

Name: Alert ID: TMML2024031621720 Assistant Attorney General Christopher A. Wray of the Criminal Division, Enron Task Force Director Leslie R. Caldwell, and Assistant Director Grant Ashley of the FBI's Criminal Investigative Division announced today that David W. Delainey, former chief executive officer of Enron North America and Enron Energy Services, has pleaded guilty to insider trading. Delainey, 37, entered the guilty plea today before Judge Kenneth Hoyt at U.S. District Court in Houston, Texas. Delainey pleaded guilty to a one-count indictment charging him with insider trading, in violation of 15 U.S.C. 78ff and 78j(b). As part of his plea agreement, Delainey has agreed to cooperate fully with the government's ongoing criminal investigation of the collapse of the Enron Corporation. Delainey faces a maximum sentence of up to 10 years in prison and a fine of up to \$1 million at his sentencing, which will be scheduled at a later date. Delainey has agreed to forfeit all interest in more than \$4.25 million in net proceeds from the offense to which he is pleading guilty. "Today's guilty plea shows that the tireless work of the Enron Task Force is continuing to hold accountable those who participated in the massive fraud at Enron," stated Assistant Attorney General Christopher A. Wray of the Criminal Division. "At the same time, securing the cooperation of the CEO of a major Enron business unit is an important step forward in the thorough and continuing investigation of this sophisticated corporate fraud." As described in the indictment and plea agreement, Delainey knew of and participated in aspects of a scheme by Enron's senior managers from at least 1998 through late 2001 to deceive the investing public about the nature and profitability of Enron's businesses and thereby to inflate the share price of Enron's stock. Delainey admitted that the fraudulent scheme included the improper reserving of hundreds of millions of dollars of unreported earnings to hide volatility in Enron's earnings and improperly set aside earnings for later use; the use of excess profits generated in one business unit's California energy trading to conceal hundreds of millions of dollars of losses in another business unit; the manufacturing of earnings through fraudulent over-valuation of assets; and the structuring of financial transactions using improper accounting techniques in order to meet budget and earnings targets set by top Enron management. Delainey further admitted that based on material non-public information in his possession, including Enron's fraudulent accounting schemes, he sold Enron stock for net proceeds totaling \$4,256,006.67 at various times between January 10, 2000 and January 11, 2001. Enron, at one time the seventh-ranked company in the United States with stock trading as high as \$80 per share in August 1999, filed for bankruptcy protection on Dec. 2, 2001 and its stock became virtually worthless. The investigation into Enron's collapse is being conducted by the Enron Task Force, a team of federal prosecutors supervised by the Justice Department's Criminal Division and agents from the FBI and the IRS Criminal Investigations Division. The Task Force also has coordinated with and received considerable assistance from the Securities and Exchange Commission. The Enron Task Force is part of President Bush's Corporate Fraud Task Force, created in July 2002 to investigate allegations of fraud and corruption at U.S. corporations. Twenty-six individuals have been charged to date, including 19 former Enron executives. The Task Force investigation is continuing.