

ENRON

THE REAL DEAL

FROM PAGE 13

has access to huge amounts of information, including banking records and e-mail, for all members of Congress. The suggestion here is that he is the 21st century's J. Edgar Hoover. Everyone is afraid of him.

CAF: Bingo! In later testimony, Winokur asserted ignorance of how Enron's trading strategies were generating so much profit on the California energy crisis. Winokur never mentioned that as Finance Chairman he was required by the dictates of board responsibilities — and the handsome sum of money he is paid — to understand where significant profits are coming from. He also failed to mention that he has a Ph.D. from Harvard in mathematics specializing in complex systems theories, so the implication that this stuff was all too complicated for him and he can't be bothered to understand it is another dog that won't hunt.

DA: I saw a letter on the internet to William Powers from Congressmen John Dingell and Peter Deutsch dated February 2, 2002. They are not blind to this. They do question Powers about Winokur: "As a member of the special committee now responsible for investigating related-party transactions between Enron and the LJM1/LJM2 and other related partnerships, Mr. Winokur is essentially investigating his own actions and approving or disapproving the resulting report. You can understand why disinterested observers might conclude the report's independence, or at least appearance of independence, has been compromised."

CAF: And throughout his testimony to Congress pleaded ignorance of everything — and for the most part received only puffball questions.

DA: In another excerpt from the this same letter, Dingell and Deutsch clearly place Winokur in the mix with Michael Kopper and Andrew Fastow: "Today's Wall Street Journal reported that Mr. Winokur was also a member of Enron's executive committee that approved the financial structure CHEWCO, an allegedly independent entity which would be run by Michael Koppers, an Enron executive. The consolidation of CHEWCO's debt onto Enron's balance sheet in 2001, due to the fact that it was actually an affiliated entity, was one of the reasons Enron had to write down \$1.2 billion in equity last October." It is curious Mr. Winokur has received so little attention in the mainstream press. His name is virtually never mentioned anymore.

CAF: Pug is a key player, but ultimately he is simply a member of a syndicate that works together to make money. Financial fraud — including insider-trading — is the most profitable business on the planet. A fraud of this magnitude can buy a lot of cooperation in any market. Perhaps we will come to learn more about the syndicate as more links are discovered between Enron, Tyco, Imclone, Global Crossing, Worldcom and other failed giants.

Another player who is worth studying is Jerry Hawke, the leading U.S. bank regulator. He worked for Secretary of the Treasury Robert Rubin, now, as we mentioned, co-chair of Citibank and a member of the Harvard Corporation. He also worked for Larry Summers, Rubin's successor at the Treasury, who is now President of Harvard. Jerry Hawke was promoted to Comptroller of the Currency in 1998, which is the lead regulator permitting all this offshore bank fraud to occur uninterrupted by government regulation.

But having Winokur on the Power's Committee was like putting the fox in on the early investigation — just in time to review all the most damning materials and the most damning employee testimony. It is possible for a process like this to organize the critical information necessary to perform the "right" surgery on Enron's institutional memory so that the coverup design works. For example, this stuff gets shredded, this witness dies mysteriously.

DA: Enron Vice Chairman J. Clifford Baxter.

CAF: These other witnesses are now scared to death, and maybe we make the pretty girl witness a hero and even get her a book contract. These operations get sold and transferred quickly to the people who need to coordinate the coverup. And meantime, the cash gets recycled offshore and moved around as they buy time. Such in-house investigations are perfect for buying time. It's not surprising that under oath the chairman of the Power's Committee, William Powers, admitted in Congressional testimony that they took notes for all the testimony they received from witnesses, then destroyed the notes and produced a highly controlled written report.

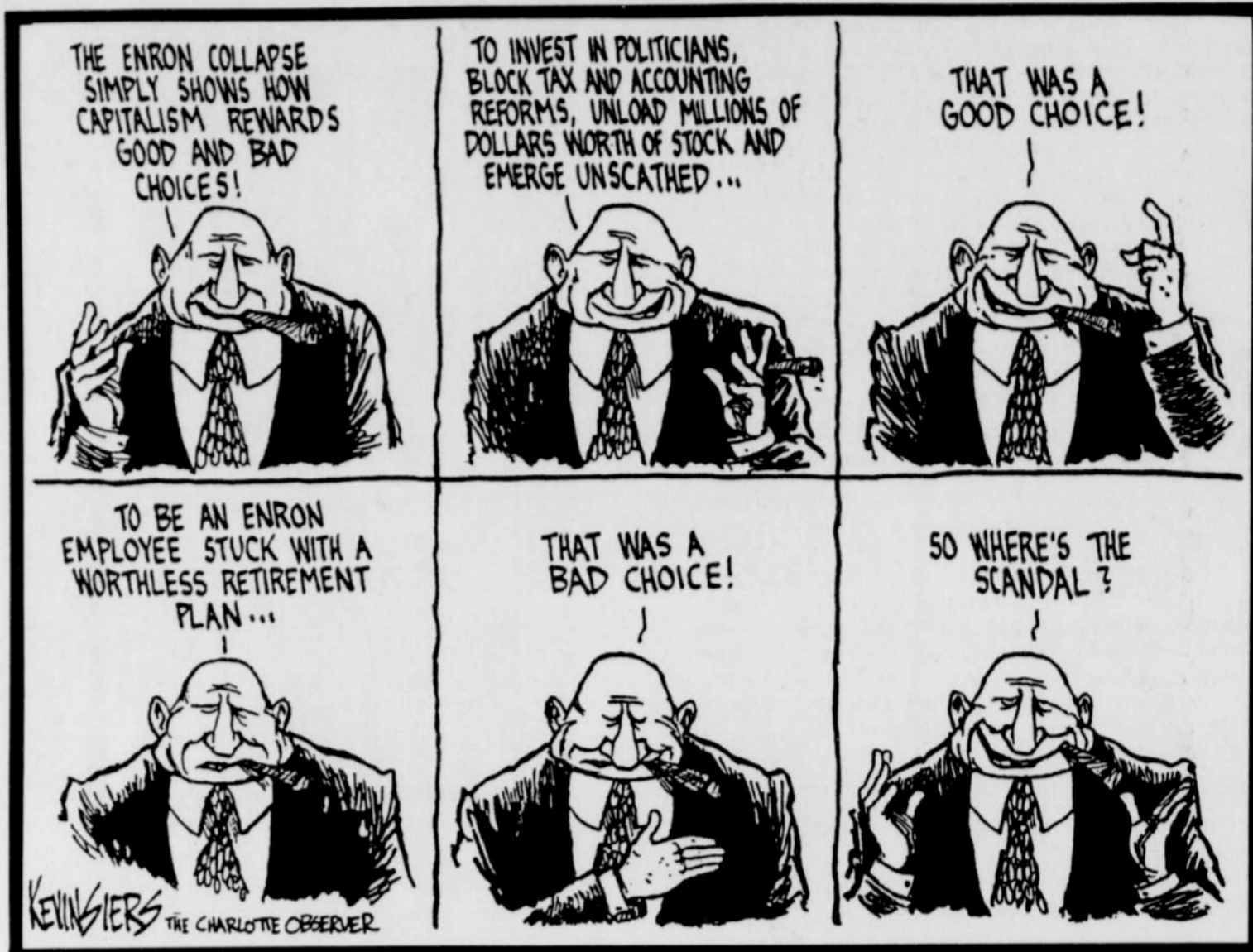
DA: It's not surprising? What do you mean?

CAF: The Powers Committee was SOP — and I will tell you how I learned that term. SOP stands for "Standard Operating Procedure." When my company was targeted regarding our work for cleaning up HUD programs in a way that was bad for special



Bach'n Rock
RECORD & TAPE SHOP

POPULAR MUSIC FROM THE 17TH TO 21ST CENTURY
389 12TH ST. ASTORIA 3338-6376
MUSIC NON-PROFIT TO THE
SPAY & NEUTER HUMANE ASSOCIATION



KEVIN SIERS

interests including Harvard and presumably big HUD contractors such as Lockheed-Martin, DynCorp, JP Morgan-Chase and Arthur Andersen, we had several situations where the DOJ and their investigators tried to falsify evidence or destroy evidence. I was dealing with a criminal syndicate.

DA: A fraternity of good old boy government contractors who'd been bilking the government for years.

CAF: We got an affidavit documenting the efforts to falsify — I mean pure criminal falsification of evidence by the DOJ investigators — and we took it to a court trustee and he looked at it and he said that this was "SOP." I asked one of the retired HUD Inspector General auditors, "What is SOP?" He replied, "That is standard operating procedure — when you have no evidence of wrongdoing you just try to frame an obstruction of justice charge and that is how you get an indictment."

I also asked him why the investigators kept trying to spread false rumors about my personal life, including to government employ-ees and my employees when they interviewed them. The retired auditor said something to the effect of "When you don't have any facts to support an indictment you try to brand the person as personally undesirable, and that is the fastest way to get an indictment from a DC grand jury."

DA: Just a straight set-up to discredit you and your company. When you came in and began to make HUD work the way it was designed, that was screwing with the system. For this somebody set the DOJ to work on you.

CAF: Well, if I was to write a book called *How To Cover Up A Financial Fraud*, tactic #22 would be to get a white shoe commission, appoint some serious very respectable guy who is totally naive about what is really going on, make sure your ringer like Winokur is on the committee, and do a report.

DA: The court appointed Atlanta lawyer Neal Batson to be the examiner in Enron's bankruptcy. Apparently, he's hired dozens of lawyers and consultants to seriously get into Enron's paperwork. Is this a real investigation or does Batson qualify as the "white shoe commission" you mentioned?

CAF: It's hard to determine at this point. We'll have to watch that unfold. But in general, whether it takes two weeks or two months — twelve months and counting in the case of Enron — or two years, what it does is keep everybody busy. It burns up time and resources, it complicates things, and it muddles things. Properly handled, it can even help control the information flow. During the time William Powers has got everybody busy and entertained, you've got Arthur Andersen shredding documents and you're transferring the money laundering operation over to the Swiss bank. So it's basically a holding action — you're buying time while you do all the things you have to do to destroy the money trail, so that you get to keep the cash.

It is very interesting to look at a chronology of the Powers Committee investigation relative to the various efforts to cover up the trail of documents and money, including shredding of documents, transfer of assets and the mysterious death of one of the most important witnesses. It is quite possible the Powers Committee was used by a player like Pug Winokur to help design and orchestrate the coverup. It is potentially a chance to review all the evidence and question all the key witnesses very early on and draw on high powered attorneys to help you figure out the coverup under the guise of "getting to the bottom of what happened."

DA: When did you first notice Enron?

CAF: I started to look into Enron in the summer of 2000 because I was looking for \$3.3 trillion which is missing at federal agencies including HUD — agencies that are managed in part by Pug and his pals. In 1996 a decision was made to run a covert operation to get rid of all the honest people working for or at HUD. This included getting rid of my company and me. Keep in mind that the ultimate internal financial control is to have honest people running things. This is why they had to get rid of us. One of the reasons the DOJ can take the seven steps we've discussed is because they used them on us — even when we had documentation proving that our own auditors and investigators concluded we were clean as a whistle.

DA: Are you saying this goes back to your software tool Community Wizard and what was revealed simply by sorting out HUD on-line records? Or is this something else?

CAF: It all blends together. At this point, however, I was doing the research myself, and it turned out that the same group of contractors who run HUD — where billions of dollars are now missing — Lockheed-Martin, DynCorp, J.P. Morgan-Chase, Arthur Andersen and Harvard turn up running deeply involved in Enron. Let's look at the list. There is Winokur from DynCorp, as well as a Lockheed board member, Frank Savage, on the

Enron Finance Committee and board. J.P. Morgan-Chase is an Enron creditor, Enron Online trading partner and investor in special purpose offshore entities. Arthur Andersen is the auditor who is shredding documents and cooking books, and Pug's partner Dudley Mecum is on the board of DynCorp and on the board of Citigroup, another Enron creditor and Enron Online trading partner. Harvard is shorting the stock at the same time that Winokur, who is a Harvard Corporation member, says he was not aware of problems at Enron. And Robert Rubin, former Treasury Secretary, with significant jurisdiction over HUD, federal credit and banking, is now co-chair of Citigroup and has become a member of Harvard Corporation within the week that Winokur's resignation from Harvard Corporation is announced.

DA: Then you're clearly saying Enron was part of something much larger. Something that you discovered more or less by accident, by building place-based databases that brought sunshine to HUD's mortgage and cash flows, neighborhood by neighborhood. That opened a very bad can of very dangerous worms, resulting in the government's smear tactics to crush you and your company.

CAF: I wasn't a whistle blower. I was successfully reengineering HUD portfolios at the Federal Housing Administration, as I was hired and instructed by the appropriate officials to do. It's just that immediately after they fired us and key government officials, a huge amount of money started disappearing from the accounts of all these federal agencies — and it became obvious by 2000. The General Accounting Office and Inspector General reports and testimony document \$59 billion of undocumented adjustments at HUD in fiscal 1999, and \$17 billion in fiscal 1998, and they refused to say how much in fiscal 2000. DOD has over \$3.3 trillion of undocumented adjustments during the same three years. Donald Rumsfeld has confirmed that \$2.3 trillion was missing in one year alone. It's incredible when you look at it up close.

The Department of Defense has failed to produce independent audited financial statements since the requirement went into effect in 1995. HUD's Inspector General refused to certify HUD's fiscal 1999 financial statements. Since both agencies have refused to explain these undocumented adjustments in adequate detail for some years and declined to report or make public undocumented adjustments, we have no evidence to document that large amounts of assets or money are not being stolen.

So I was trying to figure out how you could launder hundreds of billions of dollars — stolen from the federal government — starting in the fall of 1997, because that is so much you can't just run it through a pizza restaurant. You are talking about a huge amount of money and you are talking about something J.P. Morgan, Lockheed-Martin, DynCorp and Arthur Andersen would have to be part of.

Then I notice that in the fall of 1997 there is an explosion of revenues at Enron Online, and nobody can explain where the revenues came from. They just say it's very complicated, it's "derivatives," you know. Well, that's ridiculous. In my experience, if you can't explain something, then something is wrong. So I'm looking for the missing money: there is over \$3.3 trillion missing from federal government agencies, starting at the exact same time, and my big question is, "Is Enron or are some of its special purpose entities part of the laundromat, and is that why Congress is covering this up?"

BILL'S TAPERN
BREW HOUSE
Cannon Beach, Oregon