

Former Enron Broadband executive pleads guilty to conspiracy Tuesday

By Kristen Hays
THE ASSOCIATED PRESS

HOUSTON — A former executive from Enron Corp.'s defunct high-speed Internet unit pleaded guilty Tuesday to one count of conspiracy related to the scandal-choked company's collapse.

Kevin Hannon, 44, chief operating officer for Enron Broadband Services, was ordered to surrender \$2.2 million in assets and \$8 million in deferred compensation from Enron's bankruptcy estate. His maximum sentence is five years and a \$250,000 fine.

U.S. District Judge Vanessa Gilmore asked Hannon, "Did you commit this crime, sir?" "Yes, I did," he responded.

Hannon is the second of seven former broadband executives charged in a 221-count indictment to cut a deal. In July, the unit's former CEO, Kenneth Rice, who had faced more than 40 counts of conspiracy, fraud, insider trading and money laundering, pleaded guilty to a single count of securities fraud and agreed to cooperate with prosecutors.

The remaining five are scheduled for trial on Oct. 4.

Hannon left Bankers Trust to join Enron in April 1992. Once a top trader at Enron, he became chief operating officer of the broadband unit in January 2000 and quit Enron in June 2001, according to the indictment. The company collapsed in December 2001 under crushing weight of revelations of hidden debt, inflated profits and accounting trickery.

Prosecutors allege Hannon and four other former broadband executives, including Rice, schemed to tout Enron's broadband network as having capabilities it didn't have to impress analysts and inflate company stock. Hannon also is accused of pocketing \$7.8 million from selling 94,000 Enron shares in December 2000 largely inflated by broadband hype to \$83 per share. Enron shares reached a high of \$90 in August 2000.

The other three former executives facing the same charges originally filed against Hannon and Rice are Joseph Hirko, who once ran the broadband unit with Rice and two software executives, F. Scott Yeager and Rex Shelby.

Hirko, Yeager and Shelby are set for trial alongside two other former executives — Kevin Howard and Michael Krautz — who face narrower charges. Howard and Krautz are charged with conspiracy and fraud for allegedly faking \$111 million in earnings in late 2000 and early 2001 from a video-on-demand deal with Blockbuster Inc. that flopped.

All five have pleaded innocent.

Hannon's plea change comes a day before lawyers for the other defendants argue to move the trial outside of Texas or at least as far from Houston as Corpus Christi. Defense attorneys claim in court filings that a survey shows a strong consensus in Houston that accused Enron executives are guilty.

But prosecutors oppose moving the trial, noting that the defense-commissioned survey asked only about respondents' familiarity with Enron generally, their perception of media accounts of Enron and whether those accounts suggested "unnamed generic executives" are guilty.

UT creates high-level diversity position

AUSTIN (AP) — The University of Texas has created a senior position to oversee and improve diversity in everything from staff recruitment to course offerings.

The vice provost for inclusion and cross-cultural effectiveness will report to Sheldon Eklund-Olson, the university's executive vice president and provost.

Eklund-Olson and other university officials plan to meet this week to finalize the post's job description and plan a search for candidates, the Austin American-Statesman reported.

He said the position will address "all aspects of campus life, including the curriculum, how we represent ourselves to the world and how we recruit and retain faculty, staff and students."

The creation of the position is part of a broader effort by UT President Larry Faulkner to improve racial and ethnic harmony.

In May, Faulkner called for sweeping changes in both curriculum and culture to make the largest student body in the nation a more welcoming place for minorities.

The changes include requiring undergraduate courses on multiculturalism, rearranging statues of Confederate icons on campus to convey the artist's original intent and delaying fraternity and sorority rush until spring each year to give students time to get their social and academic bearings.

New organizations launch under reorganization

By Kelley Shannon
THE ASSOCIATED PRESS

AUSTIN — Texans who rely on state health, mental health, mental retardation and disability programs probably will notice changes in their services as a new round of agency consolidations takes effect Wednesday, officials say.

Telephones will be answered with the new agency names when clients call the Department of State Health Services and Department of Aging and Disability Services. Both are starting operations under a massive ongoing state reorganization.

Most of the offices that clients visit for services aren't relocating right away.

"Our hope is that there's no perceived change or difference because

we don't want any disruption of services to take place," said Dr. Eduardo Sanchez, commissioner of the health services department.

The new departments will incorporate the duties of agencies that are being eliminated.

The health services department will handle programs dealing with public health, immunizations, substance abuse and mental health and state hospitals. The aging and disability services department will oversee programs for the mentally retarded, people with disabilities and the elderly.

It's all part of a bill approved by the Legislature last year to consolidate health and human services from 12 agencies to four new departments under the umbrella of the Texas Health and Human Services Commission.

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Area college student dating self

THINGS ARE REALLY STARTING TO HEAT UP



Eric Peterson, top, has one of many romantic dinners with himself at their favorite restaurant.

By LISA CHENEY

Local college student Eric Peterson recently announced that he's entered a committed relationship—with himself. Peterson vehemently denied rumors that the two were dating other people. "We're totally committed to each other. We've never been happier." When asked what prompted the campus

decision on my part, but it's been really nice for us to spend more time together."

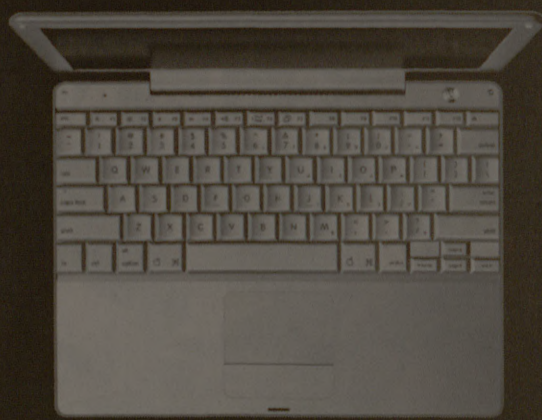
Peterson was apparently unaware of Free Checking from Washington Mutual. It's an account with no monthly fees and the option to add Deluxe services like free

online bill pay. And he could have gotten Free Checking just by visiting a Washington

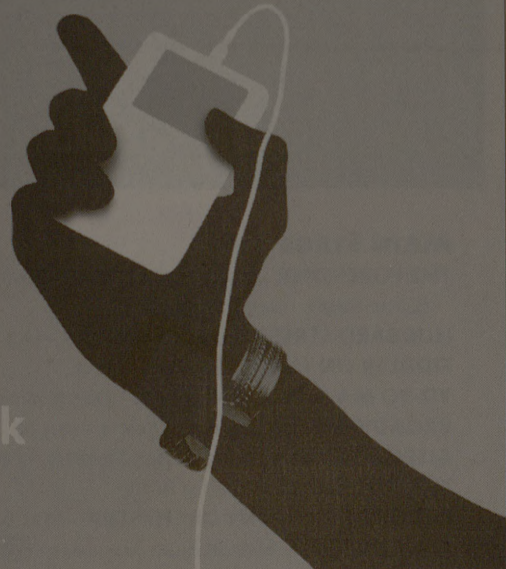
Mutual Financial Center, then signed up for online bill pay at wamu.com. "Dang," said Peterson, "if I had known about Free Checking Deluxe, my current dating situation would be different. I probably wouldn't have settled down with someone so soon."

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