

Thursday, October 16, 2003

More defendants added to Merrill Lynch-Enron case

By Kristen Hays
THE ASSOCIATED PRESS

HOUSTON — A former Enron Corp. accountant and a former Merrill Lynch & Co. executive pleaded innocent Wednesday to conspiracy charges in connection with a sham deal to help the energy company inflate 1999 earnings with a loan disguised as a sale of Nigerian barges.

Sheila K. Kahane, the in-house accountant, and William R. Fuhs, a former vice president for the brokerage firm, were added as defendants to last month's indictment of three former Merrill Lynch executives for allegedly participating in the barge scheme. Both were freed on \$100,000 bond, according to court records.

Also Dan Boyle, a former Enron finance executive indicted in April on similar charges related to the barge deal, was added to the Merrill Lynch executives' case. Originally he was added in April as a defendant to an indictment charging former Enron finance chief Andrew Fastow with nearly 100 counts

including insider trading, fraud, money laundering and conspiracy for a wider scope of alleged schemes including the barge deal. Both he and Boyle have pleaded innocent as well.

Attorneys for Kahane and Fuhs didn't immediately return calls for comment from The Associated Press.

Prosecutors allege Enron, with Merrill's knowledge, booked a short-term \$7 million investment from the brokerage as a \$12 million profit from sale of Nigerian barges in December 1999. Enron's previous efforts to find a buyer had failed and the energy company needed the sale to appear to have met earnings targets.

But prosecutors say it wasn't a genuine sale because Enron — namely, Fastow — promised Merrill would be bought out within six months. In June 2000, LJM2, one of several partnerships Fastow ran to do deals with Enron, bought Merrill's interest in the barges for \$7.5 million.

Last month former Merrill executives Daniel Bayly, Robert Furst and James A. Brown became the first Wall Street bankers to be hit with criminal charges in the

aftermath of Enron's scandalous collapse in 2001. All three pleaded innocent and were freed on \$100,000 bond.

Charges against those three remain unchanged in the expanded indictment unsealed Wednesday. Like them, Kahane, Fuhs and Boyle are charged with conspiracy to falsify books and records.

Perjury and obstruction of justice charges filed against Brown last month for allegedly lying to investigators and a grand jury in Houston investigating Enron's collapse also remain unchanged. The new indictment charges Fuhs with lying to the FBI and obstruction of the grand jury investigation as well.

Prosecutors allege Brown and Fuhs lied to investigators when they said they knew nothing of the secret buyback deal.

The indictment alleged Furst "caused a document" that summarized the barge deal, including Enron's guarantee to buy back Merrill's interest at a premium. Brown assigned Fuhs to get the deal done, and Bayly confirmed Fastow's buyback promise when others at Merrill expressed doubts about the transaction.

MADD unveils new video about dangers of alcohol

DALLAS (AP) — Mothers Against Drunk Driving will roll out a new 35-minute video Thursday that uses rock music, movie clips and real-life testimonials to warn middle and high school students about the dangers of drinking and driving.

The video, called "FACE," is interspersed with testimonials from kids who've lived in crack houses, had friends killed in drunken driving accidents and served prison time after stealing money to buy drugs.

The DVD will be played on a 15-by-45-foot screen at some 2,000 schools across the country. Schools must pay \$675 per show, or \$1,350 for multiple presentations in one day.

"We believe the combination of music videos, movie and TV clips, and real-life stories will be highly effective with students as they view FACE throughout the school year," MADD national president Wendy J. Hamilton said.

The video is narrated by pop singer Solange Knowles, sister of Beyonce Knowles, who at one point advises, "Grabbing

the keys is easy. Being a good driver is the hard part." After the video, there is a question and answer session with teachers and students.

The video is an updated version of one that debuted three years ago and has been seen by about 2 million students at about 3,000 schools, MADD spokeswoman Misty Moyses said.

The Irving, Texas-based group said it's important that kids know about drinking and driving before they head off to college.

MADD cited a study in the January issue Journal of Studies on Alcohol which found that the younger people are the first time they get drunk, the more likely they are to be alcohol dependent once they attend college.

For example, children who first got drunk before age 12 were at least four times more likely to be alcohol dependent by college than someone who waited until they were 19 years old to drink, said Ralph Hingson, Associate Dean for Research at Boston University's School of Public Health and the study's author.

Hingson's research was based on the 1999 Harvard College Alcohol Survey, which analyzed the drinking habits of 12,550 19-year-old students at 119 colleges.

A report last month by the Institute of Medicine and the National Research Council called underage drinking a \$53 billion problem and urged higher alcohol taxes and tougher sales laws to deal with the issue.

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— Wendy J. Hamilton
MADD national president

A Nashville Six-Pack



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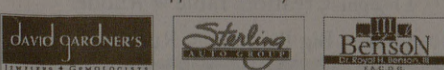
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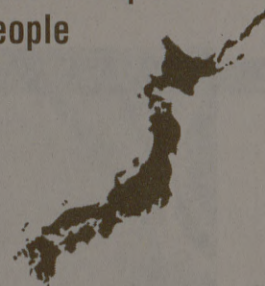
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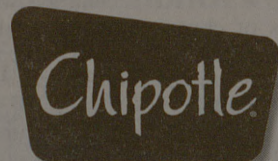
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