie; Christopoulos, Greg; Sampliner, Gary; Rao, Geetha
Cc: Donovan, Meg; Mills, Marshall; McDonald, Larry; Radelet, Steve
Subject: Dabhol meeting on Enron/OPIC project at NSC
Importance: High

[(b)(5)]

[(b)(5)]

[(b)(5)]

Thanks.

Sampliner, Gary

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Sent: Thursday, July 12, 2001 5:39 PM
To: Sills, Gay; Berg, Katie; Grewe, Maureen; Resnick, Bonnie; Christopoulos, Greg; Sampliner, Gary
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EmbtalkY1 Dabhol
rev.doc

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Subject: RE: Dabhol meeting on Enron/OPIC project at NSC

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From: Rao, Geetha
Sent: Thursday, July 12, 2001 11:01 AM
To: Rao, Geetha; Berg, Katie; Sills, Gay; Grewe, Maureen; Resnick, Bonnie; Christopoulos, Greg; Sampliner, Gary
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Thanks to all.

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Importance: High

[(b)(5)]

[(b)(5)]

Thanks.

TALKING POINTS FOR US EMBASSY- INDIA

Re: Meeting with Ministries of Finance and Power and Dabhol Lenders' Steering Committee

[(b)(5)]

[(b)(5)]

0100000001138

Sampliner, Gary

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EmbarkY1.doc

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Importance: High

[(b)(5)]

[(b)(5)]

Thanks.

TALKING POINTS FOR US EMBASSY- INDIA

Re: Meeting with Ministries of Finance and Power and Dabhol Lenders' Steering Committee

[(b)(5)]

[(b)(5)]

0100000001142

Sampliner, Gary

From: Grewe, Maureen
Sent: Tuesday, June 19, 2001 9:07 AM
To: Christopoulos, Greg; Sampliner, Gary
Subject: RE: Enron meeting at NSC

Yes, I think that will be a major part of the discussion.

-----Original Message-----

From: Christopoulos, Greg
Sent: Tuesday, June 19, 2001 9:03 AM
To: Grewe, Maureen; Sampliner, Gary
Subject: RE: Enron meeting at NSC

IS OPIC going to be there? OPIC has significant exposure in this project.

-----Original Message-----

From: Grewe, Maureen
Sent: Monday, June 18, 2001 7:11 PM
To: Christopoulos, Greg; Sampliner, Gary
Subject: RE: Enron meeting at NSC

turns out that NSC is amenable to Gary as well. Gary, if you would like to attend the meeting on Enron/India at 10:30 am on Thursday, please send me your ssn and dob and I'll get us all cleared in. Thanks.

-----Original Message-----

From: Christopoulos, Greg
Sent: Monday, June 18, 2001 1:38 PM
To: Grewe, Maureen; Sampliner, Gary
Subject: RE: Enron meeting at NSC

Greg Christopoulos

[(b)(6)]

Thanks . I also think Gary S should go.

He will be back from Mex City Tues.

-----Original Message-----

From: Grewe, Maureen
Sent: Monday, June 18, 2001 12:53 PM
To: Christopoulos, Greg
Subject: RE: Enron meeting at NSC

why don't you send me your ssn and dob and I'll have my secretary call ~~and~~ get us both cleared in.
Thanks.

-----Original Message-----

From: Christopoulos, Greg
Sent: Friday, June 15, 2001 4:29 PM
To: Grewe, Maureen; Sampliner, Gary; Rao, Geetha; Mills, Marshall
Cc: Radelet, Steve
Subject: RE: Enron meeting at NSC

Yes. Who do I call to get cleared in?

-----Original Message-----

From: Grewe, Maureen
Sent: Friday, June 15, 2001 12:05 PM
To: Christopoulos, Greg; Sampliner, Gary; Rao, Geetha; Mills, Marshall
Cc: Radelet, Steve

Subject: Enron meeting at NSC

NSC is holding a meeting on Enron's India Dabhol project next Thursday at 10:30am. I have a couple of conflicting meetings at that time, but probably should go to this. Just wanted to let everyone know. Not sure what the thrust of the meeting will be.

Greg -- would you be interested in attending as well? Could you see if you can find out from your State contacts what the point of the meeting is? I understand that at least Gary Usrey (South Asia Bureau), Tom Goldberger (EB) and Karen Walker (?) will be there from State.

I'll let you know if I hear more about this. Thanks.

Sampliner, Gary

From: Mills, Marshall
Sent: Monday, May 21, 2001 5:06 PM
To: Grewe, Maureen; Rao, Geetha; Christopoulos, Greg; Sampliner, Gary
Subject: Enron to withdraw from India

The full article:

Enron to withdraw from India

By Khozem Merchant in Bombay

Published: May 20 2001 11:25GMT | Last Updated: May 21 2001 09:06GMT

Enron, the US power company, is set to withdraw from India after a dispute over unpaid bills that has overshadowed the country's biggest single foreign direct investment.

The Houston-based company has issued a "preliminary termination notice" to its Bombay client, ending an acrimonious eight-year relationship.

Enron's \$2.9bn power project near Bombay was a symbol of India's economic reforms. But critics, including the World Bank, said its tariffs were excessive and the company was portrayed as a profiteering multinational.

Enron's announcement concludes a disappointing chapter for India's power sector, which lies at the heart of attempts to increase growth and ease poverty.

PowerGen of the UK and Cogentrix of the US have also quit recently, frustrated by red tape or because of higher returns elsewhere.

A six-month cooling off period - as mandated in the power purchase agreement - now follows, but is unlikely to yield progress. Enron will then issue a final termination notice and present a claim for compensation.

"This is the end game for Enron. It is a great day for us," said Pradyumna Kaul, a management consultant and leader of Enron Virodhi Andolan (Anti-Enron Movement).

"India produces electricity from coal at a unit cost of about Rs1. Enron is using liquefied natural gas as a fuel and charging a unit cost of Rs5. Neither Indians nor Indian manufacturers can afford Enron's expensive energy," he said.

Dabhol Power Company, which operates the Bombay plant and in which Enron has a 65 per cent share, said "after months of working to finding a solution, it is apparent that MSEB and the government of Maharashtra are unwilling to honour their commitments."

In a statement, DPC criticised the Indian government for its "unwillingness to assist MSEB and the Maharashtra government in either buying power, or providing credit support behind other buyers."

MSEB owes the US company \$45m for power consumed in December and January. But the utility is refusing to pay until its own claim for Rs4.2bn for "Enron's technical failures" is settled.

Enron, which has come under increasing pressure from its international lenders to get tough with MSEB, has twice invoked the Indian government's guarantee on unpaid bills. But in the most recent instance, New Delhi refused to pay until MSEB's own claims were settled.

Enron's tariff is typically three times higher than that levied by other independent power producers because of the high cost of naphtha and a depreciation of the rupee against the dollar. MSEB also pays a fixed monthly charge of Rs970m, reflecting the project cost.

Phase 1 of the project, a 740MW plant fuelled by costly naphtha, came on stream in May 1999, and phase two, a \$1.87bn site of 1,624MW capacity designed to run on cheaper LNG, will be completed in the next few months.

Earlier this month, Enron top expatriate staff withdrew children from the American School in Bombay and left India, a signal of the company's security concerns ahead of its decision to quit India. Enron employs 11,000 people in India.

Six years ago the radical Hindu state government then in power in Maharashtra cancelled the project before later renegotiating a deal that a state government inquiry last month condemned as crony capitalism.

-----Original Message-----

From: Radelet, Steve
Sent: Monday, May 21, 2001 3:06 PM
To: Grewe, Maureen; Mills, Marshall; Rao, Geetha
Subject: Enron/India

FYI.....

ENRON TO QUIT INDIAN POWER PROJECT OVER UNPAID BILLS. The US power company Enron is set to withdraw from India after a row over unpaid bills that has overshadowed the country's biggest single foreign direct investment, the Financial Times reports (p.12). The Houston-based company has issued a "preliminary termination notice" to its Bombay client, the Maharashtra State Electricity Board (MSEB), ending an acrimonious eight-year relationship.

Enron's \$2.9 billion power project near Bombay was a symbol of India's economic reforms but critics, including the World Bank, said its tariffs were excessive and the company was portrayed as a profiteering multinational. Enron's announcement at the weekend concludes a disappointing chapter in the history of India's power sector, which lies at the heart of attempts to improve growth and ease poverty, the story notes.

Enron's tariff is typically three times higher than that of other independent power producers because of the high cost of naphtha and a depreciation of the rupee against the dollar. Enron employs 11,000 people in India, the FT adds.

Sampliner, Gary

From: Christopoulos, Greg
Sent: Friday, May 04, 2001 12:24 PM
To: Grewe, Maureen; Katz, Nancy; Stewart, Elizabeth K.; Joy, David; Munk, Russell; Stedman, Louellen; Setser, Brad; Baker, Jeffrey; Gunaratne, Nilmini; Sampliner, Gary
Subject: RE: ACTION (due FRIDAY): FY2002 International Affairs Appropriations Briefing Book

The India-Enron answer is fine. Gary and I already cleared it.

-----Original Message-----

From: Grewe, Maureen
Sent: Friday, May 04, 2001 12:18 PM
To: Katz, Nancy; Stewart, Elizabeth K.; Joy, David; Munk, Russell; Stedman, Louellen; Setser, Brad; Baker, Jeffrey; Gunaratne, Nilmini; Christopoulos, Greg; Sampliner, Gary
Subject: FW: ACTION (due FRIDAY): FY2002 International Affairs Appropriations Briefing Book
Importance: High

<< File: 0501testimonyq&A.doc >>

Attached please find ISM's submission for the Secretary's testimonies for clearance. I still need to run them by Steve, so please clear by 2:30pm. Sorry for short turnaround. Marshall had already sent Turkey ones around earlier today, only change since then was formatting. Some of the others have also been circulated earlier for clearance for the ADB meetings.

Topics in order for ease of review are:

India - Enron Dispute
Iran - World Bank Lending
India and Pakistan - Glenn Amendment Sanctions
Turkey - Rationale for Exceptional Financing
Turkey - Multilateral vs. Bilateral Financing
Turkey - Prospects
Turkey - "Bail Out"

Thanks for your help.

-----Original Message-----

From: Toloui, Ramin
Sent: Wednesday, May 02, 2001 10:55 PM
To: Coffman, Phyllis; Engelhard, Joe; Estep, Tammy; Fall, James; Harris, Rosemary; Kimack, Michael; Lee, Nancy; Lemay, Joanne; Munk, Russell; Radelet, Steve; Schuerch, William; Sobel, Mark; Thorne, Judith; Wooten, Linda; Baukol, Andrew; Berg, Katie; Berger, Gregory; Chaves, Mary; Conley, Robert; Crowe, Brian; Donovan, Stephen; Dulaney, Tim; Gelpert, Anna; Grewe, Maureen; Haarsager, Mathew; Harlow, Robert; Herring, Sheila; Jaakson, Juhan; Jaskowiak, Mark; Johnston, Richard; Loevinger, David; Ludden, Ken; Mathiasen, Karen; McCoy, Christopher; McDonald, Larry; Mills, Marshall; Monroe, Wilbur; Murden, Bill; Paulson, Sara; Ralyea, John; Schall, Bill; Setser, Brad; Shah, Sonal; Sills, Gay; Smith, Ged; Stedman, Louellen; Steve Backes; Toloui, Ramin; Tvardak, Steve; Wallace, James; Walsh, Helen; Warthin, Whit
Cc: Donovan, Meg; Brown, Judawn; Duncan, John; Keeler, Tim
Subject: ACTION (due FRIDAY): FY2002 International Affairs Appropriations Briefing Book

Secretary O'Neill is scheduled to testify in two different-but-related sets of hearings this month:

- (1) on IFI reform before the Senate Foreign Relations Committee (May 8) and the House Financial Services Committee (tentatively the week of May 21), and
- (2) on the FY2002 international affairs budget request before House Foreign Operations (May 15) and Senate Foreign Operations (May 17).

Preparations for the first of these (IFI reform) are already well underway. Since the Secretary and U/S-designate Taylor will be away for most of next week for the Asian Development Bank meetings, we will need to have a briefing book ready for the second (Appropriations) before the delegation leaves on Tuesday. The Appropriations briefing

book will include not only Qs/As on the programs for which Treasury is requesting funding in FY2002 (i.e., multilateral development banks, debt reduction and technical assistance programs), but also a full range of OASIA-related topics that may come up in the course of the hearings.

In other words, this is open season for questions about international issues in which Treasury has a role, and we will depend upon input from all offices to prepare for the hearings. To this end, please

- Review the attached document ("fy01_topics"), which lists the topics for all the Qs/As prepared for last year's Appropriations testimony. Please add, delete, or update topics for this year's testimony as appropriate.
- Prepare brief Qs/As on these topics, drawing as much as possible on Qs/As already developed for the confirmation and IFI-reform hearings. These Qs/As need to be short. Ideal format: (1) Question; (2) Answer, with maximum of three points and each point of two lines maximum length; (3) Background, if needed.
- Send Qs/As (cleared by DASes and General Counsel) to Joan Kotze by COB on Friday, May 4th. If the Qs/As have not yet been fully cleared by that time, please send the draft Qs/As as a placeholder and forward the final, cleared versions no later than NOON on Monday, May 7th. Please be sure to include the name and phone number of the drafter in the bottom right-hand corner of each submission.

If you have any questions, please don't hesitate to contact me. Thank you for all of your efforts during this very busy period.

Ramin

<< File: fy01_topics.doc >>

Sampliner, Gary

From: Rao, Geetha
Sent: Monday, February 05, 2001 1:06 PM
To: Sampliner, Gary; Grewe, Maureen; Mills, Marshall; Christopoulos, Greg; Clapp, Gene; Stewart, Elizabeth K.; Wallace, James
Cc: Radelet, Steve
Subject: RE: India/Dabhol Meeting

John Hardy from Enron left a message this morning to inform us that Enron is planning on calling the GOI guarantee for the MSEB's missed payments tomorrow. Around 10 days ago, Enron invoked the State guarantee for MSEB's payments which the State did not honor, as of last Thursday's deadline. In the meanwhile MSEB submitted a small payment (approx \$2 million). The State had one week to submit the payment to Enron but opted to put in place an expert committee to review the Dabhol situation instead. In other news, Enron is close to selling its 30% stake in oil/gas fields offshore of Maharashtra and Gujarat.

Sampliner, Gary

From: Rao, Geetha
Sent: Tuesday, January 23, 2001 1:24 PM
To: Sampliner, Gary; Grewe, Maureen; Mills, Marshall; Christopoulos, Greg; Clapp, Gene; Stewart, Elizabeth K.
Cc: Radelet, Steve
Subject: RE: India/Dabhol Meeting

According to Cline (Enron India CEO), the Maharashtra government (GOM) had not approached Enron about renegotiating the tariff (one of the charges against Enron) as of mid December. At that time, Cline said that Enron was willing to sit down and discuss with GOM the tariff structure and the PPA. He suspected the talks may begin in January but that there was a "good chance the GOM would sue Enron in Indian courts" over the high tariffs that Enron was charging. MSEB claims that is one of the reasons they have not been able to make payments. If that case was brought against Enron, they were confident in winning the case (they have won some 30 suits in Indian courts).

As of mid-January, a case has not been filed against Enron. Since the GoM stepped in and agreed to pay half of MSEB's outstanding bill, perhaps the possibility of a court case has been dropped. Hopefully, the Enron folks can further elucidate tomorrow.

Can anyone else

[(b)(5)]

comment? We can also bring this point up tomorrow.

-----Original Message-----

From: Sampliner, Gary
Sent: Tuesday, January 23, 2001 1:10 PM
To: Rao, Geetha; Grewe, Maureen; Mills, Marshall; Christopoulos, Greg; Clapp, Gene
Cc: Radelet, Steve
Subject: RE: India/Dabhol Meeting

[(b)(5)]

-----Original Message-----

From: Rao, Geetha
Sent: Tuesday, January 23, 2001 9:37 AM
To: Grewe, Maureen; Mills, Marshall; Sampliner, Gary; Christopoulos, Greg; Clapp, Gene
Cc: Radelet, Steve
Subject: RE: India/Dabhol Meeting

[(b)(5)]

[(b)(5)]

Cable # 029799 Dec 08
Cable #032693 Dec 13
Cable #034319 Dec 15
Cable #044561 Jan 09

-----Original Message-----

From: Grewe, Maureen
Sent: Tuesday, January 23, 2001 8:55 AM
To: Rao, Geetha; Mills, Marshall; Sampliner, Gary; Christopoulos, Greg; Clapp, Gene
Cc: Radelet, Steve
Subject: RE: India/Dabhol Meeting

Please note the following article from this morning's press summary:

US Envoy: India's Enron Project Key To Foreign Investment

BOMBAY (AP)--U.S. Ambassador to India Richard Celeste warned Monday that foreign investment in India would falter because of political pressures that threatened to derail the \$3 billion Enron Corp. (ENE) power project.

"It regrettably feeds the concern among American and other foreign investors that India remains a less-than-reliable destination for their investment dollars," Celeste told an audience of business leaders, politicians and nongovernment agencies in Bombay, India's financial hub.

India's largest-ever foreign investment has been in trouble since December after the government of Maharashtra state, in which Bombay is situated, said it would review a power-purchase agreement with U.S. energy giant Enron Corp. Maharashtra considers the power rates being charged are exorbitant.

The agreement signed in 1995 details the rate at which Enron's Indian subsidiary, the Dabhol Power Co., will sell electricity to the state.

The project's first phase, a power plant of 740 megawatts, already has been commissioned, while the second phase of 1,444 megawatts is scheduled for completion by end 2001.

Depreciation of the Indian rupee and high cost of naphtha used to generate electricity caused the power generated by the Enron project to touch 7 rupees a unit as against INR1.80 agreed on when the deal was signed six years ago (\$1=INR46.375).

Enron has said it saw no current need to renegotiate the tariff and maintained that a transition from naphtha to liquefied natural gas would reduce the tariff.

Celeste, an appointee of former U.S. President Bill Clinton, said he hoped both sides would find a solution in ongoing discussions, but cautioned that "perceptions among American and other foreign investors will be affected by the challenge to Dabhol and how it is resolved."

He said despite partnerships in software and information technology, U.S. investors were wary of India because of political pressures at the federal and state level that had slowed the economic-reform agenda.

Stressing the need to strengthen business ties with India, Celeste focused on the Enron project and asked that "The Dabhol power plant remain a symbol of successful American investment in India and not a symbol of the impediments that still hinder even greater foreign direct investment."

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Received by NewsEDGE/LAN: 1/22/01 7:23 PM

-----Original Message-----

From: Rao, Geetha
Sent: Monday, January 22, 2001 3:01 PM
To: Grewe, Maureen; Mills, Marshall; Sampliner, Gary; Christopoulos, Greg; Clapp, Gene
Cc: Radolet, Steve
Subject: FW: India/Dabhol Meeting

Attached is background material for the Enron meeting on Wednesday. Pls. note Mr. John Hardy will also be attending.

-----Original Message-----

From: Tom.Briggs@enron.com [mailto:Tom.Briggs@enron.com]
Sent: Monday, January 22, 2001 1:54 PM
To: geetha.rao@do.treas.gov
Subject: India/Dabhol Meeting

Geetha,

[OUTSIDE SCOPE]

John Hardy will be attending the meeting tomorrow at 3. His SS# is [(b)(6)] and birthdate is [(b)(6)]. If you could remind me of the address of the meeting I would appreciate it. I managed to lose that as well.

John and I have a brief agenda: 1) we want to update you on Dabhol and 2) we want to discuss way in which the USG may become involved in encouraging market reform necessary to extract value out of our generating asset. Specifically, we want to focus on refoorm at the Indian federal level that will be necessary to deliver power to customers other than MSEB.

We look forward to meeting you tomorrow.

Sampliner, Gary

From: Rao, Geetha
Sent: Friday, January 19, 2001 1:26 PM
To: Sampliner, Gary; Christopoulos, Greg; Grewe, Maureen; Mills, Marshall; Clapp, Gene
Cc: Radelet, Steve
Subject: Enron Meeting on India, January 24

Tom Briggs from Enron has requested a meeting with us to discuss Indian energy sector reform and the specific problems Enron has been faced with its own energy projects in Maharashtra. The meeting will be held on January 24 at 3pm in the 3rd floor conference room in the New York Avenue building. He should be sending background information on Enron's role which I will forward on to all of you in advance of the meeting. Please mark your calendar.

Thanks,
Geetha

From: Michael Kaplan
To: DUPUYM, LoevingerD, DOM3.DOPO6.SAMPLINERG
Date: 6/29/00 4:08pm
Subject: MIGA - Enron-Indonesia -Reply

[(b)(5)]

thanks.

>>> Gary Sampliner 06/29/00 03:49pm >>>

[(b)(5)]

CC: BurandD, SILLSG, DOM3.DOPO6.BARBERF, DOM3.DOPO6.MU...

0100000001162

McGivern, Tom

From: McGivern, Tom
Sent: Friday, November 30, 2001 1:12 AM
To: Carleton, Norman
Subject: RE: Enron's Financial Woes Ripple Out Across Asia

thx

-----Original Message-----

From: Carleton, Norman
Sent: Thursday November 29, 2001 6:19 PM
To: Bair, Sheila; Berardi, Steve; Bitsberger, Timothy; Cetina, Jill; Eichner, Matthew; Gablondo, Jose; Gross, Jared; Hammer, Viva; Lori Sanatamorena (E-mail); Nickoloff, Peter; Novey, Michael; Pietrangeli, Fred; Roseboro, Brian; Schultheiss, Heidi; Sharer, James; Whaley, Jean; Wiedman, Mark; Bieger, Peter; DeMarco, Edward; Dorsey, Karen; Ellett, Martha; Ellis, Dina; Huffman, Lucy; Hughes, Gerry; McGivern, Tom; McInemey, Roberta; Salladin, Anne; Smith, Amy; Sutton, Gary; Tishuk, Brian
Subject: Enron's Financial Woes Ripple Out Across Asia

November 30, 2001

Major Business News

Enron's Financial Woes Ripple Out Across Asia

By **JASON BOOTH, HENNY SENDER and RICHARD B. SCHMITT**
Staff Reporters of THE WALL STREET JOURNAL

The sudden deep financial troubles of U.S. energy giant **Enron Corp.** sent ripples of concern across Asia, damaging investments in Japan and potentially undermining businesses in South Korea and Australia.

The uncertainty for Asia is likely just beginning. If **Enron** files for protection under Chapter 11 of the federal Bankruptcy Code in the U.S., as many investors and financial experts now expect, it is likely to be one of the messiest, most complex bankruptcy cases ever, lawyers say. That is because of the multifaceted nature of Enron's once highflying operations, which combined a global energy business with a massive financial-trading operation involving tens of billions of dollars in complex contracts. A filing by **Enron**, with about \$13 billion in debt, would rank among the largest bankruptcy filings ever. **Enron** has about 800 trading partners or creditors.

The scale of the **Enron** collapse is huge, experts say. "There is nothing to compare it to," said Edward Tillinghast, a bankruptcy specialist with Coudert Brothers in New York. "The business was so large. There were so many different kinds of operating entities under the **Enron** umbrella."

On Wednesday, as the last-ditch merger with Dynegy Inc. unraveled, the company's credit was downgraded to "junk" status by rating agency Standard & Poor's Corp. The stock market, signaling that a bankruptcy filing is expected, hammered **Enron** stock, which was halted for a time

on Wednesday, and knocked lower some of its financial backers' shares. **Enron** shares closed at 4 p.m. in New York Stock Exchange composite trading at 61 cents, down \$3.50, or 85%. Thursday morning in New York, **Enron** was trading down 33%, or 20 cents, to 41 cents. On Wednesday, **Enron** bonds also fell sharply, dropping to 50 cents on the dollar from around 55 cents, reflecting concerns over how much creditors might receive if the company does seek bankruptcy-court protection.

Enron spokeswoman Karen Denne said the company is exploring its options and wouldn't comment on whether it has retained bankruptcy counsel.

The fallout in Asia was felt immediately on Thursday. The biggest news was in Sydney, where **Enron** Australia said it was suspending operations pending further developments regarding its U.S. parent. "We are now waiting for clarification about **Enron's** situation globally and will advise the local market once we have received that advice," legal counsel Rob McGrory said.

The announcement followed a warning by Standard & Poor's about counterparty exposure in the Australian electricity market, citing the overnight downgrade of **Enron**. "The recent developments with **Enron** serve as a further example of the credit risks faced by energy market participants as they seek to manage their market risks in Australia's volatile power market," said Laurie Conheady, an associate director at Standard & Poor's.

Similarly, **Enron's** presence in South Korea appears to be nearing an end. According to officials at SK Corp., **Enron** plans to sell its 50% stake in joint venture energy distribution firm SK-**Enron** Co. SK-**Enron** was formed in 1999, and controls about 25% of South Korea's natural-gas market, according to the firm's Web site.

Analysts said that **Enron** had offered to sell its stake to SK Corp., yet the Korean partner said it has no plans to buy the shares. "We already hold 50% ... we don't need the rest," said a company spokesman, Daniel Youn.

Enron was also considered a potential buyer of power generation assets from South Korean government-controlled Korea Electric Power Corp. Kepco is looking to sell assets as part of a wider privatization drive.

Pressure elsewhere in the region was felt primarily in the financial markets. In Tokyo, the value of money management funds Nikko Asset Management Co., UFJ Partners Asset Management Co., Japan Investment Trust Management Co. and Sumisei Global Investment Trust Management Co., fell due to their exposure to **Enron** debt, which amounted to about 40 billion yen (\$324.9 million). **Enron** news also sparked volatility in the copper and U.S. dollar market, according to traders.

Other financial backers of **Enron** were negatively effected as well. J.P. Morgan Chase and Citigroup, which have invested hundreds of millions of dollars in hopes of keeping the **Enron-Dynegy** deal alive, saw their stocks fall on Wednesday trading in the U.S. On Thursday morning Citigroup shares posted slight gains, rising 19 cents to \$47.99, while J.P. Morgan Chase shares were flat at \$37.50. J.P. Morgan Chase said in a statement it has about \$500 million of unsecured exposure to **Enron** entities, including loans, letters of credit and derivatives. It said it also has secured exposures, including \$400 million in loans secured by **Enron** pipelines.

Besides banks and bondholders, dozens of companies, municipalities and utilities in the U.S. that had signed multiyear power contracts with **Enron** may be left in the lurch. Over the years, the likes of retailer J.C. Penney Co., and shopping-mall company Simon Property Group signed on with **Enron**, as it undercut local utilities in newly deregulated markets.

-- Rebecca Smith and Robin Sidel contributed to this article.

Write to Jason Booth at jason.booth@awsj.com <<mailto:jason.booth@awsj.com>>, Henny Sender at henny.sender@wsj.com <<mailto:henny.sender@wsj.com>> and Richard B. Schmitt at rick.schmitt@wsj.com <<mailto:rick.schmitt@wsj.com>>.

McGivern, Tom

From: McGivern, Tom
Sent: Wednesday, October 31, 2001 9:20 AM
To: Ellis, Dina; Carleton, Norman; Bitsberger, Timothy; Bair, Sheila; DeMarco, Edward; Ellett, Martha; Gabilondo, Jose; Gross, Jared; Huffman, Lucy; Hughes, Gerry; McInerney, Roberta; Nickoloff, Peter; Roseboro, Brian; Salladin, Anne; Schultheiss, Heidilynne; Smith, Amy; Sutton, Gary; Tishuk, Brian; Duncan, John; Sanders, Traci; Dorsey, Karen
Subject: RE: Netting Letter to be Signed by PWG and FDIC, OCC, and OTS

[(b)(5)]

-----Original Message-----

From: Ellis, Dina
Sent: Tuesday, October 30, 2001 3:02 PM
To: Carleton, Norman; Bitsberger, Timothy; Bair, Sheila; Constantine, Eleni; DeMarco, Edward; Ellett, Martha; Gabilondo, Jose; Gross, Jared; Huffman, Lucy; Hughes, Gerry; McGivern, Tom; McInerney, Roberta; Nickoloff, Peter; Roseboro, Brian; Salladin, Anne; Schultheiss, Heidilynne; Smith, Amy; Sutton, Gary; Tishuk, Brian
Subject: RE: Netting Letter to be Signed by PWG and FDIC, OCC, and OTS

[(b)(5)]

-----Original Message-----

From: Carleton, Norman
Sent: Tuesday, October 30, 2001 2:46 PM
To: Bitsberger, Timothy; Bair, Sheila; Constantine, Eleni; DeMarco, Edward; Ellett, Martha; Ellis, Dina; Gabilondo, Jose; Gross, Jared; Huffman, Lucy; Hughes, Gerry; McGivern, Tom; McInerney, Roberta; Nickoloff, Peter; Roseboro, Brian; Salladin, Anne; Schultheiss, Heidilynne; Smith, Amy; Sutton, Gary; Tishuk, Brian
Subject: Netting Letter to be Signed by PWG and FDIC, OCC, and OTS

<< File: Netting letter.doc >>

Attached is the proposed netting letter from the Federal Reserve. (It has merge mail features that you will have to delete in order to read it. Alternatively, you can use the quick view program to access the document.) It is awaiting approval from SEC Chairman Pitt. Below is an article I sent around earlier today indicating that some are trying to revive the Bankruptcy bill.

[(b)(5)]

Norman Carleton

Bankruptcy Conference May Resume As Netting Bill Considered

The House Judiciary Committee will be turning its attention to other matters in the weeks remaining before adjournment - possibly including a conference on bankruptcy, *CongressDaily* reported. Further work on the legislation had been postponed after the Sept. 11 attacks occurred. The House and Senate conferees had been poised to meet Sept. 12. A spokesman for the committee yesterday said that no new conference date has been set, but staff members in recent weeks have continued to work on technical aspects of the bankruptcy measure. Judiciary Committee Chairman James Sensenbrenner (R-Wis.), who is chairing the conference committee, is determined to make a go of it before members leave town for the

year, according to sources. While noting that the committee's agenda had not yet been formulated, his spokesman did not rule out the prospect. "It's definitely a possibility," he said.

Moreover, members of the House Financial Services Committee are trying to move a provision of the bankruptcy legislation pertaining to financial netting-perhaps as part of the economic stimulus package-in the event the underlying bill remains stalled.

That provision is designed to strengthen and update current statutory protections for netting financial market contracts if a party defaults. The netting language of the bill was one of the few consensus items included in the bankruptcy legislation. The economic downturn and the widening number of commercial bankruptcies could help create even stronger impetus for the provision to move separately, sources said.

House Financial Services Committee ranking member John LaFalce (D-N.Y.) urged shortly after the Sept. 11 terrorist attacks that the netting language be moved "expeditiously." In response, Treasury Secretary Paul O'Neill and Federal Reserve Chairman Alan Greenspan agreed "whether as part of comprehensive bankruptcy reform legislation or as a stand-alone bill, Congress should not fail to enact netting legislation this year." The Financial Services Committee had considered placing netting legislation on the schedule for markup this Wednesday, when it takes up a host of other bills. Committee leaders decided against such action, however. A spokeswoman for House Financial Services Committee Chairman Michael Oxley (R-Ohio) said he remained hopeful that the underlying bankruptcy bill could move intact.

McGivern, Tom

From: Linda.Robertson@enron.com
Sent: Friday, March 02, 2001 1:40 PM
To: Tom.McGivern@do.treas.gov
Subject: Re: Hill

Sorry for the delay in responding. I did not anticipate that I would be jumping from the frying pan into the fire, as they say. But little things called the California energy crisis and some staff changes have got me putting in worse hours than I did at Treasury. I sure miss all my friends at Treasury. I hope things are getting to be normal at Treasury post transition. [(b)(6)]

who I would recommend. Do you remember [(b)(6)] . He was detailed to my office for about two months. Anyway, he is great. You may want to call him on a confidential basis to see if he is interested, if you still need someone. I hope to see you soon. LR

Tom.McGivern@do
.treas.gov

01/25/2001
01:00 PM

To: linda.robertson@enron.com,
mthomas@ggadc.com
cc:
Subject: Hill

Well, it's way strange not having the two of you around, but I guess we're all getting acclimated to the New World here in DC. Hope your new jobs are going well.

I'm looking for a new attorney in my office, a Deputy to me, and ideally would like someone with Hill experience relevant to Treasury. I'm able to hire at the GS 15 level, which means I could pay close to or even over \$100 K, based on experience. I thought the 2 of you may have been contacted by Hill folks who are in the job market. If either of you know of anyone, please give me a call 202-622-2317 or reply to this e-mail. Thanks.

Please keep in touch.

Your friend,

Tom

McGivern, Tom

From: McGivern, Tom
Sent: Tuesday, February 20, 2001 8:49 PM
To: Carleton, Norman
Subject: RE: Briefing on Technical Changes

Sorry about missing today's meeting; when was it scheduled, because I don't think I knew about it. I give you a call tomorrow morning about the latest offer.

-----Original Message-----

From: Carleton, Norman
Sent: Tuesday, February 20, 2001 4:00 PM
To: McGivern, Tom
Subject: RE: Briefing on Technical Changes

I think anyone who wants to attend should just go to the meeting. I don't expect hordes. Incidentally, you missed the meeting today with Wall Street folks. [(b)(5)]

Thanks.

Norman

-----Original Message-----

From: McGivern, Tom
Sent: Tuesday, February 20, 2001 2:20 PM
To: Carleton, Norman
Subject: RE: Briefing on Technical Changes

Should we discuss who should attend, or should everyone who wants to go over?

-----Original Message-----

From: Krimminger, Michael H. [mailto:MKrimminger@FDIC.gov]
Sent: Tuesday, February 20, 2001 1:09 PM
To: 'Stephanie.Martin@frb.gov'; 'norman.carleton@do.treas.gov';
'jcarley@cftc.gov'; 'nancy.michaleski@occ.treas.gov'; 'MooneyJ@sec.gov';
'Joyce.Hansen@ny.frb.org'; 'Michael.Nelson@ny.frb.org';
'Tom.McGivern@do.treas.gov'
Subject: Briefing on Technical Changes

Please inform other attendees in your agencies that the meeting will be at 1730 Pennsylvania Avenue in the 6th floor conference room. We will have someone there to meet you when you arrive around 10 a.m.

Thanks,
Mike Krimminger

McGivern, Tom

From: McGivern, Tom
Sent: Thursday, February 15, 2001 11:20 AM
To: Dorsey, Karen
Subject: FW: Bankruptcy Reform Mark-up Hearing

-----Original Message-----

From: Hammond, Donald
Sent: Thursday, February 15, 2001 10:25 AM
To: Carleton, Norman; DeMarco, Edward; Ellis, Dina; Huffman, Lucy; McInerney, Roberta; Constantine, Eleni; Hughes, Gerry; Stewart, Lawranne
Cc: Tishuk, Brian; Robbins, Eric; Paulus, Michael; Sutton, Gary; Huffman, Lucy; McGivern, Tom; Nickoloff, Peter; Schultheiss, Heidlynnne; Gross, Jared
Subject: RE: Bankruptcy Reform Mark-up Hearing

Norman,

[(b)(5)]

Don

-----Original Message-----

From: Carleton, Norman
Sent: Thursday, February 15, 2001 10:07 AM
To: Hammond, Donald; DeMarco, Edward; Ellis, Dina; Huffman, Lucy; McInerney, Roberta; Constantine, Eleni; Hughes, Gerry; Stewart, Lawranne
Cc: Tishuk, Brian; Robbins, Eric; Paulus, Michael; Sutton, Gary; Huffman, Lucy; McGivern, Tom; Nickoloff, Peter; Schultheiss, Heidlynnne; Gross, Jared
Subject: RE: Bankruptcy Reform Mark-up Hearing

Don,

[(b)(5)]

[(b)(5)]

Norman

-----Original Message-----

From: Hammond, Donald
Sent: Thursday, February 15, 2001 8:26 AM
To: DeMarco, Edward; Ellis, Dina; Huffman, Lucy; Carleton, Norman; McInerney, Roberta; Constantine, Eleni; Hughes, Gerry; Stewart, Lawranne
Cc: Tishuk, Brian; Robbins, Eric
Subject: RE: Bankruptcy Reform Mark-up Hearing

Ed,

[(b)(5)]

Norman,

[(b)(5)]

Don

-----Original Message-----

From: DeMarco, Edward
Sent: Thursday, February 15, 2001 8:22 AM
To: Hammond, Donald; Ellis, Dina; Huffman, Lucy; Carleton, Norman; McInerney, Roberta; Constantine, Eleni; Hughes, Gerry; Stewart, Lawranne
Cc: Tishuk, Brian; Robbins, Eric
Subject: FW: Bankruptcy Reform Mark-up Hearing

FYI

-----Original Message-----

From: Robbins, Eric
Sent: Wednesday, February 14, 2001 5:45 PM
To: DeMarco, Edward
Cc: Tishuk, Brian
Subject: Bankruptcy Reform Mark-up Hearing

H.R. 333, the "Bankruptcy Abuse Prevention and Consumer Protection Act 2001" was reported out of the House Judiciary Committee on Wednesday, February 14, 2001. During the mark-up hearing, eighteen amendments were offered with all but one amendment failing to pass. Voting occurred largely along party lines. The only amendment that passed was a technical amendment offered by Chairman Sensenbrenner. Only one Republican crossed party lines to vote for one of the seventeen other amendments that failed.

Representative Bachus (R-AL) assured the committee that he was committed to working with Representative Oxley from the Financial Services Committee on commercial bankruptcy provisions and netting requirements.

McGivern, Tom

From: McGivern, Tom
Sent: Thursday, February 15, 2001 11:19 AM
To: Dorsey, Karen
Subject: FW: Bankruptcy Reform Mark-up Hearing

-----Original Message-----

From: Carleton, Norman
Sent: Thursday, February 15, 2001 10:07 AM
To: Hammond, Donald; DeMarco, Edward; Ellis, Dina; Huffman, Lucy; McInemey, Roberta; Constantine, Eleri; Hughes, Gerry; Stewart, Lawranne
Cc: Tishuk, Brian; Robbins, Eric; Paulus, Michael; Sutton, Gary; Huffman, Lucy; McGivern, Tom; Nickoloff, Peter; Schultheiss, Heidlynn; Gross, Jared
Subject: RE: Bankruptcy Reform Mark-up Hearing

Don,

[(b)(5)]

Norman

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From: Hammond, Donald
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To: DeMarco, Edward; Ellis, Dina; Huffman, Lucy; Carleton, Norman; McInerney, Roberta; Constantine, Eleni; Hughes, Gerry; Stewart, Lawranne
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McGivern, Tom

From: McGivern, Tom
Sent: Tuesday, February 13, 2001 5:35 PM
To: Dorsey, Karen
Subject: FW: Proposed Changes to Netting Bill -- Comments

-----Original Message-----

From: Krimminger, Michael H. [mailto:MKrimminger@FDIC.gov]
Sent: Tuesday, February 13, 2001 4:47 PM
To: 'norman.carleton@do.treas.gov'; 'stephanie.martin@frb.gov';
'Tom.McGivern@do.treas.gov'; 'MooneyJ@sec.gov'
Cc: DeLoose, Michael; Ivie, Stanley R.; Tishuk, Barbara Starke
Subject: Proposed Changes to Netting Bill -- Comments

[(b)(5)]

[(b)(5)]

Please review and let me know your thoughts.
Thanks,
Mike

McGivern, Tom

From: McGivern, Tom
Sent: Thursday, January 25, 2001 2:52 PM
To: 'Marti Thomas'
Subject: RE: Hi!!

In the post-Neal world, Steve McHale is Acting GC and the rest of us are still doing what we've always done. No word on when we will have GC nominee, although last week the WSJ mentioned a guy David D. Aufhauser of Williams & Connolly.

I met Jeff Kupfer briefly, who will be the new Exec. Sec., and have also met Dina Ellis from Senate Banking? who will be in Domestic Finance somewhere. The new Chief of Staff, Tim Adams, seems like a nice guy and I also have met someone named Chris Smith, I think from House W&M, who describes his new job as having a foot in Leg. and a foot in the Chief of Staff office.

thanks for your help.

Tom

-----Original Message-----

From: Marti Thomas [mailto:MThomas@QuinnGillespie.com]
Sent: Thursday, January 25, 2001 1:16 PM
To: 'Tom.McGivern@do.treas.gov'
Subject: RE: Hi!!

Hi Tom!

Let me think about it for a bit. it sure is different but I'm acclimating. Jana Carter just started here yesterday for a temporary stint, so some of Treasury is here! AND Linda R. was here yesterday for a meeting, so I got my Linda fix. I hear from Art, Bill, Carol, and Janet every day, so I'm getting dribs and drabs of news, which I like.

what's it like post-Neal? Do you know who will replace him? I know some of the people there, such as Jeff Kupfer at Exec. Sec. (a very good guy -- he was enormously helpful on my confirmation...) and if it's John Duncan at leg., that's good too.

I'll be back in touch. Take care! Marti.

-----Original Message-----

From: Tom.McGivern@do.treas.gov [mailto:Tom.McGivern@do.treas.gov]
Sent: Thursday, January 25, 2001 1:01 PM
To: linda.robertson@enron.com; mthomas@qgadc.com
Subject: Hi!!

Well, it's way strange not having the two of you around, but I guess we're all getting acclimated to the New World here in DC. Hope your new jobs are going well.

I'm looking for a new attorney in my office, a Deputy to me, and ideally would like someone with Hill experience relevant to Treasury. I'm able to hire at the GS 15 level, which means I could pay close to or even over \$100 K, based on experience. I thought the 2 of you may have been contacted by Hill folks who are in the job market. If either of you know of anyone, please give me a call 202-622-2317 or reply to this e-mail. Thanks.

Please keep in touch.

Your friend,

Tom

McGivern, Tom

From: Marti Thomas [MThomas@QuinnGilesPie.com]
Sent: Thursday, January 25, 2001 1:16 PM
To: 'Tom.McGivern@do.treas.gov'
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Please keep in touch.

Your friend,

Tom

From: Linda Robertson
To: McAuliffeL, DOPO6.MCGIVERNT, exit, KlaskyH, summer...
Date: 11/3/00 4:31pm
Subject: Thanks

Today is my last day at Treasury. As I was walking back from my lunch this afternoon, I must say it was with enormous sadness that I reentered the Treasury building this last time as a member of Team Treasury. This Department and the very special friends I have gained over the last eight years will always be a highlight of my professional experiences. It has been a great honor to work with you. We have shared some of the most important achievements of the Clinton Administration, and our Department will forever be looked upon as one of the primary reasons we had so many successes during this period, economically and in social justice. I truly will miss showing up here next Monday morning. But most of all I will miss our professional and personal relationships, although I know they are not over, but that they will simply now be from a bit further distance.

I will be starting work next Monday at Enron. When I have my new telephone number, E-mail, and mailing info, I will have Janet forward it to you. In the meantime, my home telephone number is [(b)(6)] Again, thank you very much for being a part of my professional life.

Lebryk, David

From: Lebryk, David
Sent: Thursday, November 29, 2001 6:36 PM
To: 'Lori.Santamorena@bpd.treas.gov'
Subject: RE: 1DJC) DJ CSFB: Three Big Banks Have \$1.5B Loan Exposure

Lori -- Thanks.

Dave

-----Original Message-----

From: Lori.Santamorena@bpd.treas.gov [mailto:Lori.Santamorena@bpd.treas.gov]
Sent: Thursday, November 29, 2001 3:31 PM
To: David.Lebryk@do.treas.gov
Cc: barbara.wiss@do.treas.gov
Subject: RE: 1DJC) DJ CSFB: Three Big Banks Have \$1.5B Loan Exposure To

Dave,

Kurt, Chuck and Nadir are following up with Glen this afternoon, and possibly John Ackley in Philadelphia. If its ok with you, we'll keep Barbara in the loop, the group will get back to you with responses.

Lori

David.Lebryk@do.treas.gov To: Lori.Santamorena@bpd.treas.gov, Barbara.Wiss@do.treas.gov, Glen.M.Owens@stls.frb.org,
11/29/01 02:10 PM Sheryl.Morrow@fms.treas.gov
cc:
Subject: RE: 1DJC) DJ CSFB: Three Big Banks Have \$1.5B Loan Exposure To

[(b)(5)]

Dave

-----Original Message-----

From: Lori.Santamorena@bpd.treas.gov [mailto:Lori.Santamorena@bpd.treas.gov]
Sent: Thursday, November 29, 2001 12:14 PM
To: david.lebryk@do.treas.gov
Subject: 1DJC) DJ CSFB: Three Big Banks Have \$1.5B Loan Exposure To

01/18/2002

01100000000006

----- Forwarded by Lori Santamorena/BPD on 11/29/01 12:13 PM -----

"PUBLIC DEBT, US DEPT OF TREASURY"
<GSR5@bloomberg.net>

11/29/01 12:07 PM

To:
LSANTAMORENA@BPD.TREAS.GOV
CC:
bcc:
Subject: 1DJC | DJ CSFB: Thr
Banks Have \$1.5B Loan Exposure To

DJ CSFB: Three Big Banks Have \$1.5B Loan Exposure To Enron
2001-11-29 11:48 (New York)

NEW YORK (Dow Jones)--Bank Of America (BAC), Citigroup Inc. (C) and J.P. Morgan Chase (JPM) each have an estimated \$500 million in direct loan exposure to beleaguered energy trading firm Enron Corp. (ENE), according to Credit Suisse First Boston on Thursday.

While noting that "details on bank exposures to Enron Corp. are not completely transparent," CSFB analysts also said that Bank One Corp (ONE) has a likely \$300 million bank loan exposure, and Wachovia Corp. (WB) has a \$50 million exposure.

The analysts said that the tallies represent direct loan exposures. They aren't reflective of balance sheet counter-party risk obligations, which could be "significant."

"This remains a highly fluid situation, and may require many of the long list of banks which are likely Enron creditors to take incremental reserve additions in the fourth quarter," the report said.

The CSFB release said that other securities firms do not appear to have a major exposure to Enron, and that it estimates that firms such as Bear Stearns, Goldman Sachs, Lehman Brothers and Merrill Lynch likely have less than \$100 million in total loan exposure.

On Wednesday, Enron saw its credit ratings downgraded to junk status by the three major credit ratings agencies, and its proposed acquisition by Dynegy Inc. (DYN) was as a result scuttled.

-By Michael S. Derby, Dow Jones Newswires; 201-938-4192;
michael.derby@dowjones.com

[END] Dow Jones Newswires 11-29-01
1148EST(AP-DJ)--11-29-01 1148EST

[IMAGE]

01/18/2002

0110000000007

Lebryk, David

From: Glen.M.Owens@stls.frb.org
Sent: Sunday, December 02, 2001 11:05 AM
To: David.Lebryk@do.treas.gov
Cc: Barbara.Wiss@do.treas.gov; craig.sadick@fms.treas.gov; Harriet.Siering@stls.frb.org; Jean.M.Lovati@stls.frb.org; kurt.eidemiller@fms.treas.gov; Lori.Santamorena@bpd.treas.gov; mary.bailey@fms.treas.gov; sam.stokes@fms.treas.gov; Sheryl.Morrow@fms.treas.gov
Subject: RE: 1DJC) DJ CSFB: Three Big Banks Have \$1.5B Loan Exposure To

[(b)(5)]

If you have any additional questions, please let me know.

Glen Owens
Treasury Relations and System Support
314-444-4772
fax 314-444-8665

David.Lebryk@do
.treas.gov

11/30/01 10:43
AM

To: Glen.M.Owens@stls.frb.org,
David.Lebryk@do.treas.gov
cc: Barbara.Wiss@do.treas.gov,
Lori.Santamorena@bpd.treas.gov,
Sheryl.Morrow@fms.treas.gov,
kurt.eidemiller@fms.treas.gov,
mary.bailey@fms.treas.gov,
sam.stokes@fms.treas.gov,
craig.sadick@fms.treas.gov,
Jean.M.Lovati@stls.frb.org,
Harriet.Siering@stls.frb.org
Subject: RE: 1DJC) DJ CSFB: Three Big
Banks Have \$1.5B Loan Exposure To

[(b)(5)]

Thanks.

Dave

-----Original Message-----

From: Glen.M.Owens@stls.frb.org [mailto:Glen.M.Owens@stls.frb.org]
Sent: Friday, November 30, 2001 8:05 AM
To: David.Lebryk@do.treas.gov
Cc: Barbara.Wiss@do.treas.gov; Lori.Santamorena@bpd.treas.gov;
Sheryl.Morrow@fms.treas.gov; kurt.eidemiller@fms.treas.gov;

mary.bailey@fms.treas.gov; sam.stokes@fms.treas.gov;
craig.sadick@fms.treas.gov; Jean.M.Lovati@stls.frb.org;
Harriet.Siering@stls.frb.org
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Glen Owens
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314-444-4772
fax 314-444-8665

David.Lebryk@do

.treas.gov
Lori.Santamorenas@bpd.treas.gov,

11/29/01 01:10

PM

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Sheryl.Morrow@fms.treas.gov

cc:

Subject: RE: 1DJC) DJ CSFB:

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To

[(b)(5)]

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*PUBLIC DEBT, US DEPT

OF TREASURY*

<GSRs@bloomborg.net>

To:

LSANTAMORENA@BPD.TREAS
.GOV

11/29/01 12:07 PM

cc:

bcc:

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-By Michael S. Derby, Dow Jones Newswires; 201-938-4192;
michael.derby@dowjones.com

(END) Dow Jones Newswires 11-29-01
1148EST(AP-DJ)--11-29-01 1148EST

[IMAGE]
(See attached file: ATT200860.gif)

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craig.sadick@fms.treas.gov; Jean.M.Lovati@stls.frb.org;
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fax 314-444-8665

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Subject: RE: Bankruptcy Reform Mark-up Hearing

Norman,

Thanks. I believe that the netting provisions will be a major agenda item at next week's Working Group meeting. I think it is very useful to have that discussion before meeting with the Hill staff.

Don

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From: Carleton, Norman
Sent: Thursday, February 15, 2001 10:07 AM
To: Hammond, Donald; DeMarco, Edward; Ellis, Dina; Huffman, Lucy; McInerney, Roberta; Constantine, Eleni; Hughes, Gerry; Stewart, Lawranne
Cc: Tishuk, Brian; Robbins, Eric; Paulus, Michael; Sutton, Gary; Huffman, Lucy; McGivern, Tom; Nickoloff, Peter; Schultheiss, Heidilynne; Gross, Jared
Subject: RE: Bankruptcy Reform Mark-up Hearing

Don,

[(b)(5)]

Norman

-----Original Message-----

From: Hammond, Donald
Sent: Thursday, February 15, 2001 8:26 AM
To: DeMarco, Edward; Ellis, Dina; Huffman, Lucy; Carleton, Norman; McInerney, Roberta; Constantine, Eleni; Hughes, Gerry; Stewart, Lawranne
Cc: Tishuk, Brian; Robbins, Eric
Subject: RE: Bankruptcy Reform Mark-up Hearing

Ed,

[(b)(5)]

Norman,

[(b)(5)]

Don

-----Original Message-----

From: DeMarco, Edward
Sent: Thursday, February 15, 2001 8:22 AM
To: Hammond, Donald; Ellis, Dina; Huffman, Lucy; Carleton, Norman; McInerney, Roberta; Constantine, Eleni; Hughes, Gerry; Stewart, Lawranne
Cc: Tishuk, Brian; Robbins, Eric
Subject: FW: Bankruptcy Reform Mark-up Hearing

FYI

-----Original Message-----

From: Robbins, Eric
Sent: Wednesday, February 14, 2001 5:45 PM
To: DeMarco, Edward
Cc: Tishuk, Brian
Subject: Bankruptcy Reform Mark-up Hearing

H.R. 333, the "Bankruptcy Abuse Prevention and Consumer Protection Act 2001" was reported out of the House Judiciary Committee on Wednesday, February 14, 2001. During the mark-up hearing, eighteen amendments were offered with all but one amendment failing to pass. Voting occurred largely along party lines. The only amendment that passed was a technical amendment offered by Chairman Sensenbrenner. Only one Republican crossed party lines to vote for one of the seventeen other amendments that failed.

Representative Bachus (R-AL) assured the committee that he was committed to working with Representative Oxley from the Financial Services Committee on commercial bankruptcy provisions and netting requirements.

Wiss, Barbara

From: Lebryk, David
Sent: Thursday, November 29, 2001 2:10 PM
To: 'Lori.Santamorena@bpd.treas.gov'; Wiss, Barbara; 'Glen.M.Owens@stls.frb.org'; Sheryl.Morrow@fms.treas.gov
Subject: RE: 1DJC) DJ CSFB: Three Big Banks Have \$1.5B Loan Exposure To

[(b)(5)]

Dave

-----Original Message-----

From: Lori.Santamorena@bpd.treas.gov [mailto:Lori.Santamorena@bpd.treas.gov]
Sent: Thursday, November 29, 2001 12:14 PM
To: david.lebryk@do.treas.gov
Subject: 1DJC) DJ CSFB: Three Big Banks Have \$1.5B Loan Exposure To

----- Forwarded by Lori Santamorena/BPD on 11/29/01 12:13 PM -----

"PUBLIC DEBT, US DEPT OF TREASURY"
 <GSR5@bloomberg.net>

11/29/01 12:07 PM

To: LSANTAMORENA@BPD.TREAS.GOV
cc:
bcc:
Subject: 1DJC) DJ CSFB: Three Big Banks Have \$1.5B Loan Exposure To

DJ CSFB: Three Big Banks Have \$1.5B Loan Exposure To Enron
 2001-11-29 11:48 (New York)

NEW YORK (Dow Jones)--Bank Of America (BAC), Citigroup Inc. (C) and J.P. Morgan Chase (JPM) each have an estimated \$500 million in direct loan exposure to beleaguered energy trading firm Enron Corp. (ENE), according to Credit Suisse First Boston on Thursday.

While noting that "details on bank exposures to Enron Corp. are not completely transparent," CSFB analysts also said that Bank One Corp (ONE) has a likely \$300 million bank loan exposure, and Wachovia Corp. (WB) has a \$50 million exposure.

The analysts said that the tallies represent direct loan exposures. They aren't reflective of balance sheet counter-party risk obligations, which could be "significant."

"This remains a highly fluid situation, and may require many of the long list of banks which are likely Enron creditors to take incremental reserve additions in the fourth quarter," the report said.

The CSFB release said that other securities firms do not appear to have a major exposure to Enron, and that it estimates that firms such as Bear Stearns, Goldman Sachs, Lehman Brothers and Merrill Lynch likely have less than \$100 million in total loan exposure.

On Wednesday, Enron saw its credit ratings downgraded to junk status by the three major credit ratings agencies, and its proposed acquisition by Dynegy Inc. (DYN) was as a result scuttled.

-By Michael S. Derby, Dow Jones Newswires; 201-938-4192;
 michael.derby@dowjones.com

1/16/02

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(KNC) Dow Jones Newswires 11-29-01
1148EST(AP-DJ)--11-29-01 1148EST

1/16/02

0110000000089

Wiedman, Mark

From: Carleton, Norman
Sent: Tuesday, January 08, 2002 5:14 PM
To: Bair, Sheila
Cc: Smith, Amy; Bair, Sheila; Berardi, Steve; Bitsberger, Timothy; Eichner, Matthew; Gabilondo, Jose; Gross, Jared; Hammer, Viva; Lori Sanatamarena (E-mail); Nickoloff, Peter; Novey, Michael; Pietrangeli, Fred; Roseboro, Brian; Schultheiss, Heidilynne; Whaley, Jean; Wiedman, Mark
Subject: CFTC's Exemption for Certain Contracts Involving Energy Products (April 20, 1993)

Sheila,

[(b)(5)]

Norman

Wiedman, Mark

From: Carleton, Norman
Sent: Tuesday, January 08, 2002 2:51 PM
To: Bair, Sheila
Cc: Roseboro, Brian; Bitsberger, Timothy; Wiedman, Mark; Gross, Jared; Schultheiss, Heidilynne; Nickoloff, Peter
Subject: PWG's Report on OTC Derivatives and the CEA

Sheila,

[(b)(5)]

)



Wiedman, Mark

From: Wiedman, Mark
Sent: Monday, January 14, 2002 8:50 AM
To: 'Allen_Weinberg@mckinsey.com'
Subject: RE: gone to a dot-gov (for a little while)

Allen,

Thanks for the black humor about Enron -- luckily I'm too measly to be testifying, though I suspect my bosses will be (very strange to see your employers' names being plastered in real-time on Bloomberg while you're sitting in their offices).

[OUTSIDE SCOPE , (b)(6)]

Mark

-----Original Message-----

From: Allen_Weinberg@mckinsey.com [mailto:Allen_Weinberg@mckinsey.com]
Sent: Sunday, January 13, 2002 8:42 AM
To: Mark.Wiedman@do.treas.gov
Subject: Re: gone to a dot-gov (for a little while)

[OUTSIDE SCOPE , (b)(6)]

Let me know how things are going -- assuming you haven't been called to testify about Enron.

AW

<Mark.Wiedman@do
.treas.gov>
12/03/2001 12:43
PM

To:
cc: (bcc: Allen
Weinberg/NYO/NorthAmerica/MCKINSEY)
Subject: gone to a dot-gov (for a little
while)

[OUTSIDE SCOPE]

[OUTSIDE SCOPE]

Mark Wiedman
Senior Advisor to the Assistant Secretary for Financial Markets
Department of the Treasury
1500 Pennsylvania Avenue
Washington, D.C. 20220
w (202) 622-4041
f (202) 622-4774

+-----+
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information. If you are not the addressee or authorized to
receive this for the addressee, you must not use, copy,
disclose or take any action based on this message or any
information herein. If you have received this message in
error, please advise the sender immediately by reply e-mail
and delete this message. Thank you for your cooperation.
+-----+

Campaign Gifts, Lobbying Built Enron's Power In Washington

By Dan Morgan and Juliet Eilperin
Washington Post Staff Writers
Tuesday, December 25, 2001; Page A01

During the administration of the first President George Bush, a new party fundraiser named Kenneth L. Lay was invited to spend the night at the White House. The sleepover was an early coup for the chairman of Enron Corp. and a harbinger of things to come.

Over the following decade, Lay and Enron poured millions of dollars into U.S. politics, cultivating unequal access and using the entree to lobby Congress, the White House and regulatory agencies for action that was critical to the energy company's spectacular growth. Now, with Enron's sudden bankruptcy, public attention has turned not only to the financial practices that brought the company down, but to what its far-flung political operations say about the country's campaign finance system.

Some Democrats in Congress are spoiling for an opportunity to use Lay and Enron to embarrass the Republican Party, which received most of the company's largess over the years. They want to look into such things as Enron's relationship with Phil Gramm (R-Tex.), ranking minority member on the Senate Banking Committee and chairman of the committee at a time when his wife, Wendy L. Gramm, was serving on Enron's board. Last year, Gramm's committee approved legislation that included a key provision exempting parts of Enron's massive energy trading operation from federal oversight.

"I think the Enron story is going to turn out to be an enormous political story," said Rep. Henry A. Waxman (D-Calif.), ranking minority member on the House Energy and Commerce Committee.

The ties of Lay to the White House and GOP leaders, he added, were so multilayered that Republicans are likely to be reluctant to pursue them. But he made clear that he intends to do so and expects the Democratic-controlled Senate to follow suit.

Enron also cultivated relationships with Democrats, however. Lay played golf in Vail, Colo., with President Bill Clinton, and Enron gave hundreds of thousands of dollars to Democratic campaign committees and Democrats in the House and Senate, including Sen. Charles E. Schumer (N.Y.) and Rep. Martin Frost (Tex.), the ranking minority member on the House Rules Committee.

A Routine Cost for Some

Advocates of campaign finance reform say the Enron case vividly illustrates the ties between politics and big money, though it's unclear that the company's political operations were radically different from others for whom political contributions have become a routine cost of doing business.

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"There are aspects of [the Enron case] that remind us of the savings and loan scandal, in the sense that a powerful institution used big money to buy influence and protect itself while ordinary citizens ended up losing their life savings," said Fred Wertheimer, president of Democracy 21, a Washington interest group, referring to a banking controversy in the 1980s. Enron's ties to Republicans and the present Bush administration were especially close. Lay raised large sums for George W. Bush's campaign.

Enron, Lay and its employees have contributed \$572,350 to him over his career, far more than any other company, according to the Center for Public Integrity in Washington.

Several top administration officials have been Enron advisers or stockholders. Enron, Lay and other senior executives contributed \$1.7 million in soft-money donations to politicians in the 2000 election cycle, two-thirds of it to Republicans, according to the Center for Responsive Politics.

Republicans clearly are sensitive to the potential political dangers. The National Republican Senatorial Committee recently returned a \$100,000 check collected from Enron in November, after deciding that "it was appropriate to give it back," spokesman Dan Allen said. The Republican Governors Association last week returned an Enron donation of \$60,000. What was unique about Enron, competitors and allies agree, was a brash and sometimes counterproductive political style.

Stories of Enron's hardball style are legion. In October 1999, for example, Jeffrey K. Skilling, then Enron's president, expressed his displeasure at Rep. Joe Barton's position on a deregulation bill pending in the energy subcommittee Barton chairs.

The meeting grew "heated and awful," said one person who was present, until Barton (R-Tex.), a usually mild-mannered man who keeps a Bible on his desk, exploded. "Jeffrey Skilling, I may not have your millions of dollars, but I am not an idiot," one witness recalled Barton saying. The meeting ended without Enron getting the changes it wanted. "Skilling did not get Washington," the source added.

"In their lobbying, they acted like the 800-pound gorilla they were," said Christopher Horner, a Washington lawyer who briefly directed Enron's government relations in 1997. Lay and Skilling declined interview requests, but Enron officials say they have no regrets about their use of money. "It got us name recognition," company spokesman Mark Palmer said. "Given the aggregation of our foes, we had to make sure that people knew what our argument was."

Jump-Starting Deregulation

Almost from its start in 1985 as a gas pipeline company, Enron needed help in Washington, and it got it in a series of actions by Congress and the Federal Energy Regulatory Commission (FERC) that undermined the traditional monopoly of utility companies over power plants and transmission lines.

Enron lobbied for several of the initial actions that set the stage for the era of a deregulated wholesale electricity market.

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It supported the 1992 Energy Policy Act, which opened the utility companies' wires to electricity merchants such as Enron. It also worked with the Commodity Futures Trading Commission -- then chaired by Wendy Gramm -- for a regulatory exemption for futures trading in energy derivatives, which later became Enron's most lucrative business. Soon after Gramm stepped down in 1993, she was appointed to Enron's board.

Independent sources knowledgeable about these dealings, however, said Enron was not the main interested party. They said the lead was taken by several major oil companies, including British Petroleum Co. and Phillips Petroleum Co., which were concerned about the effect of CFTC regulation on their offshore trading in crude oil contracts. Wendy Gramm, an apostle of free markets, needed little convincing, the sources said.

That same year, Lay served as chairman of the committee organizing the Republican National Convention in Houston. Hedging its bets, Enron made a major contribution to a "street fair" in honor of Sen. John Breaux (D-La.), a key energy policymaker, at the Democratic convention. Key orders by FERC in 1996 also supported Enron's transformation into a freewheeling trader of gas, electricity and more exotic products, such as telecommunications services and sulfur-dioxide emissions credits.

The new rules ensured that Enron and other merchant companies could buy electricity from independent power plants and sell it to distant customers, using transmission lines borrowed from utility companies.

Even Enron's harshest critics credit Lay with putting new issues -- such as electricity deregulation -- on the Washington agenda. Lay, a former Interior Department official with a PhD in economics, became "the ambassador" for deregulation, one former employee said.

Throughout the 1990s, Enron's agenda was opposed by coal-burning utilities, especially ones in the Southeast, which viewed the emerging wholesale electricity market as a threat to their turf. Many of these, such as Atlanta-based Southern Co., had impressive political funding and connections of their own.

But with the explosive growth of Enron and the GOP takeover of Congress in 1995, the company's soft-money donations -- unregulated and unlimited gifts to political parties and organizations -- jumped sharply. They went from about \$136,000 in the 1993-94 election cycle, to \$687,000 in 1996 and \$1.7 million in 2000, according to the Center for Responsive Politics.

Frustrated by Washington

For all its connections, sources say, Enron often found Washington frustratingly slow and unreliable.

The company placed a substantial bet on federal support for limits on the greenhouse gases causing global warming. Enron officials hoped to exploit a new market in industry for carbon-emissions credits, similar to the one that developed for sulphur credits after clean-air legislation was enacted in 1990.

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Lay joined the Union of Concerned Scientists and environmental groups in calling for curbs on carbon in the atmosphere. The Clinton administration was supportive, but this year the Bush administration reneged on a campaign pledge to impose limits on greenhouse gas emissions from coal-burning power plants.

A multimillion-dollar lobbying campaign in Congress to secure legislation requiring states to institute retail electricity deregulation fared even worse.

Enron hired former New York representative Bill Paxon, a leading conservative, to run Americans for Affordable Electricity, which commissioned studies and recruited business support for deregulation. But the legislation never made it out of a congressional subcommittee. At the same time, Enron was growing restive over the slow pace of deregulation in the wholesale electricity market, the core of its business. Large parts of the country, especially the Southeast, were still monopolized by regulated utilities that limited the opportunity for trading gas, electricity and energy derivatives.

Political Pragmatism

Enron's political pragmatism was demonstrated in the 1998 New York Senate election, when it dropped its support of the Republican incumbent, Alfonse M. D'Amato, after Democrat Schumer endorsed Enron's goal of wholesale deregulation, sources said. Lay reciprocated by hosting several fundraisers for Schumer, and Enron's political action committee contributed \$7,500 to the Schumer campaign.

The company's lobbying team expanded along with its political spending. It outgrew the two-person operation that existed in 1989 and began to reflect Enron's interest in everything from pipeline safety and derivatives trading to Overseas Private Investment Corp. loan guarantees. By last year, its lobbying expenses exceeded \$2 million a year and covered a raft of big-name consultants, such as former Montana governor Marc F. Racicot, the new Republican National Committee chairman, and former top aides to House Majority Leader Richard K. Arney (R-Tex.) and House Majority Whip Tom DeLay (R-Tex.)

The hazards of Enron's efforts to connect with both parties were evident last year, when shortly before the November election, the company picked a Clinton administration Treasury official, Linda Robertson, to run its Washington office.

A perturbed DeLay, whose campaign and related funds had received more than \$100,000 from Enron and Lay, briefly "excommunicated" Enron, a House source said. Robertson was not invited to a series of meetings of electricity lobbyists held in DeLay's office last July, though an Enron official did finally attend the sessions.

Enron had more success when Congress overwhelmingly approved legislation last year containing a provision precluding the Commodity Futures Trading Commission (CFTC) from regulating Enron's trading in energy derivatives. These instruments are traded largely between electricity dealers and big wholesale consumers, which use them to hedge against price swings that could adversely affect their businesses.

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The exemption, tucked into broader legislation that established the legality of unregulated derivatives trading by banks, was not supported by a Clinton administration working group, largely because of opposition from the CFTC. Since the departure of Wendy Gramm, some in the agency had lobbied for tighter control over the exploding energy derivatives market. The legislation passed through the Senate Banking Committee, then chaired by Phil Gramm, who has received \$97,350 from Enron employees and its political action committee since 1989. A Gramm spokesman said the senator does not recall talking to his wife, an Enron director, about the energy provision and played "no role" in negotiating it. Wendy Gramm did not return phone calls seeking comment.

Enron was a primary player, with Koch Industries Inc., a large, privately held oil and gas company based in Wichita, in pushing for the exemption, a source said. But the company's main effort was focused on the House Agriculture Committee, where the legislation originated. Its chairman and ranking Democrat, Texas Reps. Larry Combest (R) and Charles W. Stenholm (D), respectively, were among the top recipients of Enron campaign donations in the House since 1989.

The CFTC objected strenuously to the initial draft marked up by the committee, but the Texas congressmen helped work out a compromise between Enron and the agency. The compromise was then offered by Rep. Jerry Moran (R-Kan.), the home-state congressman of Koch Industries and a recipient of campaign donations from Enron and Koch in the last election cycle. Moran did not return a phone call seeking a comment.

Early this year, Lay seemed to be at the height of his political power, getting a private meeting with Vice President Cheney to discuss the administration's energy policy proposals and weighing in on key nominations to FERC.

Curtis Hebert Jr., FERC's chairman at the time, has reported that Lay called him and implied that Enron would urge the newly installed Bush administration to keep him in the job -- if he changed his views to support Enron's position for faster electricity deregulation. Lay contended that Hebert called him to ask for support.

Hebert was not reappointed. He was replaced by Texas lawyer Pat Wood III, a strong advocate of deregulation who had the backing of Lay and Enron.

Ironically, since Enron's fall, both FERC and Congress seem to be moving in the direction of the deregulated markets Lay and Enron lobbyists had pushed for.

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CORRECTION

Wednesday, December 26, 2001; Page A02

A Dec. 25 article incorrectly reported the action taken by the Senate Banking Committee, chaired by Phil Gramm (R-Tex.), on a bill that exempted much of Enron Corp.'s trading activities from federal regulation. The legislation was approved by the Senate Agriculture Committee.

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Enron Executives Face Subpoenas

Senate Panel Also Orders Testimony of Directors

By Peter Behr and Dan Morgan

Washington Post Staff Writers

Thursday, January 3, 2002; Page E01

A Senate committee announced yesterday that it is subpoenaing top executives and directors of the bankrupt Enron Corp. to determine their roles in the Houston company's epic collapse.

Three other congressional committees already are digging into the Enron failure, but the subpoenas announced yesterday are believed to be the first of the congressional probes. Among the likely recipients is Wendy Gramm, an Enron director who is the wife of Sen. Phil Gramm (R-Tex.).

Sen. Carl M. Levin (D-Mich.), chairman of the Governmental Affairs Committee's permanent subcommittee on investigations, said the panel also will subpoena financial and trading records from Enron and audit documents from its accountant, Arthur Andersen LLP.

Enron's attorney, Robert Bennett, called the subpoenas "totally unnecessary" and said "we are fully cooperating with Congress."

Although Enron Chairman Kenneth L. Lay did not show up for two earlier congressional hearings on Enron's bankruptcy, he has agreed to testify next month before the Senate Commerce Committee, Bennett said.

Enron has turned over nearly three dozen boxes of documents to the House Energy and Commerce Committee, Bennett said. "I don't question the legitimacy of an inquiry [into Enron's failure], but it's not a measured approach to have a half-dozen different committees doing this at the same time," he said. "It can lead to a circus atmosphere and a lot of wasted time and effort." The full Governmental Affairs Committee has scheduled a hearing for Jan. 24 on Enron's use of a large number of partnerships that kept billions of dollars of corporate debt off the company's books. The hearing will also examine whether federal regulators missed warning signs of the company's trouble.

Accounting errors involving the private partnerships caused Enron to overstate its earnings by half a billion dollars over the past four years. Enron's disclosure of the overstatement, in November, triggered a final plunge in the company's stock price and the company's bankruptcy filing Dec. 2.

Sen. Joseph I. Lieberman (D-Conn.), chairman of the full committee, said, "The focus is, how did this corporation collapse, and what can we do to make sure that something like this never happens again?"

Lieberman's committee joins an already crowded field of Enron inquiries. The House Energy and Commerce Committee has sent investigators to interview Enron officials in Houston.

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Subcommittees of the House Financial Services Committee and the Senate Commerce Committee have already held hearings.

But Lieberman's panel is the top investigative committee of the Senate. Under Republican leadership during the Clinton administration, then-chairman Fred D. Thompson (R-Tenn.) headed an investigation of Bill Clinton's 1996 presidential campaign fundraising.

Levin and Lieberman said they intend to look into the close ties between Lay and President Bush, a connection that some Democratic Party officials say they hope to take advantage of in this year's congressional election campaigns.

Levin said he wants to know what advice Lay, who was a large contributor to the Bush campaign, gave to officials of the new administration as it formulated energy policy a year ago. Enron "also had close relationships with some Democrats, it's fair to say," Lieberman acknowledged. He said he expected the inquiry to be bipartisan and to have Thompson's support. "We are going to work together," Lieberman said.

Lieberman said the committee also wants to learn whether federal regulators have the authority to adequately oversee the complex commodity trading and financial transactions that were the foundation of Enron's rapid growth over the past three years.

Lieberman noted that much of Enron's trading in energy derivatives was exempt from regulation by the Commodity Futures Trading Commission, and he said a focus of the inquiry would be whether this allowed the company to hide some transactions.

Enron was an active player in lobbying for the exemption beginning in the early 1990s, according to sources. The exclusion was initially approved by the CFTC in 1992, and in 2000 Congress endorsed it as part of the Commodity Futures Modernization Act, despite concerns of some senior regulators.

At a joint hearing on the legislation by the Senate Banking and Agriculture committees in June 2000, then-CFTC chairman William J. Rainer spelled out his "reservations" about the exclusion and said that "the case for it has not been made" with regard to energy derivatives.

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December 18, 2001

Senator Eyes End To Enron-Type Special-Purpose Entities

Dow Jones Newswires

WASHINGTON -- U.S. Senate Commerce Committee Chairman Fritz Hollings, D-S.C., pledged Tuesday to introduce legislation to eliminate the sorts of financial accounting that led to the financial collapse of Enron Corp. (ENE).

At a committee hearing on the Enron debacle, Hollings called for legislation to eliminate the use of special-purpose entities, which are partnerships or trusts through which companies keep their debt off the books and, in Enron's case, overstate earnings.

Hollings said such off-the-balance-sheet transactions should end in order to protect investors. Hollings also was highly critical of the amount of insider stock selling by top Enron officials. He noted that Enron Chairman Kenneth Lay and former Chief Executive Jeffrey Skilling each sold shares in recent months for more than \$60 million, while members of Enron's board sold shares worth more than \$160 million.

"The selling of Enron was prolific," Hollings said, calling the insider selling "a screaming red flag."

If Enron officials felt the stock was undervalued, as they publicly attested, "why were they cashing in?" Hollings said.

Hollings also said there was plenty of blame for the "shenanigans" associated with Enron's collapse, which he likened to a "cancer." He cited Enron's role in persuading the Commodity Futures Trading Commission against the Clinton administration's call for regulation of energy derivatives, and subsequent congressional action to exempt from regulation the highly complex energy derivatives Enron's special-purpose entities engaged in.

"We are all guilty for letting it happen," Hollings said of Enron's collapse.

Sen. Byron Dorgan, D-N.D., chairman of the committee's consumer affairs panel, described Tuesday's hearings as the first of several that will delve into the roles in Enron's financial collapse played by: Enron officials; Arthur Andersen, Enron's outside auditor; Wall Street analysts, and regulators.

"This is about an energy company that morphed into a trading company involved in hedge funds and derivatives. It took on substantial risks, created secret off-the-books partnerships and, in effect, cooked the books under the nose of their accountants and investors," Dorgan said.

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Dorgan noted that Lay, Enron's chairman and chief executive, has agreed to testify at a future hearing. Dorgan also said the committee will invite Skilling, Enron's former chief executive, and Andrew Fastow, Enron's former chief financial officer, to testify at the same hearing.

"Was this just bad luck, incompetence and greed, or were there some criminal or illegal actions, as has been suggested by the accounting firm that reviewed Enron's books?" Dorgan said.

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Nickoloff, Peter

From: Carleton, Norman
Sent: Wednesday, August 08, 2001 9:34 AM
To: Bair, Sheila; Eichner, Matthew; Ellett, Martha; Fisher, Peter; Gabilondo, Jose; Gross, Jared; Hammer, Viva; Nickoloff, Peter; Novey, Michael; Roseboro, Brian; Schultheiss, Heidilynne; Sutton, Gary
Subject: Retail Swaps -- Enron PowerPoint Presentation



etc_final.ppt

Attached is the Enron PowerPoint presentation for the retail swaps study group. Please note that the information is proprietary.

Proprietary
JWD