



MORE ENRON

- Watkins tells Enron jury of 'blatant' lies
- 3 different takes from 3 ex-Enron employees
- Watkins sheds light on Enron saga today
- Enron LJM figure bolsters Fastow testimony
- Observers: Fastow held up well during Enron trial
- Fastow wraps up Enron testimony (w/audio)

SEARCH RESULTS

- Looting, lies, greed ruled at Enron, Fastow says
- Key insider tells of scheming by Enron bigwigs
- Fastow, Skilling's lawyer spar during testimony
- Fastow casts bad light on Lay, himself
- Glossary of questionable Enron deals

Enron

EMAIL THIS STORY PRINTED FRIENDLY FORMAT

MARCH 8, 2006, 2:06AM

THE ENRON TRIAL

Looting, lies, greed ruled at Enron, Fastow says

Witness says he felt like a 'hero' for setting up side deals that hid losses

By MARY FLOOD Copyright 2006 Houston Chronicle

HOUSTON CHRONICLE

High-Speed Internet \$29.95 3x faster than DSL

E-01345A-05 895

Andrew Fastow testified Tuesday about his shameless greed and how well it fit into an Enron where the appearance of growing earnings was more important than adding actual value to the company.

Enron's disgraced 44-year-old ex-chief financial officer was on the stand most of the day in the conspiracy and fraud trial of his former bosses Jeff Skilling and Ken Lay.

It was an intense day with Fastow, on questioning by prosecutor John Hueston, running through a litany of fraud, avarice and looting he said he and others engaged in at the once booming company.

Though he seemed somewhat regretful and teary when talking about what he did to his family, he was pretty comfortable on the witness stand as he explained setting up several side companies where he felt he was a "hero" to Enron because he helped the company hide losses and manufacture earnings, all while he got paid by both sides of each transaction.

Fastow said the culture and business practices at Enron

RESOURCES

ENRON DEFENDANTS



Ken Lay: Former Enron chairman pleaded not guilty to charges of fraud and conspiracy.



Jeff Skilling: Former CEO pleaded not guilty to charges of fraud and conspiracy.

BLOGS

- Trial Watch: Blogging the trial of Ken Lay and Jeff Skilling with the Houston Chronicle staff.
- Full Disclosure: Business writer Loren Steffy at the trial.
- Legal Commentary: Lay-Skilling trial analysis from Texas attorneys
- ENRON EXTRAS
  - Gallery of key Enron players
  - Catch up in chron.com's Enron archives
  - Talk back in our Enron forum
  - Get Enron stories via RSS
  - Full Enron coverage

**Relax!**

**1st Day Free**

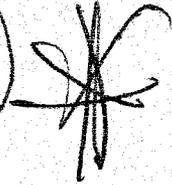
IAH Airport Parking

72 CORP COMMISSION DOCUMENT CONTROL

2006 MAR 21 11:34

RECEIVED

focused on doing transactions to "maximize the financial reporting as opposed to maximizing the true financial value." He said Enron would pay out some cash to report higher, though fictitious earnings to Wall Street.



This is the first time Fastow, whose hair has become more gray in the last few years, has made public statements about his role in Enron's demise. He invoked the Fifth Amendment before government panels and did not speak publicly after he finally pleaded guilty to two charges of conspiracy, forfeited more than \$23 million and agreed to serve 10 years in prison.

So far Fastow seems a strong witness for the government, especially against his former mentor Skilling. Late Tuesday, Hueston was just starting to ask Fastow about the time Lay was at the helm in late 2001.

But the true test of Fastow will start today when he begins facing a barrage of questions from Skilling's attorney Daniel Petrocelli and later Lay's attorney Mike Ramsey

### **'Juice,' but no footnotes**

They allege Fastow and a few of his cohorts were all that was wrong with Enron and that even Fastow's side deals were all legal. Lay and Skilling complain it was just Fastow's secret thefts and the distrust their discovery caused that led to the company's eventual fall into bankruptcy.

Fastow testified Tuesday that Lay and the board of directors approved his being head of side partnerships called LJM1 and LJM2, after the initials of Fastow's wife and children. Fastow said the structure of the partnerships were legal and they did some legal deals. But he said many of the deals he did with Enron "as general partner of LJM were illegal."

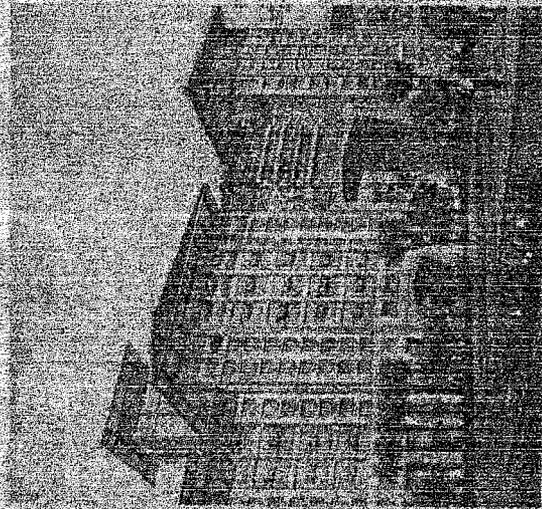
He said his former boss Skilling was fully aware of all his activities, made regular secret oral promises to Fastow to make it all work, encouraged Fastow to do more and warned that they should avoid disclosure to the public.

# Trump project redesigned; city height hearing tonight

By Glen Greco  
Monica Alonso-Dunsmoor  
THE ARIZONA REPUBLIC

Donald Trump's development team unveiled new plans for its controversial \$200 million condominium-hotel in Phoenix, reducing the height and overhauling the look of the project in an effort to quiet neighborhood critics.

Trump and his development partner, the Bayrock Group, said the designs were finished Friday Tuesday a day before the city's crucial city hearing on zoning height rules in the area around 24th Street and Camelback Road. That decision will be final not only to Trump's project but to other developers



**BAYROCK GROUP**  
A five-story archway is a key piece of the new design by Donald Trump's team for a proposed \$200 million condo-hotel on Camelback Road.

See CAMELSBACK Page D5

# APS refunds \$2.2 mil for overcharging bills

By Ken Altucker  
THE ARIZONA REPUBLIC

Arizona Public Service Co. will refund \$2.2 million to customers who were charged too much based on estimated utility bills under an agreement approved by state regulators.

APS also agreed to spend \$600,000 on an "access improvement" plan to reduce the number of times the utility is forced to skip a reading because of a difficulty accessing a meter, such as an absent resident or a barking dog.

The settlement, negotiated and approved last week by the Arizona Corporation Commission, stems from a September 2004 complaint filed by APS customer Avis Read, who claimed she was overcharged

based on estimated bills in early 1999.

An investigation found that APS was more likely to under-estimate energy bills for customers, including Read. But some estimates were higher than actual use. APS agreed to credit \$2.2 million to customers whose estimated bills exceeded the actual amount of energy used from September 1998 to October 2003.

State regulators also were troubled by the fact that Read didn't get a bill for five months, and when her bill was issued, it proved confusing and financially burdensome.

APS agreed to review its billing practices and make necessary improvements to ensure that fewer customers get estimated bills.

WEDNESDAY, SEPTEMBER 14, 2005

By **Whirlpool**  
and Eric  
THE ARIZONA REPUBLIC  
Phoenix, Arizona

# APS execs to give up annual bonuses

By Ken Alltucker  
THE ARIZONA REPUBLIC

Arizona Public Service Co.'s top executives will recommend they forgo salary incentives this year because of the utility's financial struggles and pending requests to recover more than \$500 million from ratepayers through higher electricity bills.

"We fully intend to suspend all executive incentive pay," Jack Davis, APS president and chief executive officer, said Thursday. "This is something

*"I think they recognize that executives should not be getting million-dollar bonuses when they are asking their ratepayers to shoulder some serious burdens. They can use that money to help deal with some of the short-term difficulties they are having."*

Kris Mayes  
Corporation commissioner

we want to request. The basis for this is there's a whole bunch of cash going out of the company, and this is a way to preserve some of that."

A year ago, the top five APS executives earned more than \$3 million in incentive pay. Davis' bonus was \$1 million. Incentives are awarded by a committee that judges how well executives meet goals for stock price, earnings, budget and safety.

Davis' announcement comes a week after the Phoenix-based utility asked the Ari-

# APS execs recommend giving up annual bonuses in face of rate hike

APS  
Continued from D1

zona Corporation Commission to approve an emergency request to raise electricity bills 14 percent beginning April 1. That, combined with the company's annual 5 percent fuel adjustment, would cause the average April monthly residential bill to jump to \$129 from \$101, based on 1,100 kilowatt hours of use.

Davis said APS' board of directors will vote Tuesday on the recommendation to suspend bonuses for 18 top executives. The suspension would not affect base salaries or other non-cash compensation such as stock options. It also would not apply to incentives awarded to other Pinnacle West subsidiaries.

One of APS' most vocal critics said the recommendation is a step in the right direction.

"I think it is symbolically important," Corporation Commissioner Kris Mayes said. "I

think they recognize that executives should not be getting million-dollar bonuses when they are asking their ratepayers to shoulder some serious burdens. They can use that money to help deal with some of the short-term difficulties they are having."

Mayes and Commissioner Bill Mundell have mentioned executive bonuses as one of many expenses the utility should shed as it seeks double-digit rate increases.

In a letter sent to APS executives Wednesday, Mayes also asked whether the utility would slash other expenses such as corporate travel, advertising and stock dividends.

Davis said the utility always looks at ways to cut unnecessary costs, but he was not immediately prepared to answer Mayes' questions. A response is forthcoming, he said.

APS says it needs Corporation Commission approval of an immediate rate increase or it could face the prospect of having its corporate bond rat-

ing downgraded to junk status. The utility's chief hurdle has been skyrocketing fuel costs, particularly natural gas.

During a hearing Thursday on the emergency rate request, Mundell, Mayes and Commissioner Mike Gleason asked whether the action is appropriate.

"What's the big emergency we're facing?" Gleason asked.

An APS lawyer conceded that the cash crunch isn't as dire as it was in 1984, the last time the utility won an emergency rate increase. Then, the company needed cash to finish construction of the Palo Verde nuclear plant.

At issue is APS' emergency request last week to recoup the fuel portion of the company pending general rate request. That request was filed in November and would raise more than \$400 million by increasing electricity bills 20 percent.

Reach the reporter at  
ken.alltucker@  
arizonarepublic.com.

News

Money

Money briefs

Markets

Markets Report

Most active stocks

World stocks

Commodities

Currency

Key interest rates

Investor Research

Stock Screeners

Mutual fund screeners

Get a Quote

Managing Money

Columns and tips

Financial calculators

CD and loan rates

Calendars

Economic

Company

Special Sections

Autos

Small Business

Careers Network

USA TODAY Travel

Interactive

06/18/2002 - Updated 01:23 PM ET

# Payouts anger former Enron workers

By Edward Iwata, USA TODAY

Barely a week after a workers' severance-pay agreement was announced, former Enron employees and their attorneys are furious about disclosures Monday that Enron paid more than \$800 million last year to 152 executives and managers. "It's very disturbing," says Damon Silver, associate general counsel of the AFL-CIO. "We're appalled at the huge amount of money paid out to a handful of people, while thousands of others were losing their jobs and retirement savings." The disclosures, made in legal filings by Enron in bankruptcy court in New York City, come after a pay agreement was reached a few days ago by Enron, labor lawyers and an Enron employees' committee appointed by the court.



By Hyungwon Kang, Reuters  
Former Enron CEO Kenneth Lay received a \$1M salary, \$7M bonus and \$82M in loans last year.

[Read more below](#)

Audio

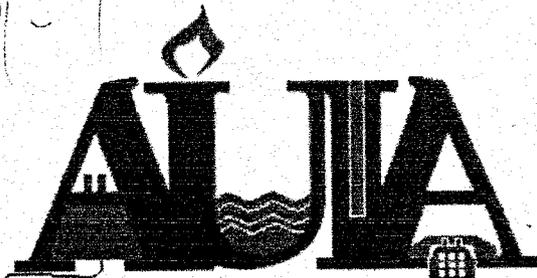
- [USA TODAY's Greg Farrell recaps Anderson case](#)

Microsoft

Today's  
Microsoft Office  
helps keep the  
team in sync.

Explore a shared  
workspace

10/5 | 15/19/24



## NEWSLETTER

*Investors May, 2003*

### ACC DECISION ALLOWS PWCC TO REFINANCE

### "ORPHANED" POWER PLANTS

2. Last March 28, the Arizona Corporation Commission (ACC) issued a temporary reprieve to **Pinnacle West Capital Corporation (PWCC)** shareholders when it authorized **Arizona Public Service Co. (APS)** to loan \$500 million to its parent to help refinance five orphaned power plants.

The reprieve is temporary because Pinnacle West will have to wait until the next APS rate case is completed to know whether the plants will be included in APS' regulated rate base or be required to compete in the electric wholesale market on a

# BUSINESS

Business editor, 602.444.NEWS  
 dumello@arizonarepublic.com

106 \*

SECTION D

**GRID AIDS 107**  
**members**  
**during past**  
**year**

WIRELESS INVESTMENT GROUP FOR THE YEAR 2000. PHOTO: JAMES F. YOUNG / WIRELESS

Gates' net worth rose to \$50 billion, from \$46.5 billion.

There are four Arizonans on the list:

- Valley developer and Campbell Soup heir Bennett Derrance, No. 451 on the list at \$1.7 billion.
- John Sperling and his son Peter Sperling of Apollo Group Inc., the parent of the University of Phoenix, on the list at Nos. 512 and 562 respectively at \$1.5 billion and \$1.4 billion.
- Rounding out the Arizona contingent is Arturo Moreno, who made his fortune in the



**Bennett Derrance**     **John Sperling**     **Arturo Moreno**

billboard business and now owns the Los Angeles Angels of Anaheim, at No. 645 with \$1.2 billion.

—Associated Press

**More Business Buzz, D2**

# APS defends dividend hike

By Ken Allmacker  
 THE ARIZONA REPUBLIC

Even as Arizona Public Service Co. seeks to collect more than a half-billion dollars by raising electricity bills for customers, its parent company has rewarded investors by increasing dividends every year since 1993.

Pinnacle West Capital Corp. has been one of the most consistent dividend payers among the nation's regulated utilities.

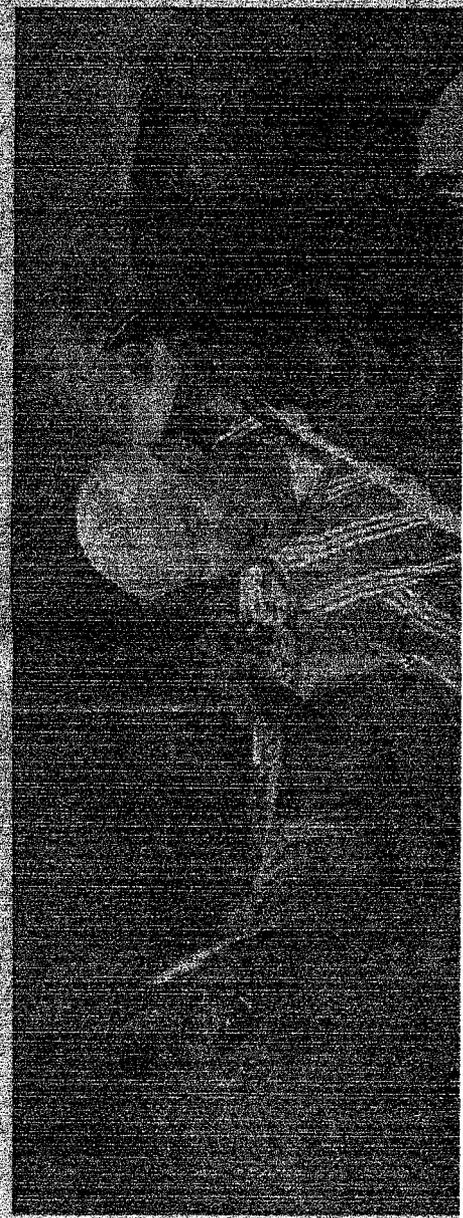
**Despite financial crunch, utility says payouts are vital**

It has increased payouts to investors by 10 cents each year since 1993, making it just one of 11 investor-owned utilities that pay an annual dividend of at least \$2 per share. This year, it will return \$186.7 million to shareholders.

Valley's far-flung communities. But some regulators question whether it's appropriate for APS parent company to give away that much cash as Arizonans are being asked to absorb a handful of increases that could raise electricity bills by nearly 30 percent.

Arizona Corporation Commission member Kris Mayes wants APS to consider adjusting its dividend payouts in a way that pre-

See D1/D2/D3/D4/D5



# Trade deficit at new high

Gap may worsen as imports roll in

By Martin Gruttsinger  
 A SOUTHWEST PUBLICATION

Nasdaq  
 1774  
 224972

Street surrenders down note as questions about enthusiasm over Japan.

Foreign visitors to States last year to be held.

**Skilling deals:** An financial officer of record of company former Chief secret side deals relate its earnings.

**PC:** Microsoft takes the wraps on Project hat's about the but runs a full versioning system. D7



Home

# Money

News

Money

Money briefs

Markets

Markets Report

Most active stocks

World stocks

Commodities

Currencies

Key interest rates

Investor Research

Stock Screener

Mutual funds

screeners

Get a Quote

Managing Money

Columns and tips

Financial calculators

CD and loan rates

Calendars

Economic

Company

Special Sections

Autos

Small Business

Careers Network

USA TODAY Travel

Interactive

Money eXchange

Talk Today

Sports

• [E-mail this story](#) • [Subscribe to the newspaper](#) • [Sign-up for e-mail news](#)

07/08/2002 - Updated 01:42 PM ET

## Enron directors ignored warnings, report finds

By Adam Shell, USA TODAY

Enron's board of directors contributed to the energy trader's collapse because they were aware of the accounting gimmicks, risky business practices and conflicts of interest but did nothing to stop it, says a highly critical report released Sunday by a Senate panel. "Enron's directors protest that they can't be held accountable for misconduct that was concealed from them, but much that was wrong with Enron was known to the board," the 61-page report by the Permanent Subcommittee on Investigations concluded.

Closer look

- [Read the report](#)

[Read more below](#)

### Audio

- [USA TODAY's Greg Farrell recaps Andersen case](#)

### The Arthur Andersen trial



- [Impact to reverberate from Wall Street to D.C.](#)
- [Employees see verdict as 'a kick in the teeth'](#)
- [Roll of dice pays off for Justice](#)
- [Hardin loses battle, but wins stardom](#)
- [Full trial coverage](#)

### Enron-related stories



- [Board ignored repeated warnings, report finds](#)
- [Move afoot for accounting industry cleanup](#)
- [Payouts anger former Enron workers](#)
- [White House provides Enron-related documents](#)
- [White House gives Senate some Enron material](#)
- [Bush staff embraced an Enron...](#)

Advertisement

## PICK SIDES

See how your bracket stacks up against picks from USA TODAY expert Tim Gardner and Jeff Zillgitt.

### POST YOUR COMMENTS

There's no way that 11 seed is going to beat that 6 seed! What are you think?

