

Name: Alert ID: TMML2024033588391 Deputy Attorney General James B. Comey, Assistant Attorney General Christopher A. Wray of the Criminal Division, Enron Task Force Director Leslie R. Caldwell, and FBI Director Robert Mueller announced today that Andrew S. Fastow, the former chief financial officer (CFO) of Enron Corporation, has pleaded guilty to two counts of conspiracy to commit securities and wire fraud and is cooperating with an ongoing criminal investigation into Enron's collapse. Fastow, the highest-level defendant to be charged to date in the Enron investigation, entered his plea today before Judge Kenneth Hoyt at U.S. District Court in Houston, Texas. Under the terms of a plea agreement, Fastow will cooperate fully with the government's investigation, serve a 10-year prison sentence on the two counts to which he's pleading guilty, and forfeit more than \$29 million. The remaining 96 criminal charges against Fastow from a May 2003 indictment are pending, and will be dismissed if the government determines that Fastow has cooperated fully and truthfully. In addition, former Enron Assistant Treasurer Lea W. Fastow, Andrew Fastow's wife, has agreed to plead guilty to filing a false joint tax return for 2000, in which she failed to report income from a partnership related to Enron. She is expected to enter the guilty plea before Judge David Hittner at federal court in Houston later today. "As one of the masterminds behind a massive fraud scheme, Andrew Fastow constructed an elaborate wall of deceit—shielding the reality of Enron's failing business from the watchful eye of shareholders and the investing public," said Deputy Attorney General James B. Comey, the head of President Bush's Corporate Fraud Task Force. "Today's plea tears that wall down. Using Mr. Fastow's cooperation, we will continue to tear the wall down by prosecuting each person to which the evidence and the law leads us." "The Andrew Fastow plea and cooperation agreement opens wide a window into the fraudulent practices of Enron's senior management," stated Assistant Attorney General Christopher A. Wray. "Fastow's prison sentence demonstrates once again that we will uncover fraudulent conduct by corporate officials, and the consequences will be serious." FBI Director Robert Mueller said, "Today's plea agreements are a significant milestone in an intensive two-year investigation. The FBI and our partners on the Enron Task Force will continue our efforts to uncover the full extent of criminal conduct that contributed to Enron's collapse. Corporate criminals should be on notice that no matter how complex or intricate their schemes, they are going to be held accountable for their actions." "The forfeiture of more than \$29 million in personal assets by the Fastows, a sum only a few Americans will earn in their lifetime, speaks to the magnitude of their criminal activities," stated Internal Revenue Service Commissioner Mark W. Everson. "Our investigation substantiated that the Fastows filed multiple false tax returns, and, through her plea agreement announced today, Mrs. Fastow, an MBA and former assistant treasurer at Enron, acknowledges the Fastows' willful criminal conduct." Andrew Fastow Pleads Guilty; Agrees to Serve 10 Years in Prison Fastow pleaded guilty to two counts of conspiracy, in violation of 18 U.S.C. § 371. The charges carry a maximum statutory sentence of 10 years in prison, followed by three years of supervised release. As part of his plea agreement, Fastow agreed to serve 10 years in prison and to cooperate fully with the government's ongoing criminal investigation of the collapse of the Enron Corporation. As part of the plea agreement, Fastow admitted that he and other members of Enron's senior management conspired in wide-ranging schemes to fraudulently manipulate Enron's publicly reported financial results. Fastow also admitted participating in schemes to enrich himself at the expense of the company and its shareholders. Specifically, Fastow admitted that he conspired with senior management to cause Enron to enter into improper transactions with the LJM entities, which were under Fastow's control. And he admitted to engaging in self-dealing transactions to enrich himself and others in connection with the so-called Southampton transaction which involved the \$30 million buyout by Enron of an entity called LJM Swap Sub, LP, which Fastow controlled. In engaging in these transactions, Mr. Fastow admitted that he violated his duty of loyalty and honest services to Enron's shareholders. Fastow's sentencing is scheduled for April 19, 2004. Lea Fastow to Plead Guilty; Agrees to Serve Five Months in Prison Lea W. Fastow is scheduled to enter her guilty plea today before Judge David Hittner of the U.S. District Court in the Southern District of Texas. Under the applicable U.S. Sentencing Guidelines, Fastow faces an estimated range of imprisonment of 10 to 16 months. The parties have agreed to recommend to the court a sentence at the low end of this range, which would allow the court to impose a "split" sentence of five months incarceration and five months of home confinement as a condition of supervised release. As part of her plea agreement, Fastow admitted that from December 1997 through 2000, she failed to report as income a total of

\$204,444.34 in proceeds that her family received from an Enron "special purpose entity" known as RADR. Fastow admitted that she knew that this money was derived from RADR and that her husband had been prohibited from investing in RADR. To hide the fact that it was taxable income, the money was disguised as "gifts" to the Fastow family, through checks made payable to Fastow, her husband Andrew and their children. To avoid triggering the law's requirement that gifts in excess of \$10,000 to another person be reported to the Internal Revenue Service, most of these checks were made payable in amounts of \$10,000 or less and in the names of different members of the Fastow family. Although she knew that the payments represented income that should have been reported on their joint federal income tax returns, Fastow concealed the income from the Fastows' accountant and intentionally failed to report the income on their joint federal income tax returns for the years 1997 through 2000. Fastow admitted that she signed these income tax returns under penalty of perjury and caused them to be filed with the Internal Revenue Service. Fastow faces sentencing at a date to be determined. 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 Investigation 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. With today's pleas, seven people and Arthur Andersen LLP have been convicted as a result of the ongoing investigation. In addition, the Enron Task Force has restrained more than \$93 million in proceeds derived from criminal activity. The Task Force investigation is continuing.