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UNITED STATES BANKRUPTCY COURT **SOUTHERN DISTRICT OF NEW YORK**		**Chapter 11** **Case No. 01-16034 (AJG)**
In re **ENRON CORP., *et al.*,** **Reorganized Debtors.**	:	**Jointly administered**

ENRON CORP.; ENRON NORTH AMERICA CORP.; ENRON NATURAL GAS MARKETING CORP.; ENRON BROADBAND SERVICES, INC.; ENRON ENERGY SERVICES, INC.; EES SERVICE HOLDINGS, INC.; ENRON INTERNATIONAL, INC.; ENRON ENERGY SERVICES OPERATIONS, INC.; ECT MERCHANT INVESTMENTS CORP.; ENRON POWER MARKETING, INC.; and ATLANTIC COMMERCIAL FINANCE, INC.,	:	**Adversary Proceeding No. 03-09266 (AJG)**
Plaintiffs,	:	
v.	:	
CITIGROUP INC.; CITIBANK, N.A.; CITIGROUP GLOBAL MARKETS, INC.; CITICORP NORTH AMERICA, INC.; DELTA ENERGY CORPORATION; CITIGROUP FINANCIAL PRODUCTS, INC.; CXC LLC; CORPORATE ASSET FUNDING COMPANY, LLC; CORPORATE RECEIVABLES CORPORATION, LLC; CITIGROUP GLOBAL MARKETS LTD.; LONG LANE MASTER TRUST IV; J.P. MORGAN CHASE & CO.; J.P. MORGAN CHASE BANK (FORMERLY CHASE MANHATTAN BANK); MAHONIA LIMITED; MAHONIA NATURAL GAS LIMITED; STONEVILLE AEGEAN LIMITED; JP MORGAN SECURITIES INC.; BARCLAYS PLC; BARCLAYS BANK PLC; COLONNADE LIMITED; BARCLAYS CAPITAL SECURITIES LIMITED; BARCLAYS CAPITAL, INC.; BARCLAYS PHYSICAL TRADING LIMITED (FORMERLY BARCLAYS METALS (HOLDINGS) LIMITED); BARCLAYS METALS LIMITED; DEUTSCHE BANK AG; DEUTSCHE BANK TRUST COMPANY AMERICAS; DEUTSCHE BANK SECURITIES INC.; DEUTSCHE BANK LUXEMBOURG S.A.;	:	

DEUTSCHE BANK TRUST COMPANY :
DELAWARE; DEUTSCHE BANK TRUST :
CORPORATION; BANKERS TRUST :
INTERNATIONAL PLC; BT :
COMMERCIAL CORP.; DB GREEN, :
INC.; DEUTSCHE LEASING NEW YORK :
CORP.; SENECA DELAWARE, INC.; :
DEUTSCHE BANK, S.A.; BT EVER, INC.; :
SENECA LEASING PARTNERS, L.P.; :
CANADIAN IMPERIAL BANK OF :
COMMERCE; CIBC WORLD MARKETS :
CORP.; CIBC CAPITAL CORPORATION; :
CIBC WORLD MARKETS PLC; CIBC, :
INC.; MERRILL LYNCH & CO., INC.; :
MERRILL LYNCH, PIERCE, FENNER & :
SMITH INC.; MERRILL LYNCH :
CAPITAL SERVICES, INC.; CREDIT :
SUISSE FIRST BOSTON, INC.; CREDIT :
SUISSE FIRST BOSTON (USA), INC.; :
CREDIT SUISSE FIRST BOSTON LLC; :
CREDIT SUISSE FIRST BOSTON :
INTERNATIONAL; CREDIT SUISSE :
FIRST BOSTON (USA) :
INTERNATIONAL, INC.; CREDIT :
SUISSE FIRST BOSTON; PERSHING :
LLC; DLJ CAPITAL FUNDING, INC.; DLJ :
FUND INVESTMENT PARTNERS III, :
L.P.; ERNB LTD.; MERCHANT CAPITAL, :
INC.; THE TORONTO-DOMINION :
BANK; TORONTO DOMINION (TEXAS), :
INC.; TD SECURITIES (USA) LLC; THE :
ROYAL BANK OF SCOTLAND PLC; THE :
ROYAL BANK OF SCOTLAND :
INTERNATIONAL LIMITED; THE :
FINANCIAL TRADING COMPANY :
LIMITED; SIDERIVER INVESTMENTS :
LIMITED; NATIONAL WESTMINSTER :
BANK PLC; CAMPSIE LTD.; COUTTS :
(CAYMAN) LIMITED; ROYAL BANK OF :
CANADA; ROYAL BANK HOLDING :
INC.; RBC DOMINION SECURITIES :
INC.; RBC DOMINION SECURITIES :
LIMITED; RBC HOLDINGS (USA) INC.; :
RBC CAPITAL MARKETS :
CORPORATION; SUNDANCE :
INDUSTRIAL PARTNERS L.P.; CAYMUS :

TRUST; JGB TRUST; SPHINX TRUST; PYRAMID I ASSET, L.L.C.; NIGHTHAWK INVESTORS L.L.C.; WHITEWING ASSOCIATES L.P.; NAHANNI INVESTORS L.L.C.; MARENGO, L.P.; KLONDIKE RIVER ASSETS, L.L.C.; YOSEMITE SECURITIES TRUST I; YOSEMITE SECURITIES COMPANY, LTD.; YUKON RIVER ASSETS L.L.C.; ENRON CREDIT LINKED NOTES TRUST; ENRON CREDIT LINKED NOTES TRUST II; ENRON STERLING CREDIT LINKED NOTES TRUST; ENRON EURO CREDIT LINKED NOTES TRUST; THE BANK OF NEW YORK, INDENTURE TRUSTEE AND COLLATERAL AGENT; BESSON TRUST; STATE STREET BANK AND TRUST CO.; STATE STREET BANK AND TRUST CO. OF CONNECTICUT, N.A.; RELIANCE TRUST COMPANY, TRUSTEE; FLEETBOSTON FINANCIAL CORP.; and FLEET NATIONAL BANK,	:
Defendants.	:
	x

REORGANIZED DEBTORS' FOURTH AMENDED COMPLAINT FOR THE AVOIDANCE AND RETURN OF PREFERENTIAL PAYMENTS AND FRAUDULENT TRANSFERS, EQUITABLE SUBORDINATION, AND DAMAGES, TOGETHER WITH OBJECTIONS AND COUNTERCLAIMS TO CREDITOR DEFENDANTS' CLAIMS

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REORGANIZED DEBTORS' FOURTH AMENDED COMPLAINT FOR THE AVOIDANCE AND RETURN OF PREFERENTIAL PAYMENTS AND FRAUDULENT TRANSFERS, EQUITABLE SUBORDINATION, AND DAMAGES, TOGETHER WITH OBJECTIONS AND COUNTERCLAIMS TO CREDITOR DEFENDANTS' CLAIMS

Enron Corp., Enron North America Corp., Enron Natural Gas Marketing Corp., Enron Broadband Services, Inc., Enron Energy Services, Inc., EES Service Holdings, Inc., Enron International, Inc., Enron Energy Services Operations, Inc., ECT Merchant Investments Corp., Enron Power Marketing, Inc., and Atlantic Commercial Finance, Inc., as reorganized debtors, together with affiliated reorganized debtors for purposes of Counts 73, 73A and 73B as specified below, allege for their Complaint as follows:

I.
NATURE OF THIS ACTION

1. Reorganized debtors Enron Corp. ("Enron"), Enron North America Corp. ("ENA"), Enron Natural Gas Marketing Corp. ("ENGM"), Enron Broadband Services, Inc. ("Enron Broadband"), Enron Energy Services, Inc. ("Enron Energy Services"), EES Service Holdings, Inc. ("EES Service Holdings"), Enron International, Inc. ("Enron International"), Enron Energy Services Operations, Inc. ("EESO"), ECT Merchant Investments Corp. ("ECTMI"), Enron Power Marketing, Inc. ("EPMI"), and Atlantic Commercial Finance, Inc. ("ACFI"), together with affiliated reorganized debtors as specified below, bring this adversary proceeding against the banks and investment banks that bear substantial responsibility for the stunning downfall of what was once the seventh largest corporation in the United States. These banks and investment banks (together with certain subsidiaries and affiliates, the "**Bank Defendants**") participated with a small group of senior officers and managers of Enron (the "**Insiders**") in a multi-year scheme to manipulate Enron's financial statements and misstate its financial condition. The central purposes of this scheme were to mask a growing disparity between the company's reported revenues, which were increasingly

based upon speculative mark-to-market accounting valuations, and its real earnings from operations, as well as to conceal the mountain of debt required to keep the company's varied and often unsuccessful business ventures afloat. For the Insiders, the ultimate purpose of the scheme was to provide them with opportunities to obtain profits from self-dealing transactions with Enron – profits that were shared with many of the Bank Defendants.

2. The Bank Defendants principally assisted the scheme by designing, implementing, and often financing structured finance transactions with Enron, *knowing* that the Insiders were improperly recording the financial effects of these transactions. For example, many of the Bank Defendants made loans to Enron but deliberately disguised these loans as prepay commodity contracts. These phony "prepay" transactions routinely closed at the end of a fiscal quarter and were arranged in amounts specifically chosen to inflate Enron's operating cash flow to levels necessary to maintain Enron's credit ratings. The billions of dollars Enron received from the "prepay" transactions were wrongly recorded as cash flow from Enron's business operations, giving the false appearance that Enron's businesses were healthy and disguising the mismatch between its reported income and the cash generated by ongoing operations. Both the Bank Defendants and the Insiders knew that the "prepay" transactions were loans, and should have been recorded by Enron as cash from financing activities – not from business operations. In addition, Enron's obligation to repay the amounts loaned in the "prepay" deals was debt, but the Bank Defendants knew the Insiders were manipulating Enron's balance sheet by recording them as price risk management liabilities. Internally, the Bank Defendants described the prepays as ***"we were basically making a loan to [Enron]"*** and ***"oil goes in a circle so they all cancel . . . net net economically like a loan."*** One banker saw these transactions as ***"window dressing"*** and warned that ***"[t]he scale of financial period manipulation [at Enron] is exceedingly worrying."***

3. A second large group of transactions involves the purported sale of Enron assets to special purpose entities ("SPEs") in which Bank Defendants appeared to make the "at risk" equity investment that accounting rules required. In many cases, however, the Insiders gave the Bank Defendants secret assurances that their equity investment would be repaid. As one banker candidly wrote, ***"Enron is Not permitted to ASSURE a repurchase of our equity (though this is our undocumented 'understanding' with the CFO)."*** Since the Bank Defendants viewed these transactions as loans and not as true equity investments, *they* insisted upon promises of repayment as a condition of the deal. Knowing that such assurances invalidated the intended accounting for these transactions, the Insiders and Bank Defendants concealed these oral promises from others at Enron and from Enron's accountants. With the Bank Defendants' full knowledge, the Insiders then improperly treated the proceeds from the transactions as operating cash flow – not cash flow from financing – and often recorded bogus gains on sales of the assets. One banker, whose bank completed four of these transactions with Enron, described this as ***"21st Century Alchemy."*** The cumulative effect on Enron's financial statements of the Bank Defendants' knowing participation in the scheme is staggering: Between 1997 and 2001, the Bank Defendants' structured finance transactions with Enron allowed the Insiders wrongfully to record more than $9 billion as operating cash flow and more than $1 billion as income and improperly to understate Enron's debt by more than $11 billion.

4. Many of the Bank Defendants aided the scheme by becoming investors in private partnerships the Insiders formed for the purpose of profiting from transactions with Enron. The most notorious of these partnerships, LJM, was named for former Chief Financial Officer Andrew Fastow's wife and children. Some Bank Defendants were attracted to these partnerships by the promise of extraordinary returns on their investment; others were induced by Fastow's threat that their participation was the key to a continuing flow of business from his employer, Enron. All knew

that by investing in these partnerships, whose only business would be with Enron, they were assisting Enron's CFO and other Insiders in profiting at Enron's expense. Importantly, the longer the Insiders and Bank Defendants were able to maintain the appearance of Enron's success through structured finance transactions, the more opportunities the Insiders and their private partnerships had to extract ill-gotten gains from Enron.

5. For the Bank Defendants, the scheme offered the irresistible temptation of enormous fees plus revenues from equity and debt underwritings, traditional financings, and other unusually lucrative transactions with Enron, such as the phony "prepays" and the SPEs. For some of the Bank Defendants, the sheer frequency of Enron deals – an average of one per month for over four years – was sufficient reward for the risk that the scheme might unravel. For other Bank Defendants, the Insiders' unmistakable threat that lenders who refused transactions would be denied future Enron business did the trick. The Bank Defendants were hugely rewarded for their involvement. Between 1997 and Enron's demise in 2001, they collected hundreds of millions in revenue from Enron deals – if not more. In addition, those who invested in the private partnerships with the Insiders received lucrative returns.

6. For the Insiders, the scheme provided unparalleled financial and professional rewards. They received generous compensation packages and bonuses based upon Enron's financial performance, as fueled by the scheme. They exercised stock options and reaped millions of dollars in gains from Enron's stock prices, which were seriously inflated by the scheme. And some of them made millions of dollars in profits from their ownership interests in the private partnerships that did business with Enron. Former CFO Fastow and his family members made $60,000,000 from slight investments in these partnerships. Former Enron Treasurer Ben Glisan made $1,000,000 in a few months from an investment of only $6,000. Former senior manager Michael Kopper took home almost $30,000,000. Some of the Insiders such as Kopper and Glisan kept their participation in

these partnerships secret from Enron. Fastow, whose participation was known, deceived Enron by promising that both the transactions between the partnerships and Enron and his compensation would be carefully reviewed by others to determine their fairness. But those promises were never kept.

7. The effect of the Insiders' and Bank Defendants' scheme on Enron was devastating. While the company's financial statements appeared robust, in truth many of Enron's operations were struggling. Buoyed by artificially strong credit ratings and flourishing stock prices, and willingly assisted by the Bank Defendants, the company incurred billions and billions of dollars of debt which its business operations were not able to repay. As a result, in a few years Enron deteriorated from a healthy energy company into a deeply insolvent trading company. Its bankruptcy followed quickly from the first disclosures of the scheme. By that time, Enron was insolvent by tens of billions of dollars.

8. By this Complaint, Enron, ENA, ENGM, Enron Broadband, Enron Energy Services, EES Service Holdings, Enron International, EESO, ECTMI, EPMI, and ACFI (collectively, "Plaintiff") bring several types of claims against the Bank Defendants (and in certain counts against all Defendants). First, under section 550 of Title 11 of the United States Code (the "Bankruptcy Code"), Plaintiff seeks to recover from the Bank Defendants payments that Plaintiff made in connection with the structured finance transactions that were preferential transfers under section 547(b) of the Bankruptcy Code, improper postpetition transfers under section 549 of the Bankruptcy Code, and/or fraudulent transfers under sections 544 and 548 of the Bankruptcy Code and applicable state law. Second, based upon these preferences, postpetition transfers, and/or fraudulent transfers, Plaintiff seeks to disallow claims the Defendants filed against the Plaintiff's estate, pursuant to section 502(d) of the Bankruptcy Code and pursuant to section 502(a) to the extent that the claims are based upon obligations that Plaintiff fraudulently incurred. Third, in

Counts 73 and 73A of this Complaint, Subordination Plaintiff seeks to equitably subordinate under sections 510 and 105 of the Bankruptcy Code the claims against the Subordination Plaintiff's estate made by Defendants submitting proofs of claim. Fourth, with respect to certain purported sales, Enron and ENA seek: (a) declaratory relief pursuant to the Bankruptcy Code and Rules to recharacterize those purported sales as unsecured or partially secured loan transactions; (b) in certain instances, the avoidance of unperfected security interests; and (c) the recovery of property of the estate or its value. Fifth, Enron seeks to recover the enormous damages it suffered as a result of the Bank Defendants' knowing participation in the Insiders' scheme to manipulate and misstate Enron's financial condition. Claims against the Bank Defendants for aiding and abetting the Insiders' breaches of fiduciary duties to Enron are brought in Count 74, for aiding and abetting the Insiders' fraud in Count 75, and for civil conspiracy in Count 76. As to those Defendants who have filed claims or on whose behalf claims have been filed against Plaintiff, this adversary proceeding is brought as an objection and counterclaim to those claims.

II.
THE PARTIES

A. Plaintiff

1. Enron Corp.

9. Plaintiff Enron is an Oregon corporation with its principal place of business in Houston, Texas. As of this date, Enron is a reorganized debtor in accordance with the Plan, as defined below. Enron today is neither represented by, nor representative of, the group of corrupt officers who contributed to the company's financial collapse. The wrongdoers have been driven out, and were replaced by the outside, independent management of Stephen Forbes Cooper, LLC (headed by restructuring specialist Stephen Cooper). By Order dated April 4, 2002, the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court") authorized and

approved the employment of Stephen Cooper as acting CEO and Chief Restructuring Officer of Enron effective January 28, 2002. The Bankruptcy Court also authorized the assignment of a certain number of Stephen Forbes Cooper, LLC individuals to act as new officers of Enron. Cooper and the new officers were given full authority to manage and operate Enron's business. By Order dated July 15, 2004 (the "Confirmation Order"), the Bankruptcy Court confirmed the Supplemental Fifth Amended Joint Plan of Affiliated Debtors Pursuant to Chapter 11 of the United States Bankruptcy Code (the "Plan"). The effective date of the Plan occurred on November 17, 2004. Pursuant to the Confirmation Order, Enron is managed by a new board of directors and, to the extent provided in the Plan, by a Reorganized Debtor Plan Administrator (Stephen Forbes Cooper LLC) pursuant to the Reorganized Debtor Plan Administration Agreement.

10. Further, the wrongdoing of former Enron officers and managers, as well as that of each Bank Defendant in this case, has been investigated by at least one of two independent examiners appointed by the Bankruptcy Court. By Order dated April 8, 2002, the Bankruptcy Court directed the United States Trustee for the Southern District of New York (the "U.S. Trustee") to appoint an examiner for Enron (the "Enron Examiner"). That Order gave the Enron Examiner broad authority to investigate and report on transactions at Enron involving special purpose entities. On May 22, 2002, the U.S. Trustee appointed Neal Batson as the Enron Examiner. Since his appointment, the Enron Examiner has reviewed millions of pages of documents, has taken sworn testimony from nearly 200 witnesses, and has issued four extensive reports on SPE transactions at Enron. All of the Enron Examiner's third report and part of the fourth report were devoted to examining the role of the following Bank Defendants in causing Enron's collapse: Citigroup, J.P. Morgan Chase, Barclays, BT/Deutsche Bank, CIBC, Merrill Lynch, Credit Suisse First Boston, Royal Bank of Scotland, and Toronto Dominion.

2. Enron North America Corp.

11. Plaintiff ENA is a Delaware corporation with its principal place of business in Houston, Texas. ENA is the successor-in-interest to Enron Capital & Trade Resources Corp. ENA is a reorganized debtor under the Plan. Pursuant to the Confirmation Order, ENA is managed by a new board of directors and, to the extent provided in the Plan, by a Reorganized Debtor Plan Administrator (Stephen Forbes Cooper LLC) pursuant to the Reorganized Debtor Plan Administration Agreement.

12. The wrongdoing of certain financial institutions has been investigated by an independent examiner appointed by the Bankruptcy Court (the "ENA Examiner"). The Bankruptcy Court appointed the ENA Examiner, Harrison J. Goldin, to investigate institutions that the Enron Examiner could not examine because of interest conflicts. As a result, the ENA Examiner reviewed the activities of Royal Bank of Canada and its respective subsidiaries and/or affiliates. On November 14, 2003, the ENA Examiner issued his report detailing Royal Bank of Canada's part in the scheme that led to Enron's collapse.

3. Enron Natural Gas Marketing Corp.

13. Plaintiff ENGM is a Delaware corporation with its principal place of business in Houston, Texas. ENGM is a reorganized debtor under the Plan. Pursuant to the Confirmation Order, ENGM is managed by a new board of directors and, to the extent provided in the Plan, by a Reorganized Debtor Plan Administrator (Stephen Forbes Cooper LLC) pursuant to the Reorganized Debtor Plan Administration Agreement.

4. Enron Broadband Services, Inc.

14. Plaintiff Enron Broadband is an Oregon corporation with its principal place of business in Houston, Texas. Enron Broadband is a wholly-owned subsidiary of Enron. It is a reorganized debtor under the Plan. Pursuant to the Confirmation Order, Enron Broadband is

managed by a new board of directors and, to the extent provided in the Plan, by a Reorganized Debtor Plan Administrator (Stephen Forbes Cooper LLC) pursuant to the Reorganized Debtor Plan Administration Agreement.

5. Enron Energy Services, Inc.

15. Plaintiff Enron Energy Services is a Delaware corporation with its principal place of business in Houston, Texas. Enron Energy Services is a wholly-owned subsidiary of Enron. It is a reorganized debtor under the Plan. Pursuant to the Confirmation Order, Enron Energy Services is managed by a new board of directors and, to the extent provided in the Plan, by a Reorganized Debtor Plan Administrator (Stephen Forbes Cooper LLC) pursuant to the Reorganized Debtor Plan Administration Agreement.

6. EES Service Holdings, Inc.

16. Plaintiff EES Service Holdings is a Delaware corporation with its principal place of business in Houston, Texas. EES Service Holdings is a reorganized debtor under the Plan. Pursuant to the Confirmation Order, EES Service Holdings is managed by a new board of directors and, to the extent provided in the Plan, by a Reorganized Debtor Plan Administrator (Stephen Forbes Cooper LLC) pursuant to the Reorganized Debtor Plan Administration Agreement.

7. Enron International, Inc.

16A. Plaintiff Enron International is a Delaware corporation with its principal place of business in Houston, Texas. Enron International is a reorganized debtor under the Plan. Pursuant to the Confirmation Order, Enron International is managed by a new board of directors and, to the extent provided in the Plan, by a Reorganized Debtor Plan Administrator (Stephen Forbes Cooper LLC) pursuant to the Reorganized Debtor Plan Administration Agreement.

8. Enron Energy Services Operations, Inc.

16B. Plaintiff EESO is a Delaware corporation with its principal place of business in Houston, Texas. EESO is a reorganized debtor under the Plan. Pursuant to the Confirmation Order, EESO is managed by a new board of directors and, to the extent provided in the Plan, by a Reorganized Debtor Plan Administrator (Stephen Forbes Cooper LLC) pursuant to the Reorganized Debtor Plan Administration Agreement.

9. ECT Merchant Investments Corp.

16C. Plaintiff ECTMI is a Delaware corporation with its principal place of business in Houston, Texas. ECTMI is a reorganized debtor under the Plan. Pursuant to the Confirmation Order, ECTMI is managed by a new board of directors and, to the extent provided in the Plan, by a Reorganized Debtor Plan Administrator (Stephen Forbes Cooper LLC) pursuant to the Reorganized Debtor Plan Administration Agreement.

10. Enron Power Marketing, Inc.

16D. Plaintiff EPMI is a Delaware corporation with its principal place of business in Houston, Texas. EPMI is a reorganized debtor under the Plan. Pursuant to the Confirmation Order, EPMI is managed by a new board of directors and, to the extent provided in the Plan, by a Reorganized Debtor Plan Administrator (Stephen Forbes Cooper LLC) pursuant to the Reorganized Debtor Plan Administration Agreement.

11. Atlantic Commercial Finance, Inc.

16E. Plaintiff ACFI is a Delaware corporation with its principal place of business in Houston, Texas. ACFI is a reorganized debtor under the Plan. Pursuant to the Confirmation Order, ACFI is managed by a new board of directors and, to the extent provided in the Plan, by a Reorganized Debtor Plan Administrator (Stephen Forbes Cooper LLC) pursuant to the Reorganized Debtor Plan Administration Agreement.

17. Plaintiff and the affiliated entities included on Schedule A (attached) are at times referred to collectively herein as "Subordination Plaintiff," "Debtors," or "Reorganized Debtors."

B. The Bank Defendants

1. <u>The Citigroup Defendants</u>

18. Defendant Citigroup Inc. is a Delaware corporation. Its principal place of business is 399 Park Ave., New York, New York 10043. Citigroup Inc. is a registered bank holding company. Citigroup Inc. owns and/or controls each of the following entities.

19. Defendant Citibank, N.A. ("Citibank") is a nationally chartered bank and is Citigroup Inc.'s principal bank subsidiary. Its principal place of business is 399 Park Avenue, New York, New York 10043.

20. Defendant Citigroup Global Markets, Inc. (formerly Salomon Smith Barney, Inc. and Salomon Brothers, Inc.) ("SSB") is a New York corporation. Its principal place of business is 388 Greenwich Street, New York, New York 10013. It is a Citigroup Inc. subsidiary.

21. Defendant Citicorp North America, Inc. ("Citicorp N.A.") is an indirect subsidiary of Citigroup Inc. and is a Delaware corporation. Its principal place of business is 450 Mamaroneck Avenue, Harrison, New York 10528.

22. Defendant Delta Energy Corporation ("Delta") is a Cayman Islands limited liability company. Delta is an SPE created solely for the purpose of serving as the pass-through party in Citigroup prepay transactions.

23. Defendant Citigroup Financial Products, Inc., f/k/a Salomon Brothers Holding Company, Inc. ("Salomon Holding"), is a Delaware corporation and, upon information and belief, is a wholly-owned subsidiary of Citibank. Its principal place of business is 388 Greenwich Street, New York, New York 10013.

24. Defendant CXC LLC, f/k/a CXC Incorporated ("CXC"), is a Delaware limited liability company and, upon information and belief, is a wholly-owned subsidiary of Citibank. Its principal place of business is 399 Park Avenue, New York, New York.

25. Defendant Corporate Asset Funding Company, LLC, f/k/a Corporate Asset Funding Company, Inc. ("CAFCO"), is a Delaware limited liability company. Its principal place of business is 85 Broad Street, New York, New York 10004. Upon information and belief, CAFCO is a wholly-owned subsidiary of Citigroup.

26. Defendant Corporate Receivables Corporation, LLC, f/k/a Corporate Receivables Corporation, Inc. ("CRC"), is a California corporation. Its principal place of business is care of Citicorp N.A. at 450 Mamaroneck Avenue, Harrison, New York 10528. Upon information and belief, CRC is a wholly-owned subsidiary of Citigroup.

27. Defendant Citigroup Global Markets Ltd. (formerly Salomon Brothers International Ltd.) ("CGML") is a private limited company organized under the laws of the United Kingdom and, upon information and belief, is a wholly-owned subsidiary of Citigroup Inc. Its principal place of business and registered office is located at Citigroup Centre, 33 Canada Sq., Canary Wharf, London E14 5LB, England, United Kingdom.

28. Each of Citigroup Inc., Citibank, Citigroup Global Markets (formerly SSB), Citicorp N.A., Delta, Salomon Holding, CXC, CAFCO, CRC, and CGML acted as the control person, successor, agent, co-conspirator, alter ego, and/or co-venture partner of the others as to the matters discussed herein and are collectively referred to in this Complaint as "Citigroup."

2. <u>The JP Morgan Chase Defendants</u>

29. Defendants J.P. Morgan Chase & Co. and its wholly-owned subsidiary, JP Morgan Chase Bank (formerly The Chase Manhattan Bank) (together, "JPMC"), are banking corporations organized and existing under the laws of Delaware and New York, respectively. Each has its

headquarters at 270 Park Avenue, 35th Floor, New York, New York 10017. JPMC includes the successor to Chase Manhattan Bank, as a result of the merger of J.P. Morgan & Co., Inc. with and into Chase Manhattan Corporation on December 31, 2000. JPMC owns and/or controls each of the following entities.

30. Defendant Mahonia Limited ("Mahonia") is a Jersey, Channel Islands SPE established at the request of JPMC for the purpose of serving as the pass-through party in the JPMC prepay transactions.

31. Defendant Mahonia Natural Gas Limited ("Mahonia NGL") is a Jersey, Channel Islands SPE established at the request of JPMC. It is a subsidiary of Mahonia Limited.

32. Defendant Stoneville Aegean Limited ("Stoneville") is a Jersey, Channel Islands SPE established at the request of JPMC.

33. Defendant JP Morgan Securities Inc. ("JPMSI") is a Delaware corporation. Its principal place of business is 270 Park Avenue, 35th Floor, New York 10017. It is a subsidiary of JP Morgan Chase & Co.

34. Each of JPMC, Mahonia, Mahonia NGL, Stoneville, and JPMSI acted as the control person, successor, agent, co-conspirator, alter ego, and/or co-venture partner of the others as to the matters discussed herein and they are collectively referred to herein as "Chase" or "JP Morgan Chase."

3. The Barclays Defendants

35. Defendant Barclays plc ("Barclays plc") is a public limited company registered under the laws of England. Its principal place of business is 54 Lombard Street, London EC3P 3AH, England, United Kingdom. Barclays plc owns and/or controls each of the following entities.

36. Defendant Barclays Bank plc ("Barclays Bank") is a public limited company registered under the laws of England and Wales. Barclays Bank plc's principal place of business is 54 Lombard St., London EC3P 3AH, England, United Kingdom.

37. Defendant Colonnade Limited ("Colonnade") is a limited company registered in Guernsey. Its registered office is 7 New Street, St. Peter Port, Guernsey, Channel Islands.

38. Defendant Barclays Capital Securities Limited ("Barclays Capital London") is a private limited company registered in England and Wales under company number 01929333. Its registered office is 54 Lombard Street, London EC 3P 3AH, England, United Kingdom.

39. Defendant Barclays Capital, Inc. ("Barclays Capital") is a Connecticut corporation. Its principal place of business is 200 Park Avenue, New York, New York 10166. It is an indirect subsidiary of Barclays plc.

40. Defendant Barclays Physical Trading Limited, f/k/a Barclays Metals (Holdings) Limited, is a private limited company registered in England and Wales under company number 2044103. Its registered office is 54 Lombard Street, London EC3P 3AH, England, United Kingdom.

41. Defendant Barclays Metals Limited ("Barclays Metals"), is a private limited company registered in England and Wales under company number 00330591. Its registered office is 54 Lombard Street, London, EC3P 3AH, England, United Kingdom.

42. Each of Barclays plc, Barclays Bank, Colonnade, Barclays Capital London, Barclays Capital, Barclays Physical Trading Limited, and Barclays Metals acted as the control person, successor, agent, co-conspirator, co-venture partner and/or alter ego of the others as to the matters discussed herein, and they are collectively referred to herein as "Barclays."

4. The BT/Deutsche Bank Defendants

43. Defendant Deutsche Bank AG is a stock corporation organized and existing under the laws of the Federal Republic of Germany, with its principal place of business in Frankfurt,

Germany. Deutsche Bank AG does business throughout the world, including in the United States where its principal place of business is 31 West 52nd Street, New York, New York 10019. Upon information and belief, Deutsche Bank, New York and Deutsche Bank, London are branches of Deutsche Bank AG. Deutsche Bank AG owns and/or controls each of the following entities.

44. Defendant Deutsche Bank Trust Company Americas is a New York state-chartered bank with its principal place of business at 60 Wall Street, New York, New York 10005. On or about June 4, 1999, Taunus Corporation, a subsidiary of Deutsche Bank AG, merged with Bankers Trust Corporation, owner of 100% of the common stock of Bankers Trust Americas, and on or about April 25, 2003, Bankers Trust Corporation changed its name to Deutsche Bank Trust Company Americas. Upon information and belief, Deutsche Bank Trust Company Americas is an indirect subsidiary of Deutsche Bank AG and a successor in interest to Bankers Trust Company.

45. Defendant Deutsche Bank Securities Inc. is a Delaware corporation. Its registered agent for service of process is CT Corporation System, 111 Eighth Avenue, New York, New York 10011. Deutsche Bank Securities Inc. is an indirect subsidiary of Deutsche Bank AG and the surviving entity of a merger with Deutsche Bank Alex Brown, a Delaware corporation formerly known as BT Alex Brown Incorporated.

46. Defendant Deutsche Bank Luxembourg S.A. is a stock corporation organized and existing under the laws of the Grand Duchy of Luxembourg, with a registered seat and its principal place of business in Luxembourg. Deutsche Bank Luxembourg S.A. does business throughout the world, including in the United States. Upon information and belief, Deutsche Bank Luxembourg S.A. is a wholly-owned subsidiary of Deutsche Bank AG.

47. Defendant Deutsche Bank Trust Company Delaware is a Delaware state-chartered bank with its principal place of business in Wilmington, Delaware. Upon information and belief,

Deutsche Bank Trust Company Delaware is an indirect, wholly-owned subsidiary of Deutsche Bank AG and successor-in-interest to Bankers Trust (Delaware).

48. Defendant Deutsche Bank Trust Corporation (formerly Bankers Trust Corporation, which, in turn, was formerly known as Bankers Trust New York Corp.) is a New York corporation. Its principal place of business is New York, New York. Upon information and belief, Deutsche Bank Trust Corporation is an indirect, wholly-owned subsidiary of Deutsche Bank AG.

49. Not Used.

50. Defendant Bankers Trust International plc is a public limited company organized and existing under the laws of England. Its principal place of business is in London, England. Upon information and belief, Bankers Trust International plc is a wholly-owned subsidiary of Deutsche Bank AG.

51. Defendant BT Commercial Corp. is a Delaware corporation. Its principal place of business is 14 Wall Street, New York, New York 10005. Upon information and belief, BT Commercial Corp. is an indirect, wholly-owned subsidiary of Deutsche Bank AG.

52. Defendant DB Green, Inc., f/k/a BT Green, Inc., is a New York corporation. Its principal place of business is 31 West 52nd Street, New York, New York 10019. Upon information and belief, DB Green, Inc. is an indirect, wholly-owned subsidiary of Deutsche Bank AG.

53. Defendant Deutsche Leasing New York Corp., f/k/a BT Leasing Corp., is a New York corporation. Its principal place of business is at 31 West 52nd Street, New York, New York 10019. Upon information and belief, Deutsche Leasing New York Corp. is an indirect, wholly-owned subsidiary of Deutsche Bank AG.

54. Defendant Seneca Delaware, Inc., f/k/a EN-BT Delaware, Inc. is a Delaware corporation. Its principal place of business is in Wilmington, Delaware. Upon information and belief, Seneca Delaware, Inc. is an indirect, wholly-owned subsidiary of Deutsche Bank AG.

55. Defendant Deutsche Bank, S.A. is an Argentinian corporation. Its principal place of business is in Buenos Aires, Argentina. Upon information and belief, Deutsche Bank, S.A. is a direct, wholly-owned subsidiary of Deutsche Bank AG.

56. Defendant BT Ever, Inc. is a New York corporation. Its principal place of business is 31 West 52nd Street, New York, New York 10019. Upon information and belief, BT Ever, Inc., is a subsidiary of Deutsche Bank AG.

57. Defendant Seneca Leasing Partners, L.P. is a Delaware limited partnership. Its principal place of business is in Wilmington, Delaware. Upon information and belief, Seneca Leasing Partners, L.P. is owned at least in part by Deutsche Leasing New York Corp. and Seneca Delaware, Inc., both of which are subsidiaries of Deutsche Bank AG and collectively hold all of the voting rights in Seneca Leasing Partners, L.P.

58. Each of Deutsche Bank AG, Deutsche Bank Trust Company Americas, Deutsche Bank Securities Inc., Deutsche Bank Luxembourg S.A., Deutsche Bank Trust Company Delaware, Deutsche Bank Trust Corporation, Bankers Trust International plc, BT Commercial Corp., DB Green, Inc., Deutsche Leasing New York Corp., Seneca Delaware, Inc., Deutsche Bank S.A., BT Ever, Inc., and Seneca Leasing Partners, L.P. acted as the control person, successor, agent, co-conspirator, co-venture partner and/or alter ego of the others as to the matters discussed herein, and they are collectively referred to herein as "BT/Deutsche Bank."

5. The CIBC Defendants

59. Defendant Canadian Imperial Bank of Commerce is a Canadian chartered bank. Its principal place of business is Commerce Court, Toronto, Ontario, Canada M5L 1A2. Canadian Imperial Bank of Commerce owns and/or controls each of the following entities.

60. Defendant CIBC World Markets Corp. (formerly known as CIBC Corp.) is a Delaware corporation. Its principal place of business is 425 Lexington Avenue, New York,

New York 10017. CIBC World Markets Corp. is an indirect subsidiary of Canadian Imperial Bank of Commerce.

61. Defendant CIBC Capital Corporation is a Delaware corporation. Its principal place of business is 425 Lexington Avenue, New York, New York 10017. CIBC Capital Corporation is a subsidiary of Canadian Imperial Bank of Commerce.

62. Defendant CIBC World Markets plc is a public limited company authorized to do business in the United Kingdom. Its principal place of business is Cotton Centre, Cotton Lane, London SE1 2QL, England, United Kingdom. CIBC World Markets plc is a wholly-owned subsidiary of Canadian Imperial Bank of Commerce.

63. Defendant CIBC, Inc. is a Delaware corporation. Its principal place of business is 425 Lexington Avenue, New York, New York 10017. CIBC, Inc. is an indirect subsidiary of Canadian Imperial Bank of Commerce.

64. Each of Canadian Imperial Bank of Commerce, CIBC World Markets Corp., CIBC Capital Corporation, CIBC World Markets plc, and CIBC, Inc. acted as the control person, successor, agent, co-conspirator, and/or co-venture partner of the others as to the matters discussed herein, and they are collectively referred to herein as "CIBC."

6. The Merrill Lynch Defendants

65. Defendant Merrill Lynch & Co., Inc. is a Delaware corporation. Its principal place of business is 2 Broadway, New York, New York 10080. Merrill Lynch & Co., Inc. is a holding company that owns and/or controls each of the following entities.

66. Defendant Merrill Lynch, Pierce, Fenner & Smith Inc. is a Delaware corporation. Its principal place of business is 4 World Financial Center, 250 Vesey Street, New York, New York 10281. It is a wholly-owned subsidiary of Merrill Lynch & Co., Inc.

67. Defendant Merrill Lynch Capital Services, Inc. is a Delaware corporation. Its principal place of business is 250 Vesey Street, New York, New York 10281. It is a subsidiary of Merrill Lynch & Co., Inc.

68. Each of Merrill Lynch & Co., Inc., Merrill Lynch, Pierce, Fenner & Smith Inc., and Merrill Lynch Capital Services, Inc. acted as the control person, successor, agent, co-conspirator, and/or co-venture partner of the others as to the matters discussed herein, and they are collectively referred to herein as "Merrill Lynch."

7. The CSFB Defendants

69. Defendant Credit Suisse First Boston, Inc. ("CSFB, Inc.") is a Delaware corporation. Its principal place of business is 11 Madison Avenue, New York, New York 10010. CSFB owns and/or controls each of the following entities.

70. Defendant Credit Suisse First Boston (USA), Inc. ("CSFB USA") is a Delaware Corporation. Its principal place of business is 11 Madison Avenue, New York, New York 10010-3643. Defendant CSFB USA is a subsidiary of CSFB, Inc.

71. Defendant Credit Suisse First Boston LLC ("CSFB LLC") (formerly known as Credit Suisse First Boston Corporation) is a Delaware corporation. Its principal place of business is 11 Madison Avenue, New York, New York 10010. CSFB LLC is a wholly-owned subsidiary of CSFB USA.

72. Defendant Credit Suisse First Boston International ("CSFB Int'l") is incorporated in the United Kingdom. Its principal place of business is One Cabot Square, London El4 4QJ, England, United Kingdom. CSFB Int'l is owned by both Credit Suisse First Boston (80%) and Credit Suisse Group (20%).

73. Defendant Credit Suisse First Boston (USA) International, Inc. ("CSFB USA Int'l") is a Delaware corporation. Its principal executive office is Park Plaza Avenue, New York, New York 10055. CSFB USA Int'l was formerly known as Credit Suisse Financial Products (USA), Inc.

74. Defendant Credit Suisse First Boston ("CSFB") is a business entity organized under the laws of Switzerland. Its principal place of business is in Zurich, Switzerland. Through its branch in the Cayman Islands, CSFB participated in one or more of the transactions with Enron challenged in this Complaint.

75. Defendant Pershing LLC ("Pershing") (formerly known as Donaldson, Lufkin & Jenrette Securities Corporation ("DLJ")) is a Delaware corporation. Its principal place of business is 11 Madison Avenue, New York, New York 10010. Pershing is a wholly-owned subsidiary of CSFB USA. As a result of a November 3, 2000, merger of DLJ into CSFB USA, CSFB, Inc. and CSFB LLC are successors in interest to and/or affiliated with Pershing/DLJ.

76. Defendant DLJ Capital Funding, Inc. ("DLJ Capital") is a Delaware corporation. Its principal place of business is 11 Madison Avenue, New York, New York 10010. DLJ Capital is a wholly-owned subsidiary of Credit Suisse First Boston, Inc.

77. Defendant DLJ Fund Investment Partners III, L.P. ("DLJ Fund") is a limited partnership. Its principal place of business is 11 Madison Avenue, New York, New York 10010.

78. Defendant ERNB Ltd. ("ERNB") is a Cayman Islands exempt limited partnership. Its principal place of business is 11 Madison Avenue, New York, New York 10010.

79. Defendant Merchant Capital, Inc. ("Merchant Capital") is a Delaware corporation. Its principal place of business is 11 Madison Avenue, New York, New York 10010. Merchant Capital is a wholly-owned subsidiary of CSFB USA.

80. Each of CSFB, Inc., CSFB USA, CSFB LLC, CSFB Int'l, CSFB USA Int'l, CSFB, Pershing, DLJ Capital, DLJ Fund, ERNB, and Merchant Capital acted as the control person,

successor, agent, co-conspirator, co-venture partner and/or alter ego of the others as to the matters discussed herein, and are collectively referred to herein as "CSFB" or "DLJ."

8. The Toronto Dominion Defendants

81. Defendant The Toronto-Dominion Bank ("Toronto Dominion Bank") is a Schedule 1 chartered bank subject to the provisions of the Bank Act of Canada. Its headquarters is Toronto Dominion Tower, P.O. Box 1, 12th Floor, 55 King Street West, Toronto, Ontario, Canada M5K 1A2. Toronto Dominion Bank owns and/or controls both of the following Toronto Dominion entities.

82. Defendant Toronto Dominion (Texas), Inc. ("Toronto Dominion Texas") is a Delaware corporation. Its principal place of business is 909 Fannin Street, Suite 1700, Houston, Texas 77010.

83. Defendant TD Securities (USA) LLC, f/k/a Toronto Dominion Securities (USA), Inc. ("Toronto Dominion Securities"), is a Delaware corporation. Its principal office is 31 West 52nd Street, 19th Floor, New York, New York 10019-6118.

84. Each of Toronto Dominion Bank, Toronto Dominion Texas, and Toronto Dominion Securities acted as the control person, successor, agent, co-conspirator, and/or co-venture partner of the others as to the matters discussed herein and they are collectively referred to herein as "Toronto Dominion."

9. The RBS Defendants

85. Defendant The Royal Bank of Scotland plc ("Royal Bank of Scotland") is a public limited company. Its principal place of business is 36 St. Andrew Square, Edinburgh EH2 2YB, United Kingdom. It is a parent company of the following entities, along with The Royal Bank of Scotland Group plc.

85A. Defendant The Royal Bank of Scotland International Limited ("RBSI") is a company incorporated in Jersey, Channel Islands. Its registered office is at Royal Bank House, 71 Bath Street,

St. Helier, Jersey JE 4 8PJ, Channel Islands. Its principal places of business are Jersey, Guernsey and the Isle of Man. RBSI is wholly owned by Royal Bank of Scotland and/or The Royal Bank of Scotland Group plc.

86. Defendant The Financial Trading Company Limited, f/k/a RBS Financial Trading Company Limited (collectively "RFTCL"), is a company incorporated in England and Wales (registration no. 4074178). Its principal place of business is Waterhouse Square, 138-142 Holborn, London EC1N 2TH, England, United Kingdom. RFTCL is a wholly-owned subsidiary of Royal Bank of Scotland. RFTCL was a special purpose vehicle for the ETOL transaction.

87. Defendant Sideriver Investments Limited ("Sideriver") is a private limited company incorporated in England and Wales (registration no. 04229502). Its principal place of business is Waterhouse Square, 138-142 Holborn, London EC1N 2TH, England, United Kingdom. Enron Europe Ltd. and Royal Bank of Scotland Group, plc are Sideriver's parent companies.

88. Defendant National Westminster Bank plc ("NatWest") is a public limited company. Its principal place of business is 135 Bishopsgate, London EC2M 3UR, England, United Kingdom. NatWest is a subsidiary of Royal Bank of Scotland.

89. Defendant Campsie Ltd. ("Campsie") is a Cayman Islands limited partnership. Its address is P.O. Box 707GT, Grand Cayman, Cayman Islands, BWI, attention Andrew Galloway/Stuart Gibson.

90. Defendant Coutts (Cayman) Limited ("Coutts") is a Cayman Islands limited partnership or limited liability company. Its address is Coutts House, 1446 West Bay Road, P.O. Box 707GT, Grand Cayman, Cayman Islands, BWI, attention Roger Yeomans/Stuart Gibson.

91. Each of Royal Bank of Scotland, RBSI, RFTCL, Sideriver, NatWest, Campsie and Coutts acted as the control person, successor, agent, co-conspirator, and/or co-venture partner of the others as to the matters discussed herein and they are collectively referred to herein as "RBS."

10. The RBC Defendants

92. Defendant Royal Bank of Canada ("RBC") is a bank chartered under the Bank Act of Canada. Its principal place of business is Royal Bank Plaza, 200 Bay Street, Toronto, Ontario, Canada M5J 2J5. RBC also has a United States headquarters located at One Liberty Plaza, 165 Broadway, New York, New York 10006.

93. Defendant Royal Bank Holding Inc. ("RBH") is a Canadian corporation. Its principal place of business is 200 Bay Street, Toronto, Ontario, Canada M5J 2J5. RBH is a wholly-owned subsidiary of RBC.

94. Defendant RBC Dominion Securities Inc. ("RBC DSI") is a Canadian corporation. Its principal place of business is Royal Bank Plaza North Tower, 200 Bay Street, Toronto, Ontario, Canada M5J 2W7. Upon information and belief, RBC DSI is a wholly-owned subsidiary of RBC. Upon information and belief, RBC DSI also does business as RBC Capital Markets.

95. Defendant RBC Dominion Securities Limited ("RBC DSL") is a Canadian business corporation. Its principal place of business is Royal Bank Plaza North Tower, 200 Bay Street Toronto, Ontario, Canada M5J 2W7. Upon information and belief, RBC DSL also does business as RBC Capital Markets. Upon information and belief, RBC DSL is a wholly-owned subsidiary of RBC.

96. Defendant RBC Holdings (USA) Inc. ("RBC USA") is a Delaware corporation. Its principal place of business is One Liberty Plaza, 165 Broadway, New York, New York 10006. Upon information and belief, RBC USA is a wholly-owned subsidiary of RBC.

97. Defendant RBC Capital Markets Corporation, f/k/a RBC Dominion Securities Corporation ("RBC CMC"), is a New York corporation. Its principal place of business is One Liberty Plaza, 165 Broadway, New York, New York 10006.

98. Each of RBC, RBH, RBC DSI, RBC DSL, RBC USA and RBC CMC acted as the control person, successor, agent, co-conspirator, co-venture partner and/or alter ego of the others as to the matters discussed herein, and they are collectively referred to herein as "RBC."

11. The Bank Defendants' Proofs of Claim

99. Each of the Bank Defendants except RBC – Citigroup, JP Morgan Chase, Barclays, BT/Deutsche Bank, CIBC, Merrill Lynch, CSFB, Toronto Dominion, and RBS – has filed one or more proofs of claim against the Subordination Plaintiff in the Chapter 11 cases being jointly administered in this Court under consolidated case number 01-16034.

C. Additional Defendants

100. Defendant Sundance Industrial Partners L.P. ("Sundance Industrial") is a Delaware limited partnership. Its registered office is care of National Registered Agents Inc., 9 East Loockerman Street, Suite 1B, Dover, Delaware 19901. Under Bankruptcy Code section 101(2)(B), Sundance Industrial is an affiliate of Plaintiff. As such, it is an insider of Plaintiff under Bankruptcy Code section 101(31)(E).

101. Not Used.

102. Not Used.

103. Not Used

104. Defendant Caymus Trust is a Delaware business trust. Its registered office is care of Wilmington Trust Company, Rodney Square North, 1100 North Market Street, Wilmington, Delaware 19890.

105. Defendant JGB Trust is a Delaware business trust. Its registered office is care of Wilmington Trust Company, Rodney Square North, 1100 North Market Street, Wilmington, Delaware 19890.

106. Not Used.

107. Not Used.

108. Defendant Sphinx Trust ("Sphinx Trust") is a Delaware business trust. Its registered office is care of Wilmington Trust Company, Rodney Square North, 1100 North Market Street, Wilmington, Delaware 19890. Wilmington Trust Company is the Trustee for Sphinx Trust. Sphinx Trust acted as a trust in the Nile Transaction (as defined in paragraph 583) and has filed two proofs of claim.

108A. Defendant Pyramid I Asset, L.L.C. ("Pyramid I") is a limited liability company organized under the laws of the State of Delaware with its principal place of business at 1221 Lamar, Suite 1600, Houston, Texas 77010. Its registered address is care of National Registered Agents, Inc., 9 East Loockerman Street, Dover, Delaware 19901.

109. Defendant Nighthawk Investors L.L.C. ("Nighthawk") is a Delaware limited liability company. Its address is care of The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle County, Delaware 19801.

110. Defendant Whitewing Associates L.P. ("Whitewing") is the successor in interest to Whitewing Associates L.L.C. and is a Delaware limited partnership. Its principal place of business is care of Enron Corp., 1221 Lamar, Suite 1600, Houston, Texas 77010.

111. Defendant Nahanni Investors L.L.C. ("Nahanni") is a Delaware limited liability company. Its registered agent is The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle County, Delaware 19801.

112. Defendant Marengo, L.P. ("Marengo") is a Delaware limited partnership. Its address is care of Enron Corp., 1221 Lamar, Suite 1600, Houston, Texas 77010.

113. Defendant Klondike River Assets, L.L.C. ("Klondike") is a Delaware limited liability company. Its address is care of Enron Corp., 1221 Lamar, Suite 1600, Houston, Texas 77010.

114. Defendant Yosemite Securities Trust I ("Yosemite I Trust") is a Delaware business trust. Its address is care of Wilmington Trust Company, Rodney Square North, 1100 North Market Street, Wilmington, Delaware 19890-0001, Attn: Corporate Trust Administration. Its registered office is CT Corporation System, 111 Eighth Avenue, New York, New York 10011. Citigroup formed or directed the formation of the Yosemite I Trust in connection with the Yosemite I transaction. Under section 101(31) of the Bankruptcy Code, Yosemite I Trust is an insider with respect to transfers made to it up to one year prior to the Petition Date.

115. Defendant Yosemite Securities Company, Ltd. ("Yosemite Securities") is a Jersey, Channel Islands limited liability company. Its principal address is care of Company Secretary, P.O. Box 1075, Elizabeth House, 9 Castle Street, St. Helier, Jersey JE4 2QP, Channel Islands. Citigroup formed or directed the formation of Yosemite Securities in connection with the Yosemite II transaction.

115A. Yukon River Assets L.L.C. ("Yukon") is a limited liability company organized under the laws of the State of Delaware. Its registered agent is care of National Registered Agents, Inc., 9 East Loockerman Street, Dover, Delaware 19901.

116. Defendant Enron Credit Linked Notes Trust ("ECLN Trust") is a Delaware business trust. Its address is care of Wilmington Trust Company, Rodney Square North, 1100 North Market Street, Wilmington, Delaware 19890-0001, Attn: Corporate Trust Administration. Citigroup formed or directed the formation of the ECLN Trust in connection with the Yosemite III transaction.

117. Defendant Enron Credit Linked Notes Trust II ("ECLN II Trust") is a Delaware business trust. Its address is care of Wilmington Trust Company, Rodney Square North, 1100 North Market Street, Wilmington, Delaware 19890-0001, Attn: Corporate Trust Administration. Citigroup formed or directed the formation of the ECLN II Trust in connection with the Yosemite IV transaction.

118. Defendant Enron Sterling Credit Linked Notes Trust ("ESCLN Trust") is a Delaware business trust. Its address is care of Wilmington Trust Company, Rodney Square North, 1100 North Market Street, Wilmington, Delaware 19890-0001, Attn: Corporate Trust Administration. Citigroup formed or directed the formation of the ESCLN Trust in connection with the Yosemite IV transaction.

119. Defendant Enron Euro Credit Linked Notes Trust ("EECLN Trust") is a Delaware business trust. Its address is care of Wilmington Trust Company, Rodney Square North, 1100 North Market Street, Wilmington, Delaware 19890-001, Attn: Corporate Trust Administration. Citigroup formed or directed the formation of the EECLN Trust in connection with the Yosemite IV transaction.

120. Defendant The Bank of New York, Indenture Trustee and Collateral Agent ("BoNY"), is a New York corporation. Its principal place of business is 1 Wall Street, New York, New York 10286. Plaintiff is suing BoNY solely in its capacity as Indenture Trustee and Collateral Agent for:

(i) Holders of the 8.25% Series 1999-A Linked Enron Obligations Due 2004 of Yosemite I Trust;

(ii) Holders of the 8.75% Series 2000-A Linked Enron Obligations Due 2007 of Yosemite Securities;

(iii) Holders of the 8.00% Enron Credit Linked Notes Due 2005 of ECLN Trust;

(iv) Holders of the 7.375% Enron Credit Linked Notes Due 2006 of ECLN II Trust;

(v) Holders of the 7.25% Enron Sterling Credit Linked Notes Due 2006 of ESCLN Trust; and

(vi) Holders of the 6.50% Enron Euro Credit Linked Notes Due 2006 of EECLN Trust.

121. Defendant Besson Trust is a Delaware business trust. Its registered office is care of Wilmington Trust Company, Rodney Square North, 1100 North Market Street, Wilmington, Delaware 19890. Wilmington Trust Company is the trustee of Besson Trust.

122. Defendant State Street Bank and Trust Co. is a Massachusetts trust company. Its principal place of business is at 225 Franklin Street, Boston, Massachusetts 02110.

123. Defendant State Street Bank and Trust Co. of Connecticut, N.A. is a Connecticut national banking association. Its principal place of business is 225 Asylum Street, 29th Floor, Hartford, Connecticut 06103.

123A. Defendant Reliance Trust Company, Trustee ("Reliance") is a Georgia banking corporation. Its principal place of business is 3384 Peachtree Road, N.E., Suite 900, Atlanta, Georgia 30326. Upon information and belief, Reliance is the successor trustee to State Street Bank and Trust Co. and State Street Bank and Trust Co. of Connecticut, N.A. in connection with the guaranty referenced in paragraph 1221A and the JT Holdings transaction.

124. Defendant FleetBoston Financial Corp. ("FleetBoston Financial") is a Delaware corporation. Its registered office is Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801.

125. Defendant Fleet National Bank is a national banking corporation. Its principal place of business is 111 Westminster Street, Providence, Rhode Island 02903. Fleet National Bank is a subsidiary of FleetBoston Financial (formerly Fleet Boston Corp.).

126. Defendant Long Lane Master Trust IV ("Long Lane") is a Delaware business trust which has appeared in this case. Long Lane was formed by Fleet to serve as a commercial paper conduit for Fleet. Fleet is the administrator of Long Lane. Upon information and belief, between January 1, 1998 and December 2, 2001, Long Lane engaged in transactions only at the direction and with the approval of Fleet.

126A. Each of FleetBoston Financial, Fleet National Bank, and Long Lane acted as the control person, successor, agent, co-conspirator, co-venture partner and/or alter ego of the others as to matters discussed herein, and they are collectively referred to as "Fleet."

127. A number of the Additional Defendants have filed one or more proofs of claim against the Subordination Plaintiff in the Chapter 11 cases being jointly administered in this Court under consolidated case number 01-16034.

D. Claim Transferee Defendants

127A. Defendant Deutsche Bank Trust Company Americas is a Claim Transferee Defendant as that term is defined in paragraph 1266E. Between the Petition Date and on or about May 28, 2002, Deutsche Bank Trust Company Americas received transfers of claims against Enron or its affiliates that were held as of the Petition Date by defendants Citibank, Deutsche Bank AG, and CIBC Inc.

127B. Defendant Chase is a Claim Transferee Defendant as that term is defined in paragraph 1266E. Between the Petition Date and on or about January 10, 2002, Chase received transfers of claims against Enron or its affiliates that were held as of the Petition Date by defendants Merrill Lynch, CSFB, and Bank Boston, NA, Fleet's predecessor-in-interest.

III.
JURISDICTION AND VENUE

128. On December 2, 2001 (the "Petition Date"), Enron, ENA, Enron Broadband, Enron Energy Services, EESO, and EPMI filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code in this Court. ENGM, EES Service Holdings, ECTMI, Enron International, and ACFI filed their voluntary petitions for relief on January 11, 2002, April 18, 2002, May 16, 2003, and June 27, 2003, respectively.

129. The Court has jurisdiction over this Adversary Proceeding pursuant to 28 U.S.C. § 1331, 28 U.S.C. §§ 1334(b) and 1334(e), and section 38.1 of the Plan. The claims alleged herein are core proceedings under 28 U.S.C. §§ 157(b)(2)(B), (C), (E), (F), (H), (K), and (O). Resolution of the claims alleged herein will critically affect the Debtors' reorganization, the value of the Debtors' estate, and any distribution to the Debtors' creditors. Pursuant to 28 U.S.C. §§ 157(a) and 157(b)(1) and the United States District Court for the Southern District of New York's reference of proceedings to the Bankruptcy Court, this Court may exercise subject matter jurisdiction in this case.

130. Venue is proper in this District pursuant to 28 U.S.C. § 1391(b) because a substantial part of the events or omissions giving rise to the claims alleged herein occurred in this District, and certain of the defendants may be found in this District, and pursuant to 28 U.S.C. § 1409(a) because this is a proceeding arising under title 11 or arising in or related to a case under title 11.

131. This Adversary Proceeding is brought in accordance with Federal Rules of Bankruptcy Procedure 7001, *et seq.*, and seeks relief under sections 105(a), 362, 502(a), (d), 510(c), 542, 544, 547(b), 548, 549, 550, and 553 of the Bankruptcy Code.

IV.
FACTUAL ALLEGATIONS

A. Enron Insiders And The Bank Defendants Together Caused Enron's Collapse

132. During the year and a half that the Enron and ENA Examiners have been investigating Enron's SPEs, they have gathered and reviewed millions of pages of documents from Citigroup, Chase, CIBC, Barclays, Merrill Lynch, BT/Deutsche Bank, CSFB, Toronto Dominion, RBS, and RBC. As part of their investigation, the Examiners have taken nearly 200 oral sworn statements, including more than 115 statements of the Bank Defendants' employees.

133. The Enron Examiner has issued four reports which, combined, total 4,235 pages of text, including 34 appendices that are expanded discussions of topics covered in the body of the

reports. In these reports and their appendices, the Enron Examiner dissects "substantially all of Enron's material SPE transactions identified to date." Exam. II at 3.[1] He explains precisely how SPEs were improperly used at Enron in conjunction with specific accounting techniques "to impact dramatically its financial statements" in violation of Generally Accepted Accounting Principles ("GAAP"). Exam. III at 2. He identifies a number of Enron's senior officers responsible for manipulating Enron's financial statements, discusses specific claims Enron has against those officers, discusses the role Bank Defendants other than RBC played in that manipulation, and discusses specific claims Enron has against these Bank Defendants for their wrongdoing.

134. For his part, the ENA Examiner has issued one report which totals 917 pages of text and includes 24 annexes. Among the topics in his report is the role RBC played in the Insiders' manipulation of Enron's financial statements and the specific claims Enron has against RBC as a result.

135. It is not surprising that the Enron and ENA Examiners required, collectively, over 5,100 pages of text to explain the fraud that caused Enron to collapse into bankruptcy. The scope and complexity of the transactions in which certain Enron officers entangled Enron, with the help of the Bank Defendants, during the late 1990s and early 2000s is breathtaking.

136. Basically, Enron was bled to death during the late 1990s and early 2000s by a relative few, key Insiders. From at least 1997, the Insiders engaged in a sophisticated – and startlingly effective – fraud using SPEs that ultimately destroyed Enron. Based on his review of "substantially all" of Enron's material SPE transactions, the Enron Examiner concluded in his second report that:

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[1] The Enron Examiner's four reports are cited as Exam. I, Exam. II, Exam. III, and Exam. IV or Exam. Final Report. If the cite is to the report as opposed to its appendices, the volume is followed by a page number. An example is "Exam. II at 6." If the cite is to one of the appendices, the volume is followed by the appendix title, which is followed by a page number. An example is "Exam. II, App. B at 3."

> through pervasive use of structured finance techniques involving SPEs and aggressive accounting practices, Enron so engineered its reported financial position and results of operations that its financial statements bore little resemblance to its actual financial condition or performance. This financial engineering in many cases violated GAAP and applicable disclosure laws, and resulted in financial statements that did not fairly present Enron's financial condition, results of operations or cash flows.

Exam. II at 15.

1. The Insiders Were Enron Officers With Power And Authority, Motivated By Greed

137. The Insiders were at least six Enron officers (although it is likely there were others): Andrew S. Fastow, Ben F. Glisan, Jr., Jeffrey McMahon, Michael Kopper, Richard A. Causey, and R. Davis Maxey. The Insiders held positions of authority and substantial responsibility at Enron – positions they abused by improperly using SPEs, manipulating Enron's financial statements, and profiting from that manipulation at Enron's expense.

a. Fastow, Causey, McMahon, and Glisan caused Enron to enter into the improper SPE transactions, and ensured the transactions were improperly reported.

138. Fastow led the Insiders. From January 1997 to March 1998, Fastow was Senior Vice President of Finance and a Managing Director of Enron. During that time, Fastow engaged in and encouraged the structured financing deals that eventually felled Enron. In March 1998, he was elevated to Chief Financial Officer. As CFO, Fastow's direct reports included the Treasury and the Special Projects Groups. Fastow was fired for cause in October 2001.

139. McMahon was also intimately involved with Enron's finances from at least 1997 through May 2000. Throughout 1997 and early 1998, McMahon served as Chief Financial Officer of Enron Europe. In July 1998, he became Senior Vice President of Finance and Treasurer of Enron – a position that reported directly to Fastow. He remained Treasurer until mid-2000. When

Fastow was fired in late 2001 and Enron began to unravel, McMahon was first named CFO and then President and COO. He resigned all positions effective June 1, 2002.

140. Glisan held various positions at Enron from 1997 until May 2000. Among other things, he was an accountant for Enron and an officer of two Enron subsidiaries – Enron Capital Corp. and Enron Energy Services Capital Corp. In May 2000, Glisan replaced McMahon as Treasurer of Enron, and began reporting directly to Fastow. Glisan was Treasurer until November 2001, when he was fired upon the company's discovery that he had profited from secret transactions with Enron.

141. Causey was Executive Vice President and Enron's Chief Accounting Officer from 1996 until Enron's collapse. Enron's Corporate Accounting & Financial Reporting Group reported directly to him. He was also a member of Enron's Management Committee. Before he joined Enron, Causey was a senior manager at Arthur Anderson & Co., where he had primary responsibility for the Enron engagement. Causey was fired on February 14, 2002.

142. By March 2000, Fastow, Glisan, and Causey (as ex officio member) also comprised the Office of the Chair of Enron Global Finance. Enron Global Finance was charged with the treasury and capital raising functions, and had its own set of accountants.

143. As a result of their positions, Fastow, Causey, Glisan and McMahon were able to control the SPE transactions in which Enron engaged, the manner in which Enron reported those transactions, and the flow of information to rating agencies, including to Moody's Investor's Service, Inc. ("Moody's) and Standard & Poor's Credit Information Services ("S&P").

144. Causey and Fastow oversaw and implemented the financial and accounting operations at Enron. Causey and R. Davis Maxey were responsible for the tax transactions. Glisan and McMahon were responsible for the SPE transactions, and both reported to Fastow. Together Fastow, Glisan, and McMahon determined which transactions to begin and which to complete. They

determined what structures to form and which lenders to use. In cooperation with the Bank Defendants, they also determined the terms and conditions of the transactions themselves.

145. Together, Fastow, Causey, Glisan and McMahon were the architects of Enron's disclosure policy, and were responsible for how Enron's financial statements disclosed the SPE transactions. Their strategy – refined and implemented over a period of years – was one of opaqueness, not transparency.

146. Finally, Fastow, Glisan and McMahon were responsible for communicating with the rating agencies. They knew that from at least 1997 on the rating agencies believed Enron's operations and prospects were robust, and they knew rating agencies had formed those beliefs as a result of the distorted and inaccurate financial information the Insiders had Enron report. John Diaz, a Managing Director at Moody's, testified before Congress that Fastow, Glisan, and McMahon did not deal truthfully with Moody's.

b. Causey and Maxey caused Enron to enter into improper tax transactions.

147. The Tax Group reported to Causey, Enron's CAO. Maxey headed the Structured Transactions Group within the Tax Group. Like Causey, Maxey is a certified public accountant. From at least 1997 through bankruptcy, Maxey was also a licensed attorney. Maxey was fired on January 11, 2002, after he refused his superior's request to detail, in writing, all tax transactions that implicated Enron's assets. Immediately before he was fired, Maxey is alleged to have shredded documents from his office.

148. Causey was responsible for determining which tax transactions to begin and which to complete. Maxey worked closely with BT/Deutsche Bank in designing, structuring and/or implementing the tax transactions, which Causey then approved.

c. Fastow and Kopper orchestrated (and profited from) the scheme through SPEs they managed.

149. Between 1994 and July 2001, Kopper held various executive positions at Enron, including head of Special Projects. For most of that time, Kopper reported directly to Fastow. Between January 2000 and July 2001, Kopper was also a managing director of LJM2 Capital Management. In July 2001, Kopper resigned to run LJM2 Co-Investments LP, an affiliate of entities Kopper purchased from Fastow for approximately $16.5 million.

d. The Insiders benefitted from their improper conduct.

150. Manipulating Enron's financial statements brought the Insiders huge personal gains, both in employee benefits (salary, bonus, stock options, etc.), and in earnings from improper transactions with Enron in which they or their family members profited at Enron's expense. For example:

- Between October 1998 and November 2001, Fastow sold Enron stock for $33.675 million. This included sales in each of the years 1998, 1999, and 2000. In addition to his salary, Fastow received $3 million in bonuses from 1997 through 2000. He also received at least $60.6 million from related party transactions, bringing his total take during the period of fraud to nearly $100 million.

- Between October 1998 and November 2001, Causey sold Enron stock for $13.386 million. This included sales in each of the years 1998, 1999, and 2000. In addition to his salary, Causey received another $1.5 million in bonuses from 1997 through 2000, bringing his total take to nearly $15 million.

- At the end of 1999, McMahon sold Enron stock for $2.739 million. In addition to his salary, McMahon received another $3.3 million in bonuses from 1997 through 2000, bringing his total take to over $6 million.

- For the five years 1997 through 2001, Maxey received bonuses totaling $1.7 million in addition to his regular salary. (For comparison, Maxey's bonus for 1996 – before many of the tax structures discussed in this complaint – had been just $15,667.) For 2000, Maxey also received $625,000 worth of restricted Enron stock. For that year, Maxey's compensation exceeded that of his superior, Robert Hermann. Causey approved Maxey's compensation.

- For the year 2001 alone, Glisan received compensation in the form of salary, bonuses, and stock worth a total of $2.05 million. He also made $1 million in a matter of months on an investment in a self-interested partnership Fastow created to engage in related party transactions with Enron. Glisan's total investment had been $6,000.

- From 1997 through bankruptcy, Kopper (and his domestic partner William Dodson) received approximately $30 million solely from Kopper's participation in three self-interested partnerships that engaged in related party transactions: $12.7 million in distributions and $1.6 million in management fees from transactions with Chewco, at least $7.3 million in distributions and $178,000 in management fees from LJM1, and at least $7.2 million in management fees from LJM2 during a short tenure as its *de facto* general partner.

e. The Insiders are being held criminally accountable.

151. Three of the six Insiders – Fastow, Glisan and Causey – have been indicted as a result of Enron's collapse. Fastow pled guilty on January 14, 2004 to two counts of conspiracy to commit wire fraud and conspiracy to commit wire and securities fraud. He also agreed to forfeit assets having an approximate value of $23,800,000, which he admitted constituted proceeds of his criminal acts. He also agreed, in Exhibit A to his Plea Agreement, that he and other members of senior management fraudulently manipulated Enron's financial statements by means including: "(1) generating improper earnings and funds flow; (2) enabling Enron to set inflated 'market' prices for assets; and (3) improperly protecting Enron's balance sheet from poorly performing and volatile assets." Fastow Plea Agreement, Ex. A, par. 4. Fastow further admitted that he breached his fiduciary duties to Enron's shareholders. *Id.* at par. 11.

152. Glisan was indicted on twenty-four counts of money laundering, wire fraud, and conspiracy. On September 10, 2003, he pled guilty to one count of conspiracy to commit wire and securities fraud. Pursuant to a plea agreement, Glisan forfeited $938,000 in profit earned from an illegal transaction involving one of Enron's off-balance sheet partnerships. He was sentenced to five years in prison, the maximum term for the charge to which he pled, and began serving his sentence

immediately. As part of his plea agreement, Glisan admitted: "Beginning in the spring of 2000, I and others at Enron engaged in a conspiracy to manipulate artificially Enron's financial statements." Glisan September 10, 2003 Statement, Ex. 1 to Plea Agreement.

152A. Causey was indicted initially on January 21, 2004 and in a Superseding Indictment on February 18, 2004 on multiple counts of securities fraud, conspiracy to commit securities fraud, and wire fraud. Among the charges made against Causey are that he structured "financial transactions in a misleading manner in order to conceal the amount of Enron's debt and to create the appearance of greater cash flows." Superseding Indictment, at 11. Causey invoked his Fifth Amendment right against self-incrimination when called to testify before Congress, and he refused to give testimony to the Enron Examiner.

153. Neither McMahon nor Maxey has yet been indicted, although the criminal investigations as to their roles in Enron's demise are ongoing. Both asserted their Fifth Amendment rights in order to avoid being deposed by the Enron Examiner. Maxey's alleged document shredding has also been investigated by the FBI.

154. The United States Attorney filed felony charges against Kopper in the form of a criminal information. On August 21, 2002, Kopper pled guilty to conspiracy to commit wire fraud and money laundering, and agreed to forfeit $4 million in criminal proceeds. Under the terms of his plea agreement, Kopper must cooperate fully with the government. Also on August 21, 2003, Kopper settled an action brought against him by the Securities and Exchange Commission. The settlement required Kopper to disgorge an additional $8 million (beyond the $4 million he forfeited in the criminal case). Kopper is now permanently barred from acting as an officer or director of any public company.

2. The Bank Defendants Were Essential To The Scheme And Were Also Motivated By Greed

155. The Enron Examiner concluded that the Insiders did not – and could not have – consummated the SPE transactions that brought down Enron on their own. The Bank Defendants joined them in the fraud. In written testimony to Congress, the Chief Investigator for the Permanent Subcommittee on Investigations voiced the same conclusion: "The evidence indicates that Enron would not have been able to engage in the extent of the accounting deceptions it did, involving billions of dollars, were it not for the active participation of major financial institutions willing to go along with and even expand upon Enron's activities." Testimony of Robert Roach before Permanent Subcommittee on Investigations of the Committee on Governmental Affairs of the United States Senate, 127th Cong. (2d Sess.) (the "PSI Hearings"), July 23, 2002 at 1 [hereinafter "Roach Testimony"]. Like the Insiders, the Bank Defendants were motivated by greed.

156. In exchange for substantially aiding the Insiders, the Bank Defendants earned huge fees. Between 1998 and 2001 alone, Enron paid the Bank Defendants more than $600 million. Citigroup received $99.05 million, Chase received $96 million, Merrill Lynch received $35.94 million, BT/Deutsche Bank received $38 million, Barclays received $27.28 million, CIBC received $24.16 million, and CSFB received $110.75 million. Toronto Dominion, RBS, and RBC also received millions. The Bank Defendants also received premium interest rates on their investments: For example, in the Nigerian Barge deal, Merrill Lynch was promised and received a guaranteed 22.14% return on an investment of $7 million for approximately 6 months. In addition, the Bank Defendants and many of their executives received lucrative returns on investments made in self-interested partnerships through which the Insiders improperly transacted business with Enron.

3. How The Scheme Worked

a. Enron embraced mark to market accounting and trading.

157. The Insiders' financial manipulation worked because of the transformation that occurred within Enron and the energy industry at the close of the last century. Until the mid-1990s, Enron was a relatively traditional energy company with a concentration in natural gas pipelines. In the mid- to late-1990s, however, Enron's management, including the Insiders, transformed Enron into a company that depended less on pipelines and transportation and more on energy trading and investing in new technologies and businesses. In many ways, an accounting concept fueled this change: mark to market accounting ("MTM accounting").

158. Before MTM accounting, energy companies (including Enron) carried their assets at historical value. Under MTM accounting, assets are carried at fair value. Importantly, under MTM accounting, a change in value of an asset from quarter-to-quarter is recorded as a gain or loss on the income statement.

159. Enron began using MTM accounting in 1992 for its gas trading business. Enron received the SEC's approval to do so after representing that Enron's gas business (i) was separately operated from Enron's other business, (ii) consisted of contracts and financial instruments, and (iii) was analogous to a securities trading operation. Over the next few years, as Enron grew its commodity trading operations, it extended MTM accounting to those areas as well: electric power, pulp and paper, and coal. In 1996, Enron extended MTM accounting to JEDI, an off-the-books investment partnership, by analogizing JEDI's activities to those of an investment company. In 1997, Enron extended the investment company analogy (and MTM accounting) to its merchant banking business. In 1998, the Financial Accounting Standards Board promulgated EITF 98-10, which for the first time required energy trading contracts to be marked to market. Finally, in 1999 and 2000, Enron extended the use of MTM accounting to nonenergy commodities.

160. There was nothing inherently wrong with MTM accounting as such. As the Enron Examiner noted, "Setting aside valuation abuses, the problem was not that Enron used MTM accounting, but rather that Enron resorted to financial engineering to address the effects of MTM accounting." Exam. II at 24 n.63. In fact, MTM accounting was a potent generator of earnings, earnings Enron could recognize on its financial statements long before the activities it was valuing actually generated cash. MTM accounting was such a successful earnings generator that by December 31, 2000, $22.8 billion – or 35% – of Enron's total balance sheet assets were accounted for using MTM accounting.

b. Enron's credit rating became vitally important.

161. Enron's use of MTM accounting grew as Enron discovered new ways to realize its benefits. Over time, Enron made huge investments in new technologies, as well as in businesses potentially capable of using those technologies, neither of which generated immediate earnings. Not surprisingly, by mid-1999, Enron (in all its parts) had grown into a "voracious consumer of cash" – cash it did not have. As an analyst at JP Morgan explained at that time:

> Unlike the typical domestic electric utility, ENE is not a cash flow story. It has not invested in infrastructure during the past 100 years in order to rest on its depreciation laurels. It is investing vigorously in its future. As such, operating cash flow is eaten up by the need for working capital and capital expenditures. Beyond that, ENE's equity investments need to be funded via bank debt, debt and equity capital markets, and asset divestitures.

JP Morgan Securities, Inc. Company Report on Enron Corp., July 9, 1999 at 7 (JP Morgan Securities Report) (quoted in Exam. II at 17 n.47).

162. Enron's need for cash made Enron's credit rating critically important. As explained in Enron's 1999 Annual Report: "Enron's continued investment grade status is critical to the success of its wholesale business as well as its ability to maintain adequate liquidity." Enron's growing emphasis on trading also implicated Enron's credit rating. Absent a favorable rating, Enron

could not trade with others in the commodities markets except by posting collateral. Without substantial cash, posting collateral was a significant problem. As the Enron Examiner found, Enron Wholesale Services – the division of Enron that created trading markets in gas, oil, electricity and other energy products – was by far the most significant of Enron's business segments. "Thus, the continued success of Enron's entire business was dependent upon the continued success of its Wholesale Services business segment, which in turn was dependent upon Enron's credit ratings for its senior unsecured long-term debt." Exam. II at 18-19.

163. One other reason why Enron's credit rating was vital: A key component of Enron's credit rating was the amount of its debt. To avoid increased debt, the Insiders used financing structures to obtain cash that could be accounted for on Enron's financial statements as something other than debt or, in some cases, not at all. Ironically, some of those structures themselves had the effect of increasing the importance of Enron's credit ratings because they included defaults or trigger events directly or indirectly based on Enron's credit rating. Three examples:

164. The Marlin share trust structure raised more than $1 billion in December 1998. The structure included a trigger, and a trigger event occurred if Enron's credit rating on its senior debt fell below a certain point at the same time that Enron's stock price fell below a certain point for a certain number of days. Once a trigger event occurred, other provisions went into play, the culmination of which was that Enron could be required to make a deficiency payment to noteholders of $915 million.

165. Enron's other large share trust, the Osprey (or Whitewing) structure, involved a similar arrangement. Through an initial financing in September 1999 and subsequent rounds in July and October 2000, Enron raised more than $2.6 billion. In connection with that structure, a decline in credit rating coupled with a fall in Enron's stock price could, under certain other circumstances, require Enron to pay $2.4 billion to noteholders.

166. Finally, in the Rawhide minority interest structure – which raised $750 million in December 1998 – a downgrade event was defined as a specified drop in the rating of Enron's long-term, unsecured debt. Under the transaction documents, that downgrade would put other provisions into play which, at their end, required Enron to repay certain loans. This was significant since at the date of bankruptcy, the loan amount was still approximately $691 million.

167. Thus, in just three structures, a drop in Enron's credit rating could have triggered events that could have required Enron to make payments of more than $4 billion dollars – again, money Enron did not have. And these three were not the only structures in which credit rating triggers created adverse consequences for Enron. The transaction documents for other structures included triggers that caused defaults, increased margins, increased interest rates, eliminated the ability to invest in Enron notes, and increased pricing for the financing – to the tune of more than $3 billion: Triple Lutz ($114 million), Valhalla ($50 million), Nahanni ($15 million), SE Acquisition (up to $120 million), Margaux ($125 million), Mahonia ($650 million), Aircraft Financing ($468 million), Monte ($350 million), Brazos VPP ($170 million), Enron Building North Synthetic Lease ($284 million), Tammy ($500 million), Choctaw ($500 million), and JT Holdings ($74 million).

c. The Insiders understood how the rating agencies determined Enron's credit rating.

168. The soundness of Enron's credit rating depended on the soundness of certain financial ratios. Five were key: (i) funds flow interest coverage, (ii) pre-tax interest coverage, (iii) funds flow from operations to total obligations, (iv) total obligations to total obligations plus shareholders' equity and certain other items, and (v) debt to total capital. Between them, these five ratios shared six components:

- **Funds flow from operations**, defined as **net cash provided by operating activities** (from the cash flow statement) less cash provided from decreases in working capital (or plus cash used for increases in working capital).

- **Balance sheet debt**, defined as short-term and long-term **debt appearing on the face of the balance sheet**.

- Total obligations, defined as **balance sheet debt**, **plus guarantees of debt of third parties** and guarantees of lease residual values, **plus any excess of price risk management liabilities over price risk management assets**. Guaranteed debt was reduced by the value Enron attributed to the assets supporting the underlying debt. **Debt of unconsolidated equity affiliates was not included because (unless guaranteed) it was nonrecourse to Enron**.

- **Shareholders equity** and certain other items, defined as shareholders' equity, plus "mezzanine" items, minority interests and company-obligated preferred securities of subsidiaries.

- Adjusted earnings for credit analysis, defined as IBIT, less gain on sale of nonmerchant assets and the excess of earnings from equity method investees over distributions from those investees, plus impairment losses.

- **Interest expense**, defined as interest incurred, less interest capitalized, plus estimated lease interest expense.

Enron 2000 Annual Report, "Financial Review – Selected Financial and Credit Information (Unaudited)" at 52 (emphasis added).

169. Understanding the effect these components had on Enron's credit ratios gave the Insiders the power to manage the ratios by managing Enron's financial statements. Simply stated, and measured by their impact on Enron's credit ratios, the Insiders recognized that:

- raising money by increasing debt (and interest) which showed up on Enron's balance sheet was bad,

- raising money by issuing stock and increasing shareholders' equity was bad, and

- raising money by guaranteeing others' obligations was bad.

170. Moreover, the Insiders learned early that the rating agencies viewed MTM accounting itself as having a possible negative effect on Enron's credit ratios. The fact that MTM accounting

allowed Enron to recognize earnings before an activity generated cash created a "quality of earnings" problem. As JP Morgan explained in 1999,

> [ENA] has significant flexibility in structuring contracts and hence booking earnings. It is primarily a financial business and hence uses "mark to market" accounting. As such, contracts can be structured to recognize the economic value of projects long before they are operational and cash is coming in the door. . . . This has two effects: front-end-loaded earnings that bias the denominator in the P/E ratio and a timing disconnect between projects' cash and earnings effects.

JP Morgan Securities Report at 4 (quoted at Exam. II at 26).

171. The Insiders also learned quickly that the rating agencies measured the earnings problem as the gap between net income and funds flow *from operations*. That is because true funds flow from operations represents high quality earnings that will likely recur and can be counted on to service debt and provide cash for operations in the future. A gap between book net income and funds flow from operations makes the quality of net income suspect and puts into doubt whether funds will be available, as needed, to run the business. For example, if cash needed for day-to-day operations is entirely raised through financing (as opposed to operations), the business is likely in trouble. On the other hand, a small gap between net income and funds flow from operations likely means the business is healthy – at least it does if the size of the gap has not been fraudulently engineered.

172. The Insiders, however, realized that by "managing" the gap between net income and funds flow from operations, they could hide the extent of any earnings problem MTM accounting created. For the Insiders, managing the gap came to mean characterizing cash Enron received in transactions involving SPE structures as cash flowing from operating activities instead of from financing activities. Of course, knowing how a financial statement can be manipulated is not the same thing as manipulating it. For help – and for financing – the Insiders turned to the Bank Defendants.

d. The Insiders engaged in a scheme that used SPEs improperly to prop up Enron's credit rating.

173. Enron is *not* complaining simply that the Insiders and the Bank Defendants managed Enron's business with SPE structures. Just as there is nothing inherently wrong with MTM accounting, there is nothing inherently improper about using structured finance and SPEs to achieve and report legitimate business results. As the Chief Credit Officer of the Corporate Finance Group of Moody's testified during the PSI Hearings, "It should be stressed that structured financing is a common risk management tool available globally to corporations, financial institutions, and state and local governments. It is a recognized method, for example, of enhancing liquidity and of transferring credit risk when appropriately implemented." Testimony of Pamela M. Stumpp, the PSI Hearings, July 23, 2002 at 28 [hereinafter "Stumpp Testimony"].

174. However, in the case of Enron, the Insiders and the Bank Defendants used structured finance to report results Enron never achieved. Again, as Moody's testified at the PSI Hearings: "The problem was that the actual Enron risk was different from that portrayed by Enron's incomplete and misleading financial disclosures." *Id.* at 31. Obviously, reporting results that were never achieved is improper, especially because the whole point of reporting the incorrect results is to fool rating agencies and others – including Enron's creditors and its own Board of Directors – into believing that Enron was living up to its credit rating.

175. Companies registered with the Securities and Exchange Commission ("SEC") are required to file their financial statements in conformance with GAAP. If a structure is used, the financial impact of that structure must – at a bare minimum – be captured in the company's financial statements in accordance with the requirements of GAAP. In addition to technical compliance with GAAP's specific rules, the accounting must also satisfy the principle of "fairly presents." That is, even if a structure is reported in a manner that complies with individual, technical rules of GAAP,

the reporting still violates GAAP if the resulting financial statements do not "fairly present in all material respects" the financial position, results of operations, and cash flows of the company.

176. The Insiders saw to it the SPE transactions were recorded and reported in a manner that violated GAAP. In each instance, the transaction was reported in a manner that was inconsistent with one or more key parts of the structures through which the transaction was accomplished. Some (but not necessarily all) of these specific failings are identified in the discussion of the types of structures the Insiders used, which follows. Equally important, however, the manner in which the transactions were reported did not fairly present in all material respects Enron's financial position, results of operations, and cash flows for the periods reported. In part, as the Enron Examiner explained, that is because many of the SPE transactions were designed to be reported in a manner inconsistent with the economic substance of the underlying transaction:

> [I]t is doubtful that a company's financial position can be "fairly presented" . . . if, through pervasive use of structured finance and aggressive accounting practices, a public company has so engineered its reported financial position and results of operation that its financial statements bear little resemblance to the economic substance of its actual financial condition or performance.

Exam. II at 56. That is exactly what the Insiders – with necessary help from the Bank Defendants – did.

(1) The Insiders applied accounting techniques improperly to four types of transactions.

177. The Insiders repeatedly and improperly used accounting techniques, each dependent on the use of SPEs, to prop up Enron's important credit ratios. They applied these techniques to four different transaction structures: (i) prepay transactions, (ii) FAS 140 transactions, (iii) minority interest transactions, and (iv) tax transactions. The basics of these structures are discussed in section (2) below.

178. Self-interested partnerships – like LJM1 and LJM2 – were also part of the process. Basically, the Insiders used these partnerships to temporarily "warehouse" Enron's underperforming assets – that is, the Insiders ostensibly sold underperforming assets to the self-interested partnerships (counter-intuitively, often at *higher* values than appeared on Enron's financial statements). The Insiders used the "sale" to justify moving the assets off Enron's balance sheet. Moving the assets off-balance sheet meant that Enron's financial statements never showed the decrease in value the asset had suffered (as MTM accounting would have required, had they been kept on the balance sheet), or the debt associated with the asset. It also left Enron's credit ratios undisturbed. The history of one asset illustrates the process.

179. In January 1998, Enron acquired an interest in Catalytica, a developer of technology to reduce or eliminate emissions produced by natural gas turbines. Enron's interest was subsequently hedged through Raptor – an SPE. It was "warehoused" between December 18, 1998 and December 3, 2000 in Rawhide, and then warehoused again between December 3, 2000 and March 12, 2001 with an affiliate of LJM2. Enron Insiders controlled Raptor and LJM2, which was an investor in Rawhide. Several months before the asset was sold to the LJM2 affiliate, an Enron employee wrote:

> Some straight talk on valuation:
>
> > Catalytica: Our initial investment was $30 million. By early 2000 this had been writtenup [sic] to 47 million (the value BR – before raptor) based on a wing and a prayer. Subsequently we were requested to come up with the highest possible value for the raptor arrangement. *This value is not the value at which a willing buyer and seller would transact an exchange*. We conjured up a model which used every assumption provided by the company at face value with no risk adjustment. These assumptions were "aggressive" to say the least; they constituted the basis for IB hype for the then contemplated IPO. We could mathematically get to the $116.1 million raptor value, which translates to a $600-$700 million enterprise value. The IPO was pulled and the company strategy changed to spin-off, i.e. no IB hype, roadshow, romance etc. The technology has not been commercially tested. . . .

E-mail from Richard Lydecker, Enron, to Jeff Donahue, Enron, Sept. 15, 2000 at 1 (emphasis added).

180. For some Insiders, the ultimate purpose of these partnerships was improper. They used them as vehicles for siphoning money from Enron. Not just those Insiders profited, however. Bank Defendants did too. The Insiders permitted and/or encouraged the Bank Defendants to invest in the partnerships and reap significant returns on their investments as reward for facilitating "problematic" SPE transactions and remaining quiet about the impropriety of Enron's financial reporting.

(2) The Enron prepay transactions were loans improperly disguised as commodity trades.

181. From 1992 through 2001, Enron engaged in structured transactions called "prepay transactions" (the "Enron prepay transactions"). Ostensibly, the Enron prepay transactions were commodity trades – that is, trades in which Enron agreed to deliver a specific amount of a commodity (such as gas or oil) in the future, usually over the course of several years, in exchange for a single, up-front payment (the purchase price) from the purchaser.

182. Enron did not invent the concept of prepay transactions. As the SEC recently explained in a complaint filed against JP Morgan Chase, in a typical prepay transaction there are two parties and

> the seller bets that the market price of the subject commodity would be lower at the time of delivery than at the time the contract is made. The purchaser bets the opposite way: that the market price of the commodity at the time of delivery will exceed the price it paid at the time of contracting. In a typical prepay transaction, therefore, each side assumes commodity price risk.

SEC v. J.P. Morgan Chase & Co., Complaint at ¶ 12 (S.D. Tex. 2003) [hereinafter "SEC Chase Complaint]. But, beginning in at least 1997, the Enron prepay transactions failed to qualify as typical prepay transactions, because each side did not assume commodity price risk. More

specifically, when the relevant trades involved in a typical Enron prepay are pieced together, it is clear that *neither* party assumed commodity price risk. In fact, the commodity price was irrelevant to the transaction.

183. As the SEC explained (in the context of JP Morgan Chase), the Enron prepay transactions:

> employed a structure that passed the counter-party commodity price risk back to Enron, thus eliminating all commodity risk from the transaction. As in typical prepays, Enron received cash up front. In contrast to typical prepays, however, with all elements of the structure taken together, if all parties performed as expected, Enron's future obligations were distilled to repayment of that cash with negotiated interest. The interest amount was set at the time of the contract and was independent of any changes in the price of the underlying commodity. This was accomplished through a series of simultaneous trades whereby Enron passed the counter-party commodity price risk to a Chase-sponsored special purpose vehicle, which passed the risk to Chase, which, in turn, passed the risk back to Enron.

Id. ¶ 13.

184. The "trick" to the Enron prepay transactions was a circle of three. That is, each prepay transaction involved three essential parties: an Enron affiliate, a financial institution, and a pass-through entity (usually controlled by the financial institution), each of which, at the end of the transaction, owed obligations to the other. Although their details differed, from 1997 forward, the Enron prepay transactions always included three steps that, viewed together, eliminated commodity price risk for all three parties while producing reams of paper giving the appearance of commodity trades. As the Enron Examiner explained, "Thus, in substance, the prepayments to Enron simply created Enron debt." Exam. II at 64. And the Enron prepay transactions were actually loans.

185. The Insiders understood and intended that the three steps be viewed together, and that they effectively eliminate commodity risk. In June 2000, a recently completed $650 million prepay transaction with Chase was commemorated with a tombstone that included a triangle, to represent

the three parties to the transaction. It also included, in quotation marks, the slogan: "Let the circle be unbroken."

186. In 2003, the District Attorney of New York County completed an 18-month investigation into Enron's prepay transactions with JP Morgan Chase and Citigroup. In a July 28, 2003 letter to Alan Greenspan, Chairman of the Board of Governors of the Federal Reserve System, and others, the District Attorney explained the nature of his investigation:

> In the course of our investigation, which began shortly after Enron filed its bankruptcy petition, we have interviewed hundreds of witnesses from throughout the country and abroad and analyzed more than one million documents. In addition, testimony was taken from 46 witnesses and more than 2,700 exhibits were introduced before a New York Grand Jury, which sat for six months.

R. Morgenthau letter to The Honorable Alan Greenspan, July 28, 2003 [hereinafter "Morgenthau Letter"] at 2.

187. Based on this extensive, independent investigation, District Attorney Morgenthau reached the same conclusion as the Enron Examiner and the SEC:

> Prepaid commodities transactions, which involve the present sale of a commodity in exchange for future delivery, are routine and serve legitimate economic ends in commodities trading. As our investigation disclosed, however, the prepaids Chase and Citibank engaged in with Enron were never designed to constitute trading in the commodities markets. Despite the banks' efforts to make these transactions look like commodities trades, they were trades on paper only. In substance, they were loans.

Id.

188. The Insiders used the prepay device because accounting rules for commodity trades are different than accounting rules for debt. Prepay transactions were simply a means of obtaining significant amounts of cash pursuant to a structure that allowed Enron to report favorable financial statement results. Had the financial institutions simply loaned Enron money, the Insiders would have been required to record the loan amount on Enron's balance sheet as debt. Instead, by falsely classifying the repayment obligation as generated by a commodity sales contract, the Insiders

reported the repayment obligation as price risk management liabilities. The difference in treatment was important because balance sheet debt is a component of several of the key financial ratios the rating agencies continuously monitored.

189. The difference in accounting treatment also was important to Enron's cash flow statements. Had the cash flow to Enron been properly recognized as loan proceeds, those funds would have been recorded as cash flow from financing activity. Instead, by misclassifying the funds flow as emanating from a commodity contract, the Insiders ensured that the funds were reported as cash flow from operating activities. Again, cash categorized as funds flow from operations helped the Insiders "manage" the "quality of earnings" problem that the rating agencies perceived could arise from the use of MTM accounting.

190. Accounting for the Enron prepay transactions as if they were commodities contracts rather than debt violated GAAP – among other provisions, FAS133 and Emerging Issues Task Force Abstract 98-15 ("EITF 98-15"), titled "Structured Notes Acquired for a Specified Investment Strategy."

191. Every independent entity to investigate the Enron prepay transactions agrees that they violated GAAP. The Senate Permanent Committee on Investigations investigated and reported on the Enron prepay transactions. At the conclusion of the investigation, the Committee's Chief Investigator characterized the prepays as a "sham" and described succinctly the GAAP rules for prepays and how the Enron prepays deviated from those rules:

> In order for [prepay] transactions like the ones used by Enron and the banks to be legitimately booked as a trading liability and not debt, four elements had to be present: One, the three parties had to be independent; two, the trades among the three parties could not be linked; three, the trades had to contain price risk; and, four, there had to be a legitimate business reason for the trades.
>
> The Enron type prepays we examined failed on all accounts: Two of the three parties in the Enron trades were related – the banks and their offshore special purpose entities which the banks established and controlled; the trades among the

> parties were linked – contracts associated with the trades were designed so that a default in one trade affected the other trades; there was no price risk – except for fees and interest payments, the final impact of the trades was a wash; neither the banks nor the banks' special purpose entities had a legitimate business reason for purchasing the commodities used in the trades.

Roach Testimony at 15-16.

192. Both the Enron Examiner and District Attorney Morgenthau reached the same conclusion, as a result of their respective investigations. The Enron Examiner concluded:

> Pursuant to an application of existing GAAP, the commercially interdependent steps in the transactions should have been viewed together, and Enron should have recorded the proceeds of these borrowings as cash flow from financing activities and its repayment obligations as debt. As a result of its accounting for the Prepay Transactions, Enron materially (i) understated its debt, (ii) overstated its cash flow from operating activities and (iii) overstated its price risk management liability.

Exam. II at 66. In District Attorney Morgenthau's 's words, "Structuring these transactions as commodities trades . . . enabled Enron unfairly to account for the funds it received as cash flow from operations, rather than as the proceeds of bank or credit financing." Morgenthau Letter at 2.

193. The violations were particularly egregious because – as the Bank Defendants knew – the Insiders used the Enron prepay transactions as a tool to satisfy the rating agencies' expectations. The tool was effective because the ratings agencies understood neither the nature of the prepays nor the fact that they violated GAAP. On July 23, 2002, Ronald Barone, the Managing Director of S&P's Utilities, Energy & Project Finance Group testified at the PSI Hearings. With respect to the Enron prepays, he stated:

> It now appears . . . [that] Enron may have incurred approximately $4 billion in debt-like obligations structured as prepaid forward transactions and swap transactions. . . . While Enron did not provide specific details about these particular transactions, the generalized information it did provide, which underpinned our analysis, led us to conclude that the funds from these transactions were more akin to operational cash flow than new debt-like obligations.
>
> Despite our repeated requests for complete, timely and reliable information, Enron did not disclose any information revealing a link between the prepaid forward transactions and the swap transactions. . . . While our knowledge about the full

> nature of these transactions and/or any links between them is still limited, any lack of disclosure by Enron of their material aspects would have been yet another flagrant violation of Enron's duty and responsibility to provide Standard & Poor's with complete, timely and reliable information.

Testimony of Ronald Barone, the PSI Hearings [hereinafter "Barone Testimony"], July 23, 2002 at 32. Pamela Stumpp likewise testified on behalf of Moody's, albeit more bluntly: "Moody's did not have any knowledge, prior to Enron's bankruptcy, of the existence of Enron's prepaid forward and related swap transactions." Stumpp Testimony at 29. When Senator Joseph Lieberman asked why Moody's did not detect the transactions, Ms. Stump stated: "[C]andidly, these transactions were disguised loans, and it was very difficult, and it would be very difficult from a simple examination of a company's financial statements to detect them. . . . [I]n this case it was a clear effort at hiding what was really debt from ourselves as well as other investors." *Id.* at 43.

194. Enron obtained more than $8 billion in financing from just Citigroup and Chase over the six years before bankruptcy. Other financial institutions – including CSFB, Barclays, Toronto Dominion, and RBC – also participated in prepays.

195. Enron prepay transactions were also Enron's single largest source of cash during the four years before bankruptcy. Typically, the prepay transactions closed at the end of a financial quarter, and had a striking impact on Enron's financial statements. For example, in 2000 Enron's total operating cash flows were $4.779 billion, of which prepay transactions generated $1.527 billion (or 32%). In 1999, Enron total operating cash flows were $1.228 billion, of which prepay transactions supplied $1.231 billion gross.

196. Had the Enron prepays been reported as debt, Enron's debt to total capital ratio would have been dramatically different in 1999 and 2000. In 1999, treating the Enron prepay amounts as debt would have increased Enron's debt by 31% and changed Enron's debt to capital ratio from 38.5% to 45%. In 2000, treating the Enron prepay amounts as debt would have increased Enron's

debt by 39% and changed Enron's debt to capital ratio from 40.9% to 49.1%. As the Enron Examiner concluded, "Reduced operating cash flow and increased debt levels in these amounts would almost certainly have resulted in credit ratings lower than those enjoyed by Enron at the applicable times." Exam. II at 61.

197. In their testimony to Congress, representatives from Moody's and S&P's agreed. Ms. Stumpp from Moody's testified,

> Based on our limited knowledge, these transactions appear to have been a form of financing. If such transactions had been accounted for as a loan, Enron's operating cash flow would have been reduced and its debt would have been greater. The disclosure of these transactions as loans would have exerted downward pressure on Enron's credit rating.
>
> Of course, knowing all that we do know today about the true nature of Enron's corporate enterprise, ***it is clear that Enron had not been an investment grade company for several years***. The compounded impact of these [prepay] transactions alone on Enron's financial framework may have resulted in the lower rating and perhaps an earlier downgrade to below investment grade status.

Stumpp Testimony at 30 (emphasis added). Mr. Barone from S&P's explained: "In hindsight, and without full information, it is difficult to assess the effect full disclosure about these transactions would have had on our ratings analysis; but the sheer volume of the transactions suggests that it would likely have been significant." Barone Testimony at 33.

(3) The Insiders used FAS 140 transactions improperly to hide and move debt off Enron's balance sheet and to increase cash flow.

198. The Insiders found other ways to raise financing without reporting debt. In general, Enron could generate cash immediately from an asset by monetizing the asset through a structured finance transaction involving an SPE. By 1998, the Insiders were raising money by monetizing Enron's assets through "FAS 140 transactions." FAS 140 is a financial accounting standard that

governs the securitization of financial assets.[2] As such, it defines the accounting by which transfers of financial assets (and their liabilities) to SPEs are recorded. By 1998, the Insiders had become vitally interested in structuring FAS 140 transactions because FAS 140 allowed asset transfers to be accounted for as sales. The beauty of accounting for a transfer as a sale was that the sale removed the asset (and its corresponding liabilities) from Enron's balance sheet and allowed Enron to recognize gain and operating cash flow from the transfer.

199. These benefits became particularly important over time, as it grew obvious to the Insiders that Enron's merchant portfolio was rapidly declining in value. By November 2000, over a year before Enron filed bankruptcy, Enron documents show the Insiders knew that

- 59% of originally expended capital was not meeting expectations,
- Enron had $3.8 billion of earnings exposure on assets performing below expectation,
- 81 out of 167 equity transactions were underperforming,
- 43% of originally expended debt capital was not performing or "had issues,"
- Enron had $315 million of earnings exposure on debt that was non-performing or "had issues," and
- 31 out of 55 debt transactions were nonperforming or had issues.

200. Of course, because of MTM accounting, each underperforming asset had been originally recorded on Enron's financial statements at "fair value" based on a then-rosy assessment of the value of that asset, determined in the afterglow of the transaction. As assessments changed – and the document quoted above shows that they did, radically – MTM accounting

[2] FAS 140 replaced FAS 125 effective April 1, 2001. Some of Enron's transactions were governed by FAS 125 and some by FAS 140. All of Enron's FAS 125, FAS 140 and other similar transactions are called FAS 140 transactions throughout this Complaint.

likewise required the Insiders to re-determine each underperforming asset's fair value and change Enron's financial statements to recognize the loss.

201. But it quickly became clear to the Insiders that the size and number of Enron's asset failures ran the risk of toppling Enron's credit rating. Therefore, the Insiders created FAS 140 transactions as an alternative: Instead of re-valuing the asset on Enron's financial statements and recognizing the loss, the Insiders ostensibly transferred the asset into a structure that purportedly qualified for sale reporting pursuant to FAS 140. The Insiders then moved the asset off the balance sheet, used the cash to operate the company, and – for the time being – resolved the valuation problem.

202. Between 1998 and the Petition Date, Enron participated in more than forty FAS 140 transactions. The manner in which the Insiders caused Enron to report a large number of them violated GAAP. Usually, the SPE structure into which the asset was transferred did not meet the requirements for reporting the transfer pursuant to FAS 140. Moreover, reporting the transactions as if they involved FAS 140 structures failed to fairly present in all material respects Enron's financial position, results of operations, and cash flows.

203. FAS 140 is inapplicable unless the asset being transferred is isolated from the transferor such that it cannot be reached by the transferor's creditors in bankruptcy. An asset is not isolated if it is transferred to an SPE that should itself be consolidated on the transferor's financial statements. The question of consolidation is therefore crucial to FAS 140 accounting treatment.

204. FAS 140 incorporates accounting guidelines that address aspects of the question of consolidation. These guidelines have created a "prevailing practice" with respect to consolidating SPEs. The prevailing practice – in accounting jargon, "the 3% equity rule" – is the equivalent of a requirement. As the Enron Examiner explained, the rule means an SPE must be consolidated

unless *independent* third parties make an *equity investment* in the SPE equal to at least *3% of the fair value* of the entity's assets, and the equity investment is *at risk* during the entire term of the SPE.

205. In substantially all of the FAS 140 transactions involving the 3% equity requirement, the Insiders promised the equity owner verbally that Enron would repay the equity investment. The Bank Defendants to whom these promises were made often documented the promise in their records. The Insiders who made the promises routinely honored them. Where repayment was promised, equity was not at risk, and accounting for the transaction pursuant to FAS 140 thus violated GAAP.

206. Some of the Bank Defendants called the Insiders' promises to repay the equity investments "trust me" equity. "Trust me" equity eliminated risk and, therefore, also eliminated the Bank Defendants' incentive for analyzing FAS 140 deals, before investing, as real investments. When the CFO or Treasurer of one of the world's largest corporations assures repayment of an investment, determining whether the economics of the underlying asset will support the investment is superfluous. Likewise, when the CFO or Treasurer knows the investor is not scrutinizing the economics of the underlying asset, he is not constrained when he values that asset. Eliminating equity risk therefore makes it relatively easy to record the "sale" at an inflated value, and thereby avoid reporting any loss in value on Enron's financial statements. That is what the Insiders did. In this way, the Bank Defendants knowingly facilitated the Insiders' abuse of MTM accounting by participating in FAS 140 (and other) transactions in which they received unwritten promises of repayment of their equity investments.

207. Although the Enron Examiner did not report on every FAS 140 transaction, he concluded that for every FAS 140 transaction he did report on, the transaction should be re-characterized as a loan. By failing to report the transaction as a loan in the first instance, the Insiders (with the support and assistance of the Bank Defendants) were able at least to

- record approximately $350 million of income as gain on sales of assets for assets that were not actually sold,
- record $1.1 billion as cash flow from operating activities which should have been reported as cash flow from financing activities,
- remove approximately $894 million of debt (improperly) from Enron's financial statements, and
- leave $857 million in contingent obligations off Enron's balance sheet.

208. Had the FAS 140 transactions been properly recorded, they would have had a substantial impact on Enron's credit rating.

(4) The Insiders used minority interest transactions improperly to hide debt.

209. The Insiders used another device to keep debt off Enron's balance sheet and engineer its financial statements: the minority interest structure. Citigroup designed the structure and regarded it as a proprietary product. Enron's five primary minority interest structures were Rawhide, Nighthawk, Choctaw, Nahanni and Zephyrus. To execute the structure, the Insiders caused the creation of a subsidiary (Entity A), the majority of which Enron owned. (Therefore, Entity A was consolidated with Enron for financial purposes.) A new and allegedly independent entity (Entity B) purchased the "minority interest" in Entity A. Entities A and B were both SPEs.

210. Enron purchased its majority interest in Entity A by contributing various assets. In the meantime, Entity B took out a bank loan. Entity B then purchased its minority interest by contributing the proceeds of the loan, plus 3% equity, to Entity A. Finally, Entity A loaned Enron the total amount of Entity B's contribution. At the end of the transaction, it appeared that Enron had received funds directly from an affiliate that was already consolidated with Enron for financial accounting purposes (as opposed to from the bank that loaned Entity B the money). Therefore, Enron did not have to book any debt for the transaction, and Enron's debt ratios were not affected by the loans. Additionally, Enron booked the funds as operating income.

211. An actual example: On December 27, 1997 the Insiders closed Enron's first minority interest structure. Whitewing Associates LLC ("Whitewing") was formed to be the majority-owned entity (Entity A in the example above). Nighthawk Investors LLC ("Nighthawk") was the new and allegedly independent entity (Entity B in the example above) formed to own the minority interest. Enron borrowed $578 million from Citibank and contributed that amount to Whitewing in exchange for a 53.6% managing member interest (the Class A interest). Whitewing was consolidated with Enron for financial accounting purposes. Nighthawk contributed $500 million for its 46.4% Class B member interest in Whitewing. Nighthawk obtained its funds by borrowing $485 million (97%) from CXC, a Citigroup commercial paper affiliate. The other $15 million (3%) was furnished by Golden Eagle L.L.C. ("Golden Eagle"), the managing member and purported 100% equity owner of Nighthawk. Golden Eagle in turn was owned by Kestrel Investor, L.L.C. ("Kestrel"), which was owned by HCM High Yield Opportunity Fund, LP ("HCM"). Golden Eagle obtained its $15 million from Kestrel, which had obtained $7.9 million from HCM and had borrowed $7.1 million from CXC. Citibank provided liquidity support for the loan to Kestrel, and Ambac Assurance Corporation ("Ambac") provided a surety bond for repayment of the $7.1 million loan to Kestrel. That loan was expressly non-recourse to Kestrel or HCM. The Enron convertible preferred stock, and any dividends with regard to it, were the sources of payments to CXC and Golden Eagle/Kestrel.

212. Whitewing used $1 billion of the $1.078 billion capitalization to buy newly issued shares of Enron convertible preferred stock. Whitewing loaned the remaining $78 million to Enron. The Enron convertible preferred stock and the note from Enron were Whitewing's sole assets. Enron then repaid the Citibank loan it had used to fund its Class A interest in Whitewing. The net effect was that Enron obtained $500 million that, except for HCM's $7.9 million investment, was provided by Citibank's affiliate, CXC. Enron, through a complex series of undertakings, assumed virtually all of the risk of loss and the obligation to repay the Nighthawk note and the Golden Eagle

"equity." Nighthawk was not consolidated with Enron for financial accounting purposes, and Enron did not record any of this money as debt.

213. Enron's accounting treatment for Whitewing, as well as for other minority interest transactions, did not comply with GAAP. The accounting treatment suffered from the same infirmities as the FAS 140 transactions. In nearly every case, "Entity B" should have been consolidated with Enron for financial accounting purposes and, if it had been, the loan proceeds would have been recorded as debt rather than as a minority interest. Typically consolidation was necessary because there was either a guarantee (in substance) that took the risk out of Entity B's equity contribution or there was insufficient outside equity in the first place. For example, to avoid consolidating Nighthawk with Enron, Nighthawk needed independent equity equal to 3% of its total capitalization. However, the 3% capitalization was not there. Kestrel's entire $15 million was protected by a "costless collar" consisting of put and call options. In addition, $7.1 million of the so-called equity was not at risk because it was borrowed on a non-recourse basis from CXC. The $500 million should have been recorded as Enron debt.

214. The minority interest transactions materially affected Enron's financial statements. For example, Nahanni (another year-end deal) contributed 41% of Enron's total reported cash flow from operations in 1999, and had no business purpose other than to increase Enron's operating cash flows.

215. Had the minority interest transactions been properly recorded, they would have had a substantial impact on Enron's credit rating.

216. As part of their scheme to manipulate and misstate Enron's financial statements, the Insiders caused Plaintiff to make transfers of interest in property and incur obligations as set forth more fully throughout the rest of this Complaint. They also caused Plaintiff to guarantee aspects of most (if not all) of the prepay transactions and certain of the FAS 140 and minority interest

transactions. The Insiders took these actions in breach of their fiduciary duties to Enron and with actual intent to hinder, delay, or defraud one or more entities to which Plaintiff was or later became indebted.

(5) The Insiders used tax transactions improperly to generate paper income.

217. Consistent with their misuse of SPEs, the Insiders found a way to generate financial statement income – without any positive cash flow – through complex tax structures that had no genuine tax-saving purpose. The "tax transactions" involved different technical approaches (tax basis step-up, basis shifting, REMIC carryover basis) but had as a common theme the creation of deferred tax assets that could be booked as financial statement income over an artificially short time period. To accomplish this, the Insiders created structures often involving SPE entities and transactions that BT/Deutsche Bank primarily designed. BT/Deutsche Bank served as Enron's exclusive financial advisor on these transactions and also profited by being a counter-party in some of them. In causing Enron to engage in the transactions and record income improperly, the Insiders also caused Enron to pay BT/Deutsche Bank huge fees, ranging from $6 million to more than $11 million per transaction.

218. Four of the tax transactions were Teresa, Steele, Cochise, and Tomas. During the time the Insiders engaged in these transactions, Enron already had substantial available tax deductions. In the words of Robert Hermann, head of Enron's tax department, "We had debt to choke a horse, plenty of interest deductions and stock option expense deductions. We had losses. We didn't need deductions." Sworn Statement of Robert Hermann at 46:6-14. Enron therefore did not need any tax shelters to reduce current income tax liability. On the contrary, the explicit, predominant purpose of the tax transactions was something entirely different: to increase financial accounting income. Some of the tax transactions actually created financial income at the cost of real

money. Teresa, for example, resulted in a payment in 1997 through 2001 by an Enron subsidiary of approximately $131 million in federal income taxes which that subsidiary would not have had to pay absent the transaction.

219. Enron and BT/Deutsche Bank entered into two other tax transactions, known as Valhalla and Renegade, in order for *BT/Deutsche Bank* – not *Enron* – to reduce its tax liability. These were known as "accommodation" transactions – that is, transactions the Insiders agreed to as reward for BT/Deutsche Bank's creativity. BT/Deutsche Bank compensated Enron for its role in them.

220. Taken together, the effect of the tax transactions was to inflate Enron's income in its public financial statements by significant amounts. Investigators for the Senate Finance Committee concluded that by 2001, the BT/Deutsche Bank tax transactions accounted for $446 million of the $651 million attributed to Enron's tax schemes. Under GAAP, these sums could not be recognized as income unless Enron would receive real, anticipated tax benefits in future years. That was not the case. Those transactions were therefore "artificial transactions" with "no bona fide business purpose." And, as the Enron Examiner concluded, the Insiders' accounting treatment for these transactions was inappropriate.

221. The Insiders should not have engaged in the tax transactions, nor should they have recorded income on Enron's financial statements from the tax transactions. The tax transactions had a material effect on Enron's financial statements. Eliminating the income they represented would have had a material impact on Enron's credit rating.

e. The scheme gave the Insiders and the Bank Defendants time and opportunity to profit at Enron's expense.

222. From late 1997 until late 2001 a number of the Insiders facilitated these SPE transactions by establishing and operating three self-interested partnerships: Chewco, LJM1, and

LJM2. In doing so, the Insiders received active assistance and eager financial support from many of the Bank Defendants. The Insiders used these vehicles to help carry out the scheme. For example, the Insiders – with the Bank Defendants' knowledge – used them to store under-achieving or illiquid Enron assets, thus moving them (and the debt associated with them) off Enron's balance sheet. The Insiders – with the Bank Defendants' knowledge – used them to "create" funds flow from operations to report on Enron's balance sheet. The Insiders – with the Bank Defendants' knowledge – also used them to obtain off-balance sheet financing. These uses helped the Insiders keep Enron's credit profile stable and, thereby, its stock price strong. Report of Investigation by the Special Investigative Committee of the Board of Directors of Enron Corp. at 4-5 (Feb. 1, 2002) [hereinafter "Powers Report"].

223. But those were not the partnerships' only or even primary uses. Notoriously, at least three Insiders – Fastow, Kopper, and Glisan – used the self-interested partnerships illegally to siphon money from Enron, in the forms of huge investment returns and management fees. Altogether, Fastow and his family received over $31 million in distributions, over $12 million in management fees, and approximately $16.35 million in connection with the sale of Fastow's interest in LJM2. Kopper and his domestic partner received at least $24.5 million in distributions and at least $8.9 million in management fees. Glisan received $1,040,744 on a total investment of $5,800.

224. All three Insiders have been prosecuted in connection with the investment vehicles. All three have pled guilty. As part of his plea, Glisan admitted that he and others "engaged in a conspiracy to manipulate artificially Enron's financial statements," and that "LJM enabled Enron to falsify its financial picture to the public; in return, LJM received a prearranged profit." *Glisan 9/10/03 Statement*, Ex. 1 to Plea Agreement. Kopper similarly admitted that the Chewco and LJM transactions were part of an illegal scheme to defraud. Plea Allocution dated August 21, 2002, *United States v. Kopper*, Cr. No. H-02-0560 (S.D. Tex., Aug. 21, 2002).

(1) In late 1997, Fastow and Kopper formed Chewco.

225. Chewco was the first of the three independent investment vehicles. In the early 1990's, Enron entered into a limited partnership with California Public Employees' Retirement System ("CalPERs"). The partnership was Joint Energy Development Incorporated ("JEDI"), and CalPERs was the sole limited partner. In late 1997, CalPERs decided to divest itself of its interest in JEDI. Although Enron could have purchased CalPERs' interest directly, doing so would have meant consolidating JEDI on Enron's financial statements. At the time, consolidation would effectively have wiped out 40% of Enron's reported 1997 profits and added approximately $700 million in debt to Enron's balance sheet. To avoid that, Fastow and Kopper conceived of, and created, Chewco – and made it the replacement investor.

226. A problem with Chewco in that role, however, was that Chewco did not satisfy the 3% equity rule. Barclays structured and financed the equity piece of Chewco. However, a sufficient percent of equity was not at risk. As discussed in the Barclays' section below, Barclays' equity investment was secured by reserve accounts the Insiders established with Enron's money. Virtually all of Chewco's equity therefore was traceable back to Enron. Nonetheless, by treating Chewco as an unconsolidated entity, Fastow had Enron report JEDI profits and *not* report JEDI debt on Enron's financial statements – which meant Enron, in turn, announced better-than-expected 1997 performance. Fastow and Kopper paid themselves handsomely from Chewco for this illusion.

(2) In 1999, Fastow and Kopper expanded their scheme by creating the LJM partnerships.

227. Emboldened by the success of Chewco – as well as by the money he made from it – Fastow conceived and created the second and third "independent" investment vehicles: LJM1 and LJM2. LJM1 (technically, LJM Cayman, L.P.) was a Cayman Islands limited partnership.

LJM2 (technically, LJM Co-Investment, L.P.) was a Delaware limited partnership. Through entities he controlled, Fastow served as the general partner of the managing partner of each.

228. Both LJM partnerships were formed in 1999. From June 1999 through June 2001 – a period of two years – the Insiders had Enron enter into *more than twenty* distinct transactions with the partnerships. Three were with LJM1 and the rest with LJM2. Through those twenty-plus transactions, the Insiders were able to increase dramatically their manipulation of Enron's financial statements. They moved many poorly performing assets off-balance sheet. They manufactured earnings for Enron through sham transactions when Enron was having trouble otherwise meeting its goals for a quarter. They even improperly inflated the value of Enron's investments by backdating transaction documents to dates advantageous to Enron. Powers Report at 4-5, 134; Exam. II., App. L at 1, 6, 28.

(3) In 1999, CSFB and RBS aided Fastow by knowingly participating in and supporting LJM1.

229. Subject to conditions imposed by Enron's board, Fastow formed LJM1 at the end of June 1999. The ostensible reason for its formation dates back to 1998.

230. In March 1998, an Enron subsidiary purchased 37% (5.2 million shares) of the equity in Rhythms NetConnection, Inc. ("Rhythms") common stock for $10 million. Under the purchase terms, Enron was restricted from selling its equity until January 2000 (the "Lock-up"). In April 1999, 9.4 million shares of Rhythms stock were sold in an initial public offering. As a result, the value of Enron's Rhythms investment increased to approximately $260 million.

231. After the public offering, Enron marked its Rhythms stock to market. However, it recognized that considerable risk was associated with marking to market the highly volatile Rhythms shares. The Lock-up prohibited Enron from selling its shares, making it vulnerable to any market decline in Rhythms' value. Moreover, even if Rhythms retained its value until Enron could sell its

shares, Enron's 5.2 million Rhythms shares represented the float for Rhythms in the market. Enron, therefore, began looking for a way to lock in its $250 million gain.

232. Fastow contended that a commercial hedge was not viable. Any fund willing to hedge Enron's investment would have demanded an enormous premium for taking on such a large exposure. So Fastow came up with a different idea. On June 28, 1999, during a Special Meeting of the Enron Board of Directors, Fastow proposed that Enron establish a private equity fund specifically to hedge the Rhythms shares. More particularly, Fastow suggested the formation of two entities, both of which he personally would control: LJM1 and its subsidiary, LJM1 Swap Sub, L.P. ("LJM1 Swap Sub").

233. The Board approved Fastow's plan but, recognizing the conflict position in which the plan placed Fastow, only on conditions made part of LJM1's partnership agreement. First was that Fastow not receive, directly or indirectly, distributions or allocations resulting from LJM1's Enron stock. Second was that Fastow not receive, directly or indirectly, any proceeds from LJM1 Swap Sub's Enron stock. Third was that Fastow's management fee be calculated by reference to assets in LJM1 other than the Enron shares or any proceeds resulting from those shares (the "Enron Conditions").

234. Through a complicated series of transactions, Fastow caused Enron to transfer over 3 million shares of its common stock – worth approximately $276 million – to LJM1 which, in turn, transferred approximately one-half of the Enron shares to LJM Swap Sub, to purchase the Rhythms Hedge. The stock came with restrictions. A June 30, 1999 letter agreement restricted LJM1 and LJM1 Swap Sub's right to dispose of the shares for four years without Enron's consent, subject to certain exceptions. Exam. II, App. L. at 8. The letter agreement also prohibited both entities from entering into any transaction that hedged their exposure on their respective portions of the Enron shares for one year without Enron's consent. *Id.*

235. From the beginning, Fastow knew LJM1 was destined to be profitable. Therefore, as a reward for previous loyalty, Fastow invited two Bank Defendants to purchase equity in LJM1: CSFB and RBS. On June 30, 1999, through subsidiaries, CSFB and RBS each contributed $7.5 million. LJM Partners, LLC, the general partner of LJM1 (which Fastow also controlled), contributed $1.0 million.

236. Although LJM1's whole purpose was to hedge Enron's risk in its Rhythms stock, LJM1 did not accomplish that, through the Rhythms Hedge or otherwise. As described in paragraphs 561 through 566 below, despite a number of complicated transfers, Fastow failed to transfer any of Enron's true economic risk to any third party with assets other than assets Enron provided. As a result, the Rhythms hedging transaction was a non-economic hedge. Exam. IV, App. E at 36.

237. In contrast, LJM1 proved very profitable for Fastow, CSFB, RBS, and a select group of others with which Fastow found favor. For example, despite the Enron Conditions, Fastow devised a way to personally profit from the Enron stock in LJM1 and LJM1 Swap Sub. In the process, Fastow helped CSFB and RBS hedge their portions of the Enron shares in LJM1 Swap Sub – despite restrictions on the Enron stock that prohibited them from doing so.

238. In November 1999, Fastow and the LJM1 limited partners determined to recapitalize LJM1 and, in the process, retire debt LJM1 owed to Enron (from Notes Enron received in exchange for the stock transferred to LJM1) and to CSFB (from a bridge loan CSFB made to LJM1 to invest in Cuiaba and Osprey certificates). At the end of November, Fastow had LJM1 distribute into two escrow accounts – one for each limited partner – LJM1's 1.8 million shares of Enron stock. In return, CSFB and RBS agreed to make equal additional capital contributions of $45.1 million to LJM1, an amount that permitted LJM1 to pay off both the Enron Notes and the CSFB bridge loan.

239. CSFB and RBS willingly agreed to make these additional contributions to lock-in the limited partners' gains on LJM1's Enron shares, despite the no hedging restriction on those shares. For CSFB, the transaction was SAILs, as described in paragraphs 567-71. For RBS, the transaction involved a total return swap with AIG. Both closed in December 1999. Through the recapitalization and escrow agreements, CSFB and RBS each were assured of a minimum return on the Enron shares, and also had the right to participate in any appreciation of those shares.

240. Under the November 29, 1999 Second Amended and Restated Agreement of Limited Partnership, LJM1 was required to apply the LJM1 limited partners' additional capital contributions first to pay off the Enron Notes and second to pay off the CSFB bridge loan. CSFBCO 000008615. It did, paying both in full.

241. That meant LJM1's assets were no longer levered, and the LJM1 partners could enjoy the full value of the assets when they were sold. Fastow ultimately received at least $18 million in distributions related to the recapitalization, and $2.6 million in management fees from LJM1. Exam. II, App. L. at 19. LJM1's balance sheet liquidity also allowed LJM1 to fund a loan to the other Fastow vehicle—LJM2—for $20,000,000 on December 20, 1999.

242. Through SAILs and the AIG total return swap, and the additional capital contributions, CSFB and RBS knowingly assisted Fastow in receiving funds derived from the value of LJM1's Enron stock, in violation of both Fastow's representations to the Enron Board of Directors and the Enron Conditions. *See* Exam. Final Report, App. F, at 55-56.

243. The last LJM1 transaction was one of the more egregious displays of Fastow's self-dealing. Through the transaction, LJM1 distributed its interests in LJM1 Swap Sub, and its general partner Swap Co., to CSFB and RBS. The limited partners each received 50% of the equity interests in LJM1 Swap Sub and SwapCo. They turned around and sold those interests to Southampton Place, L.P. ("Southampton"), an entity that CSFB knew Kopper controlled.

244. The Southampton transaction ultimately benefitted Fastow and Kopper, both of whom were principals in the transaction. Each received $4.5 million. Exam. II, App. L at 34; Powers Report at 92. In his plea allocution, Kopper admitted the Southampton transaction was fraudulent in that Enron was told CSFB and RBS were selling their LJM1 Swap Sub interests for $10 million and $20 million, respectively. In reality, RBS sold its interest for $1 million. The remaining $19 million was split between Fastow, Kopper, three other Enron employees, an LJM2 employee, and three RBS bankers. Plea Allocution dated August 21, 2002, *United States v. Kopper*, Cr. No. H-02-0560 (S.D. Tex.); s*ee also* Superseding Indictment dated April 29, 2003, *United States v. Fastow, et al.*, Cr. No. H-02-0665 (S.D. Tex.).

(4) In 1999, the Bank Defendants aided Fastow and Kopper by knowingly participating in and supporting LJM2.

245. From its inception, LJM2 was intended to be a large private equity fund – much larger, for example, than LJM1. When Fastow conceived the idea of LJM2, he took it to Enron's Finance Committee and Board. Fastow explained that he intended to raise $200 million or more from institutional investors to create a private investment partnership that could readily purchase assets from Enron. Fastow explained that he would be the owner of LJM2 Capital Management, LP – LJM2's general partner. Fastow explained that Enron would benefit from his involvement because LJM2 could purchase assets Enron wanted to sell more quickly and with lower transaction costs than outsiders. On October 11, 1999, the Enron Finance Committee and Board of Directors approved the formation of LJM2.

246. With the assistance of one Bank Defendant – Merrill Lynch – Fastow solicited investments in LJM2 from other Bank Defendants. Merrill Lynch authored a private placement memorandum that emphasized Fastow's position as Enron's CFO, and explained that Fastow,

Kopper, and Glisan would manage LJM2's day-to-day activity. The Executive Summary in the PPM made LJM2's purpose clear:

> Executive Summary: LJM2 Co-Investment, L.P., a Delaware limited partnership ("LJM2" or the "Partnership"), is being organized by Andrew S. Fastow, Executive Vice President and Chief Financial Officer of Enron Corp., an Oregon corporation ("Enron"), to make… investments in energy- and communications-related business assets. The Partnership expects that Enron will be the Partnership's primary source of investment opportunities and that the Partnership will (i) co-invest with Enron or its subsidiaries… and (ii) make investments in, or acquire an investment interest from Enron or its subsidiaries relating to existing assets or businesses owned by Enron or its subsidiaries. It is expected that in connection with the foregoing investments, Enron will retain significant economic or operating interests in the businesses or assets in which the Partnership invests…. The Partnership's objective is to generate an annualized internal rate of return ("IRR") in excess of 30%….

LJM078358.

247. The basic investment strategy, as well as important conflicts of interest, were also spelled out in the Executive Summary:

> Investment Strategy: (1) Invest with Enron; (2) invest in assets and businesses where the seller retains an ongoing economic interest; and (3) capitalize on financial expertise of the principals. LJM2 will typically seek to exit transactions either by negotiating co-sale rights or by securitizing and placing investments in the capital markets. The rationale behind Enron providing investment opportunities to LJM2 is to move assets off-balance sheet and reduce its operating and financial risk by selling portions of investments to co-investors. In many cases Enron seeks to maintain an active or controlling role in the underlying investment.
>
> Conflicts of Interest: The principals are employees of Enron and owe fiduciary duties to Enron, which may from time to time conflict with LJM2 duties. To combat this potential the principals intend to consult regularly with the Advisory Committee regarding transactions with or involving Enron. Also, companies in which the Partnership invests may also engage in transactions with Enron and profits derived by Enron from such transactions will not be shared with the Partnership.

Id.

248. On December 15, 1999, Fastow issued Supplement No. 1 to the Confidential Private Placement Memoranda. It set out five initial investments totaling $93 million that were contemplated to close by year-end 1999.

249. By the end of December 1999, fourteen limited partners (consisting of individuals as well as business entities) had subscribed to LJM2 and committed a total of $107 million. These limited partners included 6 Bank Defendants – Citigroup, JP Morgan Chase, BT/Deutsche Bank, CIBC, CSFB, and Merrill Lynch (collectively, the "LJM Investor Defendants"). The chart that follows details the amounts and dates of the LJM Investor Defendants' commitments to LJM2, including the vehicles (usually subsidiaries) through which the LJM Investor Defendants made the commitments. Altogether, in a four month period, Citigroup committed $15 million, CSFB committed $15 million, JP Morgan Chase committed $25 million, BT/Deutsche Bank committed $10 million, CIBC committed $15 million, and Merrill Lynch committed $21.645 million

LJM Investor Defendant	Investment Thru	Date	Amount
Citigroup	Citicorp N.A.	12/21/1999	$10,000,000
	Primerica Life Insurance	04/05/2000	$274,500
	The Travelers Indemnity Company	04/05/2000	$3,176,500
	Travelers Insurance Company	04/05/2000	$1,355,500
	Travelers Life and Annuity Company	04/05/2000	$193,500
JP Morgan Chase	J.P. Morgan Partnership Investment Corporation	12/21/1999	$12,000,000
	Chemical Investment Inc.	12/21/1999	$10,000,000
	Sixty Wall Street Fund, L.P.	12/21/1999	$3,000,000
BT/Deutsche Bank	BT Investment Partners, Inc.	12/21/1999	$10,000,000
CIBC	CIBC Capital Corporation	12/21/1999	$15,000,000
Merrill Lynch	ML IBK Positions, Inc. (investment vehicle for Merrill Lynch & Co.)	12/21/1999	$5,000,000
	ML/LJM2 Co-Investment, L.P. (personal investments of nearly 100 Merrill Lynch executives)	04/05/2000	$16,645,000
CSFB	DLJ Fund Investment Partners III, L.P.	12/21/1999	$5,000,000
CSFB	Merchant Capital, Inc.	12/21/1999	$10,000,000

250. As the chart shows, the LJM Investor Defendants' total commitment at the end of 1999 was $65 million, or roughly 60% of the total $107 million. However, because there was insufficient time to fund LJM2 fully by year-end 1999 with capital to engage in transactions to which LJM2 had been committed, financial institutions, including the LJM Investor Defendants, funded 100% of the monies needed. Funding resulted immediately in four transactions that generated millions in phony profits for Enron and moved hundreds of millions of dollars of debt off Enron's balance sheet right at year end.

251. Without the LJM Investor Defendants, LJM2 would not have existed. The Insiders would have been unable to personally profit at Enron's expense or use LJM2 to further their financial statement fraud. With the LJM Investor Defendants, the Insiders were able to do that and more.

252. Each LJM Investor Defendant invested in LJM2 for one or both of the same two reasons: (i) because Fastow predicted that the investment would earn 30%, and (ii) because the LJM Investor Defendant understood the investment was necessary to keep Fastow happy and ensure that he continued to send transactions the LJM Investor Defendant's way. By participating in LJM2, the LJM Investor Defendants in fact kept the transactions flowing. For example, Citigroup engaged in at least 15 transactions (including many lucrative prepay transactions) after committing to LJM2, and earned more than $46 million in fees on those transactions.

253. Every LJM Investor Defendant knew that Fastow and other Insiders were using LJM2 to carry out a scheme to manipulate Enron's financial statements. Every LJM Investor Defendant knew that whenever an Insider determined that Enron should enter into a transaction with LJM2, the Insider's personal interest conflicted with Enron's. Every LJM Investor Defendant knew that LJM2 provided Fastow and other Insiders unlimited opportunities to profit at Enron's expense. Finally, every LJM Investor Defendant knew that its own participation in LJM2 had been purchased by

threats of no future business or promises of exorbitant returns. A Citigroup document says best what every LJM Investor Defendant knew: "In committing to LJM2, we understood that the Fund would be relying on Enron directly for transactions. . . . Additionally, LJM2 principals argue that Enron would make the Fund whole should it suffer losses because the vehicles that the Fund invests in are critically important to Enron's ability to manage its earnings." CITI-B 0017103.

254. In late 2001, the Insiders' scheme began to unravel, exposing their fraud. On October 16, 2001, Enron announced it would take a $544 million after-tax charge against earnings and a reduction of shareholders' equity of $1.2 billion related to the LJM2 transactions. In November 2001, Enron restated its financials for the period 1997 through 2001 because of accounting errors relating to LJM1 and Chewco. The restatement reduced Enron's reported net income by $28 million in 1997; $133 million in 1998; $248 million in 1999; and $99 million in 2000. The restatement also reduced shareholders' equity by $258 million in 1997; $391 million in 1998; $710 million in 1999; and $747 million in 2000. It increased debt over these years by more than *$2.5 billion.* Powers Report at 2-3.

255. Discovery of the truth about Chewco and the LJM entities led to discovery of the Bank Defendants' role in the Insiders' fraud. It also exposed how the Bank Defendants knowingly helped the Insiders become rich at Enron's expense.

f. Enron's outside directors were unaware of the scheme.

256. From 1997 through 2001, Enron's Board of Directors consisted largely of independent, outside directors who had no involvement in the Insiders' and Bank Defendants' scheme and were unaware of it. From 1997 through 2001, these independent, non-management directors constituted at least two-thirds of the Board, which ranged in number between fifteen and nineteen. Enron's outside directors were well-qualified, accomplished business people or professionals. Twelve outside directors had served as CEOs of companies; one was a former Dean

of the Stanford University School of Business; another was a former chair of the U.S. Commodity Futures Trading Commission.

257. The outside directors did not know the Insiders and the Bank Defendants were manipulating and misstating Enron's financial condition, nor did they know the Insiders were secretly reaping enormous personal profits at the expense of the company. The outside directors did not know, for example, that the prepay transactions with Citigroup, Chase, Barclays, CSFB, RBS, Toronto Dominion, and RBC were anything other than legitimate commodity transactions. They did not know that the transactions had been structured to eliminate commodity risk, and they did not know that the transactions were in substance loans to Enron. The outside directors also did not know that Delta Energy Corporation and Mahonia Limited were shell SPEs established and controlled by Citigroup and Chase, respectively, for the purpose of executing these phony prepay transactions

258. Similarly, the outside directors of Enron did not know that the Insiders were improperly accounting for transactions with Citigroup, Chase, Barclays, CIBC, CSFB, RBS, and RBC as legitimate FAS 140 and minority interest transactions because in each and every transaction the Insiders had given oral assurances of repayment of the required equity investment. The outside directors were unaware that the structure of the Nigerian Barge transaction with Merrill Lynch included an unwritten guaranteed takeout within six months and a promised rate of return; nor did they know that the electricity trades with Merrill Lynch were mirror images that the Insiders used to manipulate Enron's 1999 financial results. Similarly, the outside directors did not know that the tax transactions with BT/Deutsche Bank had no legitimate business purpose or that the Insiders engaged in them solely to generate accounting income.

259. Enron's outside directors did not know that the Insiders were using self-interested partnerships with Enron to gain enormous personal benefits. While the Enron Board approved

Fastow's participation in the LJM partnerships, it did so only after receiving assurances from Fastow and other Insiders that his participation would not adversely affect Enron's interests and after insisting on limitations and controls on his role. With respect to LJM1, the Board approved Fastow's participation only (and expressly) on the condition that he have no direct pecuniary interest at any time in Enron stock held in LJM1. As to LJM2, the Board approved Fastow's participation based upon false representations from Fastow and others that the purpose of LJM2 was to provide Enron with an optional source of private equity to manage the company's investment portfolio risk, that Fastow's role as managing partner of LJM2 would benefit Enron, and that controls would be put in place to manage the transactions between Enron and LJM2. The Board specifically required that senior officers, including Causey (who, unbeknownst to the Board, was an Insider too), review and approve all transactions between Enron and LJM2 to ensure their fairness to Enron. The Board also required that all Enron transactions with LJM2 be brought to the attention of the Audit Committee on an annual basis. The outside directors did not know that Fastow and other Insiders ignored and/or circumvented these limitations and controls. As a result, the outside directors were ignorant of the fact that Fastow was reaping tens of millions of dollars from the LJM partnerships or that Glisan, Kopper or any other Enron employee had secretly been given interests in entities transacting business with the company. The Board was not informed that the Insiders would from time to time cause Enron to repurchase assets from LJM2 or find another buyer for those assets at a profit to LJM2. Nor did the outside directors know that Bank Defendants and their executives were participants in the LJM partnerships and were receiving substantial returns on their investments.

260. Had the outside directors become aware of the Insiders' and the Bank Defendants' scheme to manipulate Enron's financial statements and profit at Enron's expense, they certainly would have stopped it. As a super-majority of the Enron Board, the outside directors had the

authority and ability to do at least the following: (1) to suspend or terminate officers and other employees and initiate appropriate legal proceedings against them; (2) to report wrongdoing to the SEC, the Justice Department, or other regulatory or enforcement authorities and request an immediate investigation; and (3) to retain counsel and other experts and commence their own investigation. Indeed, the Enron Board promptly took many of these remedial actions in the fall of 2001, when evidence of the Insiders' scheme first surfaced. Fastow was terminated and, as more information became available, other Insiders were as well; the Board appointed a special committee to investigate the related party transactions and authorized the retention of legal and accounting experts to assist that committee; and when SEC and, later, Justice Department investigations began, the Board offered full and complete cooperation.

4. The Bank Defendants Knowingly Participated In Manipulating And Misstating Enron's Financial Condition

a. Citigroup knowingly assisted the Insiders in misstating Enron's financial condition.

261. Citigroup's involvement in the Insiders' manipulation of Enron's financial condition was essential to the success of the Insiders' scheme. Citigroup knew the Insiders were using SPE transactions improperly to generate income and inflate cash flow from operations and to disguise debt as price risk management liabilities. During the relevant period, Citigroup assisted the Insiders in achieving these goals by designing, financing and/or implementing eleven prepay transactions, three minority interest transactions, and two transactions involving Enron's forest products business. Together, these transactions provided Enron with $5.9 billion in financing, from which the Insiders improperly recorded more than $5 billion in cash flow from operating activities, improperly recorded approximately $132 million of income, and understated the debt on Enron's balance sheet by billions of dollars.

262. Citigroup's participation in SPE transactions with Enron has been thoroughly reviewed and criticized by federal and state regulators, a subcommittee of the United States Senate, and the court-appointed Enron Examiner, all of whom concluded that Citigroup knowingly facilitated the Insiders' misstatement of Enron's financial condition.

263. Following a multi-month investigation, the SEC instituted an administrative proceeding against Citigroup based upon its role in the manipulation of Enron's financial condition in the prepay transactions, the Nahanni minority interest transaction, and the Bacchus transaction involving Enron's forest products business. With respect to these transactions, the SEC found that Citigroup assisted Enron in "enhancing *artificially* [its] financial presentations through a series of complex structured financings whose purpose and effect, among other things, was to allow [Enron] to report proceeds of financings as cash from operating activities on their statements of cash flows. In these transactions, Enron . . . received cash upfront and repaid that cash on terms that included a negotiated return in the nature of interest." SEC Order Instituting a Public Administrative Proceeding in *In the Matter of Citigroup, Inc.*, Administrative Proceeding 3-11192, July 28, 2003 ("SEC Citigroup Order") at 2 (emphasis added). Citigroup settled the SEC proceeding by paying over $101 million.

264. Manhattan District Attorney Morgenthau's 18-month investigation of the prepay transactions between Enron and Citigroup concluded that the Citigroup prepays

> were never designed to constitute trading in the commodities markets. Despite the banks' efforts to make these transactions look like commodities trades, they were trades on paper only. ***In substance, they were loans.*** Structuring these transactions as commodities trades, however, enabled Enron *unfairly* to account for the funds it received as cash flow from operations, rather than as the proceeds of bank or credit financing.

Morgenthau Letter at 2 (emphasis added). The Morgenthau investigation also concluded that Citigroup knowingly participated in the misstatement of Enron's financial condition: "Citibank

knowingly structured the prepaid transactions with Enron in a way that allowed Enron to engage in fraudulent accounting and to make its financial statements less transparent." *Id.* at 8 (emphasis added). Citigroup entered into a Settlement Agreement with the District Attorney's Office in which it agreed to pay $25 million and adhere to internal reforms designed to prevent future abusive prepay transactions. In a letter to District Attorney Morgenthau dated July 28, 2003, Citigroup Chairman and CEO Charles Prince acknowledged Citigroup's wrongdoing: "***I want to assure you, both personally and on behalf of Citigroup, that the Enron transactions do not reflect our current standards and they would not happen now – and will not happen in the future – at Citigroup."*** (emphasis added).

265. The Permanent Subcommittee on Investigations ("PSI") of the United States Senate also investigated Citigroup's role in Enron's collapse. As to the prepay transactions, the Chief Investigator for the PSI found that

> [i]nternal communications show that it was common knowledge among . . . Citigroup employees that the "prepays" were designed to achieve accounting, not business, objectives and that Enron was booking the "prepay" proceeds as trading activity rather than debt. The evidence indicates that . . . Citigroup not only understood Enron's accounting goal – increasing operating cash flow without reporting debt – but designed and implemented the financial structures to help Enron achieve this objective. Moreover, they accepted and followed Enron's desire to keep the nature of these transactions confidential.

Roach Testimony at 3. He further concluded that Citigroup had knowingly assisted Enron in misrepresenting its financial condition:

> The evidence reviewed by the Subcommittee staff indicates that the financial institutions that participated in Enron 'prepays' understood that Enron was seeking to obtain financing from them, but wanted to obtain the financing through orchestrated, multi-party commodity (largely energy) trades rather than straight-out loans, so that the company could characterize the funds as cash flow from operations rather than cash flow from financing. *Internal communications show that the financial institutions not only understood that Enron intended to engage in this deceptive accounting, they actively aided Enron in return for fees and favorable consideration in other business dealings.*

Id. at B-1 (emphasis added).

266. With respect to the transactions involving Enron's forest products business – Bacchus and Sundance Industrial – the PSI Report found that Citigroup

> actively aided Enron in executing [the transactions], despite *knowing* the transactions utilized deceptive accounting or tax strategies, in return for substantial fees or favorable consideration in other business dealings. The evidence also indicates that Enron would not have been able to complete any of these transactions without the direct support and participation of a major financial institution.

U.S. Senate Permanent Subcommittee on Investigations Report on Fishtail, Bacchus, Sundance, and Slapshot, January 2, 2003, at 2 (emphasis added).

267. The Enron Examiner reviewed in detail the Citigroup prepays, the three Citigroup minority interest transactions (Nighthawk, Rawhide, and Nahanni), and the two Citigroup transactions involving Enron's forest products business (Bacchus and Sundance Industrial). The Citigroup prepay transactions, the Enron Examiner concluded, were loans disguised to look like commodity transactions; that "each transaction was circular" and that "[a]ll commodity price risk was eliminated by having it circle back to Enron"; that "Citigroup understood Enron's accounting for the Citigroup Prepays and the inadequacy of the disclosures in Enron's financial statements"; and that Citigroup materially assisted the Insiders in misstating Enron's financial condition by, among other things, lending its own funds in five of the prepay transactions, developing the credit-linked note structure by which Enron raised funds for other of the prepays, providing its SPE – Delta – to serve as the shell pass-through party in six of the prepays, and serving as the pass-through entity in two prepays where it was not the lender. Exam. III, App. D at 47, 50. As to the Nighthawk and Nahanni minority interest transactions, the Enron Examiner concluded that Enron's accounting treatment did not comply with GAAP; that Citigroup knew Enron's accounting treatment did not comply with GAAP; and that, despite this knowledge, Citigroup facilitated the Insiders'

misstatement of Enron's financial condition by structuring the transactions, funding loans in the structures, and serving as placement agent for equity investments in the transactions.

268. Likewise, the Enron Examiner found that the forest products business transactions were improperly accounted for at Enron; that Citigroup knew the accounting was suspect; and that Citigroup nonetheless participated in these transactions by providing both the loans and purchasing the equity necessary for their completion. The Bacchus forest product transaction was so out of line that one Citigroup employee wrote***: "Sounds like we made a lot of exceptions to our standard policies. I am sure we have gone out of our way to let them know that we are bending over backwards for them . . . let's remember to collect this iou when it really counts . . . ."*** CITI-B 0281946 (quoted in Exam. III, App. D at 124) (emphasis added). Similarly, the Sundance Industrial deal was so egregious that the head of Citigroup's Global Risk Management Group refused to approve the transaction and warned that ***"[t]he GAAP accounting is aggressive and a franchise risk to us if there is publicity (a la Xerox)."*** CITI-B 0307593 (quoted in Exam. III, App. D at 131) (emphasis added). The Enron Examiner concluded that the evidence he examined was "sufficient for a fact-finder to conclude that Citigroup aided and abetted certain Enron officers in breaching their fiduciary duties." Exam. III, App. D at 148.

(1) Citigroup's relationship with Enron.

269. Enron considered Citigroup to be one of its most important financial institutions. From 1997 through 2001, Enron classified Citigroup as one of its select Tier 1 banks.[3] During this

[3] The Insiders defined a Tier 1 bank as one that could:

i. Underwrite $1 billion in short period of time
ii. Ability to lead/structure complex, mission-critical deals
iii. Deliver balance sheet for nonagented deals when needed
iv. Relationship driven philosophy vs. transactional
v. Account officer capable of delivering institution
vi. Strong senior management contacts
vii. Well-developed distribution capabilities

(continued...)

period, Citigroup completed over 60 lending and finance transactions with Enron, an average of more than one per month. An Enron Relationship Review described Citigroup as the "[p]rimary banking relationship for Enron in 1999. They line up perfectly with us – we should reward this structure." EC 000252172.

270. Likewise, Citigroup considered Enron one of its most valuable and financially rewarding clients. A September 2001 Revenue Memo at Citigroup acknowledged that "[o]ver the last three years, Enron has grown to be one of the highest revenue clients within Citigroup." (quoted in Exam. III, App. D at 20). During the period 1997 through 2001, Citigroup received approximately $188 million in revenues from its financial transactions with Enron. Enron was so important to Citigroup that at various times Citigroup somewhat reluctantly proceeded with transactions it found distasteful simply to maintain its relationship with Enron and be rewarded with future business.

271. For example, the Citigroup Global Loans Approval Memorandum for Project Bacchus stated: "As a part of Citi's broader relationship with Enron, we have been asked to support this transaction. Given the importance of this relationship to [the Global Energy and Mining group], it is difficult if not impossible to deny this request." CITI-B 0290018. In addition to receiving enormous revenue directly from Enron, and hoping to receive more in future transactions, Citigroup had another reason to value and maintain its relationship with Enron: Citigroup developed products in the course of the relationship that it marketed to other corporations. For example, Citigroup shopped its prepay product to fourteen companies apart from Enron. Citigroup thus had enormous

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[3] (...continued)

viii. Limited execution risk

Exam. III at 46 n.120.

incentives to continue prepay and other transactions with Enron, so as to not jeopardize the opportunity to reap large revenue from marketing these products to other companies.

272. Citigroup and its subsidiaries also provided Enron with a broad array of financial services during the relevant period, including cash management services, participation in syndicated revolving credit facilities, debt and equity underwriting for both Enron and affiliated entities, merger and acquisition advisory services, project-related finance, and structured finance transactions. Certain of the structured finance transactions used products designed by Citigroup. For example, Citigroup created the credit-linked notes structure Enron and Citigroup used in the prepays known as Yosemite I through IV. The minority interest transactions Citigroup brought to Enron used a structure that Citigroup designed and considered to be its proprietary product.

273. The nature of its multifaceted relationship with Enron gave Citigroup access to Enron's internal documents, to Enron's senior management, and substantial nonpublic information. That information included financial information, business plans and strategies, capital structure, and other information about structured finance/SPE transactions in which Enron was involved. Citigroup understood Enron's use of MTM accounting and how that accounting created a persistent need to generate cash flow from operating activities to match reported earnings. Citigroup also knew that Enron's success was driven by its credit ratings, and was constantly monitoring the various credit ratios the rating agencies used in determining those ratings. A 1999 Citigroup credit profile of Enron explained that Enron used prepays and deals such as minority interest transactions to "address two issues which have been raised by the rating agencies," one of which was to correct the mismatch between earnings created by MTM accounting and cash flow from operations. CITI-B 00449879-880 (quoted in Exam. III, App. D at 34-35).

274. In its dealings with Enron and the Insiders, Citigroup and its subsidiaries functioned as a single business unit. Employees of the different subsidiaries were able to speak on behalf of

one another and to cause one another to participate in transactions with Enron. As demonstrated in this Complaint, Citigroup employees analyzed and approved all transactions with Enron but often assigned subsidiaries to take part in their financing and/or implementation. For example, Citigroup caused its subsidiary Citibank to participate in eleven prepay transactions with Enron and thus disguise billions of dollars of loans as commodity trades. Citigroup also caused its SPE, Delta Energy Corporation, to serve as the pass-through entity in six of the prepay transactions. Similarly, Citigroup caused its affiliate CXC to make loans of $485 million to capitalize the minority interest structures Nighthawk and Nahanni. Citigroup also caused its subsidiary Salomon Holding to purportedly contribute $28.5 million to the Sundance Industrial transaction.

275. The Enron Examiner observed, "Citigroup appears to structure its operations around business units rather than legal entities. Units such as Global Capital Structuring and Derivatives design the products, sell them, and use various legal entities within Citigroup to participate in and book the transactions." Exam III, App. D at 9. Indeed, the Enron Examiner noted that "[f]ew of the Citigroup employees who gave testimony . . . were certain of the legal entity that employed them, and some had signing authority for multiple legal entities." *Id.* In addition to those direct and indirect subsidiaries of Citigroup named in this Complaint, there may be other subsidiaries or affiliates which Citigroup caused to participate in one or more of the transactions with Enron that serve as the basis for this Complaint. It is Enron's intention to hold Citigroup and each of these subsidiaries and affiliates responsible for their participation in the challenged transactions, and Enron notifies Citigroup of its intention to include the subsidiaries and affiliates as defendants upon discovery of their identities.

276. Throughout the relevant period, Citigroup maintained an office in Houston, Texas. Citigroup executives and other personnel in the Houston office were involved in the SPE transactions with Enron. James Reilly, head of Citigroup's Global Energy & Mining Group in

Houston and the Enron relationship manager, and others in the Houston office were involved in structuring and implementing the Citigroup prepays, minority interest transactions, and forest product transactions. For example, Reilly reached an oral agreement with the Insiders that Enron would repay the Roosevelt prepay within months of its closing, although he knew that the "paperwork cannot reflect that agreement . . . as it would unfavorably alter the accounting." Exam. III, App. D. at 58. It also was Reilly, working with Enron Insider McMahon, who developed the concept of financially settling the Citigroup prepays. Exam. III, App. D at 59 n.217. With the exception of the Roosevelt transaction, all of the Citigroup prepays were financially settled. Another Citigroup executive in Houston, Steve Baillie, worked with the Insiders on the Bacchus forest products transaction. Baillie recognized that Enron was using the transaction to create income and expressed a "concern" over the "appropriateness" of the transaction. Exam. III, App. D. at 120. Reilly, however, pushed for Citigroup to complete the Bacchus transaction, despite knowing that its purpose was to improperly generate income and operating cash flow for Enron, because "[f]or Enron, this transaction is 'mission critical' (their label not mine) for [year end] and a *'must'* for [Citigroup]." Exam. III, App. D at 122 (emphasis added).

(2) The Citigroup prepays.

277. During the relevant period, Citigroup caused Citibank to complete eleven prepay transactions with Enron, each of which employed a structure designed to disguise a loan to look like a commodity transaction (the "Citigroup prepays"). The eleven Citigroup prepays are:

Name	**Closing Date**	**Amount Financed**
Roosevelt	12/30/98	$500 million
Truman	6/29/99	$500 million
Jethro	9/29/99	$675 million
Yosemite I	11/18/99	$800 million
Nixon	12/14/99	$324 million
Yosemite II	2/23/00	$331.8 million
Yosemite III	8/25/00	$475 million

Yosemite IV USD	5/24/01	$775.1 million
Yosemite IV GBP	5/24/01	£139 million (approx. $197 million)
Yosemite IV Euro	5/24/01	€222.5 million (approx. $190.6 million)
June 2001	6/28/01	$250 million
		Total $4.9203 billion

The Yosemite IV transaction consisted of three separate prepay financing transactions, one denominated in US dollars, another in British pounds and the third in Euros. These transactions, which are collectively referred to as the Yosemite IV transaction, are separately and respectively referred to as "Yosemite IV USD," "Yosemite IV GBP," and "Yosemite IV Euro."

278. Citibank structured all eleven prepay transactions and provided transaction support, the shell trading partner and/or a portion of the funds. By doing so, Citibank substantially aided the Insiders' scheme of reporting the proceeds of disguised loans as income from commodity trading activities.

279. Five of the eleven Citigroup prepays were completed as a fiscal quarter or year was coming to a close at Enron. This was not a coincidence. All of the Citigroup prepays were arranged to inflate Enron's operating cash flow so that Enron could meet or exceed targeted financial results important to rating agencies and/or industry analysts. In some cases, the Insiders also used the proceeds of Citigroup prepays to pay off existing indebtedness, thus further manipulating Enron's balance sheet and the rating agency credit ratios based on it.

280. For each Citigroup prepay, the Insiders set the prepaid amount to enable Enron to falsely maintain or exceed credit ratios or their vital components. The prepaid amount was in no way determined by any amount of oil or gas that either Enron wanted to sell or the Citigroup affiliate wanted to buy. As the SEC found, "the amount of the commodity subject to a prepay was based on the amount Enron wanted to borrow. That amount was determined by taking the principal amount

required by Enron, adding interest for the number of days the transaction was to last, and dividing that sum by the per-unit price of the referenced commodity." SEC Citigroup Order at 12.

281. The Chief Investigator for the PSI reached a similar conclusion***: "Enron's decisions on when to engage in a prepay and the size of the prepay were driven by its need to meet certain ratio targets. Consequently, funds from prepay transactions would appear on Enron's cash flow statement just days before the end of a quarter, just in time to be factored into Enron's financial statements and pump-up key ratios."*** Roach PSI Testimony at A-6 (emphasis added).

282. Each of the Citigroup prepays was in substance a loan from Citibank to Enron structured to give the appearance of a commodity transaction. Although the transaction structure varied somewhat over the course of the Citigroup prepays, in each case the commodity price risk moved through the other parties to the transaction and back to Enron in a circle, eliminating the risk that the price of the underlying commodity might change. At the closing date of each prepay transaction, the parties executed substantively identical commodity swap agreements that eliminated the effect of any change in commodity price. Enron repaid to Citibank the prepaid amount (the principal) plus a specified rate of interest.

283. Manhattan District Attorney Morgenthau reported that in each of the Citigroup prepays "three separate derivative transactions between three ostensibly independent parties actually constituted a unified, circular structure which, in substance, eliminated price risk and enabled Citibank to make the economic equivalent of loans to Enron that Enron could account for as trades." Morgenthau Letter at 6. He concluded that the prepays ***"were really disguised loans."*** *Id.* (emphasis added). All of the Citigroup prepays, other than Roosevelt, were financially settled, meaning that no commodity ever changed hands. Over half of the Citigroup prepays – Yosemite I through IV – layered on top of an underlying phony commodity transaction the issuance of credit-

linked promissory notes to institutional investors, the proceeds of which were used to fund the prepaid amounts.

284. Citigroup's stated purposes for the first Yosemite structure were (i) to maintain Enron's accounting and rating agency treatment, (ii) to increase the capacity of top tier banks so that they could take on more Enron debt, (iii) to reduce the top tier banks' credit exposure to Enron, (iv) to give Enron the ability to change the prepay deals without refinancing, (v) to diversify the investor base, and (vi) to raise $1 billion. PSI Report Exhibit 160. Citigroup also wanted to accommodate the Insiders' desire to "confuse" the rating agencies and keep the nature and purpose of the prepay transactions secret from investors: "[Enron] does not wish to have to explain the details of many of the assets to investors or rating agencies . . . . Ideally, non-tier 1 participant banks in the deals will be unaware of the 'sale' of the existing positions of the tier 1 banks." PSI Report Exhibit 160.

285. Citigroup therefore initially created the credit-linked note device, in part, to off-load certain of its own Enron exposure into the bank market while earning substantial fees. This device also served the Insiders' purposes, as they became concerned that some banks' capacity limitations for Enron debt were being reached.

286. In each Yosemite transaction, Citigroup created or directed the creation of a trust that was off Enron's balance sheet. The trust offered credit-linked notes (notes linked to Enron's credit) to "Qualified Institutional Buyers." By funding the prepays in this fashion, Citigroup and the Insiders passed to institutional investors (not Citigroup) the risk that Enron would not or could not repay the notes.

286A. In each of the Yosemite transactions, the trust issued both debt and equity, the debt in the form of the credit-linked notes and equity in the form of certificates, which were in the aggregate amount of 3% of the value of the trust's assets. In economic substance, the certificates

of each trust were owned half by Citigroup and half by Enron. However, neither Citigroup nor Enron wanted to consolidate the trust on their respective balance sheets or to make disclosure of their ownership of the trusts. To avoid this result, Citigroup and Enron entered into contrived deals with, respectively, Fleet and LJM2, to create the appearance that the certificates were owned by others. Citigroup enlisted the aid of Fleet, which caused its SPE Long Lane, to purchase half the certificates in Yosemite I and Yosemite II. For the Yosemite III transaction, Citigroup had RBC purchase half of the trust's certificates. In order to induce Fleet (and its SPE Long Lane) and RBC to purchase equity in the trusts, Citigroup agreed to assure the complete return of their investments. Citigroup had its affiliate SSB enter into total return swaps with Long Lane and RBC for their "equity" investments in the trusts, giving Citigroup the full economic risks and rewards of the certificates. For Enron's half of the certificates in the trusts, the Insiders caused LJM2 to make the purchases and caused Enron entered into total return swaps with LJM2. These contrived "equity" investments were essential to the Yosemite transactions, and without the involvement of Fleet (and its SPE Long Lane) and RBC the Yosemite I, II, and III transactions would not have gone forward.

287. The Yosemite structures also contained a "black box" feature that concealed the nature of the assets in the trusts that issued the credit-linked notes. This made Yosemite an ideal vehicle for funding prepays. The credit-linked note device that Citigroup designed for Enron allowed Insiders to feed their bottomless appetite for borrowing, while allowing Citigroup simultaneously to avoid further committing its own capital to the scheme.

288. Six of the Citigroup prepays – Roosevelt, Yosemite I through IV, and a June 2001 prepay – used Delta Energy Corporation as the pass-through entity. Citigroup formed Delta in the Cayman Islands specifically to serve as the counterparty in these transactions. As such, Delta was a Citigroup-controlled shell corporation that had neither independence from Citigroup nor any economic substance of its own. Delta engaged only in transactions involving Citigroup (all but one

of which also involved Enron) and only when so instructed by Citigroup. Citigroup paid the administrative costs of Delta, its attorney fees, and its transaction fees. The forms at Citibank establishing a bank account for Delta listed Delta's address as "c/o Citicorp North America, Inc." and described the account as an "internal account" to be "controlled" by Citigroup. These forms also identified three Citigroup employees as authorized signatories for the account. Internal Citigroup documents refer to Delta as a "shell corporation/SPV" and as a "special purpose entity." CITI-B 0259698. According to the SEC, "Delta was a nominally capitalized SPE established by Citigroup, whose sole purpose in these transactions was to facilitate Enron's accounting treatment." SEC Citigroup Order at 11. As such, Delta is an alter ego of Citigroup.

289. The purpose and effect of the Citigroup prepays was to allow the Insiders to improperly record the proceeds from the prepay transactions (the prepaid amount) as cash flow from operating activities instead of cash flow from financing activities, and to improperly record the obligation to repay this amount as price risk management liabilities instead of debt. And that is exactly what the Insiders did. In each Citigroup prepay, the Insiders accounted for the prepaid amount in Enron's financial records as cash flow from operations (not cash flow from financing activities, which it was), and the obligation to repay that amount as price risk management liabilities (instead of debt, which it was).

290. Citigroup knew the prepays were in substance loans to Enron and, as such, should have been recorded on Enron's financial statements as loans, not commodity trades. Citigroup internal documents (1) describe the Roosevelt prepay as "effectively a commodity denominated corporate obligation," CITI-B 0032092; (2) state candidly that in the Truman prepay, "we were basically making a loan to [Enron]," CITI-B 0260172; and (3) generally summarize Citigroup's prepay transactions with Enron as "oil goes in a circle so they all cancel . . . net economically like a loan," CITI-B 235230, and "Enron's total volume of prepays . . . represents essentially another

layer of corporate debt in addition to debt accounted as such," CITI-B 00616908. After reviewing a prepay transaction, one Citigroup employee pointedly questioned: "[G]iven that the flows on the prepaid oil swap, caps and floor all net down to the $475mm payment at maturity and a coupon of 7.474%, was there a reason not to simply structure it as a loan or note?" CITI-B 00499574. When another Citigroup employee foolishly asked about the price of the commodity involved in the disguised loans, the comment back was, "since this is all a circle, why does it matter?" CITI-B 0069416.

291. The SEC found that

> [i]f all the contracts [in a given prepay transaction] were performed pursuant to their terms, Citigroup was entitled to receive repayment of its prepayment of the contract price, together with a negotiated return on that amount, on a specified schedule – *i.e.,* the equivalent of an interest payment on the contract price. The negotiated return was unrelated to any price risk associated with owning a commodity contract.

SEC Citigroup Order at 3. The Chief Investigator for the PSI concurred: "[W]hen all the bells and whistles are stripped away, the basic transaction fails as a prepay and what remains is a loan to Enron using a bank and an obligation on Enron's part to repay the principal plus interest." Roach PSI Testimony at 1.

292. Not only did Citigroup and Citibank know that the prepays were loans, they also knowingly made misrepresentations to Arthur Andersen that facilitated the improper accounting for the transactions. Andersen told the Insiders that to obtain the desired accounting treatment, the pass-through entity had to have a legitimate business purpose for entering into the transaction *and* had to be independent of the financial institution participating in the prepay. After being made aware of Andersen's advice to Enron, Citigroup twice caused Delta to represent to Andersen that Delta satisfied the business purpose and independence requirements – even though Delta clearly did not. The Enron Examiner has indicated that the evidence is unclear as to whether Andersen relied upon these misrepresentations. Exam. IV, App. B at 73-76. According to the Enron Examiner, Citigroup

and Andersen may have worked together with the Insiders to falsely create the appearance that Delta was an independent business entity – not a Citigroup-sponsored SPE. *Id.* To that extent, Citibank and Andersen combined with the Insiders to manipulate and misstate Enron's financial condition.

293. In November 1999 (in connection with the Yosemite I prepay) and in June 2001 (in connection with the June 2001 prepay), Citigroup caused Delta to represent falsely that Delta had undertaken business with a number of entities, that it had assets other than those acquired through transactions with Enron, and that it had unencumbered assets available to the Yosemite lenders in the event of a default. These representations were untrue. Delta had neither a legitimate business purpose for entering into the prepay transactions nor was it independent of Citigroup.

294. Arthur Andersen also advised the Insiders that in order for the prepay transactions to receive the desired accounting treatment, the commodity contracts that formed the transactions could not be linked but, instead, had to operate independently. In practice, of course, the transactions composed a circular group of three contracts between Citigroup, Enron and, in the majority of cases, Delta. Citigroup knew the prepays could not contain cross-termination provisions which would sever one party's obligations if another party defaulted. But to protect their own financial interests, Citigroup structured the contracts to contain provisions that were effectively cross-defaults – collapsing the entire prepay in the event of a default – even if not expressly denominated as such.

295. Citigroup also knew that by participating in the prepays it was assisting the Insiders in manipulating and misrepresenting Enron's financial condition. Citigroup knew how Enron was accounting for funds generated by the prepays. The SEC concluded that "[a]s Citigroup knew, Enron reported the receipt of cash generated from prepay transactions as cash flow from operating activities, rather than cash flow from financing activities, and it reported its repayment obligation as a price risk management liability, rather than debt." SEC Citigroup Order at 3. One example of

evidence of that knowledge: When Citigroup's commodities desk asked for a share of the fees that the phony prepays generated, the Derivatives Group at Citigroup resisted. The Derivatives Group had created the prepays, and argued that the prepays involved no commodities exposure at all. As the head of the Derivatives Group said, "[If] much of what you do does not involve management of commodities exposures at all, but is simply manipulating cash flows, there may be a much greater overlap in our businesses than I have been lead to believe" (quoted in Exam. III, App. D at 77-78).

296. Citigroup knew the Insiders were manipulating Enron's financial statements in order to maintain the company's much-needed credit ratings. Internal Citigroup documents candidly state that the prepays provided "favorable accounting treatment" for Enron – meaning that "[a]lthough the deal is effectively a loan, the form of the transaction would allow [Enron] to reflect it as 'liabilities from price risk management activity' on their balance sheet and also provide favorable impact on reported cash flow from operations." CITI-B 0260171-172 (quoted in Exam. III, App. D at 70). Indeed, when Enron began its tumble in the fall of 2001, the head of Citigroup's Derivatives Group wrote a colleague stating, "Want to get your confirmation that (apart from the fact we put deals together for Enron which we knew confused the rating agencies) there is no skellington [sic] in the closet." CITI-B 00910235 (quoted in Exam. III, App. D at 78).

297. Both Citigroup documents and Citigroup employees acknowledge that the Insiders used the prepay structures to keep Enron's credit ratings from falling. One Citigroup document explained:

> Enron has used contract monetizations and prepaids to address two issues which have been raised by the rating agencies. One of the agencies' issues was that earnings which Enron recognized when mark-to-marking its trading book produce a commensurate cash inflow on a timely basis. Another issue was the tenor mismatch between trading assets and trading liabilities. Enron used to deal with these issues through monetizations, that is effectively selling a given cash flow stream arising from a commodity contract. This produced up-front cash equal to the net present value of the profit in the transaction, and removed the asset and liability from the trading book. However due to certain accounting changes, contract

> monetizations became less attractive and are no longer used by Enron. Today, Enron enters into prepaids . . . .

CITI-B 00449879-880 (quoted in Exam. III, App. D at 35). Another Citigroup document states that the Yosemite IV prepay allowed "Enron to maintain the advantageous accounting and rating agency treatment of these financings" (quoted in Exam. III, App. D at 71). Citigroup clearly recognized that the rating agencies had focused on the discontinuity between Enron's net income and funds flow and, accordingly, collaborated with the Insiders by providing prepay transactions to close the gap between the two. Citigroup gave the Insiders substantial assistance which furthered the Insiders' scheme to manipulate Enron's financial statements. In doing so, Citigroup had full knowledge:

- that the Citigroup prepays were loans disguised to look like commodity trades,
- that their purpose was to allow the Insiders to improperly account for the prepaid amounts as cash flow from operations and the obligation to repay the prepaid amounts as price risk management liabilities,
- that in fact the Insiders were improperly accounting for the Citigroup prepays, and
- that the Insiders were using the prepays to misstate Enron's financial condition and to mislead the rating agencies and others into believing that Enron's financial condition was better than it was.

298. Citibank loaned its own funds to Enron in five of the prepay transactions. Citigroup assisted the Insiders in raising the funds for the Yosemite prepays by designing the credit-linked note structure. With respect to the Yosemite I and II prepays, Citigroup also facilitated the purchase of 50% of the equity in the trust that issued the credit-linked notes. Citigroup allowed its SPE Delta to serve as the pass-through party in eight of the prepays, and Citibank itself served as the pass-through in two other prepays. In addition, Citigroup caused Delta to make false representations to Arthur Andersen, without which the accounting for the prepay transactions would not have been possible.

299. The Citigroup prepays materially inflated Enron's financial statements. The prepay transactions were arranged so the Insiders could cause Enron to meet key financial targets critical to the maintenance of Enron's credit ratings. In each case, the prepaid amount was determined not by the Insider's desire to sell oil or natural gas, but by the amount of cash flow needed to achieve the desired ratings and market reviews. In many cases, the transaction was arranged on the eve of the close of a fiscal period for Enron and closed within days or hours of the end of the quarter or year. Without the Citigroup prepays, in many quarters during the relevant period, Enron would not have met (much less exceeded) the targeted financial results of the analysts or the market, and Enron's credit ratings would have been downgraded. As the Enron Examiner concluded, "Prepays were the quarter-to-quarter cash flow lifeblood of Enron." Exam. II at 45.

300. In 1998, $500 million of Enron's reported $1.6 billion of cash flow from operations came from Citigroup prepay transactions. Of Enron's reported $1.2 billion net cash flow from operations in 1999, 76 % ($935 million) was generated by the Citigroup prepay transactions. In 2000, the Citigroup prepays created 11% ($546 million) of Enron's reported cash flow from operations. Enron's reported debt for these years also was materially understated because of the Citigroup prepay transactions. In 1999, Enron's debt was under-reported by 14% ($1.1 billion), and in 2000 it was under-reported by 16% ($1.6 billion). The Enron Examiner found that "[t]he Citigroup Prepays alone . . . had a material effect on Enron's cash flows from operating activities," and that had the Citigroup prepays been properly recorded, "Enron's reported debt levels would have looked markedly different." Exam. III, App. D at 48-49.

301. The Insiders improperly recorded the proceeds from the prepaid transactions as cash flow from operating activities instead of cash flow from financing activities. They would not have been able to do so without Citigroup, who provided the funds, the transaction support, and the trading partner the Insiders needed.

(3) The minority interest transactions.

302. In December 1997 and December 1999, Citigroup knowingly helped the Insiders manipulate and misstate Enron's financial condition by designing, loaning money to, and arranging the equity investments in two minority interest transactions known as Nighthawk and Nahanni. The sole purpose of these year-end transactions was to enable the Insiders to maintain Enron's credit ratings and to meet the expectations of the market. The effect was debt improperly recorded as a minority interest in a consolidated subsidiary and/or cash flow from operations that was falsely enhanced.

303. As it does with the SPE in a FAS 140 transaction, GAAP requires that a nonconsolidated SPE in a minority interest transaction be capitalized with at least 3% equity of an independent third party, and that the equity remain at risk throughout the pertinent period. Although both Nighthawk and Nahanni were structured with the required 3% equity contribution, in neither case was that equity really at risk. For this reason, neither Citigroup nor the "equity" investors based their decision to invest on the merits of the underlying investment. The $500 million Nighthawk transaction alone improved Enron's debt-to-equity ratio for 1997 by 8%. The $500 million Nahanni transaction gave Enron 40% of its operating cash flow in 1999 and improved the debt-to-equity ratio by 16%.

(a) Nighthawk

304. Nighthawk was Enron's first minority interest transaction the Insiders and Citigroup implemented. It closed four days before Enron's 1997 fiscal year came to an end – on December 27, 1997. Nighthawk was completed because of Citigroup; indeed Citigroup characterized itself as Enron's "financial advisor" for the transaction. Nighthawk was the minority shareholder in an Enron majority-owned subsidiary, Whitewing. Nighthawk contributed $500 million to Whitewing for the minority interest in Whitewing, which the Insiders should have classified as debt.

305. Citigroup developed the structure of the minority interest transaction used in Nighthawk and considered that structure to be a proprietary product. Citigroup also arranged for Nighthawk's capitalization, which consisted of a loan of $485 million from CXC, a commercial paper conduit managed by Citigroup, and the required 3% equity investment ($15 million) by Harch Capital Management ("Harch").

306. For several reasons, Nighthawk violated GAAP's requirement that the 3% equity investment in Nighthawk be at risk. First, as set forth above, Nighthawk's purported equity from Kestrel was borrowed – *on a nonrecourse basis.* Thus, even if Nighthawk failed in its entirety, almost half of Kestrel's equity investment was not at risk. Moreover, to further protect Kestrel's investment in Nighthawk, Citigroup obtained a surety bond from Ambac for $7.1 million. In addition, Citigroup issued Kestrel two hedging agreements that covered approximately $15 million of Enron stock in the Nighthawk structure. The hedging agreement protected Kestrel's full $15 million equity investment from loss. For these reasons, the Enron Examiner concluded "that the Nighthawk equity was not at risk." Exam. II, App. I, Annex 1 at 14-15. As a result, the minority investor – Nighthawk – should have been consolidated with the majority-owned Enron subsidiary, Whitewing, and Nighthawk's debt included on Enron's financial statements.

307. As creator of the minority interest structure, Citigroup knew that Nighthawk, as the minority investor in the Enron subsidiary, had to have a 3% equity investment at risk throughout the life of the transaction. Citigroup also knew that the 3% equity in Nighthawk was not at risk. A senior member of Citigroup's Accounting Advisory Office stated:

> Although the equity is substantive, at a 3% capitalization level **the $15MM of equity is not at risk.** A collar put option purchased by Citibank from an A-rated dealer protects the $15MM of equity (sharing in losses of the JV). The equity is back-levered on a nonrecourse basis with a $7.1MM CXC loan with counter party risk assumed by AMBAC.

CITI-B00393281 (quoted in Exam. III, App. D at 97) (emphasis added). After reviewing the Nighthawk structure, Citigroup's accountant concluded that "[i]t would therefore seem appropriate . . . for Enron to consolidate the Investor (SPV) as well as the JV." CITI-B 00395282. The Citigroup Managing Director responsible for the Nighthawk transaction reached a similar conclusion, stating that "[t]he Equity Collar effectively protects the Equity Participant from any risk . . . ." CITI-B 00573142 (quoting Exam. III, App. D at 101).

308. Citigroup also knew that by designing, implementing, and arranging the financing for Nighthawk, it was assisting the Insiders in manipulating Enron's financial condition. Citigroup knew the Insiders intended to report the $500 million Enron received from Nighthawk as investment in minority interests – not as debt. Indeed, one of the bases on which Citigroup marketed the Nighthawk minority interest transaction to the Insiders was that it would not increase balance sheet debt. A pro forma balance sheet Citigroup prepared as a part of its marketing presentation to Enron showed that the $500 million from the Nighthawk transaction would increase investment in minority interests by $500 million and could potentially *decrease* debt by a like amount, if the Insiders used the Nighthawk proceeds to pay down existing company debt. Another purpose of the Nighthawk transaction was to satisfy rating agency concerns about Enron's financial statements. As a Citigroup memorandum described, the "key benefit to Enron from the transaction is that the financing will generate substantial tax deductible, nondilutive *rating agency equity* . . . ." CITI-B 00256319 (emphasis added).

309. As a result of the Nighthawk transaction, Enron received $500 million at year-end 1997 without increasing its debt. Had this amount been reflected – as it should have – as debt on Enron's balance sheet, Enron's total debt would have increased by 8%.

(b) Nahanni

310. Nahanni was another $500 million minority interest transaction that closed at year end, this time on December 29, 1999. Citigroup again created the structure and advised Enron on the transaction. Like the Nighthawk structure, Citigroup designed Nahanni as a vehicle for Enron to borrow $500 million that would not be reflected as debt on the company's balance sheet.

311. Citigroup and the Insiders added a special feature to Nahanni – a feature that "allowed" Enron improperly to record the $500 million as cash flow from operations instead of financing activities. Nahanni, as the minority investor in Marengo, the consolidated subsidiary owned by Enron, contributed $500 million in Treasury bills, instead of cash, to Marengo, which in turn contributed the Treasury bills to its wholly-owned subsidiary, Yukon. Yukon then immediately sold the Treasury Bills, and Enron treated the proceeds of the sale as cash flow from operations. Citigroup specifically suggested using Treasury bills for this purpose.

311A. Citigroup also arranged for Nahanni's capitalization, again providing a $485 million loan from CXC, Citigroup's affiliate, and arranging an equity investment of $15 million. Nahanni used these funds to purchase the Treasury Bills that ultimately were contributed to Yukon. Yukon in turn sold the Treasury Bills and loaned the proceeds to Enron in exchange for a demand promissory note in the maximum principal amount of $497,512,437.81 (the "Nahanni Note"). Unlike other minority interest financings (where the Enron demand loans were unsecured) the transaction documents provided that the Nahanni Note would be supported by a direct-pay letter of credit.

311B. Pursuant to a Master Credit and Reimbursement Agreement dated December 27, 1999 (the "West LB Nahanni Reimbursement Agreement"), Enron agreed to reimburse Westdeutsche Landesbank Girozentrale, New York Branch ("West LB NY") for draws on any letters of credit issued under the Agreement. Thereafter, on December 29, 1999, West LB NY

issued Irrevocable Letter of Credit No. 22703100654 for the benefit of Yukon in the sum of $500 million (the "Nahanni L/C"). The transaction documents precluded Yukon from seeking payment from Enron on the Nahanni Note, but instead required Yukon to draw on the Nahanni L/C in order to receive payment on Enron's purported obligations evidenced by the Nahanni Note. The Nahanni L/C had the effect of securing repayment not only of the $485 million loan from CXC to Nahanni but also the $15 million equity investment in Nahanni so that the equity was not truly "at risk." The risk was shifted to West LB NY.

311C. Approximately three weeks later, on or about January 13, 2000, Yukon made a draw on the Nahanni L/C in the amount of $497,512,437.81 and Enron paid West LB NY an equivalent sum under the West LB Nahanni Reimbursement Agreement. Yukon transferred the funds to Marengo, which in turn transferred the funds to Nahanni, which used the funds to repay its $485 million loan from CXC with interest. Enron procured the Nahanni L/C with full knowledge that (a) Yukon would draw on the Nahanni L/C, (b) West LB NY would demand reimbursement in advance of distributing funds under the Nahanni L/C, and (c) the bulk of the proceeds of the Nahanni L/C would be transferred to CXC for providing the funding to facilitate the improper transaction.

311D. The Nahanni transaction was nothing more than a way for the Insiders to manipulate Enron's year-end financial statements. This fact was well known to Citigroup, which assisted the Insiders in structuring the transaction to achieve the Insiders' goals. One Citigroup document described Nahanni as ***"year end window dressing."*** Exam. III, App. D at 113 (quoting CITI-B 00137997-003) (emphasis added).

312. Nahanni was not properly treated as a minority interest transaction for several reasons. First, the required 3% equity in Nahanni was not at risk because it was secured by the Nahanni L/C. Therefore, as the Enron Examiner concluded, "Enron should have consolidated the

minority investor and reported the Nahanni debt on its balance sheet." Exam. III, App. D at 115. Second, by its terms the Nahanni transaction was designed to last no more than a few weeks, just long enough for the Insiders to artificially inflate Enron's financial results for 1999. The transaction closed on December 29, 1999 and the debt was repaid on or about January 13, 2000. The timing alone exposed Nahanni as, in the Enron Examiner's words, nothing more than a scheme to "improve artificially [Enron's] year-end reporting." *Id.* at 113. Third, the Insiders should never have recorded the sale of Treasury bills as cash flow from *operating* activities. Prior to Nahanni, Enron's merchant investment operations did not include the sale of Treasury bills, and Nahanni provided no reasonable basis for doing so then. The Enron Examiner characterized this derogatorily as one of the most aggressive uses of MTM accounting.

313. Citigroup knew Nahanni could not properly be accounted for as a minority interest transaction. Citigroup knew the 3% equity investment in Nahanni was improperly supported by the Nahanni L/C because Citigroup had both structured and helped document the transaction. The protection that the letter of credit gave to the equity investor was similar to that given to the equity investor in Nighthawk – the one that Citigroup's internal accountants concluded eliminated all risk of the investment. Citigroup also knew the Nahanni transaction was no more than a year-end manipulation of Enron's financial statements. The transaction documents required that the transaction be unwound by no later than January 27, 2000. The Citigroup officer responsible for the transaction reported that "Enron will agree to repay [Nahanni] by January 14th." CITI-B 00289599. (That is why Citigroup internally referred to Nahanni as "year-end window dressing" and "essentially an insurance policy for YE balancing.'" CITI-B 00289597.) Finally, Citigroup knew that Enron's operations did not include selling Treasury bills, so the Insiders could have no legitimate basis for claiming $500 million as cash flow from operations based upon their sale.

Citigroup's own internal description of Enron's merchant investment activities did not include buying and selling Treasury bills.

314. As with Nighthawk, Citigroup understood that the purposes of Nahanni were to improperly allow the Insiders to borrow $500 million without recording it as debt and, by selling Treasury bills, to artificially maintain Enron's credit ratings by generating $500 million in cash flow from operations. Citigroup's Execution Memo on the transaction stated: "The Nahanni transaction allows Enron to reduce the volatility of operating cash flow (at the expense of greater volatility in its cash flows from financing activities), while avoiding an increase in leverage." CITI-B 00592095 (quoting Exam. III, App. D at 109). That same Execution Memo explained Enron's focus on the rating agencies: "In recent years, rating agencies have focused on 'managing to cash' the profits earned under [MTM] accounting: that is ensuring earnings were a reflection of cash received." *Id.* at 108.

315. Nahanni materially affected Enron's financial statements at year-end 1999. Of Enron's reported $1.2 billion net cash flow from operations that year, $500 million, or 40%, was generated by Nahanni. By improperly recording the $500 million borrowed from Nahanni as minority interests instead of debt, the Insiders improved Enron's debt-to-equity ratio by 16%.

(4) The Forest Products transactions.

316. In two transactions in December 2000 and June 2001, Citigroup (and in one instance Salomon Holding) knowingly aided the Insiders in improperly monetizing Enron's forest products business. The first of these transactions, Project Bacchus, was structured as a FAS 140 transaction, the purpose of which was to generate improperly $112 million of income at year-end 2000. To accomplish this, the Insiders caused Enron to sell 80% of its interest in an SPE (Fishtail) that held certain of Enron's pulp and paper assets, to another SPE called Sonoma I L.L.C. ("Sonoma"). Sonoma was capitalized (indirectly through yet another SPE, Caymus Trust) by Citigroup through

a $194 million loan and an additional $6 million "equity" contribution. Selling 80% of Fishtail's interest to Sonoma for $200 million created a gain of $112 million to Enron, because Enron carried the pulp and paper assets on its books at $88 million. The Insiders also reported the entire $200 million as cash flow from operating activities at year-end 2000. According to the Enron Examiner, Bacchus was a "short-term structure[] designed by Enron to enable it to meet certain year-end 2000 earnings targets." Exam. II, App. K at 1.

316A. As it did in the Yosemite I and Yosemite II prepay transactions, Citigroup enlisted the assistance of Fleet and its SPE Long Lane to give the appearance of making the $6 million "equity" investment in the Caymus Trust. The Citigroup affiliate SSB again assured the complete return of Long Lane's investment through a total return swap, giving Citigroup the full economic risks and rewards of the equity. Through this contrivance, Citigroup did not consolidate the assets of the Caymus Trust on its financial statements and made no disclosure of its ownership interest in the trust. The facade of Long Lane's ownership of the "equity" in the Caymus Trust was necessary for the Bacchus transaction to proceed as it did, and without the involvement of Fleet and its SPE Long Lane the Bacchus transaction would not have gone forward.

317. Six months later, on June 1, 2001, the second forest product transaction, Sundance, closed. Sundance Industrial was a supposed joint venture of Enron, ENA and Enron Industrial Markets GP Corp. ("EIM"). Sundance Industrial acquired from Sonoma, via the Bacchus transaction, certain pulp and paper assets. Citigroup caused its subsidiary Salomon Holding to participate as a limited partner in the Sundance transaction. It also caused Salomon Holding to contribute $28.5 million to Sundance Industrial. Finally, Salomon Holding made an unfunded commitment of $160 million, to be paid only in the event the partnership lost more than $747 million. Based on the Salomon Holding investment and unfunded commitment, the Insiders characterized Sundance Industrial as a nonconsolidated entity, thus keeping its debt off Enron's

balance sheet. Through Sundance Industrial, the Insiders likewise improperly kept $375 million of debt off Enron's balance sheet.

318. Only a few days before the Sundance Industrial transaction closed, the Insiders asked Citigroup to assist them in improperly creating $20 million of income for Enron. Citigroup agreed, despite knowing that its part of the transaction had no business purpose apart from creating income for Enron's end of second quarter 2000 income. At the Insiders' request, Citigroup caused Solomon Holding to use $20 million of the $28.5 million cash contribution designated for Sundance Industrial to "purchase" Enron's Class A equity in Sonoma. Then, Solomon Holding contributed to Sundance Industrial $8.5 million in cash and a Class A equity interest in Sonoma. As the Enron Examiner explained, "Enron *somehow* took the position that [its Sonoma interest] was worth $20 million, and by selling it to Citigroup . . . Enron believed it could record $20 million of gain and, therefore, income." Exam. III, App. D at 131-32 (emphasis added). At the time Citigroup participated in this charade, it knew there was no basis for valuing Enron's equity interest in Sonoma at $20 million. It also knew the sole purpose of this aspect of the transaction was to generate income for Enron improperly. As a result of this last-minute addition to Sundance Industrial, Enron's income increased improperly by $20 million.

319. Citigroup was well aware that Bacchus could not properly be reported as a FAS 140 transaction. Citigroup knew that its $6 million equity contribution was not at risk. Because Citigroup's equity investment was not at risk, the Caymus Trust, and accordingly Sonoma, failed the 3% equity rule. Accordingly, an "independent" third party did not acquire the Fishtail assets (and in any event the Insiders caused Enron to guarantee the entire purchase price on the "sale" of its own asset).

320. As a condition of proceeding with the Bacchus transaction, Citigroup sought and received Fastow's oral assurances that, regardless of the value of the Bacchus assets, Enron would

repay Citigroup's "equity" contribution. Citigroup's approval memo for the Bacchus transaction stated that "Enron's CFO, Andrew S. Fastow, has given his verbal commitment to Bill Fox . . . that Enron Corp. will support the 3% equity piece of this transaction" quoted in Exam. III, App. D at 123. Other Citigroup documents described Fastow's promise as "verbal support" and "verbal guarantees" *Id.* Accordingly, Citigroup treated the entire amount it committed to the transaction as a loan.

321. In the course of its independent investigation, the SEC found that "Citigroup obtained oral representations from Enron that Citigroup would not lose money in connection with its three percent equity investment," and, as a result, concluded: "In economic reality, Bacchus was a $200 million financing structured as a sale for the sole purpose of allowing Enron to characterize the proceeds as cash flow from operating activities and to record a gain of $112 million." SEC Citigroup Order at 3, 9. For this reason, Citigroup made its decision to "invest" $6 million in Bacchus without considering the merits of the underlying investment. Moreover, Citigroup was aware that to at least one of the Insiders, a reason for engaging in the transaction was "writing up" the value of the assets sold.

322. Citigroup well understood the significance of keeping Fastow's assurance unwritten. The SEC concluded that "Citigroup understood that reducing this representation to a written contractual term would have negated Enron's accounting treatment." SEC Citigroup Order at 3. When receiving analogous oral commitments in conjunction with the Roosevelt prepay transactions, Citigroup noted that while "Enron has agreed, . . . the papers cannot stipulate that as it would require recategorizing the prepays as simple debt." CITI-B 00032147. Had Fastow's oral assurances been included in the transaction documents, Andersen would not have been able to approve the accounting for the Bacchus transaction. The PSI Report on Bacchus (at 19) stated it this way:

> [T]he Bacchus transaction was steeped in deceptive accounting, if not outright accounting fraud. The evidence shows that Enron guaranteed both the debt and equity "investment" in the Caymus Trust, thereby eliminating all risk associated with the "sale" of the Fishtail assets to the Trust. Without risk, the transaction fails to qualify as a sale under SFAS 140. The fact that Enron's guarantee of the $6 million equity "investment" was never placed in writing, but was kept as an oral side agreement with Citigroup, demonstrates that both parties understood its significance and potential for invalidating the entire transaction. Citigroup nevertheless proceeded with the deal, knowing that a key component, Enron's guarantee of the $6 million, rested on an unwritten and undisclosed oral agreement.

323. Neither Citigroup nor Salomon Holding treated the $28.5 million contribution, plus the $160 million unfunded commitment, to Sundance Industrial as a real equity investment. The Insiders were able to secure Salomon Holding's cash investment only by requiring the Sundance Industrial partnership to hold a $28.5 million cash reserve at all times, and by giving Citigroup/Salomon Holding the ability to unilaterally terminate the partnership and thus ensure that its unfunded commitment could never be drawn. Other indicia that Salomon Holding's contribution was not an equity investment are that (1) it received a preferred return of LIBOR plus 6.62% per year, paid prior to distributions to other partners, and (2) an excess income sweep provision capped Citigroup's return at the preferred return, thus depriving Citigroup of participating in the upside of the business.

324. Citigroup also purchased a third-party credit default swap for Salomon Holding's $28.5 million investment. Moreover, Salomon Holding/Citigroup's unfunded commitment was protected from being called. By its terms, the commitment could be called only if the partnership lost more than $747 million. But if there were any indication that might occur, Salomon Holding/Citigroup could exercise its unilateral right to terminate the partnership and thus avoid funding the obligation. In the words of Citigroup: "It is 'unimaginable' how our principal is not returned." CITI-B 0301369 (quoted in Exam. III, App. D at 129).

325. Citigroup documents acknowledge that the "contribution" to Sundance Industrial was a loan: "The transaction is structured to safeguard against the possibility that we need to contribute our contingent equity and to ensure that there is sufficient liquidity at all times to repay our $25 million investment." CITI-SPSI 0044827. "No circumstance under which $160 million can be called – our investment is debt" PSI 00457254 (quoted in Exam. III, App. D at 129). The memorandum to the Citigroup Capital Market Approval Committee states, "The investment has been structured to act like debt in form and substance." CITI-B 00301794 at 796. One senior Citigroup officer referred to Sundance Industrial as "a funky deal (accounting-wise)" and was "amazed that [Enron] can get it off-balance sheet." CITI-B 00299613 (quoted in Exam. III, App. D at 130). This view was shared by the head of Citigroup's Global Relationship Bank: "We share Risk's view ***and if anything, feel more strongly that suitability issues and related risks*** when coupled with the returns, make it unattractive." CITI-B 00307591 (emphasis added).

326. Citigroup and, with respect to Sundance Industrial, Salomon Holding understood that their participation in the Bacchus and Sundance Industrial transactions facilitated the Insiders' manipulation and misstatement of Enron's financial statements. With respect to Bacchus, Citigroup documents acknowledge that, "Enron's motivation in the deal now appears to be writing up the asset in question from a basis of about $100 MM to as high as $250 MM, *thereby creating earnings.*" CITI-B 00289702 (emphasis added). This caused the Citigroup relationship manager for Enron to express concern about the "appropriateness" of the Bacchus transaction, "since there is now an earnings dimension to this deal." *Id.* This concern was shuttled aside, however, because of Citigroup's desire to keep the Insiders satisfied and sending deals and financings to Citigroup. As one Citigroup employee pointedly explained, "For Enron, this transaction is 'mission critical' (their label not mine) for YE and a 'must' for us." CITI-B 00270033 (quoted in Exam. III, App. D at 122)

327. Before the Bacchus transaction closed, Citigroup had analyzed exactly how it would impact Enron's financial statements:

> The $200 million represents 16.3% and 22.4% of operating cash flow and net income, respectively, for the 12 months ended December 31, 1999. Bacchus represents 22.2% and 11.6% of cash EBITDA for nine months ended 9/30/00 and twelve months ended 12/31/00, respectively.

CITI-B 00284053-055 (quoted in Exam. III, App. D at 121).

328. With respect to the Sundance Industrial transaction, Citigroup/Salomon Holding was aware that the Insiders intended to move the debt associated with the pulp and paper business off Enron's balance sheet. Citigroup documents state that "Enron owns certain pulp and paper assets . . . which have been purchased by Enron in a manner that the assets are off-balance sheet for GAAP accounting purposes." CITI-B 00296661 (quoted in Exam. III, App. D at 130).

329. Citigroup overcame its concerns over the accounting abuses it knew arose from Bacchus and Sundance Industrial both because of the Insiders' promised future revenue from transactions with Enron and because Citigroup knew its exposure would quickly be eliminated. Citigroup knew the $200 million it loaned to Bacchus would be repaid within a matter of months when Sundance closed. That in fact happened. Citigroup also knew it could exercise rights in the Sundance Industrial partnership agreements to demand that Enron buy out its interest. On November 30, 2001, two days before Enron declared bankruptcy, Citigroup exercised those rights and the Insiders caused Enron, through the wholly-owned subsidiary EIM, to pay off Salomon Holding's $28.5 million contribution.

330. The Bacchus and Sundance Industrial transactions materially impacted Enron's financial statements for year-end 2000 and the second quarter of 2001. The $112 million in income Bacchus "created" represented 11% of Enron's reported net pre-tax income for 2000. Bacchus' contribution to cash flow from operations of $200 million constituted over 4% of Enron's operating

cash flow for that year. Through Sundance Industrial, the Insiders improperly kept $375 million of debt off Enron's balance sheet and improperly generated $20 million of income.

(5) Citigroup offloaded its Enron exposure.

331. By 1999, Citigroup's "obligor exception" for Enron – the amount by which Citigroup's total exposure to Enron exceeded the internal lending limit – had grown to over *one billion dollars.* In January 1999, Citigroup's primary relationship manager for Enron warned colleagues that the bank likely would not approve a new cash management facility for Enron, noting that "our exposure predicament is legend." CITI-B 00440585 (quoted in Exam. III, App. D at 24-25). A Vice-Chairman of Citigroup described Citigroup's exposure to Enron as "huge" and subsequently refused to approve any additional exposure until proceeds received by Enron from the Yosemite-funded prepays were received and used to pay down existing exposure. CITI-B 0046533 (quoted in Exam. III, App. D at 25). "[U]ntil the moment that we have received the debt repayment resulting from the Yosemite transaction, I am not willing to approve another incremental exposure on Enron." *Id.*

332. Citigroup thus was clearly motivated to help Enron complete new financings that would bring in cash *to reduce Citigroup's exposure to Enron*. In fact, Citigroup designed the Yosemite credit-linked note structure to assist Enron in generating prepay proceeds to be used to pay some of Enron's existing bank exposure – including exposure to Citigroup. Testifying before the United States Senate, Richard Caplan, the designer of Citigroup's Yosemite prepay structures, said the purpose of the Yosemite deals "was to shift risk from the bank market," and that the Insiders ultimately laid off $2.4 billion through the Yosemite transactions. Much of that exposure was Citigroup's, and Citigroup structured Yosemite so it could reduce that exposure in secret: "Ideally, nontier 1 participant banks in the deals will be unaware of the 'sale' of the existing position of the

tier 1 banks." CITI-SPSI 0036296. By the close of 1999, Citigroup's one billion dollar obligor exception for Enron had been *eliminated*. The Yosemite prepays continued in 2000 and 2001.

(6) Citigroup revised its structured finance policies.

333. In August 2002, after Citigroup had been targeted for investigation by the SEC, the Manhattan District Attorney, and the Permanent Subcommittee on Investigations of the United States Senate, Citigroup announced that it would no longer do business the way it did with Enron. Then CEO of Citigroup, Sanford Weill, issued a memo to all Citigroup employees in which he renounced the practices and policies through which Citigroup and its subsidiaries had aided and abetted the Insiders' misstatement of Enron's financial condition:

> At Citigroup, we are committed to greater transparency in the disclosure of structured finance transactions and we are answering the call from Washington and from investors by adopting strong initiatives ourselves.
>
> ***Quite simply, if a company does not agree to record a material financing as debt on its balance sheet, Citigroup will only execute the transaction if the company agrees to publicly disclose its impact to investors.***
>
> Starting immediately, we will only do these transactions for clients that agree to make prompt disclosure of the details of the transactions including management's analysis of the net effect the transaction has on the financial condition of the company, the nature and amount of the obligations, and a description of events that may cause an obligation to arise, increase or become accelerated. In addition, we will only do these transactions for clients that agree to provide the complete set of transaction documents to their chief financial officer, chief legal officer and independent auditors.

August 7, 2002 Memorandum from Sanford Weill to all employees (quoted in Exam. III, App. D at 29 n.99) (emphasis added).

334. More recently, as a result of Citigroup's participation in manipulating Enron's financial condition, the Federal Reserve Bank of New York forced Citigroup to formally revise its policies and practices regarding structured finance transactions. The Federal Reserve Bank of New York and the Office of the Comptroller of the Currency (collectively the "Federal Reserve")

jointly conducted a review of Citigroup's structured finance and prepay transactions with Enron. That review resulted in a written agreement between the Federal Reserve and Citigroup dated July 28, 2003, in which the Federal Reserve concluded that Citigroup's transactions with Enron "raised concerns that the manner in which Citigroup and its subsidiaries participated in the Structured Transactions exposed them to significant risks." Agreement between Federal Reserve and Citigroup dated July 28, 2003, at 2. To avoid future abuses of structured finance transactions by Citigroup, the Federal Reserve required Citigroup to develop and submit "for review and approval" written revisions to its policies for complex structured finance transactions. Among other things, those revised policies must ensure that Citigroup: (1) "identif[ies] transactions in which the counterparty relationship or the nature of the transaction with the counterparty poses or may pose heightened legal or reputational risks to Citigroup or its subsidiaries"; (2) requires "complete and accurate disclosure of the counterparty's purpose in entering into the particular transaction"; (3) ***"assess[es] whether financial, accounting, rating agency disclosure, or other issues associated with a transaction are likely to raise legal or reputational risks for Citigroup and its subsidiaries"***; and (4) conducts "a higher level review of the overall customer relationship . . . where the counterparty's primary purpose, goal or objective in entering into a transaction is to achieve an accounting or tax effect." *Id.* at 3-5 (emphasis added).

b. Chase knowingly assisted the Insiders in misstating Enron's financial condition.

335. Like Citigroup, Chase's involvement in the Insiders' manipulation of Enron's financial condition was essential to the Insiders' scheme. Chase knew the Insiders were using SPE transactions improperly to inflate cash flow from operations and disguise debt as price risk management's liabilities on Enron's financial statements. From at least 1998, Chase helped the Insiders achieve their improper goals by designing, financing, and/or implementing at least seven

prepays, two FAS 140s, and one tax transaction. Together, these transactions provided Enron with billions in financing and allowed the Insiders to understate debt on Enron's balance sheet by billions.

336. Like Citigroup, Chase's participation has been investigated and roundly criticized by at least Manhattan District Attorney Morgenthau, the PSI of the Committee on Governmental Affairs for the United States Senate, and the Enron Examiner. All concluded that Chase knowingly facilitated the Insiders' scheme to misstate Enron's financial statements.

337. Morgenthau's 18-month investigation into the Enron prepays actually "focused more closely on the particulars of the Chase transactions" than on Citigroup's. Morgenthau Letter at 2. According to Morgenthau, that was because unlike Citigroup, Chase neither cooperated fully with his investigation nor, in the beginning, acknowledged that the prepays were anything other than legitimate arm's-length commodity trades. As he had with Citigroup, Morgenthau concluded that the prepays between Enron and Chase "were trades on paper only. In substance, they were loans." *Id.* He found that by structuring the loans as commodity trades, Enron "unfairly" accounted for cash flow from financing as cash flow from operations. He concluded that Chase knew the effect of the prepays on Enron's financial statements – and specifically knew that the prepays were being used both to "fill liquidity gaps" and to hide debt capital as price risk management liabilities. He also acknowledged that Chase knew the ultimate goal of the prepays was "fraudulent accounting" and "to make [Enron's] financial statements less transparent." *Id.* at 8.

338. When the investigation ended, Morgenthau commented that despite its initial hostility, Chase – like Citigroup – had subsequently "renounced the policies and procedures which led to [its] involvement in the Enron debacle and [had] adopted reforms to see that nothing similar happens again." *Id.* Or, as J.P. Morgan Chase & Co. wrote to Morgenthau on July 28, 2003, ***"We have made mistakes. We cannot undo what has been done, but we can express genuine regret and***

learn from the past." Letter from Marc J. Shapiro, Vice Chairman of J.P. Morgan Chase & Co. to Robert Morgenthau at 1 (July 28, 2003) (emphasis added).

339. The PSI investigation focused in part on the Enron prepays and, therefore, also on Chase. The Chief Investigator concluded "it was common knowledge" among Enron and Chase employees that "the prepays were designed to achieve accounting, not business, objectives," and that Enron was "booking the 'prepay' proceeds as trading activity rather than debt." PSI Report at B-2. He explained that "lucrative business deals" in the form of fees gave financial institutions like Chase the "[o]bvious incentive" to both go along with, and even expand upon, Enron's prepay activities. PSI Report at B-10. He also concluded that Chase, like Citibank, was not only aware that the transactions were driven by the desire to manipulate Enron's financial statements, but also actively aided "in designing and implementing financial structures that created and maintained the fiction that the transactions were trades rather than loans." PSI Report at B-5.

340. In the Complaint it filed against J.P. Morgan Chase & Co., the SEC likewise alleged that Chase aided and abetted the manipulation of Enron's reported financial results through the prepays. It alleged that the prepays improperly allowed Enron to report loans from Chase as operating activities, and that the prepays "had no business purpose aside from masking the fact that, in substance, they were loans from Chase to Enron." With respect to Chase's knowledge, the SEC alleged:

> As Chase knew, Enron engaged in prepays to match its reported fair value earnings with reported cash flow from operations to convince analysts and credit rating agencies that Enron's fair value earnings were real, i.e., that the reported fair value earnings represented gains that could and, eventually would, be turned into cash.
>
> As Chase knew, because prepays were disguised loans, Enron not only overstated its cash flow from operating activities, but it understated its cash flow from financing activities and understated debt on its balance sheet. ***Chase knew that, as a result, analysts and credit rating agencies were being misled***.

SEC Chase Complaint ¶ 2 (emphasis added).

(1) Chase's relationship with Enron.

341. Chase had a long history with Enron. During the 1990s, as Enron's core business evolved from regional natural gas provider to commodity and financial product trader, the relationship between the two grew in size and strength. Chase achieved Tier 1 status in 1994 and retained it thereafter. In turn, Chase labeled Enron a "Blue" client – that is, one that could "*prospectively* generate $5 million or more in deal revenues over an 18-month period." JPMBKR-E 0515593 (emphasis in original). In fact, by 1999 Enron was generating fees of more than $15 million annually for Chase's Global Oil and Gas Group. As Chase documents written in Houston show, Chase thought of itself as "Enron's major financing firm." JPMBKR-E 0016226. Enron's value to Chase was substantial. Even in 1995, Chase documents show that Chase recognized Enron as "a bonanza in terms of deal flow." JPMBKR 0315455. Chase both contributed $20 million in equity capital to LJM2 and led a $65 million revolving credit facility for it.

342. The close relationship between Chase and Enron was also such that Chase had a deeper and more detailed understanding of Enron's capital structure and financial position, including some of Enron's structured transactions and off-balance sheet obligations, than could have been gleaned from an analysis of Enron's financial statements alone. In May 1999, Chase knew enough to annotate Enron's financial statements for a meeting with Enron Capital Management officials in Houston, accurately describing where a large number of the off-balance sheet structures, including prepays, were hidden. JPMCBKR 0017571-78; PSI Exhibit 187mm. Over the years, Chase also worked on a long-term project with Enron to restructure Enron's balance sheet. Although the project was never completed, Chase gained valuable insight into Enron's financial condition as a result of it. In October 2001, as the financial world began to become concerned with Enron, Fastow wrote to Richard Walker at Chase: "I think you know the credit and the businesses as well as (and better) than anyone in the world, so I'm counting on you to lead the way." JPMBKR-E 0164513.

343. Between late 1997 and Enron's bankruptcy, Chase and Enron averaged more than one transaction per month. For these transactions, Chase earned fees of over $96 million. Included in the transactions were at least 12 prepay transactions with a combined value of more than $4.8 billion. There were also many FAS 140 transactions and two minority interest transactions (Choctaw and Zephyrus). The prepays, especially, were extremely lucrative for Chase. For example, at the end of June 2000 Chase entered into an Enron prepay transaction with the Insiders that was, effectively, a $650 million loan. For arranging the transaction, Chase received an upfront fee of approximately $1.6 million. If the loan had resolved as the parties anticipated and intended (that is, if Enron had not filed bankruptcy), Chase would have received from Enron the return of Chase's $650 million in principal plus $150 million in interest and fees.

344. Throughout the relevant period, Chase maintained an office in Houston, Texas. Chase executives and other personnel in the Houston office were involved in the SPE transactions with Enron. Rick Walker, the Enron relationship manager for Chase, was located in its Houston office. Walker, among other Chase personnel, played a key role in the Chase SPE transactions with Enron. Walker was involved in structuring and implementing the Chase prepays with Enron, and Walker observed early on that a prepay "represents a term loan embedded in a commodity swap." JPMBKR 0001991 (quoted in Exam. III, App. D at 19) Walker was a member of the Chase team which structured the Fishtail transaction involving Enron's forest products business, and Walker was the client executive on Chase's participation in the Hawaii transaction. *See* JPMBKR-S 0010295-311; JPMBKR 0134664-678. Walker also successfully pressed for Chase to invest in LJM2, to which it ultimately committed $20 million.

(2) The Chase prepay transactions.

345. Chase has a unique role in the history of Enron's prepay transactions – Chase invented the Enron version. It therefore considered the Enron prepays to be proprietary transactions,

using a proprietary technology. It also never turned down an Insider's request that Chase participate in a prepay.

346. Chase's first Enron prepay transaction closed in 1992. At that time, Enron owned certain oil exploration tax credits that were due soon to expire. To prevent their expiration, Enron needed a way to accelerate income into the 1992 year. Chase provided Enron with what it needed – the prepay structure, which it invented specifically for that purpose. At the time, Chase inserted an SPE into the structure strictly because regulations prohibited Chase from accepting physical delivery of a commodity.

347. The structure served its purpose; however, the Insiders quickly discovered that it offered more, and better, benefits as a financing tool. By the mid-1990's, the Insiders were executing prepays in order to meet funding objectives.

348. Chase engaged in seven prepay transactions between December 1997 and Enron's bankruptcy:

Name	**Closing Date**	**Amount Financed**
Chase VI Prepay	12/97	$300 million
Chase VII Prepay	06/98	$250 million
Chase VIII Prepay	12/98	$250 million
Chase IX Prepay	06/99	$500 million
Chase X Prepay	06/00	$650 million
Chase XI Prepay	12/00	$330 million
Chase XII Prepay	09/01	$350 million
	Total	**$2.630 billion**

349. The seven – labeled the "Mahonia transactions," after the SPEs Chase used to close the circle – totaled $2.63 billion. Notably and predictably, each prepay closed at the end of a financial reporting period, when the Insiders determined that Enron needed cash flow from operations to meet analyst and rating agency expectations. Like other Enron prepay transactions, the Mahonia transactions included three steps that were precisely calibrated so that they collectively

functioned as an unsecured loan. While each step ostensibly included commodity risk, the risk flowed in a circle between Chase, its SPE, and Enron such that the deliveries netted out and "all that remained was the initial advance and the repayment of same, with interest, over time." Exam. III, App. F at 28. At the end of the day, Enron had received cash up-front from the Mahonia entity – cash that Chase funded – and Enron had agreed to pay the cash plus interest back to Chase on a prearranged schedule.

350. Chase invented and so (obviously) understood the circularity and the lack of price risk due to the linked contracts – those aspects of the prepay that turned an alleged commodity trade into a loan. A telephone conversation between three Chase employees, taped in the normal course of business on September 20, 2001, shows exactly how well they understood the obligation flow and the purpose of the prepays:

- " . . . [W]hy do they want to hedge with gas where it is now?"
- "They're not hedging, they're just, they're just, they do the back-to-back swap."
- "This is a circular deal that goes right back to them."
- "[It's]. . . basically a structured finance-"
- "It's a financing?
- "Yeah, it's totally a financing, which has piece of it, they're always had on [sic] as a piece of their capital structure, so-"
- "So it's amortizing. Yeah, it's amortizing debt. I get it."
- "That's exactly what it is."

PSI Ex. 184a at 665.

351. Documents created by Chase make the same point. For example:

- In August 2001, the Insiders were talking with Chase about selling Enron assets. In an internal Chase communication about the subject, one Chase employee wrote another, "Rick, as you will recall, we had some conceptual

discussion on this about 6 weeks ago. We had begun to focuss [sic] on it from the point of view of trying to free up capacity in the bank market. Is that the goal here or is this another hide the debt structure?" JPMBKR-E 0020290 (quoted in Exam. III, App. E at 16-17).

- In litigation in June 2002, Chase asked a court to require surety bond providers to make payment on bonds that related to certain prepays. In a filing, Chase asserted that the sureties "knew that the [prepays] were part of a structured financing transaction for Enron's general corporate benefit." The same filing claimed that "the surety bonds were part of financing transactions in which the funds advanced by JP Morgan Chase to Mahonia were ultimately used by Enron for general corporate purposes, not to secure future sources of the oil and gas to be delivered." Amended Complaint, *JP Morgan Chase Bank v. Liberty Mutual Insurance Co.*, Case No. 01-Civ. 11523 (S.D.N.Y) at ¶¶ 18, 19.

352. Consistent with their understanding of the true purpose of the prepays, the parties routinely used language of financing when discussing them. For example, Chase documents show that in conversations about the prepays, Chase and Enron typically discussed fees in terms of the London Interbank Offered Rate (LIBOR) plus a basis point spread, terms generally used to refer to pricing on loans. *See, e.g.,* JPMC-H-0111470, JPM-6-04204, Senate-MAH 02296.

353. Chase clearly considered the prepays' central benefit to be the fact that the structure facilitated treating debt as something other than debt on a balance sheet. In 1998, Chase actually developed a "pitch book" to sell other companies on the Enron prepay structure. In it, Chase noted the structure was "balance sheet 'friendly'" and offered an "[a]ttractive accounting impact by converting funded debt to 'deferred revenue,' or long-term trade payable." PSI Ex. 128; Senate MAH-02604-17. In a written statement to Congress, Chase admitted that it succeeded in selling seven companies besides Enron on the Enron-style prepays. PSI Ex. 185q.

354. Chase also knew the rating agencies did not understand the prepay transactions. Chase acknowledged in internal documents that "[m]ost users of the prepay structure believe the transaction to be 'rating agency friendly,'" and that "[f]unded debt ratios will likely improve as deferred revenue is not included in debt/capital ratios." JPMC BKR 0015716-746 (quoted in

Exam. III, App. E at 20). As late as October 2001, Chase employees bragged that the rating agencies still "haven't figured out prepays." JPMC BKR-E 0241185 (quoted in Exam. III at 65). Chase considered this fact in pricing the transactions for Enron: "I think what we're trying to gauge is how, how aggressive they are to pay for this stuff now, which is discretely get, you know, several hundred million dollars and have no market knowledge of what's going on. . . ." PSI Ex. 184c at 684.

355. All together, Chase used three SPEs as pass-through entities for its loans to Enron – Mahonia, Stoneville, and Mahonia NGL (collectively, the "Mahonia Entities"). Chase originally inserted the Mahonia Entities into the structure because regulations prohibited Chase from taking title to physical natural gas or crude oil. But after Chase merged with Chemical Bank, the New York State Banking Department gave Chase permission to take title. Therefore, as District Attorney Morgenthau recognized, by 1997 Chase no longer had even a theoretical legitimate business purpose for using Mahonia. Chase nevertheless continued to include Mahonia because excluding it would expose the link between Chase and Enron.

356. As discussed earlier, under GAAP, the prepay transactions were not legitimately booked as trades unless the three parties to the trades – Enron, Chase, and the Mahonia Entities – were independent of each other. The Mahonia Entities were not independent of Chase, and Chase knew that. Indeed, the Mahonia Entities were each shell companies, incorporated at Chase's behest in the Isle of Jersey, one of the British Channel Islands. At the time of their creation in 1986, an attorney acting for Chase acknowledged: "For obvious reasons it is important that the SPVs are controlled by Chase but, for accounting and other requirements, it is not desirable that they are wholly owned by Chase." Letter from Ian James to Commercial Relations Department, Jersey Island, April 24, 1986. PSI Ex. 118.

357. In its complaint against Chase, the SEC emphasized Mahonia's fatal lack of independence: "Mahonia was controlled by Chase and was directed by Chase to participate in the transactions ostensibly as a separate, independent, commodities-trading entity. In fact, however, the SPV had no independent reason to participate in these transactions; as Chase knew, Mahonia was included in the structure solely to effectuate Enron's accounting and financial reporting goals." SEC Chase Complaint ¶ 14.

358. District Attorney Morgenthau also investigated whether Mahonia was independent and concluded it was not. Among other things, he reported that

> [t]he only outward sign of Mahonia's existence in Jersey is a sign plate hanging in the lobby of the offshore law firm that created it. It has never had employees, office space, a commodities trading desk (much less any gas stations or tankers) or any facilities whatsoever for engaging in the business of commodities trading. Mahonia's total capitalization, which Chase ultimately paid, was only ten British pounds, and Chase paid all the shell company's legal fees, administrative fees, government filing fees, and photocopying expenses. Mahonia's sole "profit" in each deal was a nominal prearranged fee – never more than $12,500 – again, paid by Chase. (In some deals, the participating SPEs received no compensation whatever for taking part in the prepaids.)

Morgenthau Letter at 4.

359. Other signs that the Chase SPEs were not independent: They were not permitted to do business with parties other than Chase without Chase's explicit permission. Chase acted as their unpaid agent with respect to operational activities. The SPEs' off-shore directors were not allowed access to the SPEs' bank accounts at Chase and were not sent bank statements.

360. The Enron Examiner agreed with the SEC and the Manhattan District Attorney. He found that,

> Mahonia was not independent from JP Morgan Chase in any meaningful sense. JP Morgan Chase had caused Mahonia to be created as a Jersey Channel Islands corporation for the express purpose of assisting in transactions arranged by JP Morgan Chase. . . . Mahonia, as a "special purpose vehicle," was not capable of performing for itself its obligations under the prepay contracts, thus prompting JP Morgan Chase to perform such activities as its agent.

Exam. III, App. E at 56.

361. Chase not only knew that the Mahonia Entities were not independent, it also made misrepresentations to Arthur Andersen that they were. In late 2001, Arthur Andersen required Enron to prove Mahonia's independence from Chase. The Insiders therefore asked Chase for a letter that would satisfy Arthur Andersen, one that "doesn't have Chase showing up anywhere on the fax letterhead or anything along those lines, a separate fax number, etcetera." PSI Ex. 184a at 666. A day later, the Insiders confirmed that the letter from Mahonia should state "(in words not yet crafted, so any you want to propose are welcome) that Mahonia and Chase are unrelated entities which are not consolidated on a legal or accounting basis with each other." Exam. III, App. E at 55-56 (quoting AB000512189). Chase provided the letter even though it knew the opposite was true. The Enron Examiner has indicated that the evidence is unclear as to whether Andersen relied upon this misrepresentation. Exam. IV, App. B at 73-76. According to the Enron Examiner, Chase and Andersen may have worked together with the Insiders to falsely create the appearance that Mahonia was an independent business entity – not a Chase-sponsored SPE. *Id.* To that extent, Chase and Andersen combined with the Insiders to manipulate and misstate Enron's financial condition.

362. Chase also caused the Mahonia Entities to make affirmative misrepresentations about their role in the Enron prepays. In the contractual documents between Enron and the SPEs, Chase made each of its SPEs affirm that they intended to buy natural gas

> . . . for commercial purposes related to its business as a producer, processor, fabricator, or merchandiser of Natural Gas or natural gas liquids. The Purchaser has the capacity, and intends, to take delivery of the Natural Gas to be delivered hereunder. The Purchaser is acquiring the Natural Gas in the ordinary course of business.

EC00158431, EC00105844. Chase also made the Mahonia Entities affirm that they were "entitled to purchase the Natural Gas [involved in the prepay contract with Enron] free of any taxes" because it was "engaged in the business of reselling the Natural Gas delivered" under the contract, and that

it was "purchasing the Natural Gas for resale to third parties." *Id.* at EC001058442. As both Chase and the Mahonia Entities knew, none of these representations was true.

363. Moreover, in September 1998, Chase helped spread the fraud. As the Chief Investigator for the PSI explained in his testimony to Congress, the basic structure of the Mahonia transactions had

> two key credit support mechanisms to guarantee the parties' obligations, thus removing the performance risk in favor of Chase. First, Enron provide[d] an unconditional guarantee for the obligations of its subsidiary to Chase (through Mahonia). Second, the Enron guarantee [was] supported by either a Performance Letter of Credit ("PLC") with Enron as the account and Mahonia as the beneficiary; or by surety bonds issued by insurance companies. The PLC amortize[d] according to the amortization schedule of the Enron subsidiary's delivery of gas to Mahonia. That is, if Enron default[ed] on its guarantee, drawings on the PLC [would] match the amount outstanding on the prepay amortization schedule. Enron [paid] the PLC fees, which [were] determined according to Enron's senior debt rating.

PSI at 245.

364. In September 1998, the Insiders asked Chase to agree that the Insiders could replace existing PLCs in the prepays with surety bonds that guaranteed Enron's delivery performance obligations. The bonds guaranteed that if Enron defaulted on its obligations to Chase (or Mahonia), insurance companies would pay. Because Enron would no longer be the guarantor, the change would have the effect of freeing up capacity at Chase to do additional deals with Enron. Chase agreed to the change. Enron, of course, did eventually fail to meet prepay repayment obligations to Chase – and Chase promptly sued the insurance companies on the bonds. The insurance companies defended against those claims on the ground that the prepay transactions were nothing more than complicated and undisclosed loans from Chase to Enron, using the Mahonia Entities as pass-through vehicles.

365. Enron reported cash flow from operating activities in 1999 of $1.228 billion. Without the Chase prepays, that number would have been $880 million – 28% lower. In 2000,

Enron reported cash flow from operating activities of $4.779 billion. Without the Chase prepays, that number would have been $3.798 billion – 21% lower. The prepays had an equally striking impact on Enron's reported debt. In 1999, Enron reported debt of $8.152 billion. Had the then-outstanding Chase prepays been included, the number would have risen to $9.481 billion – an increase of 16%. In 2000, Enron reported debt of $10.229 billion. Had the then-outstanding Chase prepays been included, the number would have risen to $12.539 billion – an increase of 23%. As the Enron Examiner found, these "[r]educed operating cash flow and increased debt levels would have resulted in credit ratings lower than those enjoyed by Enron during this period." Exam. III, App. E at 22.

366. To Chase, the Mahonia prepay transactions were – in the words of Chase employees – "smoke and mirrors." Deposition S. Aultman, JP Morgan Chase at 142-47 (Aug. 6, 2002) (quoted in Exam. III, App. E at 20-21 & n.70). This "trick" (as the Examiner called it) materially inflated Enron's financial statements from at least 1997 until bankruptcy. The transactions were timed to cause Enron to meet key financial targets critical to the maintenance of Enron's credit ratings and the expectations of the market. In each case, the prepaid amount was determined not by the Insider's desire to sell oil or natural gas, but by the amount of cash flow needed to achieve the desired ratings and market reviews. In each case, the transaction was arranged on the eve of the close of a fiscal period for Enron and closed within days or hours of the end of the quarter or year. Without the Chase prepays, in many quarters during the relevant period, Enron would not have met or exceeded the targeted financial results of the analysts or the market, and Enron's credit ratings would have been downgraded.

367. Recently, Chase – like Citigroup – renounced the practices and policies through which Chase had aided and abetted the Insiders' misstatement of Enron's financial condition. In

his July 28, 2003 letter to Manhattan District Attorney Morgenthau, the Vice Chairman of J.P. Morgan Chase & Co. wrote:

> We have made mistakes. We cannot undo what has been done, but we can express genuine regret and learn from the past.
>
> The Prepays are a case in point. Our view historically with respect to such structured finance transactions was that our clients and their accountants were responsible for the clients' proper accounting and disclosure of the transactions. Since Enron's bankruptcy, we have been widely criticized for this approach and for our involvement in the Prepays through which it has been alleged Enron improperly obtained financing in a manner not transparent to its shareholders and the market generally. We will in the future hold ourselves to a higher standard. ***Accordingly, J.P. Morgan Chase has adopted new policies and new procedures designed to ensure that transactions in which it participates are disclosed appropriately by our clients. Under our new policies and procedures, J.P. Morgan Chase would not have approved the Enron prepays.***

(emphasis added).

(a) Payments or transfers during the ninety-day period prior to bankruptcy

368. The following facts about the Chase prepays are alleged more specifically for purposes of certain bankruptcy claims. Seven (7) of the Mahonia transactions involved payments or transfers within the preference period prior to the Petition Date. These seven transactions are Chase VI through Chase XII. Chase VI closed in December 1997, Chase VII closed in June 1998, Chase VIII closed in December 1998, Chase IX closed in June 1999, Chase X closed in June 2000, Chase XI closed in December 2000, and Chase XII closed in September 2001.

369. As described earlier in the Complaint, the Mahonia transactions were a series of commodity transactions typically involving ENA; ENGM, a wholly-owned subsidiary of ENA; JPMC; Mahonia; and Enron as Guarantor. Stoneville and Fleet were involved in one of the Mahonia transactions, Chase XI.

370. The Mahonia Entities are SPEs that conducted no independent business and were established for the benefit of, and controlled by, JPMC. As such, the Mahonia Entities are alter egos

and/or effectively one with JPMC. JPMC was the ultimate recipient and beneficiary of substantially all sums paid to and benefits received by the Mahonia Entities during the course of the Mahonia transactions.

371. While ostensibly prepaid forward oil or gas sales contracts and reciprocal margin payment agreements are common in the energy industry, the Mahonia transactions were different: they were essentially loans made by JPMC to ENA or ENGM, and guaranteed by Enron, involving intertwined and atypical companion agreements that resulted in circular delivery obligations and related financial swap agreements designed to eliminate all price risk.

372. Not Used.

373. Not Used.

374. The Mahonia transactions Chase VI through Chase X involved the following basic steps:

a. JPMC provided funding for the transaction by entering into a prepaid forward contract with its alter ego SPE, Mahonia, to buy specified quantities of oil or gas at a specified time and place.

b. Mahonia then entered into a virtually identical prepaid forward contracts to buy the same quantity of oil or gas from ENGM (for Chase VI through Chase IX) or ENA (for Chase X) for a price equal to the sum Mahonia received from JPMC (less a nominal fee retained by Mahonia) and for delivery at the same time Mahonia was to deliver the oil and gas to JPMC.

c. ENA then entered into an agreement with JPMC that required ENA to make periodic, fixed payments, calculated as a fixed per unit price for a set quantity of oil or gas, to JPMC. For its part, JPMC agreed to pay back to ENA, the prevailing market price for the same quantity of oil or gas. These payments were due at the same time ENGM or ENA was to deliver the same quantity of oil or gas to Chase's SPE Mahonia (and Mahonia was, in turn, to deliver the

commodity to JP Morgan Chase) under the prepaid forward contracts. The transaction, when viewed as an integrated whole, was effectively circular with respect to the commodity, thereby eliminating the risk of price fluctuation over time in the commodity.

375. The three steps described above in paragraph 374 were designed to function as an integrated whole to produce what was, in substance, a term loan by JP Morgan Chase to ENGM or ENA.

375A. Upon information and belief, JPMC sold one-half of the gas it received from Mahonia as part of the Chase VII Mahonia transaction back to ENGM, ENA and Enron.

375B. For the Chase VIII-X Mahonia transactions, JPMC sold all of the oil and gas it received back to ENGM, ENA and Enron.

376. Chase XI did not include the agreement between ENA and JPMC described in paragraph 374(c). Rather, JPMC sold the commodities obtained from ENA to JPMC's SPE Stoneville, which in turn sold the commodities back to ENA at a fixed price. Similar to the payments by ENA to JPMC under the agreement described in paragraph 374(c), the funds paid by ENA to Stoneville – funds that were transferred by JPMC's SPE Stoneville to JPMC – were intended to be sufficient to repay the Chase XI loan with interest.

377. Chase was not the only lender for the Chase XI prepay. Fleet was a co-lender, in an amount equal to 50% of the $330 million prepay loan. In its capacity as co-lender, Fleet had detailed and intimate knowledge of the transaction structure and knew both of Mahonia NGL's involvement and of the fact that Chase created Mahonia and Mahonia NGL. As part of the transaction, Fleet and JPMC entered into a gas off-take agreement whereby gas that Mahonia NGL was to deliver to Fleet instead was to be delivered to JPMC. Fleet understood that the substance of the transaction was a loan. Fleet also understood how Enron accounted for the prepay transaction, i.e., as a price risk management liability rather than as debt. On information and belief, Fleet did

not receive any commodity or monetary payments directly from an Enron affiliated entity. Instead, those payments were made directly to Chase and then forwarded to Fleet. Fleet received fees of approximately $1.1 million for its involvement in the Chase XI prepay transaction.

378. In contrast to Chase VI through XI, the Chase XII prepay substituted purported swaps for the prepaid forward contracts that were part of the prepay structure described in paragraph 374. Despite the substitution, the material price risk was eliminated from Chase XII as from the other transactions. As a result, when viewed as a whole, Chase XII was, in substance, a $350 million term loan by JPMC to ENA, which Enron guaranteed. The parties' contracts provided that Enron would procure letters of credit to support its guaranty of Chase XII.

378A. On or about October 9, 2001, Enron procured from JPMC an irrevocable transferable standby letter of credit in the amount of $150 million for the benefit of Mahonia (the "JPMC L/C"). The JPMC L/C supported Enron's guaranty of the Chase XII prepay. Enron procured the JPMC L/C pursuant to a Letter of Credit and Reimbursement Agreement dated May 14, 2001 among certain banks, JPMC and Citibank as co-administrative agents, and JPMC as paying and issuing bank (the "JPMC Reimbursement Agreement").

378B. On or about October 5, 2001, Enron procured from Westdeutsche Landesbank Girozentrale, London Branch ("West LB London") an irrevocable transferable standby letter of credit in the amount of $165 million for the benefit of Mahonia (the "West LB Mahonia L/C"). The West LB Mahonia L/C, together with the JPMC L/C, supported Enron's guaranty of the Chase XII prepay. Enron procured the West LB Mahonia L/C pursuant to a Trade Finance and Reimbursement Agreement dated September 10, 2001 among certain banks and West LB London as issuing bank (the "West LB Mahonia Reimbursement Agreement").

378C. Mahonia secured certain of its obligations to JPMC in connection with Chase XII by, among other things, granting JPMC a security interest in the JPMC L/C and West LB L/C.

378D. In late November 2001, JPMC declared a default under the Chase XII prepay and drew down on the JPMC L/C. The effect of JPMC's draw was to shift potential losses in connection with the Chase XII prepay to other banks that were parties to the JPMC Reimbursement Agreement.

378E. On information and belief, on December 5, 2001, JPMC or Mahonia made demand on West LB London for the full amount of the West LB Mahonia L/C. On information and belief, West LB London subsequently paid no less than $165 million to JPMC or Mahonia under the West LB Mahonia L/C. This payment paid an amount allegedly due from Enron in connection with its guaranty of the Chase XII prepay. On or about August 17, 2004, West LB London filed an amended proof of claim (the "West LB Claim") based on the West LB Mahonia Reimbursement Agreement for reimbursement of its payment in connection with the West LB Mahonia L/C.

(3) FAS 140 transactions.

(a) Hawaii

379. Although Chase was not a major participant in the FAS 140 transactions, it did take a $20 million participation interest in Hawaii, on which CIBC was the lead lender. The Hawaii transactions are described in paragraphs 522 through 526 below.

380. Chase knowingly facilitated the Insiders' manipulation of Enron's financial statements by participating in the Hawaii transactions. Chase knew Enron was supporting the loan through a total return swap that provided the lenders with assurance of payment similar to an Enron guaranty. Chase also knew that the Insiders would not account for the guaranty on Enron's financial statements, as GAAP required. Despite that knowledge, Chase facilitated the transactions by participating in them. Without Chase's participation, the Hawaii transactions would not have closed.

(b) Fishtail

381. In December 2000, Chase knowingly facilitated the Insiders' manipulation of Enron's financial statements by participating in the Fishtail transaction. Fishtail, which began life as Grinch,

was a project to assist Enron in recording income and cash flow from operations from its pulp and paper business.

382. The project originally called for Enron to create a joint venture structure (eventually, Fishtail) to which Enron would transfer its existing paper business. However, Enron ended up transferring to Fishtail only the profits from Enron's existing and future trading contracts. Fishtail had a maximum life of five years. Therefore, Enron actually transferred to Fishtail only a five-year profit stream of the contracts, at most. Enron valued that profit stream at $200 million.

383. Chase had two roles in connection with the Fishtail structure. Its first role was as equity participant in Annapurna, an SPE established to be the joint venture partner with Enron in Fishtail. Annapurna was capitalized with $50 million equity. Of that $50 million, LJM2 provided $8 million and Chase provided an unfunded commitment of the remaining $42 million, by way of a letter of credit. Chase knew, however, that none of that $42 million was at risk. It was 100% supported by Enron. The structure was set up to allocate the first $200 million in losses solely to Enron.

384. Chase knew the Insiders intended to account for the transaction in which Fishtail was to be used (Bacchus) as a FAS 140 transaction. Chase also knew that Fishtail had to be structured so as not to be consolidated with Enron. For that to happen, 20% of Fishtail's capitalization had to come from Annapurna. But Chase's portion of Annapurna was not at risk because the Insiders had agreed that Fishtail's first $200 million in losses would be allocated completely to Enron.

385. Chase's second role in Fishtail was as valuation expert. Enron's $200 million valuation of the five-year profit stream from Enron's trading contracts was dependent on, and supported only by, a valuation analysis Chase performed of Enron's Forest Products business on October 26, 2000, and revised on November 20, 2000. Chase's valuation had three parts: (i) the

Garden State Paper Company, (ii) "soft assets," such as Enron credit support, risk management expertise, and management strength, and (iii) the pulp and paper trading business.

386. Enron had acquired the Garden State Paper Company in August 2000 for $72 million; Chase therefore used $72 million in its valuation. Chase did not assign any specific number to Enron's soft assets. Chase assigned a value of $225 million to $300 million to the pulp and paper trading business. Only two months before, that business had been given a mark-to-market value of only $80 million. Less than a year later, in preparing an asset inventory in anticipation of bankruptcy, Enron estimated the total market value of the pulp and paper trading business at $50 million.

387. Chase's $225 million to $300 million valuation of the pulp and paper trading business was without factual basis or support. Chase's October and November 2000 valuation of Enron's trading contracts was inconsistent with the mark-to-market value attributed to it in September 2000, inconsistent with the value given to it prior to bankruptcy, and inconsistent with its actual value. By all appearances, Chase chose the range $225 million to $300 million solely because the Insiders made known that they valued the trading business at $275 million.

388. Chase's valuation gave the Insiders an ostensible basis for recognizing improperly a gain in the transfer of the trading contracts from Enron to Annapurna. Chase knew that the Insiders intended to so rely on the valuation Chase provided, knew that the valuation was without support, and yet provided it anyway, which allowed the Fishtail transaction to occur.

389. Chase knowingly and improperly facilitated the Insiders' manipulation of Enron's financial statements through its valuation, as discussed above, and through its participation in Fishtail.

c. Barclays knowingly assisted the Insiders in misstating Enron's financial condition.

390. Barclays' participation in the Insiders' scheme was essential, in part because it started early. By October 1998, Enron already owed Barclays over $1.5 billion. Several high-ranking Barclays employees have admitted Barclays knew from early on that the Insiders were using multiple and varied financing structures to hide the true nature of Enron's financial condition. *See* Exam. III, App. F at 9 (citing witness statements). Barclays understood the Insiders' motives and the transactions' effect on Enron's financial statements. Barclays Director John Meyer has admitted that no *outsider* could evaluate the effect the Insiders' structures had on Enron's financials. Of course, as a participant in the scheme, Barclays could. For example, by early 1999, Barclays knew that the Insiders' structured financings added $4.6 billion to Enron's reported debt for 1998 of $7.4 billion. Barclays well understood that the additional debt, properly recorded, increased Enron's debt to total capitalization ratio from 41.9% to 63%.

391. Barclays chose to remain deeply involved in the Insiders' scheme despite knowing exactly what the Insiders were doing. Seven transactions with Barclays were particularly significant: J.T. Holdings, Nikita, Chewco, SO2, and three prepays. The Enron Examiner found that all seven were reported improperly by the Insiders, that Barclays participated knowing the seven would be reported improperly, and that as a result of the transactions, a total amount of $410 million was improperly reported as "income" and $1 billion improperly reported as "cash flow from operations." The Enron Examiner also concluded that $1.77 billion of debt was improperly kept off Enron's 1997-2001 financial statements because of these transactions.

(1) Barclays' relationship with Enron.

392. Barclays is one of the largest financial services groups in the UK. Its involvement with Enron was extensive and lucrative. It attained Tier 1 status in 1993, and kept it until Enron's

bankruptcy. By the late 1990s, Barclays was among Enron's top three banks. Enron, in turn, was Barclays' top oil and gas client worldwide from the late 1990s through 2000. From 1996 through 2001, Barclays led 33 financing transactions and participated in 16 more. Barclays also proposed or considered 27 others during that same time. In connection with the transactions Barclays completed, Barclays was paid over $40 million in fees – a figure that does not include interest Barclays earned on the money it loaned.

393. Because of its close relationship with the Insiders, Barclays had better access to Enron's true financial information than many other banks, not to mention the rating agencies. Barclays examined Enron's creditworthiness every year based on information to which it was privy by virtue of that relationship. Its access was such that by the end of 1998, Barclays' senior management had already concluded that the increasing reliance on structured financings to handle Enron's off-balance sheet liabilities "was having a material impact on Enron's financial statements." Sworn Statement of John Meyer at 154-57 (quoted in Exam. III, App. F at 11).

(2) J.T. Holdings.

394. Since at least the early 1990s, Barclays has known it is improper *not* to consolidate a synthetic lease structure unless the lessee-SPE that owns the assets is capitalized with 3% independent, at-risk equity. As a result, when the Insiders approached Barclays in the fall of 2000 about participating in an unconsolidated structure involving four distinct synthetic lease transactions, Barclays knew the assets to be leased had to be owned by an SPE capitalized with at least 3% independent, at-risk equity. Nevertheless, as a condition to its equity participation in the J.T. Holdings synthetic lease structure, Barclays told Glisan in November 2000 that Barclays would not participate unless Glisan would guarantee Barclays' equity interest would be returned. Barclays required the promise because it questioned the residual value of the assets underlying the transaction.

395. On November 14, 2000, Barclays Director Richard Williams advised others at Barclays that he had received the necessary assurance:

> We have had a number of conversations with Enron about the transaction risks and have agreed to go forward on the basis of explicit verbal support from the company's Treasurer. Specifically, Ben Glisan will commit to us that under all circumstances Enron will execute its purchase option at a price sufficient to repay in full the holders of the B Notes and Certificates.

(quoted in Exam. III, App. F at 23). Glisan's assurance was exactly what Barclays needed. On December 7, 2000, Barclays made its equity investment by purchasing $1.3 million of C Trust Certificates and contributing them to the SPE.

396. Barclays participated in the J.T. Holdings transaction knowing that Glisan's verbal assurance of repayment meant that less than 3% of the equity would be at risk. (Barclays' certificates were one part of the $3.3 million in trust certificates that made up the 3% equity component.) Barclays knew, as a result, that the transaction would not be entitled to off-balance sheet accounting treatment. Barclays also knew the Insiders would ignore that fact, and would treat the transactions as properly off-balance sheet. Of course, Barclays was right. The Insiders recorded the transactions off-balance sheet and, as a result, $106.2 million in debt was not properly reported on Enron's financial statements.

(3) Nikita.

397. Nikita – a FAS 140 transaction – raised the same issue as J.T. Holdings. Barclays knew that the trust structure in the transaction had to include at least 3% "at-risk" equity in order for it not to be consolidated on Enron's balance sheet. Again, however, Barclays demanded and received verbal assurances from the Insiders that took the risk out of the equity investment and thereby invalidated the off-balance sheet accounting treatment. Nikita represented $71.9 million of debt improperly kept off Enron's financial statements.

398. The Insiders used Nikita to monetize Enron's ownership interests in EOTT Energy Partners, LP (the ownership interests are "EOTT Partnership Units"). The transaction contemplated a syndicate, led by Barclays, that would agree to make up to $235 million available through Besson Trust, an SPE. Besson Trust purchased Enron's ownership interests in EOTT, in part by borrowing approximately $71.9 million from Barclays. That loan was effectively guaranteed by ENA through a total return swap. In turn, ENA's obligation under the total return swap was guaranteed by Enron.

399. Until the day before the transaction closed in September 2001, Barclays' role also was to include purchasing an $8.1 million certificate held by CSFB (the other principal financier of the transaction) which was to constitute the 3% equity investment. Again, however, because Barclays was concerned about the value of the assets underlying the transaction, Barclays required the Insiders to verbally assure Enron's repayment to Barclays before Barclays would participate.

400. Ultimately, regulatory reasons stopped Barclays from holding the certificate. So, instead, CSFB contributed the equity piece. However, CSFB only agreed to take Barclays' place because Barclays agreed to enter into a total return swap guaranteeing that *CSFB's* investment would be returned. Barclays thereby became the *de facto* equity holder. Of course Barclays took on CSFB's risk only because the Insiders had already guaranteed its own risk – Barclays' risk. The Insiders' verbal assurances survived closing.

401. Barclays participated in Nikita knowing that the Insiders' verbal assurance of repayment meant that 3% equity would not be at risk. Barclays knew that as a result, Enron would not be entitled to off-balance sheet accounting treatment. Barclays also knew that regardless, the Insiders would not include the transactions on Enron's financial statements.

402. The verbal assurances Barclays demanded and received directly caused Enron's accounting treatment to fail. Without those assurances, however, Barclays would not have entered into the total return swap with CSFB. Without the total return swap, CSFB would not have held the

certificate. And without true risk for the certificate holder, off-balance sheet treatment was inappropriate.

403. For purposes of certain bankruptcy claims that arise from Nikita, the following facts are more specifically pled: Nikita, LLC ("Nikita"), a wholly-owned subsidiary of Enron, contributed the EOTT Partnership Units to another Enron wholly-owned subsidiary, Timber I LLC ("Timber"), in exchange for a Class A Interest in Timber.

404. Besson Trust, a special purpose entity set up by Enron, purchased the Class B Interest in Timber with financing obtained by issuing a certificate of beneficial interest to CSFB for approximately Eight million One Hundred Thousand Dollars ($8,100,000) and by borrowing approximately Seventy-One million Nine Hundred Thousand Dollars ($71,900,000) from Barclays (the "Barclays Loan").

405. On or about September 28, 2001, Besson Trust entered into a Total Return Swap Agreement with ENA, which Enron guaranteed, and pursuant to which ENA was obligated to pay Besson Trust an amount equal to the amounts payable on the Barclays Loan in exchange for Besson Trust's agreement to pay ENA all amounts received by Besson Trust with respect to the Class B Interest.

406. On or about November 6, 2001, ENA paid Two Hundred Forty-Eight Thousand Three Hundred Thirty-Three Dollars and Fifty Cents ($248,333.50) to Besson Trust in accordance with the terms of the Total Return Swap Agreement.

407. Besson Trust paid Barclays Two Hundred Forty-Eight Thousand Three Hundred Thirty-Three Dollars and Fifty Cents ($248,333.50), the same amount that ENA paid to Besson Trust.

408. Even though the agreement pursuant to which ENA made the payment to Besson Trust was called "Total Return Swap Agreement," in reality the agreement was not a swap

agreement but an instrument that would allow ENA to make payments of principal and interest on the Barclays Loan.

(3)(a) Avici.

408A. Avici was a FAS 140 transaction that closed on or about December 11, 2000. The Insiders used Avici to monetize shares in Avici Systems Inc. (the "Avici Shares") that Enron owned through various subsidiaries. Sales of the Avici Shares were restricted until July 28, 2001, but the Insiders wanted to book the appreciated value of the Avici Shares before that time.

408B. For Avici, the Insiders and Barclays created a complex FAS 140 structure. The structure included JGB Trust, which purchased economic interests in two Enron entities that held the Avici Shares. To pay for the economic interests in the two Enron entities, JGB Trust obtained financing through a Thirty-Four million Three Hundred Twenty-Nine Thousand Eight Hundred Eight Dollar ($34,329,808.00) loan from Barclays (the "Barclays Loan"). JGB Trust also obtained an equity contribution of One million Seventy Thousand One Hundred Ninety-Two Dollars ($1,070,192.00) from LJM2-Max, LLC ("LJM2-Max").

408C. In connection with Avici, ENA entered into a so-called "total return swap" agreement with JGB Trust (the "Total Return Swap Agreement"). The Total Return Swap Agreement provided that ENA would pay JGB Trust the fixed amounts due under the Barclays Loan and JGB Trust would pay ENA any sums it received from the entities that held the Avici Shares.

408D. Even though the agreement was called a "Total Return Swap Agreement," in reality the agreement was not a swap agreement but rather a means by which ENA made payments of interest and principal on the Barclays Loan.

408E. Enron signed a guarantee of ENA's obligations under the Total Return Swap Agreement.

408F. Avici was, in substance and effect, a loan of Thirty-Four million Three Hundred Twenty-Nine Thousand Eight Hundred Eight Dollars ($34,329,808.00) rather than a sale. Under the Total Return Swap Agreement, ENA retained the benefits and costs of fluctuations in the value of the Avici Shares, and Barclays received fixed payments that were equivalent to principal and interest on the Barclays Loan.

408G. At the time Avici closed, both the Insiders and Barclays knew that the Insiders' failure to record it as a loan would be misleading to Enron's creditors. Because Enron retained the costs and benefits of owning the Avici Shares, and because LJM2-Max's equity contribution to the JGB Trust was not truly at risk or independent of Enron, the Avici transaction was not a proper sale of assets under FAS 140.

408H. Less than a year after Avici closed, and after the market price of the Avici Shares had declined substantially, Enron and LJM2-Max agreed to unwind the transaction. JGB Trust repaid the Barclays Loan in full on October 4, 2001.

408I. For purposes of certain bankruptcy claims that arise from Avici, the following facts are pled more specifically: Enron Broadband Investments Corp. ("EBIC"), a wholly-owned subsidiary of Enron, contributed the Avici Shares to the sponsor company, EBIC-Apache LLC ("EBIC-Apache"), a single member Delaware limited liability company owned by EBIC, which in turn contributed the Avici Shares to two limited liability companies, JJB-I Asset L.L.C. ("JJB-I") and JJB-II Asset L.L.C. ("JJB-II"). In exchange, EBIC-Apache received: (a) Class A member interests in JJB-I and JJB-II, representing 100% of the voting power and .01% of the economic interests in those entities, and (b) preferred distributions of Nineteen million Four Hundred Thousand Dollars ($19,400,000.00) and Sixteen million Dollars ($16,000,000.00), the funds for which were provided by JGB Trust as set forth below.

408J. On or about December 7, 2000, JGB Trust, a Delaware business trust, received Class B member interests in JJB-I and JJB-II, representing 99.99% of the economic interest in those entities. JGB Trust received the Class B member interests from two other entities – MEB-I LLC and MEB-II LLC (together, "MEB") – that were wholly owned by EBIC-Apache. In exchange, and using funds that it had received from the Barclays Loan and the LJM2-Max equity contribution, JGB Trust contributed Thirty-Five million Four Hundred Thousand Dollars ($35,400,000.00) to MEB, which MEB transferred to JJB-I and JJB-II, and which JJB-I and JJB-II then transferred to EBIC-Apache by way of the preferred distributions.

408K. On or about December 7, 2000, ENA entered into the Total Return Swap Agreement with JGB Trust. The Total Return Swap Agreement provided that JGB Trust would pay ENA any amounts it received from JJB-I or JJB-II. It also provided that ENA would pay JGB Trust the amount of JGB Trust's debt to Barclays. On or about the same date, Enron signed a guarantee that it would pay JGB Trust all of ENA's obligations under the Total Return Swap Agreement.

408L. From approximately January 11, 2001 to approximately October 4, 2001, ENA paid JGB Trust sums equal to the interest on the Barclays Loan. JGB Trust transferred equal amounts to Barclays.

408M. On or about October 4, 2001, Avici was unwound. EBIC-Apache, then known as EBS Ventures LLC ("EBS Ventures"), repurchased from JGB Trust the Class B member interests in JJB-I and JJB-II, which represented the economic interest in the Avici Shares, for Two million Ten Thousand Eight Hundred Thirty-Two Dollars ($2,010,832.00).

408N. On or about October 4, 2001, ENA paid JGB Trust Thirty-Two million Three Hundred Eighty-Three Thousand Eight Hundred Thirty-One Dollars and Sixteen Cents ($32,383,831.16) based on the terms of the Total Return Swap Agreement.

408O. On or about October 4, 2001, JGB Trust paid Barclays Thirty-Four million Three Hundred Ninety-Four Thousand Six Hundred Fifty-Four Dollars and Fifteen Cents ($34,394,654.15) as full and final payment of the Barclays Loan. The payment was substantially equal to the amount JGB Trust obtained from the sale of the Class B member interests to EBS Ventures plus the amount ENA paid JGB Trust under the Total Return Swap Agreement.

(4) SO_2.

409. With SO_2, the Insiders and Barclays intended to create a financing structure that had the economic characteristics of a loan, but nevertheless the proceeds of which could be recorded on Enron's financial statements as cash flow from operations. The Insiders and Barclays worked on the structure for months – spring through October 2001. The SO_2 transactions dealt with two purported sales of SO_2 emission credits ("Emission Credits") to a Barclays SPE, Colonnade.

409A. Upon information and belief, prior to entering into the SO_2 transactions neither Barclays nor Colonnade had ever engaged in financial transactions involving SO_2 emission credits.

410. The SO_2 transactions worked in much the same way as the prepays. Like the prepays, they also required the participation of an independent third party. In this case, the designated third party was Colonnade and Colonnade was formed specifically for that purpose. In truth, Barclays controlled Colonnade, which was nothing but a shell entity that lacked both independence from Barclays and economic substance. As such, Colonnade is an alter ego and/or effectively controlled by Barclays.

411. When Barclays structured the SO_2 transactions, it knew – because the Insiders had told it – about the "smell test" Arthur Andersen would use to evaluate the independence of a third party from Barclays. Barclays therefore "seasoned" Colonnade by pushing two short-dated commodity trades through it. As a factual matter, however, Colonnade still failed the "smell test."

For example, Colonnade had not been in existence for a number of years and it did not have a legitimate history of multiple transactions.

412. Barclays knew the proceeds of the transactions could not properly be accounted for off-balance sheet. Barclays also knew the Insiders intended to book the cash flow Enron received in the improperly recorded transactions as cash flow from operating activities. Moreover, Barclays' own accountants told it several times that they could not understand how the Insiders would get Enron's auditors to permit off-balance sheet treatment for the structure. Finally, as Barclays' documents show, Barclays was concerned that the structure of the transaction was inconsistent with the "values of Barclay [sic] bank." BRC 000127900 (quoted in Exam. III, App. F at 41). Barclays facilitated the transactions anyway.

413. For purposes of certain bankruptcy claims that arise from SO_2, the following facts are more specifically pled.

(a) The September transaction

414. Specifically, with respect to the first purported sale of SO_2 Emission Credits, on or about September 28, 2001, Barclays and Colonnade entered into a Committed Money Market Facility pursuant to which Barclays loaned Colonnade One Hundred Thirty-Eight million Four Hundred Seventy-Five Thousand Eight Hundred Twenty-Nine Dollars and Fifty Cents ($138,475,829.50).

415. On or about September 28, 2001, ENA transferred 757,975 Emission Credits of various vintage years to Colonnade for One Hundred Thirty-Eight million Four Hundred Seventy-Five Thousand Eight Hundred Twenty-Nine Dollars and Fifty Cents ($138,475,829.50) (the "September Transaction"), the exact amount that Colonnade obtained from Barclays. Colonnade pledged its interest in the Emission Credits and its rights under the September Option Agreement

(as defined below) to Barclays as security for the repayment of funds Colonnade had borrowed from Barclays under the Committed Money Market Facility.

416. During the same time period, Herzeleide LLC ("Herzeleide"), a wholly-owned subsidiary of Enron, was created for the sole purpose of being a party to certain option agreements with Colonnade in the context of the SO_2 transactions. Herzeleide is the alter ego of Enron and its affiliates.

417. On or about September 24, 2001, Herzeleide entered into an Option Agreement (the "September Option Agreement") governing the various put and call arrangements with Colonnade. These arrangements gave Herzeleide a call option to purchase from Colonnade the exact same amount and vintage years of Emission Credits as those purchased from ENA in the September Transaction. In addition, these arrangements gave Colonnade a put right to require Herzeleide to purchase the exact same amount and vintage years of the Emission Credits that ENA sold to Colonnade.

417A. On or about September 24, 2001, Colonnade paid Herzeleide Five Hundred Dollars ($500.00) to purchase the put right under the September Option Agreement.

418. Herzeleide acquired the call rights in exchange for a payment of Four Hundred Twenty-Six Thousand Six Hundred Fifty-Nine Dollars and Thirty-Seven Cents ($426,659.37) to Colonnade (the "Herzeleide September Payment") – which was in effect a partial prepayment of interest on the money that Colonnade borrowed from Barclays for the September Transaction.

419. Upon information and belief, the Herzeleide September Payment was in fact made by Enron or ENA to Colonnade. Enron's records show that Enron or ENA made a payment to Colonnade equal to the amount that Herzeleide supposedly paid Colonnade as a premium for the call option arrangement under the September Option Agreement.

420. Upon information and belief, the Herzeleide September Payment was subsequently transferred to Barclays.

421. As part of the September Transaction, ENA and Barclays then entered into what purported to be a swap confirmation under an existing ISDA Master Agreement (the "September Swap"). Enron provided a limited guarantee of ENA's obligation under the September Swap. In the September Swap, ENA agreed to pay Barclays, at the end of the term, the amount by which the price of the Emission Credits had declined from the price at which Colonnade had purchased the Emission Credits from ENA, and Barclays agreed to pay ENA the amount by which the price of the Emission Credits had increased from the price at which Colonnade had purchased the Emission credits from ENA. The price and vintage year of the Emission Credits referenced in the September Swap were identical to the price and vintage year of the Emission Credits ENA sold to Colonnade in the September Transaction.

422. On or about September 28, 2001, Barclays and Colonnade entered into what purported to be a swap agreement whereby Barclays agreed to pay Colonnade the amount by which the price of the Emission Credits had declined below the price at which Colonnade had purchased the Emission Credits from ENA. Conversely, Colonnade agreed to pay Barclays the amount by which the price of the Emission Credits had increased above the price at which Colonnade had purchased the Emission Credits from ENA.

423. The agreements referenced above had the net effect of eliminating the price risk of the Emission Credits from the put and call option arrangements under the September Option Agreement.

424. The agreements and the derivative transactions described above had the economic effect of providing ENA with financing from Barclays equal to the purchase price that Colonnade paid for the Emission Credits. Thus, while the September Transaction ostensibly involved a sale

of Emission Credits, in economic substance the September Transaction was a loan that Barclays sought to secure, in part, by Emission Credits and Colonnade's rights under the September Option Agreement.

424A. The September Transaction was structured so that ENA or Enron, pursuant to the call option granted to Herzeleide, could repay the loan from Barclays by causing Herzeleide to "buy" the Emission Credits from Colonnade at market price. The effect of entering into the September Swap was that, if the market price had increased since the time of the "sale" (and, therefore, ENA paid back more than it initially borrowed), Barclays would return the difference to ENA, and if the market price had decreased since the time of the "sale" (and, therefore, Enron paid back less than it initially borrowed), ENA would pay the shortfall to Barclays under the September Swap.

425. On or about October 30, 2001, ENA and Barclays entered into a Termination Agreement, terminating the September Swap. The Termination Agreement provided for a termination fee to be paid to Barclays.

426. In accordance with the provisions of the Termination Agreement, on or about October 30, 2001, ENA paid Barclays Ten million One Hundred Three Thousand Two Hundred Ninety-Four Dollars ($10,103,294) as a termination fee (the "Termination Fee").

(b) The October transaction

427. On or about October 30, 2001, ENA purportedly "sold" Colonnade 166,607 Emission Credits for approximately Twenty-Nine million One Hundred Eight Thousand Six Hundred Thirty-Eight Dollars and Eighty-Five Cents ($29,108,638.85) (the "October Transaction").

428. Upon information and belief, at some time after the Petition Date, Colonnade transferred the Emission Credits to a Barclays subsidiary, Barclays Metals.

429. On or about October 30, 2001, Barclays entered into a Committed Money Facility with Colonnade for One Hundred Seventy million Dollars ($170,000,000). Colonnade used part of these funds to pay ENA for 166,607 Emission Credits of various vintage in the October Transaction.

430. At the same time, Colonnade entered into a Call Option Agreement with Herzeleide and into a put option agreement with Grampian LLC ("Grampian"), another Enron wholly-owned subsidiary (the "Put Option Agreement").

431. Grampian was created for the sole purpose of being a party to certain option agreements with Colonnade in connection with the SO_2 transactions. Grampian is the alter ego of Enron.

432. The put and call agreements that Herzeleide and Grampian entered into functioned in substantially the same way as did the put and call arrangements in the September Transaction. Similarly, Enron provided a limited guarantee of Herzeleide's and Grampian's obligations under the put and call agreements governing the October Transaction.

432A. On or about October 30, 2001, Colonnade paid Grampian Three Hundred Dollars ($300.00) to purchase the put right under the Put Option Agreement between Colonnade and Grampian.

433. On or about October 30, 2001, Herzeleide acquired call rights from Colonnade, for the same amount and vintage year as the Emission Credits transferred in the September and October Transactions, in exchange for the aggregate amount of Three million Three Hundred Five Thousand Four Hundred Sixteen Dollars and Two Cents ($3,305,416.02) (the "Herzeleide October Payment").

434. Upon information and belief, the Herzeleide October Payment was in fact made by Enron or ENA to Colonnade. Enron's records show that Enron or ENA made a payment to Colonnade equal to the amount that Herzeleide supposedly paid Colonnade as a premium for the call rights in the September and October Transactions.

435. Upon information and belief, the Herzeleide October Payment was subsequently transferred to Barclays.

436. The Herzeleide October Payment, which was paid by Enron or ENA, was in effect a prepayment of interest on the loans that Barclays made to Colonnade to obtain the Emission Credits that ENA purportedly "sold" to Colonnade.

437. Barclays and ENA entered in new swap confirmations, under the existing ISDA Master Agreement, similar to those in the September Transaction.

438. In addition, Barclays and Enron entered into a Charge on Cash Agreement (the "Charge on Cash Agreement"), on or about October 30, 2001, which required Enron to deposit Fifty-Nine million Five Hundred Thousand Dollars ($59,500,000) with Barclays (the "Barclays Deposit") as security for all obligations owing by Enron and its subsidiaries to Barclays and any other entity in which Barclays had an interest.

439. Pursuant to the terms of the Charge on Cash Agreement, Enron deposited the Barclays Deposit with Barclays on or about October 30, 2001.

439A. Upon information and belief, the Barclays Deposit accrued interest in the amount of $263,077.05.

440. Barclays applied the Barclays Deposit and the accrued interest as follows:

(a) Forty-Five million Six Hundred Two Thousand Two Hundred Ninety-Five Dollars ($45,602,295) was applied against the early termination amount allegedly owed by ENA to Barclays as a result of the early termination of the entire Barclays/ENA swap book;

(b) Ten million One Hundred Sixty-Three Thousand Ninety-Two Dollars and Twenty-Three Cents ($10,163,092.23) was applied to ENA's alleged obligations to the Besson Trust (relating to the Nikita transaction);

(c) Three million Four Hundred Fifty-Nine Thousand Eight Hundred Forty-Four Dollars ($3,459,844) was applied to Enron's alleged obligation as guarantor of the Richmond Power Enterprise, L.P., a Delaware limited partnership;

(d) Two Hundred Twenty-Two Thousand Fifteen Dollars ($222,015) was applied to alleged and unspecified obligations of Enron Credit Limited; and

(e) Three Hundred Fifteen Thousand Three Hundred Thirty-Seven Dollars ($315,337) was applied to alleged and unspecified obligations of Enron.

441. As with the September Transaction, the October Transaction provided ENA with financing from Barclays, which the parties attempted to secure by the Emission Credits purportedly sold to Colonnade and the rights under the call and put agreements.

442. In accordance with the 1994 ISDA Credit Support Annex dated January 13, 1994 between ENA and Barclays, ENA deposited cash on or about September 28, 2001, in an ENA account at Barclays ("Deposited Funds"). The balance of the account as of December 1, 2001 was $27,132,999.00, and the interest accrued thereon by December 31, 2001 was $32,494.

442A. On or about December 3, 2001 – the day following the Petition Date – Barclays notified ENA that Barclays was: (a) terminating all transactions governed by the ISDA Master Agreement because ENA had filed a chapter 11 petition, and (b) designating December 4, 2001 as the Early Termination Date for the outstanding transactions under the ISDA Master Agreement.

443. On or about December 31, 2001, Barclays sent a letter entitled "Statement of Payment on Early Termination." The letter stated that Barclays had calculated the amount ENA owed Barclays, with respect to certain transactions governed by the 1992 ISDA Master Agreement and the 1994 ISDA Credit Support Annex, to be $72,617,084 plus $150,704 in interest for a total of $72,767,788. The letter also stated that, after Barclays had applied the Deposited Funds plus accumulated interest, ENA owed Barclays $45,602,295.

443A. In six separate transactions between December 20, 2001 and February 23, 2002, Colonnade transferred all the Emission Credits it held as a result of the September and October Transactions to Barclays Metals.

443B. In the period between February 25, 2002 and January 16, 2003, Barclays Metals sold all of the Emission Credits it received from Colonnade to third parties with the exception of 59,058 Emission Credits.

443C. On or about November 13, 2003, Barclays Metals transferred to Barclays the 59,058 Emission Credits associated with the September and October Transactions.

443D. Barclays sold to third parties 29,958 of the Emission Credits it received from Barclays Metals in two transactions (the first on or about November 13, 2003 and the second on or about June 15, 2004). Barclays Bank stills holds 30,000 of the Emission Credits it obtained as a result of the September and October Transactions.

(c) Economic reality and allocation of risk in the SO_2 transactions

444. One or more of the various individual transactions that comprised the SO_2 transactions might appear in isolation to be normal trading activity on market terms. When the transactions are viewed in the aggregate, however, the totality of the facts and circumstances make clear that in economic substance, the SO_2 transactions constituted a $167,600,000 loan from Barclays to Enron and/or ENA.

445. Each of the various individual transactions was based upon the same amount and vintage years of the Emission Credits ENA purportedly "sold" to Colonnade.

446. Each of the various individual transactions related to the September Transaction was entered into contemporaneously with the purported "sale" transaction between ENA and Colonnade in September of 2001.

447. Each of the various individual transactions related to the October Transaction was entered into contemporaneously with the purported "sale" transaction between ENA and Colonnade in October of 2001.

448. There is no commercially reasonable explanation for one or more of the various individual transactions unless they are viewed as part of the larger transactions in September and October of 2001.

449. Enron and ENA never relinquished the benefits or burdens of ownership of the Emission Credits.

450. In economic substance the Emission Credits were treated as collateral for a loan transaction. From their inception, the swaps and options placed the parties in the same position with respect to the Emission Credits as they would have been in a secured loan transaction. That is, Barclays was obligated to pay Enron the surplus value of the collateral and Enron was obligated to satisfy the deficiency balance should the value of the collateral prove to be less than the loan balance.

451. At all relevant times, the economic risks undertaken by the parties were consistent with those of a loan transaction, not of a sale transaction.

(d) Barclays' improper appropriation of Plaintiff's funds for sums not due

451A. By letter dated December 31, 2001, Barclays notified ENA that Barclays was terminating all transactions governed by the ISDA Master Agreement.

451B. By letter dated December 31, 2001, Barclays informed ENA that, according to Barclays' calculations, ENA owed Barclays a termination payment of $72,617,084 plus $150,704 in interest for a total of $72,767,788. The letter also stated that, after Barclays had applied the Deposited Funds plus accumulated interest, ENA owed Barclays $45,602,295.

451C. In actuality, even assuming that all of the agreements Barclays relied on for its calculation were valid and enforceable, ENA owed Barclays no more than $24,308,153.

451D. On or soon after December 31, 2001, Barclays improperly appropriated $72,767,788 in collateral that Plaintiff had posted in connection with the Charge on Cash and ISDA Master Agreements (the "Barclays Improper Appropriation").

451E. For the foregoing reasons, even assuming that the agreements Barclays relied on for its calculation were valid and enforceable, the amount Barclays appropriated was greater than the sum ENA owed Barclays by at least $48,459,635 (the "Excess Appropriation Amount").

(5) Chewco.

452. Barclays worked closely with Enron to structure the Chewco transaction. As described in earlier paragraphs, the Insiders formed Chewco in order to acquire CalPERs' interest in JEDI, when CalPERs decided to sell its interest. Barclays played a role in financing JEDI originally and, in November 1997, joined with JP Morgan Chase to finance Chewco's indirect acquisition of half of CalPERs' interest. At the time, Barclays clearly understood that JEDI's only purpose was to maintain off-balance sheet treatment for certain assets. In fact, Barclays itself described off-balance sheet treatment as JEDI's "raison d'etre." BRC 00001931 (quoted in Exam. III, App. F at 43).

453. Barclays' role was to structure (and finance) Chewco's equity investment. The original concept was that Enron would guarantee Barclays' "quasi-equity" investment in Chewco by providing Barclays with an annual advisory fee that would – not coincidentally – equal the amount of the equity Barclays put "at risk." Of course, such a fee would very visibly have eliminated Barclays' risk altogether. For "accounting reasons," therefore, the parties deemed the advisory fee concept unworkable. Barclays and the Insiders replaced it with "reserve accounts." As structured, these "reserve accounts" were accounts that Enron funded at the transaction's closing

that effectively provided Barclays with cash collateral covering 60% of its investment in Chewco from day one. Barclays' employees confirmed that the accounts secured repayment of its equity investment. *See* Exam. III, App. F at 48.

454. Because most of the equity investment in Chewco was guaranteed, 3% equity was not at risk and JEDI was not properly treated as an off-balance sheet entity. Eventually, Enron (as opposed to the Insiders) learned that Barclays had insufficient equity at risk in Chewco. As a result, on November 19, 2001, Enron restated its financials back to 1997, when Chewco and JEDI should first have been consolidated with Enron.

(6) Prepays.

455. Barclays understood the economic substance and effect of the Enron prepay transactions. Nevertheless, it participated in at least three: Roosevelt (a $500 million crude oil and natural gas commodity swap), Nixon (a $324 million crude oil advance), and the September 2001 Prepaid Oil Swap (a $150 million crude oil commodity swap with Enron and CSFB). The Insiders used these prepays to keep $760 million of debt off Enron's financial statements.

456. Barclays had a detailed understanding of these prepays' "essentially circular" nature, which eliminated all price risk in the transactions. Barclays' credit officer in charge of the Enron relationship understood that notwithstanding their name, the essence of the Enron prepay transactions had nothing to do with deferred revenue. In June 1999, he explained that although Enron was "notionally" agreeing to deliver commodities in satisfaction of a current obligation, "in actual fact they are only borrowing money." BRC 000106893-895 (quoted in Exam. III at 72). In other words, Barclays understood that the prepay transactions in which it participated were intended to disguise loans as cash flow.

457. By 2000, Barclays also knew that the Insiders were improperly booking the "loan" money as cash flow from operating activities, not cash flow from financing. The Enron Examiner

found that Barclays also knew that the impact of the prepays could not be determined from Enron's published financial statements – in fact, their impact could not truly be understood without access to Enron's management.

458. For purposes of certain bankruptcy claims that arise from Nixon and the September 2001 Prepaid Oil Swap, the following facts are plead more specifically:

(a) Nixon Prepay

459. The Nixon transaction was a set of three interrelated prepays involving Citigroup, Barclays and Royal Bank of Scotland. Toronto Dominion served as the swap counterparty for all three lenders.

460. On or about December 14, 1999, Barclays advanced ENA one hundred and ten million ($110,000,000.00) dollars pursuant to a Stand-Alone Swap Agreement between Barclays and ENA, and ENA agreed to pay Barclays an amount based on the price of crude oil on the settlement date.

461. The initial settlement date was March 15, 2000 but the prepay was extended to April 14, 2000.

462. Toronto Dominion had entered into a swap agreement with ENA and in effect Toronto Dominion served as a conduit through which ENA funneled the funds back to Barclays and the other participating banks.

463. On or about December 14, 1999, Barclays entered into a swap confirmation with Toronto Dominion, according to which Barclays agreed to pay the same price of crude oil to Toronto Dominion in exchange for a fixed payment equal to the prepayment amount plus an amount that functioned as interest.

464. The Nixon prepay allowed Enron to book three hundred and twenty four million dollars ($324,000,000.00), of which one-third of the amount financed was provided by Barclays, as cash flow from operating activities instead of cash flow from financing activities.

465. Barclays earned four hundred and sixty-sis thousand dollars ($466,000.00) for its participation in the Nixon prepay.

(b) The September 2001 Prepaid Oil Swap

466. On or about December 19, 2000, CSFB entered into a prepay transaction with ENA and Morgan Stanley. The transaction involved a swap agreement between CSFB and ENA, a swap agreement between CSFB and Morgan Stanley, and another swap between ENA and Morgan Stanley.

467. On or about September 27, 2001, the original swaps were amended, restated and refinanced to October 2002.

468. On or about September 27, 2001, Barclays replaced Morgan Stanley in this transaction and Barclays became the swap counterparty.

469. On or about September 27, 2001, ENA paid one million three hundred seventy two thousand and five hundred fifty four dollars and twenty six cents ($1,372,554.26) to Barclays pursuant to a swap confirmation between Barclays and ENA.

470. On or about the same date, Barclays proceeded to pay CSFB pursuant to the swap confirmation between Barclays and CSFB.

471. Upon information and belief, on or about September 27, 2001, ENA or Enron paid Barclays a fee for its role as a swap counterparty in the amount of three hundred and ninety thousand ($390,000.00) dollars.

472. As the swaps netted out, and with the help of Barclays, commodity risk was eliminated and the September 2001 Prepaid Oil Swap operated as a loan between CSFB and ENA.

ENA accounted for the funds it received as cash flow from operating activities rather than as cash flow from financing activities.

d. BT/Deutsche Bank knowingly assisted the Insiders in misstating Enron's financial condition.

473. BT/Deutsche Bank's involvement in the Insiders' manipulation of Enron's financial condition was also necessary to the Insiders' scheme. BT/Deutsche Bank knew the Insiders were using SPE transactions improperly to inflate income on Enron's financial statements and to remove debt. From at least 1997, BT/Deutsche Bank helped the Insiders achieve their improper goals by designing, financing, and/or implementing several important tax transactions. Together, these transactions allowed the Insiders improperly to record more than $400 million in income on Enron's financial statements.

474. The Enron Examiner reviewed the BT/Deutsche Bank tax transactions discussed here: Steele, Cochise, Teresa, Tomas, Renegade, and Valhalla. The Enron Examiner concluded that Steele, Cochise, Teresa, and Tomas were "for the most part, artificial transactions lacking a bona fide business purpose other than the creation of accounting income for Enron," that BT/Deutsche Bank knew these transactions had no purpose except to enable the Insiders to incorrectly report income for accounting purposes, and that BT/Deutsche Bank substantially assisted the Insiders' fraud because it "developed [Steele, Cochise, Teresa, and Tomas's] basic tax and accounting structures . . . promoted them to Enron, and participated in the transactions, often as the only party other than Enron affiliates." Exam. III, App. G at 72-73.

(1) BT/Deutsche Bank's relationship with Enron.

475. When Deutsche Bank AG acquired Bankers Trust Corporation ("Bankers Trust") in June 1999, Deutsche Bank AG and Bankers Trust each enjoyed a longstanding relationship with Enron. By that time, both were Tier 1 banks. The combined institution was a Tier 1 bank, as well.

All three (Deutsche Bank AG, Bankers Trust, and BT/Deutsche Bank) proposed and engaged in a wide variety of transactions with Enron, worldwide. One was BT/Deutsche Bank's $10 million investment in LJM2 in December 1999, which was made at Fastow's invitation. BT/Deutsche Bank also placed a designee on the LJM2 Advisory Committee. The six tax transactions discussed below became one of BT/Deutsche Bank's most important areas of involvement with Enron. In a November 29, 2000 internal e-mail, BT/Deutsche Bank described part of Enron's importance to the bank: "By having this unique access to a very innovative client, we have been able to develop products that we are aggressively marketing to other clients." DBG 079773-774 (quoted in Exam. III, App. G at 11). From 1997 through 2001, BT/Deutsche Bank received $72 million in fees from transactions with Enron.

(2) The tax transactions.

476. In 1997, Enron Insider Maxey formed a Corporate Tax Planning Group within Enron's corporate tax department. Thereafter, the tax transactions became one of BT/Deutsche Bank's most important areas of involvement with Enron. Periodically, BT/Deutsche Bank met with Maxey's group to consider structures BT/Deutsche Bank developed that would satisfy Enron's goals. Among these structures were the highly complex Projects Teresa, Steele, Cochise, and Tomas. These tax transactions were designed, developed and promoted to Enron by BT/Deutsche Bank, which acted as Enron's exclusive advisor and retained and worked in combination with Arthur Andersen to manipulate the potential accounting effects of these deals.

477. Because Enron had huge amounts of net operating losses available to it prior to entering into any of the tax transactions, they were not designed to save current or near-term future taxes. Indeed, the tax transactions had nothing to do with "normal tax savings techniques" and went well beyond "typical corporate 'tax shelter' transactions." Exam II, App. J at 1. Rather, these were a "new genre" of transactions designed to "generate" accounting income from projected future tax

savings. *Id.* Basically, BT/Deutsche Bank structured transactions that generated current financial accounting income for Enron – including large amounts of pre-tax income – by creating questionable future tax deductions. Enron would quantify the speculative future tax benefit as a deferred tax credit, which Enron would take into accounting income over the lifetime of the credit. But as structured by BT/Deutsche Bank, the tax transactions created artificially short lives for the deferred tax credits. This allowed Enron to include large amounts of accounting income on its statements over just a few years even though the deferred tax asset involved might reflect a projected tax deduction often years or even decades in the future. The Insiders also failed to set up a reserve in case the speculative tax benefit was never realized.

478. In exchange for designing and assisting the Insiders in implementing these tax transactions, BT/Deutsche Bank received over $43 million in fees from Enron. William Boyle, a Bankers Trust vice president, justified BT/Deutsche Bank's huge fees in part by reference to the significant amount of accounting income the tax transactions generated. AB000187757-77. Robert J. Hermann, who headed Enron's corporate tax department, provided an illuminating metaphor: to Enron, the tax transactions were "kind of like cocaine – they got kind of hooked on it." Exam. II at 87 n.169. BT/Deutsche Bank also was an investor in three of the transactions – Teresa, Steele, and Cochise.

(a) Steele

479. Steele was the first of two REMIC carryover basis transactions (the "REMIC transactions") that BT/Deutsche Bank brought Enron. The two – Steele and Cochise, both of which BT/Deutsche Bank designed – gave the Insiders' a new roadmap for egregious manipulation of Enron's financial statements. The REMIC transactions' principal effect was to improperly create pre-tax income on Enron's financial statements. Between 1997 and 2001, Enron's consolidated

financial statements improperly reported $144 million of pre-tax income from the Steele and Cochise transactions.

480. BT/Deutsche Bank developed Steele and promoted it to Maxey in June 1997. The transaction was designed to create $121.8 million of pre-tax financial statement income for Enron. As Enron's exclusive financial advisor in the transaction, BT/Deutsche Bank's contract called for a fee of $10 million. BT/Deutsche Bank engaged Arthur Andersen to assist in manipulating the accounting aspects of the transaction. BT/Deutsche also invested in the SPE formed to implement the Steele tax transaction (receiving partnership equity), contributed the REMIC assets to the SPE, and brokered the corporate bond portfolio acquired by the SPE and used by the Insiders to improperly shorten the period of time over which the deferred credits were amortized.

481. The stated (as opposed to designed) purpose of Steele was to acquire and manage a portfolio of financial assets with an enhanced earnings profile. But the low-yielding nature of the facilitating assets in the transaction (a portfolio of corporate bonds), as well as Enron's representation that it would not have closed Steele but for its accounting benefits, make clear that this purpose was a sham.

482. Maxey and BT/Deutsche Bank understood exactly how and why Steele was constructed. They knew – because they developed and promoted it – that the transaction was meant to improperly generate financial accounting benefits by amortizing a large portion of the deferred tax credit associated with the acquisition of the REMIC Residual Interests into pre-tax accounting income over the life of five-year corporate bonds. The amortization of the associated tax benefit into pre-tax income, combined with the artificially short period of time over which that amortization was conducted, made the transaction particularly aggressive and misleading. As Maxey testified, the low-yield corporate bonds were acquired simply to provide an artificially short useful life of five

years over which to amortize the credit. Exam. III, App. G at 30. Amortizing this tax benefit generated $121.8 million of "operating income."

483. Enron's accounting treatment of the Steele transaction was misleading and did not comply with GAAP. Among other things, the amortization of the deferred credit into pre-tax income and the selection of the five-year period of the corporate bonds over which to amortize the deferred credit did not comply with GAAP. BT/Deutsche Bank understood this accounting treatment was aggressive. In fact, on September 10, 1997, Peggy Capomaggi, a Bankers Trust employee, expressed doubts in an internal e-mail that Enron's acquisition of assets from the bank properly constituted a "business combination" – a necessary requirement of a legitimate tax transaction. Exam. III, App. G at 34.

484. Both the Insiders and BT/Deutsche Bank knew that the accounting literature required that the amortization period be chosen through a rational, systematic method. They also knew that the deferred tax assets could only be attributed to REMIC Residual Interests with an estimated life of 27 years. Still, the Insiders had Enron amortize the deferred credit over *five* years. As all involved knew, the five-year period related to the life of the corporate bonds, not the REMIC Residual Interests.

(b) Cochise

485. A common approach BT/Deutsche Bank used for tax transactions – vitally clear in Cochise – was to make a series of transactions look like, and claim that they functioned like, transactions discussed in accounting literature, when actually they did not. For example, BT/Deutsche Bank would find in the accounting literature a conclusion that a particular historical transaction had to be reported in a particular manner in order to fairly present the entity's financial position. BT/Deutsche Bank would then concoct a series of transactions mirroring those in the literature, carefully weave them together, and then claim the accounting rules "required" its

customer to report the transaction as the literature dictated. The problem with BT/Deutsche Bank's approach, however, was that the transactions BT/Deutsche Bank concocted would not otherwise have occurred. And that difference turned the accounting rules on their head. Instead of following rules to report a historical transaction in a manner that fairly presented the transaction, BT/Deutsche Bank avoided fairly presenting the transaction by applying "rules" to a structured transaction that had no substance.

486. On June 15, 1998 and July 27, 1998, BT/Deutsche Bank promoted Cochise (a variation on Steele) to the Insiders as another scheme to generate accelerated pre-tax accounting income. More specifically, the purpose of Cochise was to generate for Enron $75 million in pre-tax accounting income and $79 million in accounting earnings from the future benefit of future tax deductions. At best, however, the benefits were questionable and the tax deductions speculative. BT/Deutsche Bank not only designed and promoted the Cochise tax transaction, it invested in the SPE formed to implement the transaction (receiving REIT equity), brokered the sale of the assets used to improperly shorten the amortization period (in this case, two airplanes), and it financed the transaction. As Enron's exclusive financial advisor in Cochise, BT/Deutsche Bank's fee was to be $15 million (although it wound up being $11.25 million). Once again, Cochise was constructed so as to allow BT/Deutsche Bank to sell or monetize its REMIC Residual Interests while generating pre-tax financial accounting income that the Insiders wanted.

487. While Steele's Facilitating Assets were corporate bonds, Cochise's were interests in two airplanes purchased from a BT/Deutsche Bank affiliate (the "Cochise Airplanes"). The Cochise Airplanes were not purchased for their investment potential – in fact, after its bankruptcy, Enron sold them for $40 million less than their 1999 purchase price. Instead, Maxey testified that they were purchased in order for the transactions to be treated as a business combination, and to obtain an asset whose financial accounting basis could be reduced to zero. As Maxey explained, the basis

reduction was needed to offset the deferred tax asset that acquisition of the REMIC Residual Interests generated.

488. BT/Deutsche Bank knew Cochise was intended solely to improperly generate financial accounting benefits for Enron. BT/Deutsche Bank also understood that Maxey's tax group planned to recognize a gain on the sale equal to the full fair value of the Cochise Airplanes and amortize the remaining deferred credit into pre-tax income over a five-year period. Amortizing the credit over five years was not appropriate, since the deferred tax assets were attributable solely to REMIC Residual Interests with a much longer life.

489. Enron's accounting treatment for Cochise was misleading and did not comply with GAAP because, among other things, there is no basis for amortizing the deferred credit into pre-tax income or amortizing the deferred credit over an artificially selected five-year period.

(c) Teresa

490. Teresa was actually the first tax transaction BT/Deutsche Bank presented and sold to Enron. BT/Deutsche Bank developed the Teresa transaction and, in May 1996, marketed it to Enron as a method of generating financial accounting income. Like the REMIC Transactions, Teresa was *not* designed to give Enron present value tax savings, and Bankers Trust Managing Director Thomas Finley has so testified and acknowledged in internal memoranda and presentations to Enron. In fact, to create accounting statement income, Teresa actually generated tax *liability* of $131 million for Enron (in 1997 through 2000) that Enron would not otherwise have had.

491. Along with the REMIC Transactions, the Enron Examiner characterized the tax basis step-up transactions, including Teresa, as among the "most egregious" in their manipulation of financial accounting rules. Teresa engineered a $1.3 billion tax basis step-up for the Enron corporate headquarters building, quantified that increase as a future tax benefit, and recorded that quantified benefit as current accounting income over an artificially short period of time. The

Insiders intended to accomplish the basis step-up by passing Enron's interest in the corporate headquarters building to a partnership, and later distributing the property to an Enron affiliate that had achieved an increased basis in its partnership interest. Maxey expected the increased tax basis in the partnership interest eventually to be reflected as an increase in the basis of the corporate headquarters building, and expected that it would result in increased depreciation deductions over a period of 39.5 years. Enron recorded, at the outset, deferred tax assets to reflect these potential future tax benefits, assuming that the building was actually distributed back to Enron in the future. Maxey also testified that recording the deferred tax assets reduced current tax expense and thereby increased current reported after-tax earnings.

492. BT/Deutsche designed the Teresa transaction and promoted it to the Insiders. BT/Deutsche also facilitated the transaction by causing its affiliate to acquire preferred stock in the SPE formed to enable the deal. BT/Deutsche also retained and worked with Arthur Andersen in manipulating the accounting benefits from the Teresa transaction. In its internal discussions, BT/Deutsche Bank estimated that Teresa would provide $240 million of after-tax income. As Enron's exclusive financial advisor with respect to Teresa, BT/Deutsche Bank was initially promised a fee of up to $8 million. However, the fee was later reduced to $6.625 million after the Insiders agreed to participate in another tax transaction (Project Renegade) for BT/Deutsche Bank's benefit. Project Renegade is discussed below.

493. The accounting treatment for which Teresa was created did not accord with GAAP. For one thing, Enron's ability to realize the future tax benefits it recorded was far from assured. Also, recording Teresa's tax benefits when they were recorded was premature, since those benefits would not actually arise until the basis step-up was reflected in the basis of Enron's corporate headquarters. Even had it not been premature to record the benefits, Enron should have established a valuation allowance or tax cushion.

494. Through its familiarity with the Teresa transaction, BT/Deutsche Bank knew the tax benefit it reflected would not be available until some undetermined date, years in the future, when Enron's corporate headquarters was distributed to Enron and Enron was able to take increased depreciation deductions. BT/Deutsche Bank also knew that on a present value basis, Teresa would not provide Enron with tax savings. Instead, as BT/Deutsche Bank knew, the Insiders' goal was to generate financial accounting income by improperly recording deferred tax assets in advance of future tax deductions, even before the resulting increased basis could attach to a depreciable asset. In the end, the Insiders and BT/Deutsche Bank used Teresa to improperly create $229 million of after-tax, financial statement income for Enron.

(d) Tomas

495. Responding to an Insider's request, BT/Deutsche Bank designed and proposed the concept of the Tomas transaction to Enron in 1998. Tomas' principal goal was to side-step Enron's need to report a financial statement expense from the disposal of a portfolio of low-tax-basis assets. Ultimately, the Insiders used Tomas to record permanent tax benefits as pre-tax gains on Enron's financial statements – gains of $25.6 million in 1998 and $18 million in 2000. In addition to designing and promoting the Tomas transaction to Enron, BT/Deutsche facilitated the transaction by investing in the SPE created to implement the transaction and served as leasing agent for the SPE (for a separate fee), although the SPE did not engage in any leasing activity.

496. The Tomas structure worked as follows: Enron contributed assets with a low basis for both accounting and tax purposes – assets it wanted to sell – to an SPE called Seneca. That SPE had specifically been designed to allow Enron to receive back, or swap, low tax basis stock of an affiliate that held cash equal to the sales value of the low basis assets. The low basis stock could then be liquidated without Enron having to recognize tax gain.

497. As part of the transaction, BT/Deutsche Bank and the Insiders represented that Oneida, the Enron SPE involved in Tomas, would engage in a leasing business. However, by June 2000, Oneida had not done any leasing. In order to create the appearance that it had, BT/Deutsche Bank and Enron transferred the Cochise Airplanes – the assets used to facilitate the Cochise transaction – to Oneida in the summer of 2000.

498. Another key aspect of the structure was that those involved in the transaction, including BT/Deutsche Bank, knew it would unwind in two years and a day. Under applicable tax rules, certain favorable presumptions arise when a contributing partner receives a liquidating distribution more than two years after its contribution. However, these presumptions are overcome by clear evidence of an understanding that liquidation was agreed to at the outset. As both a lawyer and an accountant, Maxey knew that because the Insiders intended to unwind the transaction in two years and one day, the tax treatment the Insiders gave Tomas was risky and subject to uncertainty. BT/Deutsche Bank knew the risk as well. Nevertheless, Enron recorded the full tax benefit from the avoidance of the built-in gain anyway, as BT/Deutsche Bank fully expected it would.

499. BT/Deutsche Bank also knew that the price paid for the Cochise Airplanes was inflated. It was supported by Enron's valuation, but was flatly contradicted by a third-party appraisal that BT/Deutsche Bank commissioned and received from BK Associates, Inc. on June 12, 2000. The Insiders and BT/Deutsche Bank arranged the sale of the Cochise Airplanes in such a way that Enron booked the entire sale proceeds of $36.5 million as net income from the sale. This gain recognition was facilitated by inappropriate purchase accounting adjustments that had reduced Enron's book basis in the Cochise Airplanes to zero.

500. Tomas's accounting did not comply with GAAP. More specifically, the recognition of gain on the sale of the Cochise Airplanes was improper for at least two reasons:

(a) First, Maxey has admitted under oath that Enron held the Cochise Airplanes for a period of time simply to create the impression that they had not been purchased for resale, even though the Insiders intended from the outset to dispose of the planes. Exam. III, App. G at 52. BT/Deutsche Bank knew the Insiders' plans.

(b) Second, applying purchase accounting adjustments to reduce the book basis of the Cochise Airplanes violated GAAP because the purchase of the Cochise Airplanes was unrelated to the acquisition of the REMIC Residual Interests in Cochise.

(e) Renegade and Valhalla

501. The Renegade and Valhalla tax accommodation transactions did not themselves produce tax *or* accounting benefits for Enron. Instead, they were lucrative rewards by the Insiders for BT/Deutsche Bank's work on other questionable transactions with the Insiders. As such, they facilitated the Insiders' scheme *and* created substantial tax benefits for BT/Deutsche Bank. Enron participated only indirectly in BT/Deutsche Bank's tax benefits through, for example, favorable financing terms and fees.

502. In Renegade, a December 1998 financing, Enron, through a complex series of transactions, effectively borrowed $8 million from BT/Deutsche Bank at a discounted rate. BT/Deutsche Bank then essentially paid Enron a $1.73 million fee for accommodating it. In Valhalla, a May 2000 financing transaction, the Insiders helped BT/Deutsche Bank create deductible interest *and* nontaxable income by exploiting differences between U.S. and German tax laws. BT/Deutsche Bank ultimately used Valhalla to finance a stream of tax-exempt income through deductible payments. Essentially, for an "accommodation fee" equal to the spread between the interest it paid and the interest it received, the Insiders had Enron facilitate a tax-avoidance arrangement for BT/Deutsche Bank.

(3) BT/Deutsche Bank limited its Enron exposure.

503. BT/Deutsche Bank's frequent contact with the Insiders gave it the opportunity to learn the "facts behind the numbers" in Enron's financial statements. Exam. III, App. G at 20 (quoting Paul Cambridge sworn statement). By as early as 2000, BT/Deutsche Bank knew enough about Enron's financial situation to begin to attempt to reduce its exposure to Enron – exposure that exceeded $600 million by June 1999. By October 2001, BT/Deutsche Bank became so worried about the extent of Enron's off-balance sheet debt that it refused to authorize any further credit. This despite the fact that Enron's *external* ratings were still favorable.

504. BT/Deutsche Bank held periodic meetings with the Insiders to discuss the reality behind Enron's financial statements. The Insiders laid no "ground rules" in these meetings as to what could not be discussed. So BT/Deutsche Bank routinely asked to be briefed on Enron's trading activity revenues, its philosophy regarding asset sales, and the level of its off-balance sheet obligations. At one such meeting, BT/Deutsche Bank learned that in the fourth quarter of 2000, Enron had used SPE sales to inflate reported cash flow from operating activities from $100 million to almost $5 billion. As a result of those one-on-one discussions, BT/Deutsche Bank was able to make its own estimate of Enron's off-balance sheet obligations, and confirm that number with the Insiders.

505. BT/Deutsche Bank's private knowledge was clearly at odds with its public statements. From at least January 13, 1999 until at least September 15, 2000, BT/Deutsche Bank analysts consistently rated Enron a "Buy." In its January 28, 2000 report, BT/Deutsche Bank not only rated Enron a "Buy," but raised the stock's target price to $90, predicting a 15% three-year EPS growth rate. BT/Deutsche Bank succinctly summed up its alleged view of Enron: "All we can say is WOW!" Two months later, on April 14, 2000, BT/Deutsche Bank reiterated its "Buy" rating and raised the stock's target price to $96 and its three-year EPS growth rate to 16%. Five months later,

on September 15, 2000, BT/Deutsche Bank not only reiterated its "Buy" rating, but raised the stock's target price to $100.

e. CIBC knowingly assisted the Insiders in misstating Enron's financial condition.

506. CIBC played an active and important role in the Insiders scheme to manipulate and misstate Enron's financial condition. Between 1998 and bankruptcy, CIBC and the Insiders completed a substantial number of transactions the Insiders improperly reported pursuant to FAS 140. In each instance, CIBC created and/or participated in the transaction knowing the Insiders intended to account improperly for it in Enron's financial statements. CIBC's role in those transactions was to provide the 3% equity investment needed to qualify the transaction under FAS 140. However, CIBC's equity was never really at risk. CIBC would not, and did not, participate without first receiving the Insiders' agreement that CIBC's equity investment would be repaid. That agreement led CIBC to characterize its investments internally as "trust me" equity. CIBC 1139804 (quoted in Exam. III, App. H at 6).

507. CIBC knew that because its equity was not at risk, the transactions in which it participated did not qualify for FAS 140 treatment. But CIBC also knew the Insiders would report the transactions as if they did. Without CIBC's equity piece, these FAS 140 transactions would not have occurred. Consequently, CIBC aided the Insiders' scheme to improperly generate cash flow from operations and disguise Enron's true debt. In fact, CIBC's improper FAS 140 transactions generated over $1.7 billion of operating cash flow for Enron and hid over $1.0 billion of debt.

508. The Enron Examiner, who independently reviewed the CIBC FAS 140 transactions, reached the same conclusion. He found that "CIBC knew the accounting results Enron sought to achieve in the FAS 140 transactions"; that CIBC "obtained verbal assurances" of repayment from the Insiders "knowing that the assurances likely would not be disclosed" and, had they been

disclosed, "Enron could not have accounted for the transaction as it did"; and that CIBC "participated in FAS 140 transactions that CIBC knew were designed to manipulate [Enron's] financial statements." Exam. III, App. H at 2-3.

(1) CIBC's relationship with Enron.

509. Defendant CIBC is a full-service financial institution that operates primarily in Canada, Europe, and the United States. Throughout the relevant period, CIBC maintained an office in Houston, Texas. CIBC personnel in this office were involved in discussing and implementing the transactions with Enron discussed below, including preparing the internal credit applications necessary for the approval of each transaction at CIBC. In at least once instance CIBC personnel in Houston specified how the debt and "equity" portions of one transaction were to be allocated between separate CIBC legal entities in order to maintain the appearance of proper accounting. Exam. III, App. H at 11 n.25. In addition, CIBC officers in other cities regularly traveled to Houston to meet with the Insiders to discuss, among other things, Enron's assurances of repayment of CIBC's "equity" investment in FAS 140 transactions, increasing the flow of deals to CIBC as a result of CIBC's demonstrated willingness to assist the Insiders in manipulating and misstating Enron's financial condition, and an investment by CIBC in LJM2. In the early 1990s, CIBC's involvement with Enron was relatively limited. In 1998, the nature of the relationship changed as the number of transactions between CIBC and Enron increased dramatically. From 1998 to Enron's bankruptcy, CIBC completed an average of two Enron FAS 140 transactions per quarter – more than three dozen in all, including the various asset transfers in the Hawaii "warehouse" vehicle. As a result, CIBC was elevated to the status of Tier 1 bank. From 1997 to bankruptcy, CIBC earned approximately $30 million in fees. More than $14 million of the fees were attributable solely to the FAS 140 transactions.

509A. On December 22, 2003 the United States District Court for the Southern District of Texas entered a final judgment against Canadian Imperial Bank of Commerce in Case No. H 03-5785, captioned *United States Securities and Exchange Commission, Plaintiff, v. Canadian Imperial Bank of Commerce, Daniel Ferguson, Ian Schottlaender, Mark Wolf, Defendants*, in connection with CIBC's transactions with Enron. In addition to enjoining CIBC and its employees from violating the securities laws, the final judgment also directed CIBC to pay $80,000,000, $37,500,000 of which represented disgorgement, $5,000,000 of which represented prejudgment interest, and $37,500,000 of which represented a civil penalty. In addition, the three CIBC officials named as defendants in this lawsuit were also enjoined from violating securities laws and were ordered, in separate final judgments, to pay $563,000 (Ferguson, December 23, 2003), $528,750 (Schottlaender, June 25, 2004), and $60,000 (Wolf, December 23, 2003).

509B. In a letter agreement dated December 22, 2003 between the United States Department of Justice and Canadian Imperial Bank of Commerce, CIBC agreed that it would not make any public statement contradicting factual statements to the effect that CIBC entered into transactions with Enron based on unwritten understandings and oral promises from Enron senior management in order to allow Enron to obtain desired accounting treatment. DOJ/CIBC Letter Agreement, pars. 2, 8, and Appendix A.

(2) The FAS 140 transactions.

510. Beginning in 1998, CIBC and the Insiders executed twelve FAS 140 transactions. In 1998, the transactions were named Riverside 3, Riverside 4, Pilgrim/Sarlux, and Pilgrim/Trakya. In 1999, they were Riverside 5, Leftover, Nimitz, Ghost, Alchemy, and Discovery. In 2000, they were Specter and Hawaii. The Hawaii transaction was special, in that it alone allowed Enron to monetize ten different assets.

511. CIBC knew that in every FAS 140 transaction, the Insiders sought to borrow money for Enron's use without adding debt to Enron's balance sheet. As a result, CIBC also knew that the goal of every FAS 140 transaction was to avoid consolidating the borrower-SPE on Enron's financial statements. CIBC thwarted that goal every time it required – and received – the Insiders' assurance that CIBC's equity investment would be repaid. CIBC fully understood the ramifications of what it was doing, and so allowed the Insiders to keep their promises oral, not written. However, CIBC recorded the fact of them internally. For example, on June 21, 2001, one CIBC employee wrote to others:

> Unfortunately there can be no documented means of guaranteeing the equity or any shortfall or the sale accounting treatment is affected. We have a general understanding with Enron that any equity loss is a very bad thing. They have been told that if we sustain any equity losses, we will no longer do these types of transactions with them. We have done many "trust me" equity transactions with Enron over the last 3 years and have sustained no losses to date. If there has been a case where the value of the asset has been in question, Enron has repurchased the asset at par plus our accrued yield.

AB0000470387 (quoted in Exam. III, App. H at 55-56) (emphasis in original). CIBC documents unequivocally demonstrate that the Insiders assured repayment of CIBC's "equity" investment in the FAS 140 transactions. The internal credit memorandum for the Nimitz transaction stated that "executive management at Enron has represented that this money . . . *will absolutely be repaid.*" CIBC 1045206 (quoted in Exam. III, App. H at 6-7) (emphasis added). Similarly, a CIBC credit memorandum for the Hawaii transaction acknowledged that "Enron is Not permitted to ASSURE a repurchase of our equity (*though this is our undocumented 'understanding' with the CFO).*" CIBC 1044979 (quoted in Exam. III, App. H at 7) (emphasis added). CIBC employees involved in the FAS 140 transactions with Enron got the point. CIBC's Risk Management Vice President, Collete Delaney, the individual who presented most of Enron's transactions to the CIBC Credit Committee from 1997 until 2000, testified that she understood that if such "verbal assurances" had been put in

writing, the transactions "would not have met the requirements for the accounting treatment Enron was seeking." *Id.* at 39.

512. Neither CIBC nor the Insiders disclosed the nature or existence of these verbal assurances.

512A. "CIBC provided the 'equity' stake [in specified Enron FAS transactions] only because Enron's senior management first orally promised CIBC that the 'equity' would be repaid at or before maturity at par plus an agreed-upon yield. CIBC sought and obtained such promises from Enron's senior management in connection with its three percent equity investment in Projects Leftover, Nimitz, Alchemy, Discovery and Hawaii 125-0." DOJ/CIBC Letter Agreement, App. A, par. 6.

513. CIBC also knew it was not the only bank helping the Insiders manipulate Enron's financial statements. In connection with its role as a provider of "trust me" equity, CIBC observed that NatWest was another financial institution that trusted Enron enough to do such a deal. CIBC 1139804 (quoted in Exam. III, App. H at 5 & n.5).

(a) The 1998 FAS 140 transactions

514. In its dealing with Enron before mid-1998, CIBC learned several general objectives that guided the Insiders' choice of transactions – to "get the cash out of contracts that have been marked to market" and, more importantly, to achieve "off-balance sheet treatment of the proceeds associated with the contracts." From those early dealings, CIBC also knew the Insiders wanted to avoid any real disclosure of the substance of these transactions – in other words, "off-balance sheet treatment without even a note in the financial statements." CIBC 1429742-743 (quoted in Exam. III, App. H at 55-56).

515. In June and September 1998, CIBC closed its first two FAS 140 transactions with Enron – Riverside 3 and Riverside 4. These transactions gave CIBC an even more intimate

understanding of the Insiders' goals, and "provided a springboard to the rest of CIBC's FAS 140 Transactions." Exam. III, App. H at 15. Through them, CIBC learned that the Insiders used "monetizations" to "manage" reported earnings. It also learned that the timing of these transactions was not coincidence. Not surprisingly given their purpose, the Insiders had a tendency "to concentrate deal activity around quarter ends." *Id.* at 16, n.49 (citing CIBC 1139002)

516. CIBC's credit applications reveal that CIBC knew the FAS 140 transactions were financial statement driven-transactions and structured to give the Insiders maximum flexibility in manipulating earnings. For example, CIBC and the Insiders specifically structured the Riverside 3 loan so it could be "drawn in full or in two tranches (to allow Enron to book gains) in either the second or third accounting quarters." The Riverside 4 loan was also designed to be drawn in two tranches for the same reason. *Id.* at 27 (citing CIBC 1044116).

517. In December 1998, CIBC and Enron closed Pilgrim/Sarlux and Pilgrim/Trakya, in which the Insiders monetized Enron's interests in two foreign power plants. The Pilgrim transactions were CIBC's first FAS 140 transactions in the United States, and its first FAS 140 transactions to include an Enron total return swap. Through the total return swap, Enron guaranteed repayment of the debt the SPE incurred in the FAS 140 transaction. However, as CIBC knew, that repayment obligation never made it to Enron's financial statements. Although the Enron Examiner asked a number of CIBC employees to identify where in Enron's financial statements those transactions might appear, not a single one could. As a result, the Enron Examiner determined that by structuring the transaction to include a total return swap while recording the transaction pursuant to FAS 140, the Insiders and CIBC caused Enron to inadequately disclose almost $1 billion of debt.

(b) The 1999 FAS 140 transactions

518. CIBC and the Insiders started 1999 with Riverside 5, Leftover (which monetized the interests in the Trakya power plant that were not monetized in Pilgrim/Trakya) and Nimitz (which

monetized the interests in the Sarlux power plant that were not monetized in Pilgrim/Sarlux). In Leftover and Nimitz, CIBC provided the 3% equity piece required for FAS 140 treatment. As usual, however, CIBC's equity was not at risk because before committing any funds, CIBC received the Insiders' assurances – assurances of high ranking executives – that CIBC's 3% equity investment would be fully repaid. Once again, CIBC told no one of the fact of these verbal assurances.

519. Of course, CIBC also realized that the 1999 FAS 140 transactions were financial statement driven, since the Insiders' practice of engaging in the transactions just prior to reporting periods continued. Nimitz closed just two days before the end of the second quarter of 1999. Ghost closed on December 21, Alchemy on December 27, and Discovery on December 29, 1999 – three transactions in a single eight-day period at the end of the year.

520. In connection with the 1999 FAS 140 transactions, CIBC again recorded the fact of the Insiders' promise in CIBC's own documents. For example, the CIBC credit application for Discovery reads: "As highlighted, this equity reflects 3% of the total transaction size. This equity component is necessary to get the desired accounting treatment. This facility represents true equity risk. ***Note, however, as has been the case in previous transaction [sic] of this nature, Enron executive management will represent that this money will absolutely be repaid.***" CIBC 1048541 (quoted in Exam. III, App. H at 38) (emphasis added).

(c) The 2000 FAS 140 transactions

521. By 2000, CIBC and the Insiders had done a number of FAS 140 Transactions, all without a hitch.

522. Hawaii was the most significant FAS 140 transaction between CIBC and Enron. The first iteration of Hawaii closed in March 2000. Hawaii was a unique structure – a warehouse vehicle "designed to allow the monetization of multiple assets, and a total of 22 transactions were completed under this structure between March 2000 and the fourth quarter of 2001." Exam. III, App. H at 15.

523. Again, however, before CIBC agreed to purchase the 3% equity in Hawaii, it required Fastow or another senior Insider's assurances that the equity would be repaid. CIBC likewise insisted that the Insiders reaffirm their repayment commitment every time the facility was restructured or amended. *Id.* at 46-47. By the end of 2000, even CIBC's most senior executives were conditioning the approval of FAS 140 Transactions on the express agreement – always unwritten – of repayment.

524. Once again, CIBC's own documents demonstrate the fact of the agreement. For example, to obtain approval of a Hawaii credit application, one CIBC employee noted that the Insiders had fully repaid CIBC's equity participation in Discovery. In a later credit memo CIBC noted that in the past, the Insiders had seen to it that an early equity investment in Hawaii (McGarret N) had been fully repaid, even though the value of the underlying assets had declined. *Id.* at 47 (citing CIBC 1044570). In that particular case, Causey approved Enron's repurchase of CIBC's equity at inflated prices. *Id.* In truth, Enron repaid CIBC's equity in full on several transactions (including Hanover Compressor and Eli Lilly assets) where the value of the assets in the SPE had declined substantially and, therefore, the purported equity value should have been correspondingly reduced.

525. The FAS 140 transactions conducted through Hawaii continued well into 2001. In every one of them, CIBC engaged in virtually no due diligence on the values of any of the underlying assets. This total absence of due diligence, or even any real negotiation over the price to be "paid" for the assets being purchased from Enron, demonstrates more than anything else that CIBC knew its equity was not at risk. Almost equally telling is how CIBC rated the debt and equity portions of these FAS 140 transactions internally. Despite their supposedly distinct nature, both debt and equity were treated as *debt obligations* of Enron. *Id.* at 59.

526. One of the transactions improperly "monetized" through the Hawaii structure was Project Braveheart, the vehicle used by the Insiders to falsely create earnings and cash flow from operations from Enron's contract with Blockbuster to deliver video-on-demand ("VOD") service through Enron's nascent broadband delivery system. As the Enron Examiner found, "This agreement reflected nothing more than an aspiration. Enron did not have the technology to deliver VOD on a commercially viable basis and Blockbuster did not have the rights to movies to be delivered." Exam. II at 29. Nonetheless, in two Hawaii FAS 140 transactions, one concluded in the fourth quarter of 2000 and the second in the first quarter of 2001, CIBC contributed the debt and the 3% "equity" necessary to allow the Insiders to falsely generate from the Blockbuster transaction a total of $111 million in income and $115 million in cash flow from operations on Enron's financial statements. *See* Exam. II at 29-32. CIBC completed these transactions without conducting any due diligence on the value of the underlying contract with Blockbuster, Enron's broadband delivery capabilities, or Blockbuster's ownership of the movie rights, because the Insiders had assured CIBC of the repayment of its "equity" investment. The Enron presentation on Braveheart confirms that oral assurances of repayment were made to CIBC, as they were on every other FAS 140 transaction. It states that by the end of 2001 Enron would have to replace CIBC with "'true' outside equity (i.e. without [Enron] support)." AB 0507 02409 (quoted in Exam. III, App. H at 42). Internal Enron documents indicate that CIBC was selected for these transactions precisely for its "minimal due diligence." ECa 188987. Former Enron employee Kevin Howard has been indicted by the Justice Department for violating accounting requirements in the Braveheart transaction because, among other things, he purportedly "'sold' an interest in the [VOD] joint venture to CIBC even though [he] and others knew that Enron had promised CIBC that it would not lose money on its Hawaii 125-O transactions." Superseding Indictment in *U.S. v. Rice, et al.,* April 29, 2003, at ¶ 26. Without CIBC's active and knowing participation in Project Braveheart, the Insiders would not have been

able to manipulate and misstate Enron's financial statements as indicated or to falsely promote Enron's broadband operations as highly successful.

f. Merrill Lynch knowingly assisted the Insiders in misstating Enron's financial condition.

527. Merrill Lynch's participation was crucial to the Insiders' manipulation and misstatement of Enron's financial statements, at least in the year 1999. Over the course of that year, Merrill Lynch participated in three transactions with Enron which form the basis of this Complaint. Merrill Lynch knew that two of those transactions – Nigerian Barge and the electricity trade transactions – were intended to inflate Enron's earnings in the fourth quarter of 1999 by approximately $60 million (or 30%). Merrill Lynch also knew that its participation in the third transaction, LJM2, would put Fastow and Kopper in a position to profit at Enron's expense. For its participation in the 1999 transactions with Enron, Merrill Lynch received revenue of approximately $40 million.

528. By virtue of an unprecedented agreement with the United States Department of Justice, Merrill Lynch narrowly escaped indictment for its role in manipulating and misstating Enron's financial statements. As part of the agreement, Merrill Lynch acknowledged that the Justice Department had developed evidence that Merrill Lynch's employees may have ***"violated federal criminal law"*** in the Nigerian Barge and 1999 electricity trade transactions. Merrill Lynch also "accept[ed] responsibility for the conduct of its employees giving rise to any violation" of those laws. Based upon these admissions and Merrill Lynch's agreement to adopt policies and procedures to prevent future manipulations of clients' financial statements through structured finance transactions, the Justice Department agreed not to "prosecute Merrill Lynch for any crimes committed by its employees relating to the [Enron] transactions." Three Merrill Lynch employees involved in the transactions were not so lucky; a federal grand jury indicted them for "knowingly

and intentionally devis[ing] a scheme and artifice to defraud Enron" and others. Fastow is the primary alleged co-conspirator in that scheme.

529. On September 17, 2003, Merrill Lynch & Co., Inc. and the Justice Department entered into the unprecedented agreement concluding the Department's criminal investigation of Merrill Lynch's role in the collapse of Enron. In that agreement, the Justice Department states that it notified Merrill Lynch that "Merrill Lynch personnel have violated federal criminal law" in connection with the Nigerian Barge and 1999 electricity trade transactions with Enron. Agreement, ¶ 1. Moreover, the Justice Department concluded that Merrill Lynch employees ***"aided and abetted Enron's violation of federal criminal law in connection with the same transactions."*** *Id.* (emphasis added). For its part, Merrill Lynch

> acknowledges that the Department has developed evidence during its investigation that one or more Merrill Lynch employees may have violated federal criminal law. ***Merrill Lynch accepts responsibility for the conduct of its employees giving rise to any violation in connection with the [Nigerian Barge and 1999 electricity trade transactions].***

Id. at ¶ 2 (emphasis added). To escape indictment, Merrill Lynch not only agreed to accept responsibility for the criminal conduct of its employees, but it "further agree[d] that it will not, through its attorneys, board of directors, agents, officers or employees make any public statement, in litigation or otherwise, contradicting Merrill Lynch's acceptance of responsibility." *Id.* at ¶ 7.

530. In addition, Merrill Lynch agreed to adopt policies and procedures to prevent future manipulation of client financial statements through structured finance transactions. These policies include the following: (1) Merrill Lynch will not participate in any transaction where it believes an objective is to achieve a misleading financial statement; (2) Merrill Lynch will not participate in any transaction in which there is an agreement to unwind the transaction at an agreed-upon price unless that agreement is reflected on its books and is provided to the client's auditor; and (3) Merrill Lynch will not engage in any year-end transaction in which it believes that the client's motivation is to

achieve accounting objectives, including specifically off-balance sheet treatment, without the specific approval of a new Merrill Lynch committee established to review structured finance transactions. *Id.* at Exhibit A.

531. The same day that Merrill Lynch dodged indictment, a federal grand jury did indict three of its employees for conspiracy to commit wire fraud in connection with the Nigerian Barge transaction. Count One, Indictment in *United States v. Bayly,* CR No. H-03-363 (S.D. Tex. Sept. 17, 2003). One of the three, James Brown, was also indicted for perjury and obstruction of justice for lying to the grand jury about an oral promise Fastow made to Merrill Lynch to repurchase the Nigerian Barges at an agreed-upon rate of return. *Id.* at Counts Two and Three. According to the indictment, the other two employees, Bayly and Furst, also gave false testimony to the SEC and/or the PSI about the unwritten promise from Enron in the Nigerian Barge transaction. *Id.* at ¶¶ 18, 21, 23. The indictment alleges that (1) Merrill Lynch agreed "to serve as a temporary buyer" of the Nigerian barges from Enron (¶ 10); (2) the purpose of the agreement was to enable Enron to "record earnings and cash flow in 1999 and thus appear more profitable" (*id.*); (3) Merrill Lynch's phony purchase of the barges "allowed Enron to record improperly $12 million in earnings and $28 million in funds flow for the fourth quarter of 1999 " (*id.*); (4) Merrill Lynch "knew that the 'purchase' was not real" because it had made "an oral handshake side-deal" with Fastow that Enron would repurchase the barges "within six months" and that "Merrill Lynch would receive a rate of return of approximately 22%." *Id.* at ¶ 11.

532. The indictment makes clear why Fastow and Merrill Lynch engaged in the Nigerian Barge transaction: Fastow breached his fiduciary duties to Enron in order to earn year-end bonuses. The phony earnings the transaction generated "enabled the business unit from which the deal emanated [Fastow's group] to meet its targeted financial goals for the year, which in turn led to increased unwarranted bonuses to executives in that business unit." *Id.* at ¶ 10. For its part, Merrill

Lynch knowingly participated in Fastow's breach of fiduciary duties in order to earn a guaranteed return of 22%. More importantly, by facilitating this year-end transaction, "Merrill Lynch solidified its status as a 'friend of Enron' and thereby positioned itself to receive an increased slice of the lucrative deals that Enron dispensed to financial institutions." *Id.* at ¶ 9. The indictment also alleges that Fastow caused LJM2 – not Enron – to repurchase the barges from Merrill Lynch "without any negotiation between Merrill Lynch and LJM2 as to the purchase price." *Id.* at ¶ 13.

532A. The Merrill Lynch employees (now former employees) stood trial beginning in September 2004. On November 3, 2004, a Houston jury convicted the former Merrill Lynch employees on all counts.

533. Merrill Lynch's role in Enron's downfall has also been examined and criticized by the SEC, the PSI, and the Enron Examiner. The Enron Examiner found that "Merrill Lynch's conduct and participation in the Nigerian Barge and the 1999 electricity trade transactions allowed Enron to book improper gains of approximately $60 million for the fourth quarter of 1999." Exam. III, App. I at 2. As for the Nigerian Barge transaction, the Enron Examiner concluded that Merrill Lynch "entered into an oral agreement with Enron whereby Enron promised to take Merrill Lynch out of the Nigerian Barge transaction within six months at a specified rate of return, knowing that if such an agreement were disclosed to Enron's auditors, Enron could not have accounted for the transaction as a sale." *Id.* With respect to the 1999 electricity trades, the Enron Examiner concluded that Merrill Lynch "entered into two virtually offsetting electricity derivative transactions with Enron that Merrill Lynch knew Enron was using to achieve earnings targets at year-end 1999 and with respect to which Merrill Lynch believed Enron's accounting to be improper." *Id.*

534. On March 17, 2003, the SEC charged Merrill Lynch with aiding and abetting Enron's accounting fraud. The SEC alleged that Merrill Lynch, along with its senior executives Furst, Schuyler M. Tilney, Bayly, and Thomas W. Davis, helped Enron commit securities fraud.

Complaint in *SEC v. Merrill Lynch*, March 17, 2003, at ¶ 1. The SEC described the Nigerian Barge transaction as an "asset parking arrangement" in which Enron purported to "sell" an interest in the barges to Merrill Lynch; in fact, the "risk of ownership never passed to Merrill Lynch," and the transaction was nothing but a "short term loan" with a "specified rate of return." *Id.* at ¶ 2. The SEC alleged that Merrill Lynch knew Enron would report $12 million in income from this "sham 'sale.'" *Id.* About the 1999 electricity trades – for which Enron agreed to pay Merrill Lynch $17 million in fees – the SEC said that Merrill Lynch knew Enron would improperly report $50 million in income from the "sham energy trade." *Id.* On the same day the SEC filed suit, Merrill Lynch settled the charges by agreeing to entry of a permanent anti-fraud injunction *and* by paying $80 million in disgorgement ($37.5 million), penalties ($37.5 million), and interest ($5 million).

535. PSI also investigated Merrill Lynch's involvement in Enron's collapse. Senator Carl Levin, Chairman of the PSI, concluded that Merrill Lynch "helped Enron artificially and deceptively create revenue." Statement of Senator Carl Levin, July 30, 2002, at 2. Senator Levin found that Enron could never have engaged in the deceptions it did without Merrill Lynch's help. *Id.* In his words, "Merrill Lynch assisted Enron in cooking its books by pretending to purchase an existing Enron asset when it was really engaged in a loan." *Id.*

536. The Enron Examiner concluded that Merrill Lynch's business units operated across a variety of Merrill Lynch legal entities. After a Merrill Lynch business unit decided to proceed with a transaction, it would use whichever legal entity was appropriate for that transaction. The Enron Examiner also found that Merrill Lynch committees that dealt with the various transactions operated generally on Merrill Lynch's behalf. Few Merrill Lynch employees who testified before the Enron Examiner were able to specify which of the Merrill Lynch legal entities employed them.

For that reason, this Complaint uses the term "Merrill Lynch" generally to refer to the institution as a whole.

537. Merrill Lynch executives in its Houston, Texas, and Dallas, Texas, offices were centrally involved in the fraudulent Nigerian Barge and electricity trade transactions. Schuyler Tilney was the head of Merrill Lynch's Global Energy & Power division and the Houston office of Merrill Lynch. Exam. III, App. I at 17. During the relevant period, Tilney served as the senior Enron relationship manager for Merrill Lynch. *Id.* Tilney and his wife, who was a senior vice president at Enron, had close personal relationships with Fastow and his wife. *Id.* Robert Furst, a Managing Director of Merrill Lynch, worked in the Dallas office of Merrill Lynch. Complaint in *S.E.C. v. Merrill Lynch & Co., Inc.,* March 17, 2003, at ¶ 12. For both the Nigerian Barge and electricity trade transactions, the Insiders approached Tilney and/or Furst to obtain Merrill Lynch's cooperation. Furst and Tilney captained the process of obtaining approval for these deals at Merrill Lynch. *See* Complaint in *S.E.C. v. Merrill Lynch & Co., Inc.,* March 17, 2003, at ¶¶ 21-27, 36-44. Both Tilney and Furst participated in discussions with Fastow in which Fastow gave Merrill Lynch oral promises that the transaction would be unwound within six months of closing. *Id.* at ¶ 27. Similarly, Tilney and Furst contacted Causey and obtained his assurances that Enron's accounting for the electricity trade transaction was appropriate. *Id.* at ¶¶ 43-44; *see also* Exam. III, App. I at 40.

(1) Merrill Lynch's relationship with Enron.

538. Merrill Lynch considered Enron to be "one of its biggest clients" and "the key to its Houston office." Levin Statement at 4. 1999 was an important year in the relationship. In that year, Merrill Lynch earned more fees from Enron than any other bank – even though it never rose above Tier 3 status. Between 1997 and 2001, Merrill Lynch received approximately $63 million in revenue from its transactions with Enron. Merrill Lynch earned $40 million of that in 1999 alone.

539. From 1997 through 2001, Merrill Lynch was involved in approximately 35 transactions with Enron, including "underwritings, private placements of debt and equity, structured finance transactions, derivative transactions, and participation as a syndicate member in several credit facilities." Exam. III, App. I at 12. The volume of transactions increased dramatically after November 1998, when Merrill Lynch raised its rating on Enron stock from "neutral" to "accumulate."

540. Merrill Lynch equity analysts covered Enron from 1997 through 2001. When Merrill Lynch analyst John Olson lowered his rating on Enron stock in July 1997, Enron, including Fastow, pressured Merrill Lynch to change its equity coverage. Merrill Lynch executives Tilney and Rick Gordon understood that Olson's equity coverage of Enron had been a cause of strain between Enron and the bank for years. In April 1998, Fastow informed Merrill Lynch that because of its equity coverage, Merrill Lynch would not be included as a manager of Enron's upcoming $750 million common stock offering. Fastow was explicit about the fact that this action was to send Merrill Lynch a strong message about how "viscerally" Enron felt about the equity coverage. Gordon and Tilney wrote a memorandum to Herb Allison, Merrill Lynch's CEO, explaining that Enron thought Olson's coverage was flawed. In August 1998, Merrill Lynch fired Olson. After Olson's replacement upgraded Enron's stock rating in November 1998, Merrill Lynch's Enron business increased more than tenfold, measured in fees – from $3 million in 1998 to $40 million in 1999.

541. Merrill Lynch knew that Enron intended to use the 1999 electricity trades and the Nigerian Barge transaction to record improperly gains of approximately $60 million in the fourth quarter of 1999. The former head of Merrill Lynch's Global Derivatives group, Jeffrey Kronthal, testified that Merrill Lynch knew Enron would book earnings of $50-60 million from the electricity trades. Merrill Lynch also knew Enron would book $12 million in earnings from the Nigerian Barge transaction. Merrill Lynch was well aware that Enron's intended accounting for these transactions

violated accounting rules and that Enron frequently moved its assets off-balance sheet. It also knew, as reflected in a December 9, 1998 presentation to Enron about structured financings, that Enron's transactions were often driven by balance sheet issues.

542. Because it worked on approximately 23 debt and equity offerings for Enron between 1997 and 2001, Merrill Lynch developed a substantial familiarity with Enron's financial condition. As the private placement agent for LJM2, Merrill Lynch made note of the *$17 billion* difference between Enron's assets ($34 billion) and its "assets under management" ($51 billion). Merrill Lynch clearly understood Enron's improper use of off-balance sheet vehicles.

(2) Nigerian Barge.

543. The Insiders brought the Nigerian Barge transaction to Merrill Lynch in mid-December 1999. Because Enron was facing a shortfall in earnings, the Insiders needed to close the transaction by the end of that year. McMahon explained to Merrill Lynch that Enron had attempted to negotiate a sale of the barges to third party Marubeni, but that sale had fallen through. Enron was in a bind, and it needed Merrill Lynch to purchase an interest in the barges before the end of the month. McMahon informed Merrill Lynch's Furst by memorandum that "(i) the transaction would allow Enron to book $12 million in earnings; (ii) Merrill Lynch's 'hold' would be for six months or less; and (iii) the investment would yield a 22.5% rate of return to Merrill Lynch." MLBE 0305288 (quoted in Exam. III, App. I at 25). Furst reminded Merrill Lynch that Enron was one of its top clients, and that participating in the Nigerian Barge transaction would help Merrill Lynch to stand out "from the pack" of Enron's financial institutions. *Id.*

544. Merrill Lynch's Project and Lease Finance Group initially objected to the Nigerian Barge transaction. Merrill Lynch's executives, including James Brown, were aware from the start that Enron's accounting for the transaction might be improper. Brown knew Merrill Lynch would never gain control over the barges and knew Enron would quickly take Merrill Lynch out of the

transaction. He also wondered where Enron's $12 million "gain" was coming from if Merrill Lynch was only investing $7 million in the transaction. Ultimately, Brown warned Merrill Lynch's Debt Markets Commitment Committee that participation in Nigerian Barge posed "***reputational risk, i.e. aid/abet Enron income statement manipulation***." Exam. III, App. I at 26 (quoting Sworn Statement of James Brown at 62, 76-77) (emphasis added).

545. Brown also expressed concern about the fact that the proposed deal did not include a *written* agreement that Enron would buy the barges back from Merrill Lynch. As a condition of going forward with the transaction, Merrill Lynch's Debt Markets Commitment Committee instructed Bayly to get oral confirmation that Enron would commit to taking Merrill Lynch out of the transaction within six months. Fastow provided that oral commitment in a telephone conversation on December 22, 1999. Unsurprisingly, neither the agreement to buy back Merrill Lynch's interest in the barges nor to provide an agreed-upon rate of return on its investment was included in the final *written* agreement – the letter agreement between Merrill Lynch and Enron dated December 29, 1999. To include either, of course, would have disclosed the intended accounting for the transaction was improper. Additional evidence of the Insiders' promise to take Merrill Lynch out of the "sale" within six months at a predetermined rate of return includes Merrill Lynch's total failure to conduct any due diligence before "buying" its interest in the barges or negotiate the purchase price with Enron, as well as the extremely short time frame – less than two weeks – during which the transaction was proposed and completed.

546. Despite knowing that the Insiders' intended accounting for the Nigerian Barge transaction was improper, Merrill Lynch proceeded with the transaction. In return, Merrill Lynch executive Bayly made sure that Fastow understood that Merrill Lynch expected to be rewarded with substantial future business.

547. In Nigerian Barge, Merrill Lynch purported to purchase 90.1% of Enron's interest in future cash flows from three power-producing barges off the Nigerian coast for $28 million. However, the transaction was really nothing more than a short-term loan; the ownership risks never passed from Enron to Merrill Lynch.

548. Nigerian Barge closed less than two weeks after McMahon first proposed it. Once it closed, the Insiders caused Enron to report $12 million from it in fourth quarter earnings. Six months later, Fastow caused an SPE established by LJM2 to buy Merrill Lynch's $7 million equity back for $7.525 million. The $525,000 premium, coupled with a $250,000 "advisory" fee Merrill Lynch received for structuring the transaction, amounted to a return of 22.14% on the initial investment. Note that Merrill Lynch received the advisory fee despite the fact that the Insiders, not Merrill Lynch, structured it.

(3) 1999 electricity trade.

549. Merrill Lynch participated in a second transaction at year-end 1999 designed to manipulate and misstate Enron's financial condition: the 1999 electricity trade. This transaction involved back-to-back electricity call options whose essential terms – price, quantity, market location, and term – were mirror images of each other. As a result, the sales and purchases of electricity offset each other. Moreover, the call options were structured so that the first call option could not be exercised until nine months after the transaction closed. The transaction closed on December 31, 1999. Merrill Lynch knew that the purpose of this transaction was to artificially generate between $50 million and $60 million of earnings for Enron and thus enable the company to appear to meet its year-end earnings target. Merrill Lynch also knew that the Insiders' intended accounting for the 1999 electricity trade transaction was improper. Nonetheless, Merrill Lynch proceeded with the transaction – for the astronomical fee of $17 million.

550. Merrill Lynch knew that the 1999 electricity trade was a sham electricity transaction. The call options were virtually offsetting and "delta neutral" to both Enron and Merrill Lynch. MLBE 0370936 (quoted in Exam. III, App. I at 39). Merrill Lynch knew the trades were structured so that the options "in the money" and "out of the money" were equivalent for the two transactions. Exam. III, App. I at 38 (quoting Sworn Statement of Jeffrey Kronthal at 109-110). Merrill Lynch also knew the Insiders intended to use the 1999 electricity trade to artificially inflate Enron's year-end earnings by approximately $50 million. E-mails between Merrill Lynch employees acknowledge that "we were clearly helping them make earnings for the quarter and year (which had a great value in their stock price, not to mention personal compensation)." MLBE 0370956 (quoted in Exam. III, App. I at 42).

551. The 1999 electricity trade was a sham transaction. Not only that, Merrill Lynch knew the Insiders would unwind the deal before the first option was exercised. The Insiders did unwind the deal in May of 2000 and the transactions were terminated without a single trade having occurred. When the Insiders did that, Merrill Lynch's Tilney conceded that "[t]his is not that great a surprise." *Id.* at 44. Nevertheless, when first approached about unwinding the 1999 electricity trade, Merrill Lynch insisted on being paid the entire $17 million fee because Merrill Lynch had helped the Insiders create earnings for 1999 that boosted Enron's stock price, as well as compensated Enron executives, including some of the Insiders. Merrill Lynch eventually relented and instead agreed to accept an $8.5 million fee. *Id.* at 39.

(4) LJM2.

552. In addition to its knowing participation in manipulation of Enron's financial statements, Merrill Lynch also facilitated the Insiders' scheme by playing a critical role in LJM2. At Fastow's urging, Merrill Lynch served as the exclusive financial advisor to and placement agent for LJM2, the private investment partnership Fastow, Glisan and Kopper formed. Merrill Lynch

prepared and distributed the private placement memorandum for LJM2, helped raise approximately $390 million in commitments from investors for LJM2, committed itself to invest $5 million, and established an investment vehicle through which 97 Merrill Lynch executives committed to invest $16 million in LJM2. Through its roles, Merrill Lynch understood well that the purpose of LJM2 was to permit Fastow and Kopper to profit at Enron's expense. Merrill Lynch knew these Insiders were managing LJM2 and that it was formed to transact business with their employer, Enron. The LJM2 private placement memorandum touted as a central benefit of LJM2 the "dual roles" of Fastow and the other Enron employees who would manage the partnership. LJM078364. So central was Fastow's role in LJM2 that investors were assured that they did not have to make additional capital contributions if he no longer served both Enron and LJM2. The private placement memorandum also offered "superior returns" based upon the Insiders' "access to Enron's information pertaining to potential investments."

553. Merrill Lynch also knew from experience that the Insiders used LJM2 to effectuate their breaches of fiduciary duties to Enron. LJM2 was the vehicle the Insiders used in 2000 to fulfill their (deliberately unwritten) promise to Merrill Lynch to take it out of the Nigerian Barge transaction within six months. The purchase price for that buy-out was not negotiated; instead, LJM2 paid the rate of return agreed by the Insiders at the outset of the transaction six months earlier.

g. CSFB knowingly assisted the Insiders in misstating Enron's financial condition.

554. CSFB's role in the Insiders' scheme to manipulate Enron's financial statements was significant – both before and after November 3, 2000, when CSFB became affiliated with DLJ (now Pershing). CSFB designed, financed and/or implemented at least 50 financial transactions involving SPEs. CSFB knew the Insiders were using these transactions improperly to inflate cash flow from operations and disguise debt on Enron's financial statements. CSFB's active participation in the

Insiders' schemes, including its crucial roles as investor in the LJM entities and structurer of LJM transactions, made it possible for the Insiders to conceal hundreds of millions of dollars of Enron's debt and claim hundreds of millions of dollars of operating revenue Enron never had.

555. The Enron Examiner thoroughly reviewed and criticized CSFB's conduct. He concluded that CSFB knowingly facilitated the Insiders' misstatements of Enron's financial condition. Specifically, the Examiner found that CSFB's participation in the LJM1 transactions, including the Rhythms Hedge, enabled Enron improperly to recognize $95 million of income in 1999, representing 10.6% of its originally reported net income for that year. Exam. Final Report, App. F at 2-3. CSFB's participation in LJM also enabled Fastow to enrich himself and other Enron officers, including Kopper and Glisan, at Enron's expense and in violation of their fiduciary duties to Enron. *Id.*

556. While substantial, the damage from LJM was not the only damage to which CSFB contributed. The Examiner concluded that CSFB's participation in the December 2000 Prepaid Oil Swap, the September 2001 Prepaid Oil Swap, and the Nile and Nikita transactions also allowed the Insiders improperly to record approximately $172.2 million as cash flow from operating activities and improperly to understate debt by $150 million in its December 31, 2000 balance sheet. Exam. Final Report, App. F at 3-4.

(1) CSFB's relationship with Enron.

557. CSFB was a Tier 1 bank and regular lender to Enron. That position was strengthened when, in November 2000, CSFB became affiliated with DLJ. Fastow himself called CSFB the "go to" firm for structured finance and the model for other financial institutions to follow. CSFBCO 000203135. In fact, CSFB may have had the closest relationship with the Insiders – especially Fastow – of any of the Bank Defendants. *See* Exam. Final Report, App. F at 11-20.

558. Enron paid CSFB substantial fees for its transaction work. In 1998, CSFB received over $11 million from Enron; in 1999, it received over $25 million; in 2000, it received over $33 million, bringing its total fees for those three years to more than $68 million. For the year 2001, CSFB projected fees of between $40 million and $50 million from Enron.

559. CSFB knew by at least early 1999 that Enron used SPEs to manage its financial statements. For example, CSFB was aware the Insiders managed cash flow on a quarter to quarter basis by closing SPE transactions at the end of the quarter. CSFB was also aware that Enron's off-balance sheet transactions were complex and opaque. In July 1999, one CSFB manager noted, "I now assume that running a pipeline business can't take much time. Enron seems to spend all its available man hours on various, convoluted financing." CSFBCO 000019283 (quoted in Exam. Final Report, App. F at 22). CSFB also knew the Insiders were using off-balance sheet transactions to solve problems the rating agencies identified.

560. Not surprisingly, CSFB knew a great deal about Enron's true financial condition. Through its role as underwriter on more than 30 Enron securities transactions, CSFB learned much about Enron's operation. As Enron's merger and acquisition consultant in connection with various asset sales, CSFB learned first-hand that many Enron assets were over-valued and illiquid, and could not be sold on the open market at anything but a loss to Enron. *See* Exam. Final Report, App. F at 20-21, 23-25. Through its investment and participation in LJM1 and LJM2, CSFB learned about the Insiders' non-economic hedges, including Rhythms and Raptors. It also learned of the Insiders' penchant for warehousing assets such as Cuiaba, and how the warehousing transactions benefitted Fastow, Kopper, and Glisan. Finally, through its participation in the Rawhide and Osprey/Whitewing transactions, CSFB learned about the negative consequences that a substantial decline in the price of Enron's common stock would have on Enron's financial statements. *See* Exam. Final Report, App. F at 25-26.

(2) LJM1 and LJM2.

561. As discussed earlier in the complaint, in March 1998, Enron purchased $10 million in equity in Rhythms. *See* Exam, Final Report, App. F at 37 n.133. Following Rhythms' initial public offering, Enron's equity stake substantially increased in value. As of June 1, 1999, it was worth $260 million. Under MTM accounting, Enron immediately recognized the increase in value on its books. Nevertheless, Enron was concerned about the adverse effect a decline in the price of the stock could have on Enron's income statement. Also as discussed earlier, Enron was contractually prohibited from selling the stock for a period of six months. Moreover, Enron believed that finding someone to enter into a hedge on terms acceptable to Enron was unlikely. At Fastow's request, therefore, the Enron Board considered forming LJM1 and hedging the Rhythms stock through it. On June 28, 1999, Fastow presented the idea to the Board. During that presentation, Fastow represented that he would not personally profit in any way from the value of Enron stock that Enron might place in LJM1. After making sure that limitation was included in the LJM1 formation documents, the Board approved LJM1 and the Rhythms Hedge.

562. Fastow established LJMI in June 1999 by contributing $1 million through LJM Partners, LLC ("LJM Partners"). As principal of LJM Partners, Fastow was sole general partner of LJM1. Fastow invited CSFB and RBS to participate as equity investors, and each (through affiliates) became a limited partner after contributing $7.5 million. Within a matter of months, LJMI engaged in three transactions, all with Enron: the Rhythms Hedge, Osprey, and Cuiaba.

563. CSFB knew that its LJM1 investment was being used to create an off-balance sheet vehicle. CSFB also knew that LJM1 raised conflict of interest concerns relating to Fastow's personal investment and role as general partner, even while he continued to serve as Enron's CFO. *See* CSFBCO 005725132 and CSFBCO 005725133 (cited in Exam. Final Report, App. F at 39-40). CSFB Managing Director Robert Jeffe told the Enron Examiner that:

> It was also troubling from the standpoint of Fastow personally wanting to do the transaction. Because I think we all told him at various times that at some point this transaction would come to light and he would look very, very bad.

Exam. Final Report, App. F at 41. Jeffe also testified that:

> we are all taught there are lines of proper behavior and in terms of the way you comport yourself, and this was something that I never ever would consider doing myself even if I had approval from the President of the United States or the U.S. Supreme Court.

Id. at pp. 40-41; *see also* CSFBCO 000005024 (cited in Exam. Final Report, App. F at 41). Notwithstanding CSFB's concerns about Fastow's inherent conflicts of interest, CSFB invested its $7.5 million in LJM1. In deciding to do so, CSFB was clearly guided by the importance of Fastow – and the business he doled out – to CSFB.

(a) The Rhythms Hedge

564. To establish the Rhythms Hedge, Enron transferred to LJM1 shares of Enron common stock having an aggregate stock price of $276 million. LJM1 transferred approximately half of those shares to LJM Swap Sub, another entity Fastow created specifically for the Rhythms Hedge. In exchange, Enron received notes in the aggregate amount of $64 million (the "Enron Notes") from LJM1 and a put (the "Rhythms Put") from LJM Swap Sub. The Rhythms Put gave Enron the right, in the future, to require LJM Swap Sub to purchase Enron's Rhythms stock at $56.125 per share.

565. CSFB knew that LJM Swap Sub was the only party liable for the Rhythms Put. CSFB also knew that LJM Swap Sub's only asset was the Enron stock that LJM1 transferred to LJM Swap Sub. As a result, CSFB knew that the Rhythms Put did not actually transfer Enron's economic risk in Rhythms away from Enron – the transfer was to an entity whose only assets were Enron's stock, which Enron provided.

566. CSFB therefore knew the hedge was strictly a non-economic, accounting-driven hedge which, if included in Enron's financial statements, would make them materially misleading. *See* Exam. Final Report, App. F at 39-44. By investing and participating in the structuring of LJM1, CSFB knowingly and substantially helped Fastow breach his fiduciary duties to, and defraud, Enron.

(b) The CSFB Bridge Loan and the SAILs transaction

567. When Fastow decided that LJM1 needed additional funds to timely complete the Cuiaba transaction, he turned to CSFB. In order to make LJM1's Cuiaba and Osprey investments prior to quarter end, CSFB gave Enron a $25 million bridge loan, which was to be repaid upon the monetization of LJM1's shares of Enron stock (the "SAILs transaction").

568. The SAILs transaction allowed CSFB to monetize and hedge its interest (as limited partner) in the Enron shares that LJM1 held. Through SAILs, CSFB locked in for itself a minimum return on the shares, as well as the right to participate in up to 10% of any appreciation of those shares. On November 29, 1999, LJM1 distributed into two escrow accounts – one for each limited partner – LJM1's 1.8 million shares of Enron stock. In return, CSFB and RBS agreed to make equal additional capital contributions in an amount that would allow LJM1 to pay off both the Enron Notes and the CSFB Bridge Loan. CSFBCO 000008615 (cited in Exam. Final Report, App. F at 54-55).

568A. Fastow obtained a verbal side agreement that Enron would repurchase LJM1's interest in Cuiaba at a profit. Consequently, when the Cuiaba interest was the only asset remaining with LJM1, Fastow "negotiated" for Enron to buy back this interest at a premium. Exam. IV, App. E at 59-61. As a result, CSFB received approximately $2.7 million. *See* Exam. IV, App. E at 59-62.

569. The SAILs transaction was problematic. The Enron shares contributed to LJM1 were restricted. Specifically, a June 30, 1999 letter agreement restricted LJM1 and LJM Swap Sub's right to dispose of the Enron shares for four years without Enron's consent, subject to certain

exceptions. Exam. II, App. L. at 8. The letter agreement also prohibited the two entities from entering into any transaction that hedged their exposure on their respective portions of the shares for one year without Enron's consent. *Id.* Because the SAILs transaction hedged LJM1's exposure in its Enron shares, the transaction required Enron's consent. As one of only two limited partners, CSFB certainly knew that. Concerned that Enron would not give that consent, CSFB asked Fastow to have the restrictions lifted. As *quid pro quo,* Fastow demanded that CSFB invest in LJM2. When CSFB agreed, Fastow had Causey sign an acknowledgment that purported to give Enron's consent to SAILs. The Enron Board neither knew about the agreement nor approved it – as CSFB undoubtedly understood. After all was done, CSFB's Rick Ivers praised CSFB's LJM1 deal team member for doing "an excellent job in the harrowingly complex execution of this deal." CSFBCO 000010750 (quoted in Exam. Final Report, App. F at 56).

570. The SAILs transaction closed in December 1999. It generated approximately $57.1 million. From that amount, CSFB kept $12 million and contributed $45.1 million to LJM1. LJM1, in turn, used CSFB's $45.1 million capital contribution (together with approximately the same amount contributed by RBS) to repay both the Enron Notes and CSFB Bridge Loan. The LJM1 partners treated the $90 million plus in funds from CSFB and RBS as "additional capital contributions."

571. The SAILs transaction is evidence of how deeply CSFB was involved in Fastow's scheme, and how willing it was to make Fastow happy. CSFB knew that Fastow had represented to the Enron Board that he would not personally benefit from the value of the Enron stock held by LJM1. CSFB also knew that the LJM1 formation documents forbade Fastow from sharing in LJM1 distributions or allocations that resulted from the Enron stock transferred to LJM1 or constituted proceeds resulting from those shares. Likewise, CSFB knew that other restrictions prohibited Fastow from receiving management fees in connection with the Enron stock LJM1 held or from any

proceeds resulting from those shares. Nevertheless, through the combination of the Bridge Loan and the SAILs transaction, CSFB enabled Fastow to evade the restrictions the Board had imposed and share in the Cuiaba and Osprey assets as if those assets somehow were not purchased with proceeds derived from the value of LJM1's Enron shares. *See* Exam. Final Report, App. F at 55-56. Internally, CSFB recognized that the Bridge Loan and the SAILs transaction not only provided a significant return to CSFB, but also enhanced CSFB's relationship with Fastow.

(c) The Southampton transaction

572. A scant three months later, in March 2000, CSFB closed the Southampton transaction. Southhampton's purpose was to extract value from the Enron shares held by LJM Swap Sub and "unwind" the Rhythms Hedge. Before the closing of the Southampton negotiations, CSFB knew that Fastow and Kopper were principals in Southampton. CSFB was squeamish about the affiliation – so much so that, in preparing the sale of the Swap Sub interests to Southampton, CSFB raised the fact in a telephone call with CSFB's outside counsel and Insider Causey. During the call, the three discussed that Southampton had "some affiliation with other employees of Enron." However, Causey told CSFB and its counsel that "no consent of Enron [was] necessary for [the Southampton transaction]" and that Enron management "was aware of such transactions and approved of them" without the need for any "actions on Enron's part." CSFBCO 000121346-000121347 (quoted in Exam. Final Report, App. F at 59). Given the clear presence of a conflict of interest, not to mention CSFB's knowledge that Enron had imposed substantial restrictions on Fastow's ability to profit from a similar conflict of interest, CSFB had to know that Causey's statements were not true. Nonetheless, CSFB decided to participate in the transaction anyway and, in reward, earned $10 million dollars. CSFB was not the only one to profit, of course. The Southampton partners, including Fastow, Kopper and Glisan, received a total of approximately

$19 million in connection with the Southampton transaction, with Fastow and Kopper splitting $9 million of that.

573. In summary, CSFB knew that Fastow engaged in self-dealing in connection with LJM1 and that Fastow and Kopper engaged in self-dealing in the Southampton transaction. CSFB knew that Fastow's and Kopper's self-dealing constituted a breach of their fiduciary duties to Enron. Through its participation in the CSFB Bridge Loan, the SAILs transaction, and the Southampton transaction, CSFB knowingly provided substantial assistance to these Insiders in effecting these breaches.

574. Eventually, the LJM1 partnership liquidated. Over its two years of existence, CSFB's total take was $38 million – approximately $30.5 million over and above its original $7.5 million investment in LJM1.

(d) LJM2

575. In late-August 1999, Fastow contacted both CSFB and DLJ about investing in LJM2. Fastow told CSFB and DLJ that their early commitments to LJM2 would give LJM2 the visibility it needed in order to attract other financial institutions. In December 1999, Fastow invited CSFB to invest $12 million of its LJM1 distribution in LJM2. In deciding whether to invest, both CSFB and DLJ recognized that doing so was important to preserve their relationship with Fastow. Ultimately, CSFB committed $10 million and DLJ committed $5 million. In 2000, CSFB also approved a $30 million credit facility for LJM2.

576. Directly and as general partner of LJM2, Fastow received approximately $9.3 million in distributions and $9.9 million in management fees. Exam. II, App. L. at 20. Fastow also received $15.5 million in cash and a house valued at $850,000 from Kopper in connection with Fastow's sale of his LJM1 and LJM2 interests to Kopper. *Id.* Of course, CSFB knew all of this because it was a limited partner in both LJM vehicles.

(3) The Prepaid Oil Swaps.

577. In December 2000, CSFB participated in an Enron prepay transaction, the December 2000 Prepay Oil Swap (the "December Swap"), with ENA and Morgan Stanley. The Insiders proposed the swap to CSFB on December 11, 2000, with the requirement that it close and fund by December 15, 2000. Like other Enron prepay transactions, the December Swap consisted of a circular structure of three swaps: one between CSFB USA Int'l and ENA, one between CSFB USA Int'l and Morgan Stanley, and one between ENA and Morgan Stanley. Like other Enron prepay transactions, circular obligations built into this one effectively removed all commodity risk from the transaction, making it substantively a loan. The swaps were financially settled and, at the end of the day, CSFB USA Int'l paid ENA $150 million and nine months later – in September 2001 – ENA was required to repay CSFB Int'l approximately $158 million. Morgan Stanley simply served as the pass-through entity.

578. In September 2001, CSFB and the Insiders entered into a related prepay transaction. First, ENA repaid CSFB Int'l approximately $153 million under the December Swap. At the same time, it entered into a new prepay, the September Prepay Oil Swap (the "September Swap"), between another CSFB subsidiary – CSFB – and Barclays. The September Swap was structured identically to the December Swap, except this time CSFB advanced the money, approximately $149 million, to ENA**.** Like the December Swap, the September Swap was structured to eliminate commodity risk by virtue of offsetting swaps, making it, in substance, a loan.

579. Consistent with their practice, the Insiders accounted for the approximately $150 million derived from the December Swap and the September Swap as cash flow from operations rather than from financing, and reported the liabilities under the swaps as "price risk management activities" rather than as debt on Enron's financial statements. By accounting for the

proceeds in this way, the Insiders overstated Enron's cash flow from operating activities, closed the gap between Enron's cash and reported revenues, and effectively disguised $150 million in debt.

580. CSFB absolutely knew the two prepaid oil swap transactions were actually loans that would not appear as debt on Enron's balance sheet. For one thing, CSFB repeatedly described both transactions as loans in its internal documents. For example, one CSFB employee described the CSFB prepays as "obvious loan transactions." AB050700064 (quoted in Exam. IV, App. L at 68). Another wrote that "the swap is booked in their oil swap book and not treated as debt." CSFBCO 000200220 (quoted in Exam. IV, App. L at 68 n.286).

581. Knowing the December Swap and the September Swap were actually loans gave rise to internal concern at CSFB about the risks of participating in the transactions. In connection with the December Swap, CSFB asked the Insiders to make written, "standard representations for accounting-driven transactions" – such as that Enron's external auditors had confirmed the appropriateness of the accounting treatment, Enron's senior management was aware of and approved the transaction, and Enron did not rely on CSFB in deciding to enter into the transaction. AB30507 00074-75 (quoted in Exam. IV, App. L at 69-70). In the end, the Insiders agreed to give the representations CSFB requested – but *refused* to put them in writing. *See* CSFBCO 006092153 (cited in Exam. IV, App. L at 71). Nevertheless, CSFB went through with the transaction.

582. CSFB participated in the swaps because of the importance of Enron as a client. Internally, CSFB described Enron as "a Priority 1 client of CSFB." CSFBCO 000044755-58. In 1999, CSFB made more fees from Enron than any other Tier 1 bank. AB000 538544 (cited in Exam. IV, App. L at 11). In turn, CSFB considered Enron as "one of [its] top accounts, if not the number one relationship." CSFBCO 0000044034 (cited in Exam. IV, App. L at 11). Not surprisingly, CSFB booked both the December Swap and the September Swap as what they were – loans.

(4) FAS 140 transactions.

(a) Nile

583. In the summer of 2001, the Insiders asked CSFB to participate in the Nile FAS 140 transaction (the "Nile Transaction" or "Nile"). Nile was structured to accommodate the monetization of slightly more than 24 million shares of common stock of ServiceCo Holdings, Inc. ("ServiceCo") (collectively, together with any proceeds from the post-petition sale of the shares of ServiceCo, the "Nile Asset"). Although Enron and affiliates recorded the Nile Transaction on their books and records as a sale of the Nile Asset by EES Service Holdings to Pyramid I, the Nile Transaction was, in substance and effect, a loan of $25 million from CSFB to EES Service Holdings for Enron's benefit. CSFB knew that Enron would account for the Nile Transaction as a sale of assets under FAS 140.

583A. The Nile Transaction was accomplished through a series of steps that the parties intended to appear as if it were a genuine sale of the Nile Asset. First, EES Service Holdings contributed the Nile Asset to Pyramid I. In exchange, EES Service Holdings received a Class A Membership interest in Pyramid I and a simultaneous "special distribution" of $25 million.

583B. The $25 million special distribution to EES Service Holdings was ultimately transferred to Enron. The remaining consideration, the Class A Membership interest in Pyramid I, gave EES Service Holdings only a 0.01% economic interest in Pyramid I but 100% voting power.

583C. Sphinx Trust made a $25 million capital contribution to Pyramid I in exchange for a Class B Membership interest in Pyramid I. The Membership interest was non-voting, but represented a 99.99% economic interest in Pyramid I. The $25 million was subsequently transferred to Enron.

583D. Sphinx Trust obtained the funds for its capital contribution to Pyramid I by (a) issuing a Series Certificate for $1,008,793 (the "Nile Certificate") to a CSFB affiliate, and (b) borrowing

the $23,991,207 remainder (the "Nile Note") from CSFB. All of the $25 million for Sphinx Trust's capital contribution to Pyramid I thus came from CSFB or its affiliates. Those funds were eventually transferred to Enron.

583E. The amount of the Nile Certificate was approximately 4% of the Sphinx Trust's total capitalization. The Nile Certificate paid a fixed return of 12%.

584. Nile closed on or about September 28, 2001. As part of the transaction, a total return swap agreement between ENA and Sphinx Trust (the "Nile TRS Agreement") served to guarantee Sphinx Trust's obligation to repay the Nile Note. In addition, a separate Guaranty Agreement (the "Enron Nile Guaranty") provided that ultimately Enron would be responsible to repay the Nile Note.

585. CSFB knew that Enron intended to classify the Nile Certificate as an equity investment by CSFB in the Sphinx Trust that was at risk and permitted Enron to account for the Nile transaction off balance sheet and record the funds it received as cash from operations. But CSFB was unwilling to make an equity investment that was at risk and would only make the investment if repayment was supported by Enron. CSFB's goals were to be able to "put" the equity investment to Enron at par – meaning the entire amount of CSFB's equity investment – and to earn an overall rate of return on the transaction. When Enron told CSFB that its proposed par value put would not permit the desired accounting, CSFB began devising other means of achieving the same result – protection of its equity investment, plus a return on the investment.

585A. CSFB suggested a number of ways to protect its equity investment other than a bald par value put. These mechanisms included creating a fund to repay the equity tranche, which CSFB proposed could be built up over time or created in a lump sum at the outset. CSFB also proposed that the return payable on the total return swap could be "grossed up" to cover repayment of the principal and interest on the Nile Note, plus repayment of the equity tranche and a yield on the equity. CSFB also considered "grossing up"the interest rate payable on the Nile Note to repay all

or some of the equity investment. CSFB also proposed pricing the transaction as a whole – both the debt and equity tranches – for an overall return to CSFB of LIBOR plus 350 basis points, with a "side arrangement" requiring that any income CSFB earned in excess of LIBOR plus 350 bps would be credited towards future transactions between CSFB and Enron. Enron again advised that all or some of these arrangements would be caught by its auditors and would not permit the desired accounting.

585B. CSFB continued to modify the protections to its equity investment and closed the deal with at least three protections for its equity. First, CSFB arranged that it could put its equity investment to Enron at a "fair market" price, determined in the first instance by CSFB as calculation agent. Second, as CSFB's James Moran testified, the total return swap was priced to include repayment of the principal and interest on the Nile Note, plus a return on the equity certificate, thus assuring repayment of at least a portion of the equity investment. Third, CSFB further arranged for repayment of another portion of its equity investment through the disguise of an "Administrative Fee," equal to twelve percent of the funded amount of the equity tranche, and set forth in a separate letter agreement. The "Administrative Fee" increased if the funded amount of the equity tranche increased, thus always assuring repayment of the same percentage CSFB's equity investment.

585C. Within two weeks after the closing of the Nile transaction on September 28, 2001, the tenor of the transaction was extended from two years to three years. CSFB took this opportunity to increase the interest rate on the Nile Note. As a result of these protections, CSFB knew that its equity investment in the Nile transaction was not at risk and the accounting treatment Enron intended for the transaction was improper. Internally, both before and after the closing, CSFB repeatedly described the equity tranche as "debt," rather than equity, described the return on the equity tranche as "interest" rather than yield, and stated that the risk associated with the equity investment was "100% Enron via put" and the equity investment was guaranteed an "all-in return

of 12%." In essence, CSFB's "equity" stake in the Sphinx Trust was guaranteed by promises that CSFB would be repaid, with interest.

585D. Enron and its affiliates retained all or substantially all of the benefits of any appreciation in the Nile Asset just as if it had not purportedly sold the Nile Asset. Notwithstanding EES Service Holdings' purported "sale" of the ServiceCo stock to Pyramid I, (a) Enron continued to enjoy the benefits flowing from that stock ownership, in the form of any value derived from it in excess of amounts necessary to repay the Nile CSFB Note and to repay to CSFB the Nile Certificate, with 12% interest, and (b) Enron assumed the risk that the ServiceCo stock would not generate a sufficient return to repay the Nile Note and to repay the Nile Certificate with interest.

585E. Furthermore, as the Class A member of Pyramid I, Enron and its affiliates had the right to prevent the Nile Asset from being sold to a third party, so long as the Nile Note was being repaid, and CSFB had the right to require Enron to buy back the Nile Asset if the Nile Note was not being repaid.

585F. CSFB made the loan to the Sphinx Trust based on its underwriting of the unsecured Enron credit risk, not the value of the Nile Asset. Neither Enron nor CSFB intended the Nile Transaction to be a genuine sale of the Nile Asset, and neither party intended that CSFB would bear the risks or enjoy the benefits of ownership of the Nile Asset. Both Enron and CSFB expected that Enron would repay CSFB in full with interest, without regard to whether, or for how much, the Nile Asset could be sold.

586. Nile was in substance a loan from CSFB. Nevertheless, the Insiders caused Enron to report $22.2 million of the loan proceeds as cash flow from operating activities, $2.8 million as cash flow from investing activities, and $18.9 million as a gain. *See e.g.* Exam. IV, App. F at 76. CSFB knew that the Insiders would report the transaction improperly under GAAP because CSFB's

equity investment was not at risk. By its participation in the Nile Transaction, CSFB knowingly gave the Insiders substantial aid in breaching their fiduciary duties to, and defrauding, Enron.

(b) Nikita

587. Nikita was a FAS 140 transaction the Insiders used to monetize Enron's ownership interest in EOTT Energy Partners, LP. The transaction contemplated a syndicate led by Barclays, which would agree to make up to $235 million available through an SPE called Besson Trust. The Nikita transaction closed on September 28, 2001.

588. The Insiders' original intent was that Barclays would provide the 3% equity investment necessary for Nikita to qualify for FAS 140 accounting treatment. But for alleged regulatory reasons, Barclays – at the last minute – was unable to provide the 3% equity piece. At the Insiders' request, CSFB agreed to play Barclays' role in the transaction. However, CSFB first required Barclays to enter into a total return swap that guaranteed CSFB the return of CSFB's investment in the Besson Trust. Thus, CSFB swapped back to Barclays the risk CSFB assumed by becoming the equity participant. Before the transaction was completed, however, Barclays obtained "verbal assurances" from Fastow and Glisan that Enron would take Barclays out of the transaction. Without those assurances, Barclays was unwilling to enter into the total return swap CSFB required. And without the total return swap with Barclays, CSFB would not have agreed to hold the 3% equity in the Besson Trust.

589. Barclays and CSFB knew that the total return swap between them removed CSFB's equity risk, and that Fastow's and Glisan's verbal assurances removed Barclays'. As a result, neither had equity at risk, and FAS 140 treatment was improper. Despite that knowledge, both Barclays and CSFB participated in the Nikita transaction, thus giving the Insiders the means to hide $235 million of Enron debt.

(5) CSFB abandoned Enron.

590. Beginning no later than 1999, CSFB knew the Insiders were using SPEs to manipulate Enron's financial statements. As CSFB equity analysts who studied Enron understood, for those not intimately involved in the SPEs, Enron's financial statements were "clear as mud." CSFBCO 005255148 (quoted in Exam. IV, App. L at 22).

591. On August 27, 2001, CSFB met with Enron officers, including Fastow, to discuss Project Cleaver. Project Cleaver examined the possible split of Enron into two separate companies: one regulated, one not. CSFB prepared a presentation for the meeting that included publicly available data only. Based upon that data, CSFB valued Enron's debt – on and off-balance sheet – at $6.4 billion.

592. At the meeting, Fastow disclosed to CSFB that Enron's debt was actually either $30 billion or $36 billion. CSFBCO 005725129 (cited in Exam. IV, App. L at 26). After the meeting, CSFB began evaluating Enron's financial statements more closely. CSFB also began monitoring its Enron exposure frequently, and took active steps to decrease it. CSFBCO 000553330-CSFBCO 000553333, CSFBCO 005157362, and CSFBCO 005422943 (cited in Exam. IV, App. L at 28). For example, on September 19, 2001, CSFB reduced Enron's $500-$650 million net credit ceiling to $300 million by canceling unused lines of credit, buying credit protection, and refusing to renew maturing loans. CSFBCO 005157362, CSFBCO 005422943 (cited in Exam. IV, App. L at 28). CSFB's internal efforts to reduce its Enron exposure paid off. By December 5, 2001, CSFB's net credit exposure was down to approximately $156.5 million.

593. In the months leading to Enron's bankruptcy, CSFB internally recognized Enron's poor financial condition. For instance, in e-mails between two of CSFB's Enron deal team members, one, in light of Enron's "latest travails," recounted the other's "ominous warnings 2 years ago that the 'house of cards' may some day collapse." CSFBCO 005122908 (quoted in Exam. IV,

App. L. at 22-23 n.81). In his response on October 21, 2001, the second CSFB team member noted "P.S. We are still making $$$ at ENE but look out!" CSFBCO 005122670 (quoted in Exam. IV, App. L at 22-23 n.81).

594. At this time, CSFB's equity analysts were also privately expressing negative views about Enron's financial condition. For example, in e-mails between a CSFB equity analyst and a Chase equity analyst, the CSFB analyst stated that, with respect to Enron, "all things point to the potential for one of the biggest frauds in the history of corporate America [sic], bankruptcy is not out of the question." Chase's analyst responded, "bankruptcy??? [H]oly Moses….that's HUGE!!!...wow, [CSFB's equity analyst] has actually been right on this one." JPMBKR-E0817342 (quoted in Exam. IV, App. L at 34 n.123). And, in e-mails between these analysts on October 25, 2001, the CSFB analyst boasted, "Correct me if I'm wrong, but you have been speaking to a member of the coverage team at CSFB who has specifically told you NOT TO BUY it but to STAY AWAY from it all the way down from $45." To which the Chase analyst replied, "hey, how has your rating helped clients??? [Y]ou're telling me one thing but clients a different story??? a little shady if you ask me….strap it on man!!! take a stand!!! afraid to lose banking business??? are you an investment banker or equity research analyst???" JPMBKR-E0817387 (quoted in Exam. IV, App. L at 34 n.123).

595. By November 2001, CSFB understood Enron's situation completely. On the heels of the announcement that Dynegy would acquire Enron, another CSFB equity analyst told his CSFB colleague that "ENE just could never tell the truth…. A year from now we will talk about … Enron greed (of a few) and fair value accounting." CSFBCO 006090157 (quoted in Exam. IV, App. L at 22-23 n.81).

596. Despite their clear knowledge of the scope of Enron's problems, CSFB's equity analysts continued to rate the Enron stock a "Strong Buy." In fact, it was not until November 23,

2001, that CSFB's analysts dropped their rating – by which time Enron's stock price had fallen to $4.71 per share. Around that time, a CSFB analyst wrote Chase's: "Okay Wade, how about now? Now will you give some credit for saying NO to buying ENE at 50, at 40, at 30, at 20?", to which Chase's analyst replied, "no dude, you get squatola." The CSFB analyst's rejoineder? "From $50 to $30, lucky, from $30 (when the first skelton [sic] came out) to now, I was in the know….the funny thing is, Gibbons [another CSFB analyst] was also in the know, yet bought the thing." JPMBKR-E0817430 (quoted in Exam. IV, App. L at 34-35 n.123).

597. During the investigation following Enron's filing for bankruptcy, the CSFB and Chase analysts continued to exchange e-mails regarding CSFB's early knowledge of Enron's deteriorating financial condition and the Insiders' misuse of the off-balance sheet SPEs to manipulate Enron's financial statements. For example, on December 20, 2001, the Chase analyst wrote, "man, you guys are the ones that helped set up these partnerships…not to mention you guys as analysts knew about it and didn't say a word to clients in your research…who's hiding what??? I'm sure the SEC would be very interested in this…don't you think?" CSFBCO 006172707 (quoted in Exam. IV, App. L at 34-35 n.123).

598. On February 26, 2002, the day before CSFB's lead equity analyst on Enron, Curt Launer, was scheduled to testify before the Senate Committee on Governmental Affairs about the role Wall Street analysts played in the collapse of Enron, the Chase analyst wrote his CSFB friend: "I'm sure Curt [Launer's] testimony will NOT include the fact that you guys knew about this crap in august [sic] (at the latest) but still didn't write about it or bring it to the attention of investors…shall I forward your e-mails to the justice department??? the ones warning me to stay away from ENE – these date waaaaaay back…now, if you telling me and everyone on your salesforce (as you claim) to stay away, don't you think Congress would like to know about this???" CSFBCO 006173455 (quoted in Exam. IV, App. L at 34-35 n.123). In fact, Launer had written a

CSFB colleague two days before giving testimony that his "testimony" was being "'sanitized'" in order to "curry populist favor." CSFBCO 006057889.001 (quoted in Exam. IV, App. L at 34-35 n.123).

599. CSFB's incentive for continuing to recommend Enron's stock in the face of CSFB's actual knowledge of the magnitude of Enron's true debt is obvious – CSFB wanted to keep Enron afloat by supporting Enron's stock price, at least until CSFB finished extricating itself. CSFB used its knowledge of Enron's financial condition to its benefit and to the detriment of other Enron creditors. *See* Exam. Final Report, App. L at 29-34. As one CSFB analyst wrote another on November 29, 2001– three days before Enron declared bankruptcy – "easy, we were in love with ene and ene loved us. We were their number 1 supporter so the threat of a damaging research note was zero. They needed us to publicly sell the stock almost as much as we needed them for the fees." CSFBCO 006303837 (quoted in Exam. IV, App. L at 34-35 n.123).

h. Toronto Dominion knowingly assisted the Insiders in misstating Enron's financial condition.

600. Toronto Dominion's involvement in the Insiders' manipulation of Enron's financial condition was an important aspect of the Insiders' scheme. Toronto Dominion knew the Insiders were using structured financing transactions, and particularly prepay transactions, to improperly inflate cash flow from operations and disguise debt as price risk management liabilities on Enron's financial statements. From 1998 to 2000, Toronto Dominion helped the Insiders achieve their improper goals by financing and/or implementing at least six prepay transactions, which are collectively referred to as the "Toronto Dominion prepays." Toronto Dominion also participated in other transactions, such as JEDI, Hawaii, Firefly, and Bammel Gas, that were designed to reduce Enron's on-balance sheet debt. The Toronto Dominion prepays alone provided Enron with approximately $2 billion of financings, from which the Insiders improperly recorded approximately

$1.5 billion of cash flow from operating activities and understated debt on Enron's balance sheet by approximately $1.34 billion. Exam. IV, App. G at 2.

601. The Enron Examiner reviewed and criticized Toronto Dominion's conduct in relation to Enron, and concluded that Toronto Dominion knowingly facilitated the Insiders' misstatement of Enron's financial condition. The Examiner found that the Toronto Dominion prepays were "structured with the commodity price risk moving through the other parties and back to Enron in a circle, so that it was eliminated," and described the prepays as "simply debt structured as commodity swaps." Exam. IV, App. G at 23. The Examiner concluded that Toronto Dominion understood both the accounting for the Toronto Dominion prepays and the prepays' effect on Enron's reported financial condition, and that Toronto Dominion therefore knew that the Toronto Dominion prepays were being used "to manage and manipulate [Enron's] financial statement presentation." Exam. IV, App. G at 45, 47. Specifically, the Examiner concluded that Toronto Dominion knew the Toronto Dominion prepays did not appear as debt on Enron's financial statements and found evidence that Toronto Dominion knew the proceeds from the Toronto Dominion prepays appeared on Enron's financial statements as cash flow from operations. *See* Exam. IV at 79. The Examiner found that Toronto Dominion substantially assisted this fraud by lending funds in five of the Toronto Dominion prepays and serving as a pass-through entity in three of the Toronto Dominion prepays. Exam. IV, App. G at 27. In short, Toronto Dominion aided and abetted the Insiders' breaches of their fiduciary duties.

(1) Toronto Dominion's relationship with Enron.

602. Toronto Dominion considered Enron to be an "extremely important and profitable relationship." TDB-EX 002319-45 (quoted in Exam. IV, App. G at 14 n.41). From 1997 through 2001, Toronto Dominion completed approximately 40 Enron transactions and received approximately $30 million in income from Enron. Exam. IV, App. G at 9, 11-13. Toronto

Dominion's return on Enron-related structured finance transactions overwhelmingly exceeded its internal profitability goals. From late 1998 through 2000, Toronto Dominion's Enron transactions secured a Risk Adjusted Return on Capital of 39% – a rate almost double the return of 20% that Toronto Dominion targeted for its corporate customers. Exam. IV, App. G at 13.

603. The Toronto Dominion prepays became, over time, an increasingly important part of Toronto Dominion's Enron portfolio. The Examiner concluded: "The dramatic increase in the profitability of the Enron relationship during the period 1998-2000 appears to have been driven by the Toronto Dominion Prepays." Exam. IV, App. G at 14 n.40. One former Toronto Dominion relationship manager noted that the prepays were "highly profitable for us and well received by [Enron.]" TDB-EX(1) 000054-90 (quoted in Exam. IV, App. G at 14 n.40). From 1998 through 2000, Toronto Dominion received approximately $5.5 million in fees from Enron from the prepays, in addition to the premium returns Toronto Dominion obtained from the capital it lent in the transactions. Exam. IV, App. G at 31, 34, 35, 36, 39, 41, and 44.

604. Because the prepay transactions were so profitable for Toronto Dominion, it continued to participate in them through 2000 despite a "concern regarding balance sheet manipulation." TDB-EX 002320 (quoted in Exam. IV, App. G at 47). In fact, the prepays were so important to Toronto Dominion's profitability that the bank entered into the Hawaii transaction – a transaction that it otherwise would not have done – as a *quid pro quo* for the lucrative London prepay. *See, e.g.,* TDB-EX 000082, TDB-EX000077 (quoted in Exam. IV, App. G at 14).

605. Toronto Dominion aspired to become a "Tier 1" bank for Enron, on par with Citibank and JPMC. *See* TDB-EX(1) 020264 (cited in Exam. IV, App. G at 9). It continually sought to enhance its relationship with Enron by entering into transactions it knew were suspect, and it knew were being used to manipulate Enron's balance sheets and deceive rating agencies and others who

relied on those balance sheets. After participating in one prepay transaction, Toronto Dominion boasted:

> Enron has approached us again to help them manage their balance sheet for the rating agencies and the analysts. The Company is coming to TD as we have demonstrated the ability to deliver, on a short-time frame, the same prepaid structured transaction.

TDB-EX 000040 (quoted in Exam. IV, App. G at 47).

606. Toronto Dominion's Enron transactions were not limited to the lucrative prepays. Toronto Dominion also participated in other structured finance transactions, derivatives transactions, underwritings, letters of credit, and credit facilities. Exam. IV, App. G at 9. Toronto Dominion's multiple relationships with Enron gave it inside access to detailed information about Enron's true financial condition. Toronto Dominion knew full well that Enron's financial statements did not depict the company's actual financial situation – Toronto Dominion executives were especially concerned with what they described as Enron's "true leverage." TDB-EX 001425 (quoted in Exam. IV, App. G at 19). But because of its insight into Enron's finances, Toronto Dominion was able to compile its own analyses of Enron's financial statements, recharacterizing as debt some Enron obligations that Enron did not report as debt – including the Toronto Dominion prepays – in order to gain a more accurate understanding of Enron's financial condition. Exam. IV, App. G at 19.

607. In its dealings with Enron and the Insiders, Toronto Dominion and its subsidiaries functioned as a single business unit. The Enron Examiner observed, "Toronto Dominion appears to structure its operations around business segments rather than legal entities. Units such as TD Securities design the products, sell them, and use various legal entities within Toronto Dominion to participate in and book the transactions." Exam. IV, App. G at 7. For example, Toronto Dominion used its Texas subsidiary, Toronto Dominion Texas, to enter into many of the Toronto Dominion prepays. The Toronto Dominion Securities business unit had the ability to use Toronto Dominion Texas to enter into transactions to which Toronto Dominion Securities agreed. Exam.

IV, App. G at 7 & n.23. In addition to those direct and indirect subsidiaries of Toronto Dominion named in this Complaint, there may be other subsidiaries or affiliates which Toronto Dominion caused to participate in one or more of the transactions with Enron that serve as the basis for this Complaint. It is Enron's intention to hold Toronto Dominion and each of these subsidiaries and affiliates responsible for their participation in the challenged transactions, and Enron notifies Toronto Dominion of its intention to include the subsidiaries and affiliates as defendants upon discovery of their identity.

(2) The Toronto Dominion Prepays.

608. During the relevant period, Toronto Dominion entered into the Toronto Dominion prepays, which totaled approximately $2 billion, as follows. *See* Exam. IV, App. G at 22.

Name	Closing Date	Amount	Amount Financed
December 1998 Prepay	12/30/98 12/31/98	$200 million $50 million	Funded $250 million (JPMC was counterparty)
Truman Prepay	6/29/99	$500 million	Funded $250 million and acted as pass-through entity for $250 million Citigroup-funded portion of prepay
Jethro Prepay	9/29/99	$675 million	Funded $337.5 million and acted as pass-through entity for $337.5 million Citigroup-funded portion of prepay
Nixon	12/14/99	$324 million	Acted as pass-through entity for prepays funded by Citigroup, RBS, and Barclays
Alberta Prepay	9/29/00	Can $147.4 million (approx. $105 million U.S.) (Note: mirror-image Can $147.4 million prepay funded by RBC, with JPMorgan Chase as swap counterparty, closed on the same day)	Funded approx. Can $147.4 million (JPMC acted as counterparty)
London Prepay	12/15/00 12/22/00	$135 million $30 million	Funded $165 million (Morgan Stanley acting as swap counterparty)

Total:	**$2.0 billion**

609. The three parties involved in each Toronto Dominion prepay included Toronto Dominion, which served as the lender in five of the six transactions; an Enron affiliate, which borrowed the money; and a financial institution, which served as the pass-through entity. Like the other Enron prepay transactions, the Toronto Dominion prepays were circular and involved the following three basic steps, all of which were negotiated simultaneously and were interrelated:

(a) In the first step of the transaction, Toronto Dominion and an Enron affiliate entered into a transaction in which Toronto Dominion agreed to pay the Enron affiliate a fixed payment equal to the amount of money Enron wanted to borrow from Toronto Dominion (the "Principal Payment"). In exchange, the Enron affiliate agreed to pay to Toronto Dominion at date(s) in the future the financial equivalent of specified quantities of either oil or gas at the future spot price (the "Floating Payments").

(b) In the second step of the transaction, Toronto Dominion entered into a so-called swap transaction with a financial institution in which Toronto Dominion agreed to pay the financial institution the same Floating Payments it received from the Enron affiliate in exchange for a fixed payment or payments from the financial institution, which were calculated to be an amount that would cover the Principal Payment plus interest (the "Principal Plus Interest Payments").

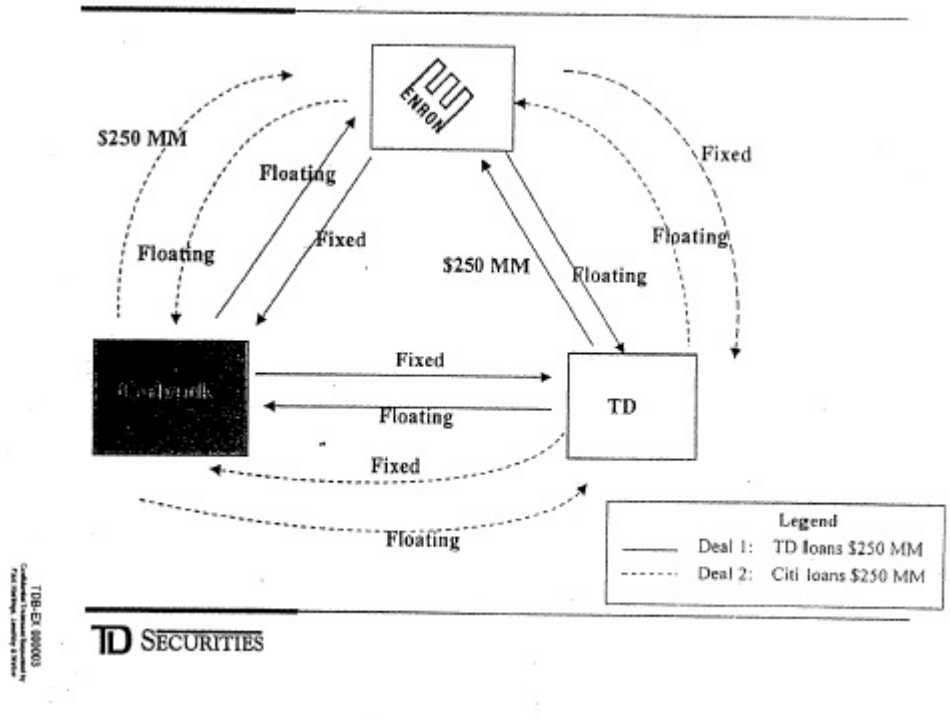
(c) In the third step of the transaction, the financial institution and the Enron affiliate entered into a so-called swap transaction in which the financial institution agreed to pay to Enron the Floating Payments in exchange for Enron paying to the financial institution the Principal Plus Interest Payments.

610. When the transactions described in paragraphs 609(a)-(c) above are viewed as a whole, no party in the Toronto Dominion prepays had any commodity price risk. The Floating

Payments went in a complete circle and canceled themselves out such that, in the end, the only payments actually made were the Principal Payment by Toronto Dominion and the Principal Plus Interest Payments by the Enron affiliate.

611. No Toronto Dominion prepay actually involved the transfer of a commodity. That is, all the Toronto Dominion prepays were financially settled. In addition, the prepayment amount of each of the Toronto Dominion prepays depended not on the quantity of oil or gas desired or on any other business reason, but on the amount of money Enron wanted to borrow and the amount of money Toronto Dominion was willing to lend. For example, in the London prepay, Enron wanted to borrow $400 million but Toronto Dominion would only lend $165 million. In the Truman prepay, a letter notes that "[t]he precise value of crude oil will be determined at the trade date in an amount sufficient to cover 100% of principal and interest." TDB-EX 002057 (quoted in Exam. IV, App. G at 23).

612. Toronto Dominion knew the Toronto Dominion prepays were simply loans to Enron, and therefore should have been recorded as loans on Enron's financial statements – not as commodity trades. Toronto Dominion understood that because the prepay transactions transferred the price risk of the underlying commodity in a circle, neither Toronto Dominion, nor the Enron affiliate, nor the financial institution involved had any commodity price risk as part of the transaction. *See, e.g.,* TDB-EX 000002-03 (cited in Exam. IV, App. G at 5 n.7); TDB-EX 000020 (cited in Exam. IV, App. G at 39 n.140); TDB-EX(1) 019961 (quoted in Exam. IV, App. G at 41); TDB-EX 000252 (cited in Exam. IV, App. G at 5 n.7). A Toronto Dominion employee prepared the following chart for the Truman prepay, clearly demonstrating that Toronto Dominion understood the circularity of the transaction:



Exam. IV, App. G at 33. Consistent with this understanding, Toronto Dominion documents repeatedly referred to the prepays as "loans." *See, e.g.*, TDB-EX(1) 015115, TDB-EX(1) 015117, TDB-EX 000558, TDB-EX 000170-98, TDB-EX 002057 (quoted in Exam. IV, App. G at 23).

613. Toronto Dominion also knew the Insiders' disclosures of the Toronto Dominion prepays were completely at odds with the transactions' economic substance. First, Toronto Dominion knew the prepays were accounted for "as price risk management liabilities, not as debt," TDB-EX 002319-45 (emphasis in original) (quoted in Exam. IV, App. G at 45), and that the prepays, therefore, "do not affect Enron's debt covenants since they are not classified as debt," TDB-EX(1) 019962 (quoted in Exam. IV, App. G at 45). Second, Toronto Dominion knew the Insiders accounted for the cash proceeds from the Toronto Dominion prepays as cash flow from operating activities. Toronto Dominion knew the Insiders used the prepays to generate cash flow, and also knew the Insiders reported assets from price risk management – including the Toronto

Dominion prepays – as cash flow from operations. *See* Exam. IV, App. G at 46-47. In addition, Toronto Dominion executives knew, from their own examination of Enron's financial statements, that the statements contained no meaningful disclosure of the Toronto Dominion prepays. *See* Exam. IV. App. G at 51.

614. Toronto Dominion therefore knew that, by structuring and closing the Toronto Dominion prepays, it was assisting the Insiders in creating misleading financial statements and helping to deceive rating agencies and others who relied on Enron's financial statements. Toronto Dominion understood that the prepay structure had "significant advantages" over a syndicated loan, "specifically, favorable balance sheet treatment." TDB-EX 001255 (quoted in Exam. IV, App. G at 45). Internal credit approval memoranda displayed the Risk Management Group's increasing concerns with the "manipulation" of Enron's balance sheet. *See, e.g.*, TDB-EX 002319-45, TDB-EX(1) 019965 (quoted in Exam. IV, App. G at 20). An internal e-mail in November, 2000, acknowledged: "[W]e've been warned about the balance sheet games at least twice in the last few months." TDB-EX 001266 (quoted in Exam. IV, App. G at 47). The head of Toronto Dominion's Risk Management Group wrote in November 2000, in response to the credit approval request for the London prepay:

> I find such transactions inconsistent with our objectives of ensuring transparency in our relationships with customers/counterparties and it leads me to question why we should have any relationship to what is increasingly becoming a large unregulated derivatives trading house. In my view we should completely hedge our direct Enron exposure and future derivative dealings should be on a M2M collateralized basis.

TDB-EX 001526 (quoted in Exam. IV, App. G at 20).

615. All the Toronto Dominion prepays were completed at year-end or at the end of a fiscal quarter. As usual, this was not a coincidence. Toronto Dominion knew the Insiders were using the Toronto Dominion prepays to conceal the company's true financial condition by inflating cash flow from operations and hiding debt at critical reporting periods. One Toronto Dominion

executive bluntly noted: "[y]es, they did an off-balance sheet with us to help their year end reporting. Sort of just the kind of thing we do at quarter and year end." TDB-EX 002430 (quoted in Exam. IV, App. G at 47-48).

616. Toronto Dominion also knew the Insiders were using the Toronto Dominion prepays to maintain the company's all-important credit ratings. According to the December 1998 Prepay Credit Review, "the sole purpose of this facility is to satisfy promises made to the rating agencies early this year about reducing leverage." TDB-EX(1) 015115 (emphasis in original) (quoted in Exam. IV, App. G at 48). Toronto Dominion also understood that the Truman prepay was designed "to satisfy certain commitments made to the rating agencies and the analysts earlier this year with regard to leverage for the quarter ending June 30, 1999 . . . . ." TDB-EX 000037 (quoted in Exam. IV, App. G at 48 n.184).

617. Despite this knowledge, Toronto Dominion substantially assisted the Insiders by lending its own funds in five of the Toronto Dominion prepays and serving as a pass-through entity in three prepays, two involving Citigroup (Truman and Jethro) and one (Nixon) in which Citigroup, Barclays, and RBS were lenders to Enron.

618. The Toronto Dominion prepays had a significant impact on Enron's financial statements. Without them, Enron's financial statements would have shown a much lower cash flow from operations and much higher debt levels. In total, the Toronto Dominion prepays enabled the Insiders to record improperly $1.5 billion in cash flow from operating activities and improperly understate debt by $1.34 billion. *See* Exam. IV, App. G at 2. The Examiner concluded, with regard to the net effect of the Toronto Dominion prepays, "[T]he Toronto Dominion Prepays alone . . . had a material effect on Enron's cash flows from operating activities," and that had the Toronto Dominion Prepays been properly recorded "Enron's reported debt levels would have increased." Exam. IV, App. G at 25.

619. Toronto Dominion also knew it was not the only financial institution assisting the Insiders in manipulating Enron's financial statements. A former Toronto Dominion employee who had served as Toronto Dominion's relationship manager for Enron testified that Toronto Dominion knew Enron was entering into prepay transactions with other financial institutions. Sworn Statement of Katherine Lucey, Former Head of the Advisory Group, Sept. 10, 2003, at 47 (quoted in Exam. IV, App. G at 51-52).

620. In short, Toronto Dominion gave substantial assistance to the Insiders to further the Insiders' scheme to misrepresent Enron's financial condition with full knowledge that:

- The Toronto Dominion prepays were loans disguised as commodity transactions;
- The Insiders were accounting for the prepays as price risk management liabilities, not as debt, and the proceeds from the prepays as cash flow from operations; and
- The purpose of the Toronto Dominion prepays was to manipulate Enron's financial statements and to mislead the rating agencies and others who relied on Enron's financial statements.

(3) Toronto Dominion limited its Enron exposure.

621. Toronto Dominion, as a participant in the Insiders' manipulation of Enron's financial statements, was well aware that Enron's financial statements did not reflect the company's true financial position. Toronto Dominion therefore took measures to limit its own exposure to Enron.

622. Toronto Dominion's concerns about Enron's financial condition began as early as December of 1998, when Toronto Dominion entered into its first prepay transaction with Enron. In a comment to the credit approval memorandum for the December 1998 prepay, the Head of Toronto Dominion's Risk Management Group noted: "The number of short term financing requests for the Enron group raises concerns regarding their financial strategy." TDB-EX(1) 015117 (quoted in Exam. IV, App G at 19-20).

623. For most of 1998 and 1999, Enron's outstanding obligations to Toronto Dominion (and therefore Toronto Dominion's credit exposure) exceeded the target amount, or "Exposure Guideline," that Toronto Dominion had set for Enron. Starting in mid-1999, Toronto Dominion began enforcing its credit exposure guidelines against Enron. *See* Exam. IV, App. G at 16.

624. Toronto Dominion took additional steps to protect itself by purchasing credit protection on a large portion of any new Enron exposure. Indeed, approval of the Alberta and London prepays by Toronto Dominion's Risk Management Group was conditioned on obtaining credit default protection for the full amount of the transaction. *See* Exam. IV, App. G at 17.

625. Toronto Dominion's concern about Enron's financial condition continued to grow during 1999 and 2000, as Toronto Dominion executives expressed concern about the "manipulation" of Enron's balance sheet. TDB-EX 002319-45, TDB-EX(1) 019965 (quoted in Exam. IV, App. G at 6). In January 2001, senior Toronto Dominion executives met with senior Enron executives, including Fastow, to address Toronto Dominion's concerns about Enron's business and financial strategies and risk management procedures. Immediately after the meeting, the head of Toronto Dominion's Risk Management Group directed that Toronto Dominion reduce its Enron exposure by October 31, 2001 – the end of Toronto Dominion's fiscal year.

626. In sum, Toronto Dominion – as a participant in the Insiders' manipulation of Enron's financial statements – was aware of Enron's true financial condition, and took steps to protect itself.

i. Royal Bank of Scotland/NatWest knowingly assisted the Insiders in misstating Enron's financial condition.

627. Royal Bank of Scotland/NatWest's ("RBS") involvement in the Insiders' manipulation of Enron's financial condition was also critical to the Insider's scheme. RBS understood the Insiders were using various RBS transactions to disguise debt, manipulate cash flows, and inflate income from operations on Enron's financial statements. RBS also understood

that, as a limited partner in LJM1, it was profiting from Fastow's dual role as CFO of Enron and general partner in LJM1. Beginning in at least 1998, RBS designed, financed, and/or implemented several important transactions – the LJM1 related party transaction, four FAS 140 Transactions (Sutton Bridge, ETOL I, ETOL II, and ETOL III), and the Nixon prepay transaction (collectively, the "RBS Transactions") – which allowed the Insiders to fabricate significant income, artificially inflate Enron's cash flow from operations, and obscure Enron's growing debt. In addition, RBS participated in the Ghost and Hawaii FAS 140 Transactions, two transactions involving other financial institutions in addition to RBS.

628. The RBS Transactions had a substantial impact on Enron's financial statements. The LJM1/Rhythms Hedging Transaction alone enabled the Insiders to recognize $95 million of income in 1999 – 10.6% of Enron's originally reported net income for that year. The Nixon prepay and the four FAS 140 transactions in which RBS took a leading role enabled the Insiders to improperly record approximately $191 million of income from gain on sales of assets, receive approximately $444 million of proceeds that were erroneously recorded as cash flow from operating or investing activities, and understate debt by $177 million in 1999 and $273 million in 2000. *See* Exam. IV, App. E at 3-4.

629. The Enron Examiner investigated and sharply criticized RBS's conduct in relation to Enron. With respect to the LJM1 related party transaction, the Examiner concluded RBS "played a significant role in [LJM1's] formation and in the implementation of transactions involving LJM1." Exam. IV, App. E at 33. The Examiner found that "RBS's conduct in the LJM1 Related Party Transaction enabled Enron to complete the LJM1/Rhythms Hedging Transactions" (because of which the Insiders improperly recorded $95 million in income), that RBS "structured and implemented Total Return Swaps . . . through which LJM1 received funding LJM1 used improperly to enrich Fastow" (thereby knowingly "act[ing] to circumvent" the restrictions the Enron Board had

placed on Fastow's participation in LJM1), and that RBS benefited from Fastow's conflict of interest when Enron repurchased the Cuiaba asset at a profit to LJM1. Exam. IV, App. E at 3, 7-8, 59-62. With respect to the FAS 140 transactions, the Examiner concluded RBS obtained "verbal assurances" of repayment from the Insiders, which made the accounting for the RBS FAS 140 transactions improper. The Examiner found that RBS understood the verbal assurances "could neither be documented nor publicly disclosed." Exam. IV, App. E at 9. With respect to the Nixon prepay, the Examiner found that RBS participated in a transaction that the bank "internally recognized was simply a loan," and did so "with the knowledge that the proceeds of loan transactions such as the Nixon prepay were booked by Enron as cash flow from operating activities." Exam. IV, App. E at 10-11. In short, RBS aided and abetted the Insiders in breaching their fiduciary duties.

(1) RBS's relationship with Enron.

630. When Royal Bank of Scotland acquired NatWest in March of 2000, each bank in its own right enjoyed a longstanding relationship with Enron. As early as 1995, NatWest boasted: "We are one of Enron's prime relationship banks worldwide . . . ." RBS 1115546 (quoted in Exam. IV, App. E at 13). Royal Bank of Scotland also had a substantial relationship with Enron, participating in 14 Enron transactions between 1997 and the merger in March 2000. Exam. IV, App. E at 14.

631. RBS, the post-merger entity, retained the Tier 1 bank status NatWest had established prior to the merger. RBS viewed the Enron relationship as "extremely strong," boasted of its "very coveted position" as one of Enron's Tier 1 banks, and called Enron "one of the bank's most remunerative clients." RBS 3088328 (quoted in Exam. IV, App. E at 15). From 1997 through 2001, RBS completed approximately 53 transactions with Enron – most of which, as RBS noticed, took place near the end of quarterly reporting periods. *See* Exam. IV, App. E at 16. These transactions were extremely lucrative for RBS: The bank received over $60 million from Enron transactions

between 1997 and 2001, and, as of November 2000, had averaged a 110% rate of return on its Enron investments. *See* Exam. IV, App. E at 15, 18. RBS was willing to participate in the transactions the Insiders used to manipulate Enron's balance sheets because -- quite simply – those transactions paid more than the bank's ordinary Enron work. RBS recognized in connection with one such transaction: "Because this is balance sheet management, it pays better than straight Enron corporate risk." RBS 3112212 (quoted in Exam. IV, App. E at 82).

632. Enron was such an important client that RBS occasionally participated in structured finance transactions it knew were suspect so it could secure Enron's future business. For example, RBS was reluctant to extend the Nixon Prepay Transaction because, as one RBS analyst put it, "[t]he scale of financial period manipulation is exceedingly worrying." RBS 3118862 (quoted in Exam. IV, App. E at 82). However, following what one RBS document describes as "intense pressure on relationship grounds," RBS agreed to the extension – but only because it could protect itself by purchasing a credit derivative. *See* Exam. IV, App. E at 83.

633. RBS's longstanding and profitable relationship with Enron gave it inside access to Enron's financial information. RBS had a much more accurate understanding of Enron's financial condition, including an understanding of Enron's off-balance sheet liabilities, than could be gleaned from Enron's financial statements alone. In November, 1998, the Head of Credit Risk for RBS recognized that Enron "will remain heavily leveraged if one takes into account all their off-balance sheet liabilities . . . ." RBS 1117824-RBS 1117826 (quoted in Exam. III, App. G. at 21). Another RBS document noted "*continuing moves by Enron to, not only transfer assets off-balance sheet[,] but also to leave Enron itself as little more than a provider of intellectual, hedging and other operational support*." RBS 3088396 (quoted in Exam. IV, App. E at 22) (emphasis in original). In its 2000 "Rating Profile" of Enron, RBS stated that Enron's "aggressive financial policy . . . results in massive off-balance sheet liabilities." RBS 3088345 (quoted in Exam. IV, App. E at 27). Top

RBS executives expressed concern about the "absolute level of manipulation" in Enron's financial statements. RBS 3118880 (quoted in Exam. IV, App. E at 25).

634. RBS also knew the Insiders were manipulating Enron's financial statements so they did not reflect Enron's real financial condition. In March 2000, when an RBS credit manager wrote that "[t]he scale of financial period manipulation" was "exceedingly worrying," he continued:

> I can see from a relationship/business perspective that there is a temptation to write another income generating transaction on the basis of the comfort we are drawing from it being very short term, but the concern must obviously be that if lots of counterparties are doing this then any bad news (or shortage for whatever reason of counterparty capacity) will cut refinance ability dramatically and/or end Enron's ability to manipulate thus leading to a horrendous on-balance sheet position which would further exacerbate the position. The question is when do we stop [?]

RBS 3118862 (quoted in Exam. IV, App. E at 25-26). As it considered participation in Ghost, an RBS official informed colleagues of his "concern" about what was being done "to massage [Enron's] Balance Sheet." RBS 3112212 (quoted in Exam. IV, App. E at 24).

635. RBS even had access to the Insiders' own views on Enron's true financial condition. In a series of meetings with Glisan and others, RBS learned:

> *In terms of internal RBS treatment of these structures, while Enron may achieve off-balance sheet treatment, we should consider these direct Enron exposure as their operation and off-take is so closely related to Enron.* Additionally, whatever the tax and accounting treatment, Enron's senior management are consistent in strongly representing verbally that Enron will do everything in their power to protect the investors and lenders involved.

RBS 3120723 (quoted in Exam. IV, App. E at 27) (emphasis in original).

636. In its dealings with Enron and the Insiders, RBS and its subsidiaries functioned as a single business unit. Employees of RBS and its subsidiaries were able to speak on behalf of one another and cause one another to participate in transactions with Enron and LJM1. For example, RBS's relationship manager for Enron was also a Campsie representative; he signed an amendment to the hedging prohibition in the stock held by LJM1 on Campsie's behalf. *See* Exam. IV, App. E

at 45. In addition to the direct and indirect subsidiaries of RBS named in this Complaint, there may be other subsidiaries or affiliates which RBS caused to participate in one or more of the transactions with Enron that serve as the basis for this Complaint. It is Enron's intention to hold RBS and each of these subsidiaries and affiliates responsible for their participation in the challenged transactions, and Enron notifies RBS of its intention to include the subsidiaries and affiliates as defendants upon discovery of their identities.

(2) LJM1.

637. LJM1 was a purportedly "independent" investment vehicle created by Fastow, through which Insiders such as Fastow and Kopper profited at Enron's expense. LJM1 consisted of a general partner (Fastow), who contributed $1 million, and two limited partners (RBS and CSFB, through their respective affiliates) who each contributed $7.5 million.

638. LJM1 was a gold mine for RBS, who received approximately $22.7 million on its initial $7.5 million investment. Exam. IV, App. E at 61-62. RBS recognized that its opportunity to participate in the lucrative LJM1 vehicle was a reward for being a Tier 1 bank. On August 31, 2001, with no assets remaining in LJM1, RBS calculated that its return on its LJM1 investment was "in excess of 1200% IRR. This is a most satisfactory result and underlines the way Enron supports its Tier 1 banks." RBS 6021378 (quoted in Exam. IV, App. E at 61-62).

639. From the beginning, RBS was fully aware of the conflict of interest posed by Fastow's dual role as CFO of Enron and the general partner in an investment vehicle that would do business with Enron. One RBS executive wrote another to express doubts about the fairness of the LJM1 transaction to Enron, which "[c]oupled with Fastow's insistence on total secrecy," led him to conclude that "we should exercise extreme diligence." RBS 4014174 (quoted in Exam. IV, App. E at 37). Two days later, the same executive wrote that he was unable to "get away from the fact that value is going out of the Enron group." He said:

> The fact is that a two bit LLC called Martin [the original name for LJM1], owned by a couple of Enron employees, will all of a sudden be *gifted* $220m of Enron stock. It could never bother about the borrowing base, sell the stock in the market, pack up [its] bag and disappear off to Rio. If you owned it, wouldn't you? Now I'm beginning to understand why these guys are so keen to get in on it. . . .
>
> What am I missing???????
>
> There needs to be consideration given to the Enron group.

RBS 4014174 (quoted in Exam. IV, App. E at 38) (emphasis in original).

640. RBS was so worried about Fastow's obvious conflict of interest that it expressed internal concern about the "reputational risk" the bank was taking by participating in LJM1. *See, e.g.*, RBS 3030461 (quoted in Exam. IV, App. E at 39), RBS 4014620 (quoted in Exam. IV, App. E at 40 n.141). An internal RBS document candidly acknowledged: "[I]t is not too difficult to construct some form of legal action by Enron shareholders (however spurious) claiming that they have been short-changed, that Andy Fastow has 'cherry picked' assets etc. and, in isolation, the position does not look good." RBS 3030461 (quoted in Exam. IV, App. E at 40).

641. Despite RBS' initial assertions that it would not proceed with the transaction without reviewing a fairness opinion being prepared by PricewaterhouseCoopers ("PWC"), RBS instead opted to accept Kopper's verbal assurances that the opinion would bless the transaction as fair to Enron. *See* Exam. IV, App. E at 41-42.

(a) LJM1 and the Rhythms Hedging transaction

642. RBS knew LJM1 was initially formed to hedge the risk on extremely volatile Rhythms stock held by Enron. See RBS 4014615 (quoted in Exam. IV, App. E at 34). The Rhythms Hedging transaction was structured as follows: Enron gave LJM1 6,755,394 Enron common shares. At the time of this transaction, the shares ostensibly had an unrestricted fair market value of $276 million. However, Enron transferred the shares subject to liquidity restrictions: a four-year restriction on resale and a one-year (later changed to two-year) restriction on hedging. Because of

these restrictions, a 39% discount rate was applied in valuing the shares. LJM1 then contributed approximately one-half the Enron shares to Swap Sub, a hedging vehicle it had formed to enter into the Rhythms Hedge. In return for the shares it transferred to LJM1, Enron received $50 million (later $64 million) in promissory notes from LJM1 and a put right (valued at $104 million) that Enron could exercise, in the future, to force Swap Sub to purchase the Rhythms shares. However, Swap Sub's only asset was the Enron shares it had received from LJM1. *See* Exam. IV, App. E at 31-32, 42-44. As the Examiner concluded: "Thus, Enron did not transfer any of its true economic risk in the Rhythms investment to any third party with assets other than assets provided by Enron." Exam. IV, App. E at 32. RBS was well aware that the Rhythms Hedging transaction did not actually transfer the risk of the Rhythms stock away from Enron. As the Examiner concluded, "RBS was aware that the LJM1/Rhythms Hedging transaction was a non-economic hedge." Exam. IV, App. E at 36.

643. Because of the LJM1/Rhythms Hedging transaction, the Insiders inappropriately caused Enron to recognize $95 million of income in 1999 – 10.6% of Enron's originally reported net income for the year. *See* Exam. IV, at 67. RBS participated in the formation and funding of LJM1 with full knowledge that the key transaction – the Rhythms Hedge – was a non-economic hedge, and therefore would not be accounted for accurately on Enron's financial statements. An RBS executive later explained that the purported "hedging" transaction with the Rhythms stock actually "enabled the smoothing of earnings" on Enron's financial statements. Sworn Statement of Kevin Howard, at 256, lines 7-9 (quoted in Exam. IV, App. E at 36 n.129).

(b) RBS's total return swap with AIG

644. After the Rhythms Hedging transaction, RBS began searching for ways to extract the upside value of the Enron shares in LJM1 and protect itself from downside risk. *See* Exam. IV, App. E at 43, 46. On November 29, 1999, RBS and CSFB each made a $45.1 million additional capital

contribution to LJM1. In return, LJM1 distributed approximately 1,775,000 shares of Enron stock (worth approximately $137 million on an unrestricted basis) into separate escrow accounts for the benefit of each limited partner. *See* Exam. IV, App. E at 53-55.

645. When RBS obtained access to the Enron shares through the escrow, it quickly moved to capture the Enron share value that exceeded RBS's capital contribution to LJM1. RBS executed a total return swap with AIG that enabled RBS to book approximately $67 million in income, allowing RBS to recognize a profit in excess of $22 million. *See* Exam. IV, App. E at 53-55. Fastow, meanwhile, benefited as the LJM1 general partner from the additional capital contributions to LJM1. An RBS document succinctly summarized the transaction's goals: "[RBS] wished to lock in and realize its profit from the [LJM1] deal straight away and [Fastow] wished for more cash in LJM for him to invest and generate profit from." RBS 4003282 (quoted in Exam. IV, App. E at 55). One RBS executive boasted about what RBS had accomplished:

> So what [we] have achieved over the last couple of months is to strip out 94% of the value remaining in the vehicle after Fastow put his grubby little fingers in the till, and convert it to P & L. For emphasis, what we have executed was not Enron's idea, or Fastow's idea, or CSFB's idea, it was OUR idea.

RBS 4015211 (quoted in Exam. IV, App. E at 55 n.209).

646. In restructuring LJM1 and executing the total return swap, RBS knowingly participated in a fraud on Enron. As RBS knew, Fastow had represented to the Enron Board that he would have no economic interest in Enron stock transferred to LJM1. *See* Exam. IV, App. E at 34-35. (In addition, the Amended Partnership Agreement for LJM1 prohibited Fastow from sharing in distributions of proceeds resulting from the Enron stock transferred to LJM1. *See* Exam. IV, App. E at 45.) However, the restructuring of LJM1 enabled Fastow to do exactly what he had promised the Enron Board he would not do: profit from the value of the Enron stock in LJM1. The escrow accounts for the benefit of the limited partners gave RBS control over Enron stock that had formerly

been held in LJM1, and RBS's total return swap with AIG using that Enron stock enabled RBS to make its additional capital contribution to LJM1 – which Fastow was promptly able to profit from. *See* Exam. IV, App. E at 56. Neither Fastow nor any other Insider disclosed the RBS escrow or the RBS total return swap to the Enron Board. *See* Exam. IV, App. E at 55-56.

647. In addition, RBS's participation in the restructuring of LJM1 circumvented another condition on which the Enron Board had relied in approving the LJM1 related-party transaction. The Enron Board had approved LJM1 based, in part, on Fastow's representation that PWC would provide a fairness opinion in which PWC would conclude that the value of the put option and money (LJM1's contribution) would exceed the value of the Enron shares (Enron's contribution). To reach that view in its fairness opinion, PWC applied an "illiquidity discount" to the Enron shares based on the restrictions Enron had placed on LJM1's ability to transfer or pledge the shares. These restrictions prohibited LJM1 from hedging the Enron stock it received for two years, and from selling or otherwise transferring that stock for four years. However, RBS's total return swaps with AIG effectively circumvented the restrictions, thus vitiating the conditions on which PWC based its fairness opinion. *See* Exam. IV, App. E at 44-45, 85-86, 95.

648. The participants in LJM1 profited handsomely from the restructuring. Fastow ultimately distributed $17.9 million to himself from LJM1. RBS and CSFB each received additional $5.9 million distributions. *See* Exam. IV, App. E at 59. In addition, RBS made over $22 million in profit on its total return swap with AIG. As the Examiner concluded, RBS's total return swap with AIG "circumvented certain restrictions in the Amended Partnership Agreement, contravened representations made by Fastow to the Enron Board when he sought [its] approval for LJM1, and facilitated increased distributions to Fastow and other Enron insiders." Exam. IV, App. E at 33.

(c) Cuiaba

649. RBS also improperly benefitted when Fastow caused Enron to repurchase LJM1's interest in Cuiaba, a Brazilian power plant. In September 1999, LJM1 purchased this asset from Enron. However, Fastow obtained an undisclosed verbal side agreement that Enron would repurchase LJM1's interest in Cuiaba at a profit to LJM1 – regardless of how the investment actually performed.

650. This promise was kept when LJM1 was winding down, and only the Cuiaba asset remained on its balance sheet. RBS expressed to Fastow its dissatisfaction with the fact that Cuiaba was worthless. In response, Fastow "negotiated" for Enron to buy back LJM1's interest for $13.7 million. As the Examiner concluded: "Enron repurchased LJM1's Cuiaba interest at a premium, even though the facts indicate that the market value of the interests actually decreased during LJM1's ownership period." Exam. IV, App. E at 59-61.

651. From the purchase price, Kopper received $7.3 million as general partner in LJM1, and RBS and CSFB each received approximately $2.7 million as limited partners. *See* Exam. IV, App. E at 59-62; Exam. II, App. L, Annex 3 at 8. This transaction profited the LJM1 participants at Enron's expense: Fastow bragged that RBS's distribution from the Cuiaba sale would make him "look like a hero in the bank's eyes." *See* Exam. IV, App. E at 61. RBS knew it had benefitted from Fastow's self-dealing: An internal RBS document pointed out that Fastow had "*secured a sale of the Brazilian asset to Enron at a price which will be enough to repay our outstanding capital amount and return a further small LP distribution,"* a transaction which Fastow was only able to execute "*as a result of the close ties between Enron and LJM[1]*." RBS 1112362 (quoted in Exam. IV, App. E at 60 n.236) (emphasis in original).

652. Despite recognizing the inherent conflict of interest LJM1 involved, RBS invested in the structure and reaped its benefits – $22.7 million on a $7.5 million investment. RBS

substantially assisted the Insiders in manipulating Enron's financial statements, secured enormous profits for itself, and helped Fastow and other Insiders personally profit from LJM1 transactions at Enron's expense.

(3) The RBS FAS 140 transactions.

653. RBS also helped the Insiders structure and execute four FAS 140 transactions, which the Insiders used to manipulate Enron's financial statements. The RBS FAS 140 transactions were Sutton Bridge and ETOL I-III. In addition, RBS participated in two others – Ghost and Hawaii.

654. RBS knew the accounting requirements that governed FAS 140 transactions, including specifically that FAS 140 accounting was only appropriate if the equity RBS contributed to the SPE in the transaction was at risk. Despite this knowledge, RBS secured verbal assurances of repayment from the Insiders, so its equity was not actually at risk in any of the RBS FAS 140 transactions. RBS relied on these verbal assurances in entering into the transactions. RBS would not – and did not – participate in FAS 140 transactions without first getting the Insiders to agree that its equity investment would be repaid.

655. RBS knew the transactions in which it participated did not qualify for FAS 140 treatment because its equity was not at risk. But RBS also knew the Insiders would report the transactions as if they did. Without RBS's equity piece, these FAS 140 transactions would not have occurred. Consequently, by participating in these transactions, RBS aided the Insiders' scheme to report cash flow improperly as arising from operations and disguise Enron's true debt. RBS knew exactly what the Insiders were doing with these transactions: It referred to the Insiders' booking of gains and cash flow from the FAS 140 transactions as "21st Century Alchemy." RBS 3121150 (quoted in Exam. IV, at 72 n.122). However, neither RBS nor the Insiders ever disclosed the nature or existence of these verbal assurances.

(a) Sutton Bridge

656. The Sutton Bridge FAS 140 transaction was designed to allow Enron to monetize its equity interest in Sutton Bridge, a gas turbine power plant located in Lincolnshire, England. Sutton Bridge's importance to both Enron and RBS was highlighted by the fact that it was the first structured equity participation executed by the RBS Structured Finance Division.

657. RBS knew the Insiders were using Sutton Bridge to manipulate Enron's financial statements. RBS took pride in having "[f]acilitated [Enron's] ability to realize [$29 million] capital gain to boost half year earnings," and identified "[c]ashflow [sic] generation of [$68 million]" as among the reasons for the transaction. RBS 3126610-RBS 3126611 (quoted in Exam. IV, App. E at 63).

658. RBS knew its equity in the SPE established for the transaction needed to be at risk in order for the Insiders' desired accounting treatment to be valid. As RBS's Sutton Bridge transaction summary noted, the investor "must have a 'significant' equity risk, currently accepted as 3% equity (97% debt)," and there could be "no contractual commitment of the vendor to repurchase the shares." RBS 3126617 (quoted in Exam. IV, App. E at 65 n.260). However, RBS obtained verbal assurances from the Insiders that negated any real risk in the transaction. An RBS memorandum referred to the "short-term involved" and "the 'understanding' with Enron regarding their repurchasing at an agreed return." RBS 3038535 (quoted in Exam. IV, App. E at 65). RBS referred to this agreement as "Trust Us." RBS 3126621 (quoted in Exam. IV, App. E at 65 n.264). RBS would not have entered into Sutton Bridge without this "Trust Us" assurance. *See* Exam. IV, App. E at 65.

659. RBS was fully aware that these verbal assurances thwarted the FAS 140 requirement that the equity in the SPE be at risk. But RBS also knew that the Insiders needed to account for Sutton Bridge as a FAS 140 transaction in order for them to falsely inflate Enron's cash flow. So,

RBS compromised by letting the Insiders keep their assurances unwritten but requiring the assurances nevertheless. *See* Exam. IV, App. E at 65. Neither RBS nor the Insiders disclosed the existence of the Sutton Bridge verbal assurances.

660. The Sutton Bridge transaction ended exactly according to the Insiders' and RBS's scheme. RBS's equity was repaid when the underlying asset in the Sutton Bridge structure was sold. RBS made a substantial profit from Sutton Bridge, receiving revenues in excess of $1.2 million and an equivalent return on equity of 1161% per year. *See* Exam. IV, App. E at 63.

661. Sutton Bridge became a valued precedent for RBS, who realized that similar FAS 140 transactions presented an opportunity to "get paid well" for its participation without facing any risk (because of the Insiders' verbal assurances). When RBS considered the ETOL I transaction, one RBS executive wrote that the new transaction was "exactly aligned to the Sutton Bridge deal we did last year – [in that] the whole thing hinges on an 'understanding' with Enron [that] they will buy it all back . . . . I would be happy to sit on the lot for the short period involved providing we get paid well – this is what we did on Sutton Bridge." RBS 6074362 (quoted in Exam. IV, App. E at 66).

(b) ETOL I, II, and III

662. During December 1998, RBS arranged and acted as the agent to fund Enron Europe Limited's ("EEL") acquisition of ICI's Teesside Utilities & Services Business on the Wilton chemical site through a new Enron subsidiary, Enron Teesside Operations Ltd. ("ETOL"). "Watershed" was the name of the company that owned the power generation assets and the infrastructure used to supply certain industrial services to various chemical companies located in the Wilton industrial area, one of Europe's leading petrochemical locations. ETOL I, II and III, which closed in November 2000, March 2001, and June 2001, respectively, were the names of the transactions that monetized the dividends flowing out of, and cost savings from, Watershed.

663. In each of the ETOL I-III transactions, RBS obtained verbal assurances from the Insiders – who included but were not limited to Fastow and Glisan – that its equity investment in the SPE it established and capitalized would be repaid. Iain Houston, RBS's Head of Structured Finance, told his colleagues before ETOL I: "I have no issue doing this type of deal in view of the verbal assurances we have been given consistently by senior Enron staff – most recently by Andy Fastow to [senior RBS executives Iain Robertson ("Robertson"), Johnny Cameron] and other [RBS] leading lights." RBS 6074373 (quoted in Exam. IV, App. E at 68-69). Another RBS executive said the verbal assurances in ETOL I "come from a very high level and are unequivocal." RBS 3121434 (quoted in Exam. III, App. E at 70). An RBS executive proclaimed himself "comforted" by Fastow's "assurance that the bank's remuneration would be met by Enron." RBS 1113345 (quoted in Exam. IV, App. E at 77). In ETOL I, RBS also entered into a total return swap, which effectively guaranteed repayment to RBS of the interest, principal, and other amounts due under RBS's loan to the SPE in the transaction. *See* Exam. IV, App. E at 67-68. In ETOL II and III, RBS received "high level assurances" regarding repayment of the equity and yield. *See, e.g.*, RBS 3124934, RBS 3124935, RBS 3124939 (quoted in Exam. IV, App. E at 75-76). A later memorandum on ETOL III described a "'promise' to make us whole on the equity at the end of the transaction." RBS 1087734 (quoted in Exam. IV, App. E at 76 n.304).

664. As in Sutton Bridge, RBS knew these verbal assurances had to be unwritten, otherwise the Insiders would not be able to account for ETOL I-III as FAS 140 transactions. The RBS Credit Application for ETOL I acknowledges the existence of an "informal agreement to ensure that we achieve our required return and are made whole on the equity principal at transaction maturity," but also candidly states that "their desired accounting treatment does not permit any formal arrangements to be made." RBS 3141124 (quoted in Exam. IV, App. E at 68). Another RBS executive referred to "verbal undertakings" that "cannot be formally documented for accounting

reasons." RBS 3141116 (quoted in Exam. IV, App. E at 71). Neither the Insiders nor RBS ever disclosed the verbal assurances in the ETOL I-III transactions.

665. RBS relied on these verbal assurances in executing ETOL I-III. The verbal assurances were the only reason the ETOL I-III transactions made any sense for RBS – because it would have taken 22 years for RBS to be repaid from the dividend flow from the asset being monetized. *See* RBS 3124953 (cited in Exam. IV, App. E at 77). In ETOL II and III, RBS did not even bother to conduct due diligence to verify Insider representations of the value of the underlying asset, underscoring the extent to which RBS was relying on the Insiders' verbal assurances of repayment. *See* Exam. IV, App. E at 75. But RBS knew that it was in no danger of losing its "investment": The bank's previous experience with Sutton Bridge had taught it that the Insiders would make good on their verbal assurances. As one RBS executive explained, "[p]revious understandings with Enron have always been delivered upon and there is no reason to believe that this particular transaction will prove to be the exception to the rule." RBS 3141117 (quoted in Exam. IV, App. E at 71).

666. RBS was well aware that it was helping the Insiders create false and misleading financial statements by participating in the ETOL I-III transactions. RBS knew the Insiders would account for these transactions under FAS 140, despite the fact that the Insiders' verbal assurances of repayment rendered RBS's equity without risk. RBS knew the ETOL transactions facilitated "financial engineering." RBS 3121151 (quoted in Exam. IV, App. E at 78). Most succinctly of all, RBS described the ETOL structure as "21st Century Alchemy." RBS 3121150-51 (quoted in Exam. IV, App. E at 78-79).

(4) The Nixon prepay.

667. RBS participated in the Nixon prepay, a series of transactions at year-end 1999. The Nixon prepay purportedly was a commodity trade but, in substance, was a loan to Enron. In the

Nixon prepay, RBS and Barclays each loaned $110 million to Enron, and Citigroup loaned another $104 million, with Toronto Dominion serving as the pass-through entity for all three lenders. In exchange for its $110 million, RBS received a forward commitment from Enron to pay the market price on a certain quantity of crude oil on a certain date. RBS simultaneously entered into a swap agreement with Toronto Dominion whereby RBS agreed to pay the same market price for the same quantity of oil on the same date in exchange for $110 million plus an additional amount that was effectively an interest payment. Toronto Dominion, at the same time, entered into a swap with Enron. By concurrently entering into these fixed-floating and floating-fixed agreements, neither RBS nor Enron retained any forward price risk associated with the underlying quantity of crude oil.

668. RBS knew full well that the Nixon prepay was, in substance, a loan. It knew the structure was circular, describing it as "set up to remove the commodity risk for all parties, [so] all payments against commodity price moves are exactly off-set by receipts from the party on the other side." RBS 3118966 (quoted in Exam. IV, App. E at 81). Internal RBS documents candidly described Nixon as a "loan." *See, e.g.,* RBS 53118965 (cited in Exam. IV, App. E at 81 n.326). RBS also knew the Insiders' accounting for the Nixon prepay was misleading because it was inconsistent with the transaction's economic substance. As the Examiner concluded, RBS knew "that Enron booked the repayment obligation in the transaction as price risk management activities rather than debt and that the proceeds of loan transactions such as Nixon were booked by Enron as cash flow from operating activities." Exam. IV, App. E at 81.

669. RBS also knew, more generally, that the Insiders wanted to execute the Nixon prepay so they could camouflage Enron's true financial condition. RBS knew the Insiders wanted to use Nixon to book cash and reduce debt on Enron's financials at a "critical year-end period." RBS 3118972 (quoted in Exam. IV, App. E at 79 n.319). RBS's senior research analyst described Nixon as "little more than a 'window dressing' request" that "raises issues over the absolute level of

manipulation" in Enron's financial statements. RBS 3118973 (quoted in Exam. IV, App. E at 81). Nevertheless, RBS participated in Nixon in hopes of getting future Enron business. RBS saw Nixon as an opportunity to "[o]nce again uptier the Enron Corp. relationship by assisting them over their crucial de-leveraging periods of quarter and year ends." RBS 3018561 (quoted in Exam IV, App. E at 16 n.56). In considering an extension of Nixon, another RBS analyst reported: "[t]he scale of financial period manipulation is exceedingly worrying." RBS 3118862 (quoted in Exam. IV, App. E at 82).

670. The Nixon prepay settled on April 14, 2000 (less than half a year after it began), and RBS netted approximately $2.5 million in interest on its $110 million loan. Because of its participation in Nixon, RBS profited for itself and knowingly facilitated the Insider's creation and dissemination of misleading Enron financial statements.

j. RBC knowingly assisted the Insiders in misstating Enron's financial condition.

671. RBC's participation in the Insiders' manipulation of Enron's financial statements was integral to the Insiders' scheme. RBC knew the Insiders were using SPE and other structured finance transactions to manipulate Enron's financial statements. RBC helped the Insiders achieve their improper goals by designing and financing the Alberta prepay transaction ("Alberta"). In addition, RBC participated in Hawaii with full knowledge that the Insiders had guaranteed repayment of CIBC's equity in the transaction, causing the transaction's accounting to be misleading. RBC assisted the Insiders in overstating Enron's cash flow from operations and understating Enron's debt, helping to hide Enron's true financial condition.

672. The ENA Examiner has reviewed and criticized RBC's participation in the Insiders' scheme. In connection with his investigation of RBC, the ENA Examiner reviewed many of RBC's Enron-related transactions, including Alberta and Hawaii. The ENA Examiner also investigated the

extent of RBC's understanding of Enron's financial condition and off-balance sheet liabilities. The ENA Examiner concluded that RBC "participated actively in structuring transactions with Enron that were designed to disguise Enron's exposure to debt." *See* Report of Harrison J. Goldin, the Court-Appointed Examiner in the Enron North America Corp. Bankruptcy Proceeding, Respecting His Investigation of the Role of Certain Entities in Transactions Pertaining to Special Purpose Entities (Nov. 14, 2003) ("ENA Exam."), at 93. With respect to Alberta, the ENA Examiner concluded that RBC "was aware of the U.S. accounting standards applicable to Enron," and that despite this knowledge, that RBC designed and financed the Alberta structure, which was "effectively a loan from RBC to Enron," but was executed through a commodity swap structure that "served no apparent purpose other than to conceal the true nature of the financing." ENA Exam. at 115, 117. The ENA Examiner concluded this evidence is "sufficient for a fact finder to conclude that RBC knowingly aided and abetted Enron officers in consummating transactions that were designed to provide Enron with off-balance sheet funds and to permit Enron officers to manipulate Enron's publicly disclosed financial information in a materially misleading fashion." ENA Exam. at 20.

(1) RBC's relationship with Enron.

673. RBC had a longstanding relationship with Enron, dating back to at least 1995. In the summer of 2000, RBC hired a team of approximately 25 bankers from NatWest's structured finance group, many of whom had participated in Enron-related structured finance deals while they were at NatWest. (NatWest merged with RBS in 2000.) The arrival of this group marked a significant step forward in RBC's Enron relationship: The former NatWest bankers brought a detailed knowledge of Enron's financial condition, close business relationships with Insiders including but not limited to Fastow, and firsthand experience working on transactions with the Insiders that manipulated Enron's financial statements. *See* ENA Exam. at 97-98. The former NatWest bankers

saw their experiences with Enron-related transactions at NatWest as a precedent for the work they sought to do at RBC. For example, in considering a FAS 140 transaction that RBC ultimately did not participate in, John Bruen, one of the former NatWest bankers, wrote to his colleagues that RBC could obtain "informal comfort" on its "ability to get full and timely repayment under the equity certificates," and alluded to the success of the verbal assurances at NatWest: "We have invested in similar transactions while at Greenwich NatWest and have obtained full and timely repayment." RBC NY 0083372 (quoted in ENA Exam. at 165).

674. The former NatWest bankers promptly began leveraging their relationships with the Insiders in an attempt to elevate RBC to Tier 1 bank status. In fall 2000, RBC agreed to commit $10 million to an approximate $120 million debt facility for LJM2, even though RBC knew LJM2 would assist in "balance sheet management," RBC NY 0096789 (quoted in ENA Exam. at 105), because RBC saw LJM2 as "an entry ticket for more remunerative transactions which we are already seeing coming to us." RBC NY 0029257 (quoted in ENA Exam. at 104). Andrew Hews, an RBC executive who had come over with the NatWest group, wrote: "[T]his invitation came to us from the CFO of Enron and notwithstanding the lack of any formal link with Enron we regard participation as a 'must' in order to position the bank for other transactions which will undoubtedly be generated by Enron in the near future." RBC NY 0096793 (quoted in ENA Exam. at 104). *See also* Sworn Statement of Andrew Hews, Oct. 9, 2003, at 31 (cited in ENA Exam. at 98-99). Similar considerations motivated RBC's participation in the E-Next transaction, which Andrew Hews described as "an extremely important deal to Enron and our profile with them," RBC NY 0118376 (quoted in ENA Exam. at 162), and which Hews predicted "will assist our endeavours to be awarded the much more profitable lead arranger status on a number of potential deals." RBC NY 0118374 (quoted in ENA Exam. at 162).

675. Enron became a profitable and important client for RBC. In October 2000, as the former NatWest bankers were seeing results from their strategy to enhance RBC's relationship with Enron, one former NatWest banker boasted: "We are acting (marketing) as if we are a Tier 1 bank and they are starting to treat us like one." RBC NY 0013003 (quoted in ENA Exam. at 103). As of late 2001, Enron accounted for approximately 30% of the revenues of RBC's Global Structured Finance Group. *See* ENA Exam. at 107. In addition to Alberta, discussed in detail below, RBC participated in several other Enron-related transactions such as a $105 million bridge financing and a $105 million credit wrap to an Enron-related off-balance sheet structure known as Bob West Treasure, a $37 million Enron-related SPE transaction called E-Next, and a $10 million loan to the LJM2 structure. RBC also participated as a $20 million lender in the Hawaii FAS 140 financing.

676. RBC's relationship with Enron gave it a more detailed understanding of Enron's financial condition, including an understanding of Enron's off-balance sheet liabilities, than could be gleaned from Enron's financial statements alone. As of 2000, RBC knew that through a swap agreement Enron was effectively guaranteeing a substantial amount of the off-balance sheet debt of JEDI I, and RBC also knew of an off-balance sheet financing using JEDI I and Chewco. *See* ENA Exam. at 100. In early September 2000, RBC estimated Enron's off-balance sheet obligations at up to $16 billion – at a time when RBC knew Moody's and Standard and Poor's calculated Enron's off-balance sheet obligations at a far lower level. *See* ENA Exam. at 100-01. RBC surmised that the rating agencies were unaware of Enron's exposure from prepaid oil and gas contracts because of the difference between its own internal estimate of Enron's off-balance sheet liabilities and the rating agencies' calculations. *See* ENA Exam. at 101. RBC even had access to the Insiders' own views on Enron's financial condition. In October 2000, several RBC executives, including many who had longstanding relationships with the Insiders from their time at NatWest, met with Insiders including Fastow and Glisan to better understand Enron's financials. *See* ENA

Exam. at 102-03. RBC knew the Insiders' use of structured finance transactions was confusing: In one e-mail, an RBC executive noted that "being Enron's auditor would be a thankless task." RBC NY 0099069 (quoted in ENA Exam. at 101).

677. RBC was aware the Insiders manipulated Enron's financial statements in part because of rating agency pressure to reduce debt and increase cash flow. One RBC executive informed another that "[t]he rating agencies have been pressing Enron vis a vis a low level of cash flow generation to total debt for the rating class." RBC NY 0099068 (quoted in ENA Exam. at 102).

678. RBC also knew it was not the only bank assisting the Insiders in manipulating Enron's financial statements. One RBC executive received a document that led him to write: "It's [sic] hard to believe this stuff, because it implies the '10 top tier banks' are aware of what's [sic] going on." RBC NY 0102526 (quoted in ENA Exam. at 101-02). In addition, the former NatWest bankers were obviously aware of what NatWest had done to assist the Insiders in concealing Enron's true financial status. *See, e.g.*, RBC NY 0083372 (quoted in ENA Exam. at 165).

(2) Alberta.

679. In late August 2000, after the arrival of the NatWest team, RBC learned the Insiders were seeking off-balance sheet financing for Enron's purchase of 20-year Power Purchase Arrangements auctioned by the Canadian province of Alberta. *See* ENA Exam. at 108. RBC was ecstatic about the opportunity to participate in the transaction, calling it a "significant opportunity for the new Structured Finance Group." RBC NY 0100134 (quoted in ENA Exam. at 109).

680. RBC devised the final Alberta structure, which consisted of a complicated series of swaps. *See* ENA Exam. at 112. In simplified form, the structure worked as follows: Toronto Dominion and RBC each entered into mirror-image prepay transactions, with each funding Can$147.4 million, closing on the same day. JPMorgan/Chase acted as the swap counter-party for both the RBC-funded and the Toronto Dominion-funded portions of Alberta. Like the other Enron

prepay transactions, the circular obligations built into Alberta removed all commodity risk from the transactions, making them effectively loans. As the ENA Examiner concluded: "In essence, RBC paid Can$147 million to Enron Canada up front and ENA was obligated to pay quarterly interest and principal on that amount. The floating cash flow went from Enron Canada to RBC to Chase to ENA. Hence, the Alberta prepay transaction was effectively a loan from RBC to Enron." ENA Exam. at 117.

681. Of course, RBC knew – because it had created the structure – that Alberta was in economic substance a loan. RBC understood the circular nature of the Alberta prepay, and it also understood that because the prepay transactions transferred the price risk of the underlying commodity in a circle, none of RBC, the Enron affiliate or the other financial institutions involved had any commodity price risk as part of the transaction.

682. However, RBC designed its final Alberta structure in a way that would hide the transaction's true economic substance. RBC proposed concealing the debt with a circle of commodity swap agreements fully guaranteed by Enron. RBC proposed concealing cross-defaults among the swaps. RBC proposed concealing the nature of the swaps by placing loan-related covenants in the Enron guarantee rather than in the swaps. RBC proposed using gas commodity swaps, which better concealed the swaps from scrutiny. RBC proposed including another bank (Chase) in the circle of swaps, which better concealed the swaps' effect. *See* ENA Exam. at 142. RBC knew its ability to unwind the entire transaction meant that it actually faced no commodity price risk, but it also knew that it had to conceal that fact so the Insiders could obtain their desired accounting treatment. An RBC executive explained in an e-mail: "We will have the right to terminate any of the Swaps at our option. The reason for this is that Enron will have the ability to terminate Swap 1 . . . and as soon as there is one termination we obviously have to unwind the whole

thing. However, we cannot in the documentation state this linkage or we run afoul of the Auditors." RBC NY 0100079 (quoted in ENA Exam. at 115).

683. The Insiders accounted for the total Can$294.8 million from the RBC-funded and Toronto Dominion-funded portions of the prepay as funds flow from operations, rather than from financing, and did not record the amount on Enron's balance sheet as debt. This was no surprise to RBC, who knew the Insiders' accounting for Alberta would be inconsistent with the transaction's economic substance. RBC described the Insiders' original request for Alberta as a request for an "off-balance sheet structure." RBC NY 0083145 (quoted in ENA Exam. at 108). RBC understood the accounting principles applicable to structures such as Alberta. *see* RBC NY 0100132 (quoted in ENA Exam. at 115), and yet RBC knew the Insiders would account for Alberta as price risk management, not as debt. In an early version of the Alberta structure that was not eventually used, RBC noted the structure's desired effect was "to permit Enron Canada to treat the financing as a commercial sales contract and not as debt on its balance sheet." RBCNY0078750-754 (quoted in ENA Exam. at 109).

684. RBC profited for itself by structuring and financing Alberta, receiving Can$500,000 fees for the transaction. In addition, RBC's performance in Alberta persuaded the Insiders to give RBC access to other lucrative Enron deals. In a meeting in October 2000 with Fastow, Glisan, and others, Fastow and Glisan told RBC's structured finance team that RBC would be invited to participate in a future structured finance venture because of Alberta (as well as because of RBC's progress in obtaining credit approval for its loan to LJM2). RBC NY 0013003 (quoted in ENA Exam. at 118).

(3) Hawaii.

685. RBC participated as a $20 million lender in the Hawaii FAS 140 financing. CIBC's role as lead lender in Hawaii is described at paragraphs 522 through 526. RBC was reluctant to

participate in Hawaii but decided to do so because of the possibility that Hawaii would lead to future Enron-related business: An RBC document admits that the bank would not "do this deal [Hawaii] in isolation but have 5 other deals in the pipeline with Enron where we can earn substantial fees." RBC 0133696 (quoted in ENA Exam. at 126). RBC knew CIBC had obtained verbal assurances from the Insiders that CIBC's equity in the Hawaii transaction would be fully repaid, in violation of the 3% equity test, which caused the accounting for the structure to be misleading. Notwithstanding this knowledge, RBC assisted the Hawaii structure by lending money to it.

(4) RBC limited its Enron exposure.

686. As early as 1999, RBC's credit risk management group conducted extensive internal reviews of Enron's financials, including its off-balance sheet vehicles, in a concentrated effort to understand the extent of Enron's true debt. In September 2000, shortly after RBC internally estimated Enron's off-balance sheet obligations at $16 billion, an RBC executive received a document that caused him to write: "[T]he implications of that document for Enron are absolutely enormous. If Bob [Hall, Senior Vice President of Risk Management Group] read it he'd cut the [credit] limit [of Enron] in half." RBC NY 0102526 (quoted in ENA Exam. at 101-02). Also in September 2000, an RBC executive wrote that another RBC executive might have concerns about the "transparency of [Enron's] financial statements (the integrity of the accounting principals [sic] behind the financial statements)." RBC NY 0099068 (quoted in ENA Exam. at 102). At the time these concerns were being voiced within RBC, the bank's efforts to protect itself were already underway: As of September 1, 2000, RBC had reduced its overall Enron credit exposure by approximately Can$240 million.

687. RBC's Risk Management Group was still concerned in October 2000 about Enron's financial condition. RBC planned to reduce its exposure to Enron by syndicating or underwriting more transactions, focusing on more lucrative off-balance sheet structured financings so it could

earn higher fees, then selling the debt to other banks, insurance companies and other investors. *See* ENA Exam. at 103.

688. Notwithstanding RBC's concerns about the "transparency" of Enron's financials and the results of its comprehensive analysis of Enron's off-balance sheet liabilities and other credit risks, RBC entered into Alberta and Hawaii, as well as numerous other Enron financings, from September 2000 through the Petition Date. Even as RBC was pocketing the fees from these off-balance sheet financings, RBC was protecting its bottom line with syndications, sell-downs, assignments, reduced credit limits and purchased credit derivations on the Enron name. By the Petition Date, RBC's net exposure was approximately $211 million, down from $750 million in 2000.

5. The Bank Defendants Acted Together To Manipulate And Misstate Enron's Financial Condition.

689. The Bank Defendants acted in concert with the Insiders and with each other to manipulate and misstate Enron's financial condition. Many of the Enron SPE transactions were designed, structured, implemented and/or financed by, or otherwise required the active participation of, more than one of the Bank Defendants. In each instance, each participating Bank Defendant was aware that the Insiders were improperly recording the financial effects of the SPE transaction.

690. Both Citigroup and Barclays facilitated the Roosevelt prepay transaction. Citigroup loaned $500 million to ENGM in the transaction, and Barclays served as the pass-through entity.

691. Both Citigroup and Toronto Dominion facilitated the Truman prepay transaction. In two mirror-image prepays which closed on the same day, each loaned $250 million to Enron and each served as the pass-through entity for the other's loan.

692. Both Citigroup and Toronto Dominion facilitated the Jethro prepay transaction. In two mirror-image prepays which closed on the same day, each loaned $337.5 million to Enron and each served as the pass-through entity for the other's loan.

693. Citigroup, Barclays, RBS and Toronto Dominion facilitated the Nixon Prepay Transaction. Citigroup loaned Enron $104 million, RBS loaned Enron $110 million, and Barclays loaned Enron $110 million. Toronto Dominion served as the pass-through entity for each of these loans.

694. Both Toronto Dominion and Chase facilitated the December 1998 Prepay Transaction. Toronto Dominion loaned Enron $250 million, and Chase served as the pass-through entity.

695. Toronto Dominion, RBC and Chase facilitated the Alberta Prepay Transaction. In two mirror-image prepays which closed on the same day, Toronto Dominion and RBC each loaned Enron Can$147.4 million. Chase served as the pass-through entity for each of these loans.

696. Citigroup and Chase facilitated the forest products SPE transactions – Fishtail, Bacchus and Sundance Industrial. In Fishtail, Chase, working with LJM2, supported the so-called "equity" investment, even though that "equity" was not at risk due to support from the Insiders. Chase also provided the Insiders with an inflated valuation of Enron's pulp and paper trading business, valuing the assets at more than twice the value being carried on Enron's books and thereby giving the Insiders an ostensible basis for improperly recognizing a huge gain on the sale of this business. In Bacchus, Citigroup – based upon the inflated valuation from Chase -- enabled the Insiders to recognize a gain of $112 million, and to report $200 million as cash flow from operations, from the sale of Enron's pulp and paper trading business. Citigroup provided the "equity" investment for Bacchus, knowing that it was not at risk due to assurances of full repayment from Fastow. In Sundance Industrial, Salomon Holding, a Citigroup subsidiary, made an "equity"

investment that was not at risk and enabled the Insiders to buy back the Fishtail equity interest that had been supported by Chase and LJM2 and also allowing the Insiders to improperly keep $375 million of debt off of Enron's balance sheet.

697. Both Barclays and CSFB facilitated the September 2001 Prepaid Oil Swap Transaction CSFB loaned ENA $150 million, and Barclays served as the pass-through entity.

698. Both Barclays and CSFB facilitated the Nikita FAS 140 transaction. Barclays was to purchase and hold the "equity" certificate in the SPE created for this transaction, but at the eleventh hour was unable to do so, for regulatory reasons. CSFB agreed to step in and purchase the "equity" in the SPE but, as a condition of doing so, CSFB required Barclays to enter into a total return swap, guaranteeing to CSFB the return of its "equity" investment. Barclays, in turn, knew that it had no "equity" exposure in the transaction, as the Insiders had promised that the equity investment would be repaid by Enron.

6. The Bank Defendants' Participation In The Insiders' Scheme Caused Substantial Loss to Enron.

699. By knowingly assisting the Insiders in manipulating and misstating Enron's financial condition, the Bank Defendants caused Enron to suffer enormous injury. Individually, and certainly collectively, the participation of the Bank Defendants was essential to the Insiders' far-reaching scheme to manipulate Enron's financial condition and artificially maintain Enron's credit ratings, all of which enabled the Insiders to improperly obtain personal benefits from transactions with the company and to conceal their acts of past mismanagement. Without the prepay, FAS 140, minority interest, tax and other transactions designed, implemented, and in many cases financed by the Bank Defendants, the Insiders would not have been able to conceal from the rating agencies and others Enron's true financial condition, and their scheme would have collapsed. As the Enron Examiner concluded, ***"At least by 1999, and perhaps earlier, Enron's continued success was dependent upon***

its ability to deploy [structured finance] accounting techniques to manage these key credit ratios." Exam. II at 36 (emphasis added). Similarly, the Bank Defendants' participation with the Insiders' private investment partnerships was critical to their formation and success. Without the knowing involvement of the Bank Defendants in these vehicles for self-dealing, the Insiders would not have been able to obtain tens of millions of dollars at the company's expense.

700. The transactions in which each Bank Defendant participated materially altered Enron's financial condition. The Citigroup prepay transactions, alone, materially affected Enron's 1999 statement of cash flow from operations, causing it to artificially increase from $293 million to over $1.2 billion, an increase of over 300%. The group of Citigroup transactions challenged herein allowed the Insiders to improperly record more than $5 billion of cash flows from operating activities, improperly record approximately $132 million in income, and understate Enron's debt by billions of dollars during the relevant period. Similarly, the Chase prepay transactions, alone, assisted the Insiders in overstating Enron's cash flow from operations by $2.6 billion from December 1997 through September 2001. Without these transactions, Enron's operating cash flow would have been 28% lower in 1999 and 21% lower in 2000, and Enron's debt would have been 16% higher in 1999 and 23% higher in 2000. Focusing specifically on the prepay transactions, the Enron Examiner found that for 1999 and 2000 Enron "almost certainly" would have had lower credit ratings had these transactions not occurred.

701. More than half of Enron's net income reported for 1998 was provided by three FAS 140 transactions with CIBC. Those same transactions provided 45% of Enron's reported cash flow from operations that year. During 1999, 13% of Enron's reported net income and 67% of its cash flow from operations were based upon FAS 140 transactions with CIBC. The improper tax transactions that Deutsche Bank facilitated contributed over $518 million to Enron's net income, most of which occurred during the relevant period. The Nigerian Barge and 1999 Electricity

transactions in which Merrill Lynch played a key role allowed the Insiders to improperly record $60 million of income at year-end 1999, without which Enron would have missed its quarterly earnings target, and the Insiders' scheme would have been threatened. The transactions in which Barclays participated led to $410 million being improperly recorded as income, $1 billion being improperly recorded as cash flow from operations, and $1.7 billion not being included as debt on Enron's financial statements.

702. CSFB's participation in the LJM1 transactions, including the Rhythms Hedge, enabled Enron improperly to recognize $95 million of income in 1999 – 10.6% of Enron's originally reported net income for the year. CSFB's participation in the December 2000 Prepaid Oil Swap, the September 2001 Prepaid Oil Swap, and the Nile Transaction allowed the Insiders improperly to record approximately $172.2 million as cash flow from operating activities and improperly to understate debt by $150 million in its December 31, 2000 balance sheet. The Toronto Dominion prepays enabled the Insiders to record improperly $1.5 billion in cash flow from operating activities and improperly understate debt by $1.34 billion. RBS's participation in the LJM1/Rhythms Hedging Transaction enabled the Insiders to recognize $95 million of income in 1999. The Nixon prepay and the four FAS 140 Transactions in which RBS took a leading role enabled the Insiders to improperly record approximately $191 million of income from gain on sales of assets, receive approximately $444 million of proceeds that were erroneously recorded as cash flow from operating or investing activities, and understate debt by $177 million in 1999 and $273 million in 2000. RBC's Alberta prepay enabled the Insiders improperly to record Can$294.8 million – Can$147.4 million from the RBC-funded portion and Can$147.4 million from the Toronto Dominion-funded portion – as funds flow from operations, and the same amount was improperly not recorded as debt.

703. As a direct and proximate result of the Bank Defendants' participation in the Insiders' scheme, the Insiders were able to obtain tens of millions of dollars in improper personal benefits which came at the company's expense. More significantly, as a direct and proximate result of the Bank Defendants' participation in the Insiders' scheme, Enron's debt was wrongfully expanded out of all proportion to its ability to repay. As a result, at least as early as 1999, Enron was insolvent. Thereafter, while its true financial condition was concealed by the acts and omissions of the Insiders and the Bank Defendants, the company's debt load increased substantially and its insolvency was aggravated and deepened. When the scheme of the Insiders and the Bank Defendants was exposed, Enron was forced to file for bankruptcy and incurred and continues to incur substantial legal and administrative costs and the costs of numerous governmental investigations, its relationships with its customers, suppliers, and employees were undermined, and its assets were dissipated. By the time of its bankruptcy in December 2001, Enron was insolvent by tens of billions of dollars.

V.
CLAIMS FOR RELIEF

A. COUNTS 1 - 5
(Against Citigroup Defendants)

COUNT 1
(Avoidance of the Citi Preferential Transfers)

704. The allegations in paragraphs 1 through 703 of this Complaint are incorporated herein by reference.

705. Within ninety (90) days prior to the Petition Date, or within one year for insiders, Enron and/or ENA, directly or through a conduit, made the transfers identified in the following table, or caused them to be made, to or for the benefit of the transferees on or about the dates specified below:

Transferor	Obligor	Initial Transferee or Beneficiary	Subsequent Transferee(s)	Initial Transfer Date	Transaction	Transfer Amount
Enron	Enron	Klondike; CXC*	Marengo; Nahanni; CXC	10/1/2001	Nahanni	$763,408.33
Enron	EIM and Enron	Sundance Industrial; Salomon Holding*	Salomon Holding	11/29/2001	Sundance Industrial	$434,387.50
Enron	EIM and Enron	Sundance Industrial; Salomon Holding*	Salomon Holding	11/14/2001	Sundance Industrial	$28,500,000.00
Enron or ENA	EIM and Enron	Sundance Industrial; Salomon Holding*	Salomon Holding	10/1/2001	Sundance Industrial	$764,021.67
Enron or ENA	EIM and Enron	Sundance Industrial; Long Lane*	Citibank	7/18/2001	Sundance Industrial	$406,417.50
Enron or ENA	ENA	Sundance Industrial; Caymus Trust*	Long Lane; Citibank	6/1/2001	Sundance Industrial	$208,500,000.00
Enron	Enron	Citibank		11/15/2001	Yosemite I	$511,111.00
Enron	Enron	Yosemite I Trust; Citibank*	Citibank	10/16/2001	Yosemite I (interest)	$6,062,500.00
Enron or ENA	ENA and Enron	Delta; Citibank*	Citibank; Yosemite I Trust	10/12/2001	Yosemite I	$1,745,810.00
Enron or ENA	ENA and Enron	Delta; Citibank*	Citibank; Yosemite I Trust	10/12/2001	Yosemite I	$27,254,190.00
Enron	Enron	Yosemite I Trust; Citibank*	Citibank	4/20/2001	Yosemite I (interest)	$6,062,500.00
Enron or ENA	ENA and Enron	Citibank	ECLN II Trust	10/19/2001	Yosemite IV	$10,045,203.48
Enron or ENA	ENA and Enron	Delta; Citibank*	Citibank; ECLN II Trust	10/19/2001	Yosemite IV	$3,943,546.52
Enron	Enron	ECLN II Trust; Citibank*	Citibank	10/15/2001	Yosemite IV	$4,239,375.00

706. The transfers identified in the foregoing table, together with any interest, fees, and other payments to or for the benefit of the transferees related to the foregoing transfers, are referred to herein as the "Citi Preferential Transfers."

707. To the extent Klondike, Marengo, Nahanni, Sundance Industrial, Caymus Trust, Long Lane, Yosemite I Trust, Delta, or ECLN II Trust are found to be mere conduits of the transfers for which the entities in the third column of the foregoing table are marked with an asterisk, then Salomon Holding, CXC or Citibank was the initial transferee of those transfers and the other

defendants identified in the fourth column of the table were either conduits or subsequent transferees of those transfers.

708. Although some of the Citi Preferential Transfers were related to agreements designated as "swap" agreements, these transfers were actually payments on disguised loans and the agreements were not genuine "swaps."

709. The Citi Preferential Transfers constitute transfers of interests in property of Enron and/or ENA.

710. Each of the Citi Preferential Transfers was made to or for the benefit of the entities listed in the third column of the foregoing table as initial transferees or beneficiaries.

711. Each of the Citi Preferential Transfers was made to or for the benefit of a creditor for or on account of an antecedent debt owed by Enron and/or ENA before the transfer was made.

712. Upon information and belief, at the time each of the Citi Preferential Transfers was made, Enron and/or ENA were insolvent for purposes of section 547(b) of the Bankruptcy Code.

713. Each of the Citi Preferential Transfers enabled the transferees to receive more than they would have received if the case were a case under chapter 7 of the Bankruptcy Code, the transfers had not been made, and the transferees received payment of their debts to the extent provided by the Bankruptcy Code.

714. The Citi Preferential Transfers are avoidable as preferences under section 547(b) of the Bankruptcy Code.

COUNT 2
(Avoidance of the Citi 548 Transfers as Fraudulent Transfers)

715. The allegations in paragraphs 1 through 714 of this Complaint are incorporated herein by reference.

716. On or within one year before the Petition Date, Enron and/or ENA, directly or through a conduit, made the transfers identified in the following table, or caused them to be made, to or for the benefit of the transferees on or about the dates specified below:

Transferor	Obligor	Initial Transferee or Beneficiary	Subsequent Transferee(s)	Initial Transfer Date	Transaction	Transfer Amount
Enron	Enron	Citibank or SSB		5/18/2001	Bacchus (fees)	$500,000.00
Enron or ENA	ENA and Enron	Citibank		6/29/2001	June 2001 Prepay (fees)	$500,000.00
Enron	Enron	Klondike; CXC*	Marengo; Nahanni; CXC	10/1/2001	Nahanni	$763,408.33
Enron	Enron	Klondike; CXC*	Marengo; Nahanni; CXC	7/2/2001	Nahanni	$796,297.40
Enron	Enron	Klondike; CXC*	Marengo; Nahanni; CXC	4/2/2001	Nahanni	$844,734.38
Enron	Enron	Klondike; CXC*	Marengo; Nahanni; CXC	1/2/2001	Nahanni	$879,366.67
Enron	EIM and Enron	Sundance Industrial; Salomon Holding*	Salomon Holding	11/29/2001	Sundance Industrial	$434,387.50
Enron	EIM and Enron	Sundance Industrial; Salomon Holding*	Salomon Holding	11/14/2001	Sundance Industrial	$28,500,000.00
Enron or ENA	EIM and Enron	Sundance Industrial; Salomon Holding*	Salomon Holding	10/1/2001	Sundance Industrial	$764,021.67
Enron or ENA	EIM and Enron	Sundance Industrial; Long Lane*	Citibank	7/18/2001	Sundance Industrial	$406,417.50
Enron or ENA	EIM and Enron	Salomon Holding		6/27/2001	Sundance Industrial (fees)	$250,000.00
Enron or ENA	ENA	Sundance Industrial; Caymus Trust*	Long Lane; Citibank	6/1/2001	Sundance Industrial	$208,500,000.00
Enron or ENA	Enron	Salomon Holding		6/1/2001	Sundance Industrial (fees)	$475,000.00
Enron	Enron	Citibank		11/15/2001	Yosemite I	$511,111.00
Enron	Enron	Yosemite I Trust; Citibank*	Citibank	10/16/2001	Yosemite I (interest)	$6,062,500.00
Enron or ENA	ENA and Enron	Delta; Citibank*	Citibank; Yosemite I Trust	10/12/2001	Yosemite I	$1,745,810.00
Enron or ENA	ENA and Enron	Delta; Citibank*	Citibank; Yosemite I Trust	10/12/2001	Yosemite I	$27,254,190.00

Transferor	Obligor	Initial Transferee or Beneficiary	Subsequent Transferee(s)	Initial Transfer Date	Transaction	Transfer Amount
Enron	Enron	Yosemite I Trust; Citibank*	Citibank	4/20/2001	Yosemite I (interest)	$6,062,500.00
Enron or ENA	ENA and Enron	Delta; Citibank*	Citibank; Yosemite I Trust	4/13/2001	Yosemite I	$33,073,590.00
Enron	ENA and Enron	Citibank		2/27/2001	Yosemite II (fees)	$373,455.11
Enron	Enron	Yosemite Securities; Citibank*	Citibank; Delta	1/31/2001	Yosemite II (interest)	$8,717,109.39
Enron or ENA	ENA and Enron	Citibank	Yosemite Securities; Delta	1/24/2001	Yosemite II	$20,918,694.38
Enron or ENA	ENA and Enron	Citibank	ECLN Trust	7/13/2001	Yosemite III	$12,246,597.44
Enron or ENA	ENA and Enron	Delta; Citibank*	Citibank; ECLN Trust	7/13/2001	Yosemite III	$5,504,152.56
Enron	Enron	Citibank	ECLN Trust	7/16/2001	Yosemite III (interest)	$2,999,250.00
Enron or ENA	ENA and Enron	Citibank	ECLN Trust	1/12/2001	Yosemite III	$10,890,231.04
Enron or ENA	ENA and Enron	Delta; Citibank*	Citibank; ECLN Trust	1/12/2001	Yosemite III	$5,775,750.90
Enron	Enron	Citibank	ECLN Trust	1/12/2001	Yosemite III (interest)	$2,448,513.89
Enron or ENA	ENA and Enron	Citibank	ECLN II Trust	10/19/2001	Yosemite IV	$10,045,203.48
Enron or ENA	ENA and Enron	Delta; Citibank*	Citibank; ECLN II Trust	10/19/2001	Yosemite IV	$3,943,546.52
Enron	Enron	ECLN II Trust; Citibank*	Citibank	10/15/2001	Yosemite IV	$4,239,375.00
Enron or ENA	Enron and ENA	CGML		5/24/2001	Yosemite IV (underwriting fee)	$943,250.00
Enron or ENA	Enron and ENA	SSB		5/24/2001	Yosemite IV (underwriting fee)	$976,250.00
Enron or ENA	Enron and ENA	SSB		5/24/2001	Yosemite IV	$2,750,000.00

717. The transfers identified in the foregoing table, together with any interest, fees, and other payments to or for the benefit of the transferees related to the foregoing transfers, are referred to herein as the "Citi 548 Transfers."

718. To the extent Klondike, Marengo, Nahanni, Sundance Industrial, Caymus Trust, Long Lane, Yosemite I Trust, Yosemite Securities, Delta or ECLN II Trust are found to be mere conduits of the transfers for which the entities in the third column of the foregoing table are marked with an asterisk, then Salomon Holding, CXC or Citibank was the initial transferee of those transfers and the other defendants identified in the fourth column of the table were either conduits or subsequent transferees of those transfers.

719. Although some of the Citi 548 Transfers were related to agreements designated as "swap" agreements, these transfers were actually payments on disguised loans and the agreements were not genuine "swaps."

720. To the extent that any of the Citi 548 Transfers are also included in Count 1 as avoidable preferential transfers, those transfers are pled alternatively as fraudulent transfers.

721. Enron and/or ENA received less than a reasonably equivalent value from the transferees in exchange for the Citi 548 Transfers.

722. The Citi 548 Transfers constitute transfers of interests in property of Enron and/or ENA.

723. Each of the Citi 548 Transfers was made to or for the benefit of the entities listed in the third column of the foregoing table as initial transferees or beneficiaries.

724. The Citi 548 Transfers were made on or within one year before the Petition Date.

725. Upon information and belief, when the Citi 548 Transfers were made, Enron and/or ENA were insolvent, or became insolvent as a result of the transfers; were engaged in business or a transaction, or were about to engage in business or a transaction, for which their remaining

property was unreasonably small capital; and/or intended to incur, or believed that they would incur, debts that would be beyond their ability to pay as such debts matured.

726. The Citi 548 Transfers are avoidable as fraudulent transfers under section 548(a)(1)(B) of the Bankruptcy Code.

COUNT 3
(Avoidance of the Citi 544 Transfers Under Section 544 of the Bankruptcy Code and Applicable State Fraudulent Conveyance or Fraudulent Transfer Law)

727. The allegations in paragraphs 1 through 726 of this Complaint are incorporated herein by reference.

728. Pursuant to Bankruptcy Code section 544(b), Plaintiff has the rights of an existing unsecured creditor of Plaintiff. Section 544(b) permits Plaintiff to assert claims and causes of action that such a creditor could assert under applicable state law.

729. Enron, ENA, and/or ENGM, directly or through a conduit, made the transfers identified in the following table, or caused them to be made, to or for the benefit of the transferees on or about the dates specified below:

Transferor	Obligor	Initial Transferee or Beneficiary	Subsequent Transferee(s)	Initial Transfer Date	Transaction	Transfer Amount
Enron	Enron	Citibank or SSB		5/18/01	Bacchus (fees)	$500,000.00
Enron or ENA	ENA and Enron	Citibank		11/18/99	Jethro	$362,727,001.14
Enron or ENA	ENA and Enron	Citibank		9/29/99	Jethro	$100,000.00
Enron or ENA	ENA and Enron	Citibank		6/29/01	June 2001 Prepay (fees)	$500,000.00
Enron	Enron	Klondike; CXC*	Marengo; Nahanni; CXC	10/1/01	Nahanni	$763,408.33
Enron	Enron	Klondike; CXC*	Marengo; Nahanni; CXC	7/2/01	Nahanni	$796,297.40

Transferor	Obligor	Initial Transferee or Beneficiary	Subsequent Transferee(s)	Initial Transfer Date	Transaction	Transfer Amount
Enron	Enron	Klondike; CXC*	Marengo; Nahanni; CXC	4/2/01	Nahanni	$844,734.38
Enron	Enron	Klondike; CXC*	Marengo; Nahanni; CXC	1/2/01	Nahanni	$879,366.67
Enron	Enron	Klondike; CXC*	Marengo; Nahanni; CXC	10/2/00	Nahanni	$877,977.09
Enron	Enron	Klondike; CXC*	Marengo; Nahanni; CXC	7/3/00	Nahanni	$849,902.08
Enron	Enron	Klondike; CXC*	Marengo; Nahanni; CXC	4/7/00	Nahanni	$970,270.28
Enron	Enron	Yukon and Klondike; CXC*	Marengo; Nahanni; CXC	1/13/00	Nahanni	$487,184,842.01
Enron	Enron	Citibank		12/21/99	Nahanni (underwriting fee)	$1,152,500.00
Enron	Enron	Citibank		12/21/99	Nahanni (fees)	$5,000,000.00
Enron	Enron	Citibank		12/21/99	Nahanni	$7,126.88
Enron	Enron	Whitewing; CXC*	Nighthawk; CXC	9/24/99	Nighthawk	$576,720,349.21
Enron	Enron	Whitewing; CXC*	Nighthawk; CXC	7/8/99	Nighthawk	$11,784,942.73
Enron	Enron	Whitewing; CXC*	Nighthawk; CXC	4/7/99	Nighthawk	$12,000,572.82
Enron	Enron	Whitewing; CXC*	Nighthawk; CXC	1/8/99	Nighthawk	$12,781,991.87
Enron or ENA	ENA and Enron	Citibank		4/14/00	Nixon	$106,376,523.52
Enron or ENA	ENA and Enron	Citibank		4/14/00	Nixon	$17,478,448.00
Enron or ENA	ENA and Enron	Citibank		3/21/00	Nixon	$25,000.00
Enron or ENA	ENA and Enron	Citibank		12/16/99	Nixon (fees)	$200,000.00
Enron	ENGM and Enron	Citibank		1/12/00	Roosevelt (fees)	$7,090.54

Transferor	Obligor	Initial Transferee or Beneficiary	Subsequent Transferee(s)	Initial Transfer Date	Transaction	Transfer Amount
Enron	ENGM and Enron	Citibank		11/19/99	Roosevelt (fees)	$1,857.44
Enron or ENGM	ENGM and Enron	Delta; Citibank*	CAFCO; Citibank	11/17/99	Roosevelt	$169,431,427.20
Enron or ENA	ENGM and Enron	Delta; Citibank*	CAFCO; Citibank	11/17/99	Roosevelt	$343,966.09
Enron or ENA	ENGM and Enron	Delta; Citibank*	CAFCO; Citibank	11/5/99	Roosevelt	$656,353.59
Enron or ENA	ENGM and Enron	Delta; Citibank*	CAFCO; Citibank	10/7/99	Roosevelt	$615,902.15
Enron or ENA	ENGM and Enron	Delta; Citibank*	CAFCO; Citibank	9/7/99	Roosevelt	$618,560.10
Enron or ENA	ENGM and Enron	Delta; Citibank*	CAFCO; Citibank	8/5/99	Roosevelt	$607,272.54
Enron or ENA	ENGM and Enron	Delta; Citibank*	CAFCO; Citibank	7/8/99	Roosevelt	$54,159.37
Enron or ENA	ENGM and Enron	Delta; Citibank*	CAFCO; Citibank	7/6/99	Roosevelt	$516,501.34
Enron or ENA	ENGM and Enron	Delta; Citibank*	CAFCO; Citibank	6/7/99	Roosevelt	$697,506.25
Enron or ENGM	Enron or ENGM	Delta; Citibank*		5/10/99	Roosevelt (fees)	$9,699.88
Enron or ENA	ENGM and Enron	Delta; Citibank*	CAFCO and CRC; Citibank	5/7/99	Roosevelt	$2,267,492.14
Enron or ENGM	ENGM and Enron	Delta		5/6/99	Roosevelt	$45,164,051.00
Enron or ENGM	ENGM and Enron	Delta; Citibank*	CAFCO and CRC; Citibank	5/3/99	Roosevelt	$374,933,093.56
Enron	Enron or ENGM	Citibank		4/30/99	Roosevelt (fees)	$8,699.73
Enron or ENA	ENGM and Enron	Delta; Citibank*	CAFCO and CRC; Citibank	4/6/99	Roosevelt	$2,345,362.41
Enron or ENA	ENGM and Enron	Delta; Citibank*	CAFCO and CRC; Citibank	3/5/99	Roosevelt	$2,151,431.08

Transferor	Obligor	Initial Transferee or Beneficiary	Subsequent Transferee(s)	Initial Transfer Date	Transaction	Transfer Amount
Enron or ENA	ENGM and Enron	Delta; Citibank*	CAFCO and CRC; Citibank	2/5/99	Roosevelt	$2,556,304.42
Enron	EIM and Enron	Sundance Industrial; Salomon Holding*	Salomon Holding	11/29/01	Sundance Industrial	$434,387.50
Enron	EIM and Enron	Sundance Industrial; Salomon Holding*	Salomon Holding	11/14/01	Sundance Industrial	$28,500,000.00
Enron or ENA	EIM and Enron	Sundance Industrial; Salomon Holding*	Salomon Holding	10/1/01	Sundance Industrial	$764,021.67
Enron or ENA	EIM and Enron	Sundance Industrial; Long Lane*	Citibank	7/18/01	Sundance Industrial	$406,417.50
Enron or ENA	EIM and Enron	Salomon Holding		6/27/01	Sundance Industrial (fees)	$250,000.00
Enron or ENA	ENA	Sundance Industrial; Caymus Trust*	Long Lane; Citibank	6/1/01	Sundance Industrial	$208,500,000.00
Enron or ENA	Enron	Salomon Holding		6/1/01	Sundance Industrial (fees)	$475,000.00
Enron or ENA	ENA and Enron	Citibank		9/29/99	Truman	$312,515,786.09
Enron or ENA	ENA and Enron	Citibank		6/29/99	Truman	$1,200,000.00
Enron	Enron	Citibank		11/15/01	Yosemite I	$511,111.00
Enron	Enron	Yosemite I Trust; Citibank*	Citibank	10/16/01	Yosemite I (interest)	$6,062,500.00
Enron or ENA	ENA and Enron	Delta; Citibank*	Citibank; Yosemite I Trust	10/12/01	Yosemite I	$1,745,810.00
Enron or ENA	ENA and Enron	Delta; Citibank*	Citibank; Yosemite I Trust	10/12/01	Yosemite I	$27,254,190.00
Enron	Enron	Yosemite I Trust; Citibank*	Citibank	4/20/01	Yosemite I (interest)	$6,062,500.00
Enron or ENA	ENA and Enron	Delta; Citibank*	Citibank; Yosemite I Trust	4/13/01	Yosemite I	$33,073,590.00
Enron or ENA	ENA and Enron	Delta; Citibank*	Citibank; Yosemite I Trust	10/13/00	Yosemite I	$29,000,000.00
Enron	Enron	Delta; Citibank*	Citibank; Yosemite I Trust	10/13/00	Yosemite I (interest)	$6,062,500.00
Enron or ENA	ENA and Enron	Yosemite I Trust; Citibank*	Citibank	5/31/00	Yosemite I (interest)	$242,875.46

Transferor	Obligor	Initial Transferee or Beneficiary	Subsequent Transferee(s)	Initial Transfer Date	Transaction	Transfer Amount
Enron	Enron	Delta; Citibank*	Citibank; Yosemite I Trust	4/21/00	Yosemite I	$11,231,413.62
Enron or ENA	ENA and Enron	Delta; Citibank*	Citibank; Yosemite I Trust	4/18/00	Yosemite I	$18,535,597.25
Enron	ENA and Enron	SSB		11/18/99	Yosemite I	$5,437,500.00
Enron	ENA and Enron	Citibank		2/27/01	Yosemite II (fee)	$373,455.11
Enron	Enron	Yosemite Securities; Citibank*	Citibank; Delta	1/31/01	Yosemite II (interest)	$8,717,109.39
Enron or ENA	ENA and Enron	Citibank	Yosemite Securities; Delta	1/24/01	Yosemite II	$20,918,694.38
Enron	ENA and Enron	Citibank		3/22/00	Yosemite II (structuring fee)	$472,440.00
Enron	ENA or Enron	SSB		2/23/00	Yosemite II (underwriting fee)	£1,000,000.00
Enron or ENA	ENA and Enron	Citibank	ECLN Trust	7/13/01	Yosemite III	$12,246,597.44
Enron or ENA	ENA and Enron	Delta; Citibank*	Citibank; ECLN Trust	7/13/01	Yosemite III	$5,504,152.56
Enron	Enron	Citibank	ECLN Trust	7/16/01	Yosemite III (interest)	$2,999,250.00
Enron or ENA	ENA and Enron	Citibank	ECLN Trust	1/12/01	Yosemite III	$10,890,231.04
Enron or ENA	ENA and Enron	Delta; Citibank*	Citibank; ECLN Trust	1/12/01	Yosemite III	$5,775,750.90
Enron	Enron	Citibank	ECLN Trust	1/12/01	Yosemite III (interest)	$2,448,513.89
Enron or ENA	ENA and Enron	SSB		8/25/00	Yosemite III (fees)	$2,750,000.00
Enron or ENA	ENA and Enron	Citibank	ECLN II Trust	10/19/01	Yosemite IV	$10,045,203.48
Enron or ENA	ENA and Enron	Delta; Citibank*	Citibank; ECLN II Trust	10/19/01	Yosemite IV	$3,943,546.52
Enron	Enron	ECLN II Trust; Citibank*	Citibank	10/15/01	Yosemite IV	$4,239,375.00

Transferor	Obligor	Initial Transferee or Beneficiary	Subsequent Transferee(s)	Initial Transfer Date	Transaction	Transfer Amount
Enron or ENA	ENA and Enron	CGML		5/24/01	Yosemite IV (underwriting fee)	$943,250.00
Enron or ENA	ENA and Enron	SSB		5/24/01	Yosemite IV (underwriting fee)	$976,250.00
Enron or ENA	ENA and Enron	SSB		5/24/01	Yosemite IV	$2,750,000.00

730. The transfers identified in the foregoing table, together with any interest, fees, and other payments to or for the benefit of the transferees related to the foregoing transfers, are referred to herein as the "Citi 544 Transfers."

731. To the extent Klondike, Yukon, Whitewing, Nighthawk, CAFCO, CRC, Marengo, Nahanni, Sundance Industrial, Caymus Trust, Long Lane, Yosemite I Trust, Yosemite Securities, Delta or ECLN II Trust are found to be mere conduits of the transfers for which the entities in the third column of the foregoing table are marked with an asterisk, then Salomon Holding, CXC or Citibank was the initial transferee of those transfers and the other defendants identified in the fourth column of the table were either conduits or subsequent transferees of those transfers.

732. Although some of the Citi 544 Transfers were related to agreements designated as "swap" agreements, these transfers were actually payments on disguised loans and the agreements were not genuine "swaps."

733. To the extent that any of the Citi 544 Transfers are also included in Counts 1 or 2 as avoidable preferential transfers or fraudulent transfers under section 548 of the Bankruptcy Code, those transfers are pled alternatively as fraudulent conveyances or transfers avoidable under section 544 of the Bankruptcy Code and applicable state law.

734. Enron, ENA, and/or ENGM received less than a reasonably equivalent value from the transferees in exchange for the Citi 544 Transfers.

735. The Citi 544 Transfers constitute transfers of interests in property of Enron, ENA, and/or ENGM.

736. Each of the Citi 544 Transfers was made to or for the benefit of the entities listed in the third column of the foregoing table as initial transferees or beneficiaries.

737. Upon information and belief, when the Citi 544 Transfers were made, Enron, ENA, and/or ENGM were insolvent, or became insolvent as a result of the transfers; were engaged in business or a transaction, or were about to engage in business or a transaction, for which their remaining property was unreasonably small capital; and/or intended to incur, or believed that they would incur, debts that would be beyond their ability to pay as such debts matured.

738. The Citi 544 Transfers are avoidable as fraudulent conveyances or fraudulent transfers under section 544 of the Bankruptcy Code and applicable state law.

COUNT 4
(Recovery of the Citi Preferential Transfers, Citi 548 Transfers and Citi 544 Transfers)

739. The allegations in paragraphs 1 through 738 of this Complaint are incorporated herein by reference.

740. To the extent that the Citi Preferential Transfers, Citi 548 Transfers or Citi 544 Transfers are avoided under Bankruptcy Code sections 547, 548 or 544, then, pursuant to Bankruptcy Code section 550, Plaintiff may recover from the initial transferee or beneficiary, or from any immediate or mediate transferee, the property transferred, or the value of such property, for the benefit of Plaintiff's estate.

COUNT 5
(Disallowance of Claims Under Bankruptcy Code Section 502(d))

741. The allegations in paragraphs 1 through 740 of this Complaint are incorporated herein by reference.

742. By reason of the foregoing facts and pursuant to Bankruptcy Code section 502(d), the claims of Citigroup, the initial transferees or beneficiaries identified in paragraphs 705, 716, and 729, and any immediate or mediate transferees, must be disallowed unless and until they have turned over to Plaintiff the property transferred, or paid Plaintiff the value of such property, for which they are liable under Bankruptcy Code section 550.

B. COUNTS 6 - 19
(Against JP Morgan Chase and Fleet Defendants)

COUNT 6
(Avoidance of the Mahonia Preferential Commodity Transfers)

743. The allegations in paragraphs 1 through 742 of this Complaint are incorporated herein by reference.

744. Within ninety (90) days prior to the Petition Date, Enron, ENA and/or ENGM, directly or through a conduit, made the transfers of barrels of oil and MMBtu of natural gas identified in the following table, or caused them to be made, to or for the benefit of the transferee on or about the dates identified below:

Transferor	Obligor	Initial Transferee or Beneficiary	Subsequent Transferees	Initial Transfer Date	Transaction	Transfer Amount
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	09/2001	Chase VI	3,450,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	10/2001	Chase VI	3,565,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	11/2001	Chase VI	3,450,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	09/2001	Chase VII	2,700,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	10/2001	Chase VII	2,790,000 MMBtu

Transferor	Obligor	Initial Transferee or Beneficiary	Subsequent Transferees	Initial Transfer Date	Transaction	Transfer Amount
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	11/2001	Chase VII	2,700,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	09/2001	Chase VIII	391,000 barrels
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	10/2001	Chase VIII	391,000 barrels
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	11/2001	Chase VIII	391,000 barrels
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	09/2001	Chase IX	4,200,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	10/2001	Chase IX	4,340,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	11/2001	Chase IX	4,200,000 MMBtu
Enron or ENA or ENGM	ENA and Enron	JPMC and/or Mahonia	JPMC	09/2001	Chase X	780,000 MMBtu
Enron or ENA or ENGM	ENA and Enron	Mahonia	JPMC	09/2001	Chase X	2,790,000 MMBtu
Enron or ENA or ENGM	ENA and Enron	JPMC and/or Mahonia	JPMC	10/2001	Chase X	992,000 MMBtu
Enron or ENA or ENGM	ENA and Enron	Mahonia	JPMC	10/2001	Chase X	3,534,000 MMBtu
Enron or ENA or ENGM	ENA and Enron	JPMC and/or Mahonia	JPMC	11/2001	Chase X	960,000 MMBtu
Enron or ENA or ENGM	ENA and Enron	Mahonia	JPMC	11/2001	Chase X	3,420,000 MMBtu
Enron or ENA or ENGM	ENA and Enron	Mahonia NGL	JPMC; Fleet	09/2001	Chase XI	1,302,000 MMBtu
Enron or ENA or ENGM	ENA and Enron	Mahonia NGL	JPMC; Fleet	10/2001	Chase XI	1,345,400 MMBtu
Enron or ENA or ENGM	ENA and Enron	Mahonia NGL	JPMC; Fleet	11/2001	Chase XI	1,302,000 MMBtu

745. The transfers identified in the foregoing table, together with any interest, fees, and other payments to or for the benefit of the transferees related to the foregoing transfers, are referred to herein as the "Mahonia Preferential Commodity Transfers."

746. Upon information and belief, with respect to Chase VI-X, Mahonia transferred all of the oil and natural gas it received in the Mahonia Preferential Commodity Transfers to JPMC. Similarly, with respect to Chase XI, Mahonia NGL transferred all of the natural gas it received in the Mahonia Preferential Commodity Transfers to JPMC and/or Fleet.

746A. In Chase XI, Fleet agreed to sell and deliver to JPMC all of the natural gas it received from Mahonia NGL.

747. Not Used.

748. To the extent that Mahonia and/or Mahonia NGL are found to be mere conduits of the transfers in the foregoing table, JPMC and Fleet were the initial transferees of the transfers.

749. The Mahonia Preferential Commodity Transfers constitute transfers of interests in property of Enron, ENA and/or ENGM.

750. Each of the Mahonia Preferential Commodity Transfers was made to or for the benefit of Mahonia, Mahonia NGL, JPMC, or Fleet as initial transferee or beneficiary.

751. Each of the Mahonia Preferential Commodity Transfers was made to or for the benefit of a creditor for or on account of an antecedent debt owed by Enron, ENA and/or ENGM before the transfer was made.

752. Upon information and belief, at the time each of the Mahonia Preferential Commodity Transfers was made, Enron, ENA and/or ENGM were insolvent for purposes of section 547(b) of the Bankruptcy Code.

753. Each of the Mahonia Preferential Commodity Transfers enabled the transferee to receive more than it would have received if the case were a case under chapter 7 of the Bankruptcy

Code, the transfer had not been made, and the transferee received payment of its debts to the extent provided by the Bankruptcy Code.

754. The Mahonia Preferential Commodity Transfers are avoidable as preferential transfers under section 547(b) of the Bankruptcy Code.

COUNT 7
(Avoidance of the Mahonia 548 Commodity Transfers as Fraudulent Transfers)

755. The allegations in paragraphs 1 through 754 of this Complaint are incorporated herein by reference.

756. On or within one year of the Petition Date, Enron, ENA and/or ENGM, directly or through a conduit, made the transfers of barrels of oil and MMBtu of natural gas identified in the following table, or caused them to be made, to or for the benefit of the transferee on or about the dates specified below:

Transferor	Obligor	Initial Transferee or Beneficiary	Subsequent Transferees	Initial Transfer Date	Transaction	Transfer Amount
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	12/2000	Chase VI	3,565,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	01/2001	Chase VI	3,565,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	02/2001	Chase VI	3,220,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	03/2001	Chase VI	3,565,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	04/2001	Chase VI	3,450,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	05/2001	Chase VI	3,565,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	06/2001	Chase VI	3,450,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	07/2001	Chase VI	3,565,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	08/2001	Chase VI	3,565,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	09/2001	Chase VI	3,450,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	10/2001	Chase VI	3,565,000 MMBtu

Transferor	Obligor	Initial Transferee or Beneficiary	Subsequent Transferees	Initial Transfer Date	Transaction	Transfer Amount
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	11/2001	Chase VI	3,450,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	12/2000	Chase VII	2,790,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	01/2001	Chase VII	2,790,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	02/2001	Chase VII	2,520,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	03/2001	Chase VII	2,790,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	04/2001	Chase VII	2,700,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	05/2001	Chase VII	2,790,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	06/2001	Chase VII	2,700,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	07/2001	Chase VII	2,790,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	08/2001	Chase VII	2,790,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	09/2001	Chase VII	2,700,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	10/2001	Chase VII	2,790,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	11/2001	Chase VII	2,700,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	12/2000	Chase VIII	391,000 barrels
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	01/2001	Chase VIII	391,000 barrels
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	02/2001	Chase VIII	391,000 barrels
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	03/2001	Chase VIII	391,000 barrels
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	04/2001	Chase VIII	391,000 barrels
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	05/2001	Chase VIII	391,000 barrels
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	06/2001	Chase VIII	391,000 barrels
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	07/2001	Chase VIII	391,000 barrels
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	08/2001	Chase VIII	391,000 barrels
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	09/2001	Chase VIII	391,000 barrels

Transferor	Obligor	Initial Transferee or Beneficiary	Subsequent Transferees	Initial Transfer Date	Transaction	Transfer Amount
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	10/2001	Chase VIII	391,000 barrels
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	11/2001	Chase VIII	391,000 barrels
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	12/2000	Chase IX	4,340,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	01/2001	Chase IX	4,340,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	02/2001	Chase IX	3,920,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	03/2001	Chase IX	4,340,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	04/2001	Chase IX	4,200,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	05/2001	Chase IX	4,340,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	06/2001	Chase IX	4,200,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	07/2001	Chase IX	4,340,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	08/2001	Chase IX	4,340,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	09/2001	Chase IX	4,200,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	10/2001	Chase IX	4,340,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	11/2001	Chase IX	4,200,000 MMBtu
Enron or ENA or ENGM	ENA and Enron	JPMC and/or Mahonia	JPMC	12/2000	Chase X	806,000 MMBtu
Enron or ENA or ENGM	ENA and Enron	Mahonia	JPMC	12/2000	Chase X	2,883,000 MMBtu
Enron or ENA or ENGM	ENA and Enron	JPMC and/or Mahonia	JPMC	01/2001	Chase X	806,000 MMBtu
Enron or ENA or ENGM	ENA and Enron	Mahonia	JPMC	01/2001	Chase X	2,883,000 MMBtu
Enron or ENA or ENGM	ENA and Enron	JPMC and/or Mahonia	JPMC	02/2001	Chase X	728,000 MMBtu
Enron or ENA or ENGM	ENA and Enron	Mahonia	JPMC	02/2001	Chase X	2,604,000 MMBtu
Enron or ENA or ENGM	ENA and Enron	JPMC and/or Mahonia	JPMC	03/2001	Chase X	806,000 MMBtu
Enron or ENA or ENGM	ENA and Enron	Mahonia	JPMC	03/2001	Chase X	2,883,000 MMBtu
Enron or ENA or ENGM	ENA and Enron	JPMC and/or Mahonia	JPMC	04/2001	Chase X	780,000 MMBtu

Transferor	Obligor	Initial Transferee or Beneficiary	Subsequent Transferees	Initial Transfer Date	Transaction	Transfer Amount
Enron or ENA or ENGM	ENA and Enron	Mahonia	JPMC	04/2001	Chase X	2,790,000 MMBtu
Enron or ENA or ENGM	ENA and Enron	JPMC and/or Mahonia	JPMC	05/2001	Chase X	806,000 MMBtu
Enron or ENA or ENGM	ENA and Enron	Mahonia	JPMC	05/2001	Chase X	2,883,000 MMBtu
Enron or ENA or ENGM	ENA and Enron	JPMC and/or Mahonia	JPMC	06/2001	Chase X	780,000 MMBtu
Enron or ENA or ENGM	ENA and Enron	Mahonia	JPMC	06/2001	Chase X	2,790,000 MMBtu
Enron or ENA or ENGM	ENA and Enron	JPMC and/or Mahonia	JPMC	07/2001	Chase X	806,000 MMBtu
Enron or ENA or ENGM	ENA and Enron	Mahonia	JPMC	07/2001	Chase X	2,883,000 MMBtu
Enron or ENA or ENGM	ENA and Enron	JPMC and/or Mahonia	JPMC	08/2001	Chase X	806,000 MMBtu
Enron or ENA or ENGM	ENA and Enron	Mahonia	JPMC	08/2001	Chase X	2,883,000 MMBtu
Enron or ENA or ENGM	ENA and Enron	JPMC and/or Mahonia	JPMC	09/2001	Chase X	780,000 MMBtu
Enron or ENA or ENGM	ENA and Enron	Mahonia	JPMC	09/2001	Chase X	2,790,000 MMBtu
Enron or ENA or ENGM	ENA and Enron	JPMC and/or Mahonia	JPMC	10/2001	Chase X	992,000 MMBtu
Enron or ENA or ENGM	ENA and Enron	Mahonia	JPMC	10/2001	Chase X	3,534,000 MMBtu
Enron or ENA or ENGM	ENA and Enron	JPMC and/or Mahonia	JPMC	11/2001	Chase X	960,000 MMBtu
Enron or ENA or ENGM	ENA and Enron	Mahonia	JPMC	11/2001	Chase X	3,420,000 MMBtu
Enron or ENA or ENGM	ENA and Enron	Mahonia NGL	JPMC; Fleet	04/2001	Chase XI	1,302,000 MMBtu
Enron or ENA or ENGM	ENA and Enron	Mahonia NGL	JPMC; Fleet	05/2001	Chase XI	1,345,400 MMBtu
Enron or ENA or ENGM	ENA and Enron	Mahonia NGL	JPMC; Fleet	06/2001	Chase XI	1,302,000 MMBtu
Enron or ENA or ENGM	ENA and Enron	Mahonia NGL	JPMC; Fleet	07/2001	Chase XI	1,345,400 MMBtu
Enron or ENA or ENGM	ENA and Enron	Mahonia NGL	JPMC; Fleet	08/2001	Chase XI	1,345,400 MMBtu
Enron or ENA or ENGM	ENA and Enron	Mahonia NGL	JPMC; Fleet	09/2001	Chase XI	1,302,000 MMBtu
Enron or ENA or ENGM	ENA and Enron	Mahonia NGL	JPMC; Fleet	10/2001	Chase XI	1,345,400 MMBtu
Enron or ENA or ENGM	ENA and Enron	Mahonia NGL	JPMC; Fleet	11/2001	Chase XI	1,302,000 MMBtu

757. The transfers identified in the foregoing table, together with any interest, fees, and other payments to or for the benefit of the transferees related to the foregoing transfers, are referred to herein as the "Mahonia 548 Commodity Transfers."

757A. Upon information and belief, with respect to Chase VI-X, Mahonia transferred all of the oil and natural gas it received in the Mahonia Preferential Commodity Transfers to JPMC. Similarly, with respect to Chase XI, Mahonia NGL transferred all of the natural gas it received in the Mahonia Preferential Commodity Transfers to JPMC and/or Fleet.

757B. In Chase XI, Fleet agreed to sell and deliver to JPMC all of the natural gas it received from Mahonia NGL.

758. Not Used.

759. To the extent that Mahonia and/or Mahonia NGL are found to be mere conduits of the transfers in the foregoing table, JPMC and Fleet were the initial transferees of the transfers.

760. To the extent that any of the Mahonia 548 Commodity Transfers are also included in Count 6 as avoidable preferential transfers, those transfers are pled alternatively as fraudulent transfers.

761. Enron, ENA and/or ENGM received less than a reasonably equivalent value from the transferee in exchange for the Mahonia 548 Commodity Transfers.

762. The Mahonia 548 Commodity Transfers constitute transfers of interests in property of Enron, ENA and/or ENGM.

763. Each of the Mahonia 548 Commodity Transfers was made to or for the benefit of Mahonia, Mahonia NGL, JPMC, or Fleet as initial transferee or beneficiary.

764. The Mahonia 548 Commodity Transfers were made on or within one year before the Petition Date.

765. Upon information and belief, when the Mahonia 548 Commodity Transfers were made, Enron, ENA and/or ENGM were insolvent, or became insolvent as a result of the transfers; were engaged in business or a transaction, or were about to engage in business or a transaction, for which their remaining property was unreasonably small capital; and/or intended to incur, or believed that they would incur, debts that would be beyond their ability to pay as such debts matured.

766. The Mahonia 548 Commodity Transfers are avoidable as fraudulent transfers under section 548(a)(1)(B) of the Bankruptcy Code.

COUNT 8
(Avoidance of the Mahonia 544 Commodity Transfers Under Section 544 of the Bankruptcy Code and Applicable State Fraudulent Conveyance or Fraudulent Transfer Law)

767. The allegations in paragraphs 1 through 766 of this Complaint are incorporated herein by reference.

768. Pursuant to Bankruptcy Code section 544(b), Plaintiff has the rights of an existing unsecured creditor of Plaintiff. Section 544(b) permits Plaintiff to assert claims and causes of action that such a creditor could assert under applicable state law.

769. Enron, ENA and/or ENGM, directly or through a conduit, made the transfers of barrels of oil and MMBtu of natural gas identified in the following table, or caused them to be made, to or for the benefit of the transferee on or about the dates specified below:

Transferor	Obligor	Initial Transferee or Beneficiary	Subsequent Transferees	Initial Transfer Date	Transaction	Transfer Amount
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	01/1999	Chase VI	3,565,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	02/1999	Chase VI	3,220,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	03/1999	Chase VI	3,565,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	04/1999	Chase VI	3,450,000 MMBtu

Transferor	Obligor	Initial Transferee or Beneficiary	Subsequent Transferees	Initial Transfer Date	Transaction	Transfer Amount
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	05/1999	Chase VI	3,565,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	06/1999	Chase VI	3,450,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	07/1999	Chase VI	3,565,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	08/1999	Chase VI	3,565,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	09/1999	Chase VI	3,450,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	10/1999	Chase VI	3,565,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	11/1999	Chase VI	3,450,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	12/1999	Chase VI	3,565,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	01/2000	Chase VI	3,565,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	02/2000	Chase VI	3,335,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	03/2000	Chase VI	3,565,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	04/2000	Chase VI	3,450,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	05/2000	Chase VI	3,565,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	06/2000	Chase VI	3,450,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	07/2000	Chase VI	3,565,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	08/2000	Chase VI	3,565,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	09/2000	Chase VI	3,450,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	10/2000	Chase VI	3,565,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	11/2000	Chase VI	3,450,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	12/2000	Chase VI	3,565,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	01/2001	Chase VI	3,565,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	02/2001	Chase VI	3,220,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	03/2001	Chase VI	3,565,000 MMBtu

Transferor	Obligor	Initial Transferee or Beneficiary	Subsequent Transferees	Initial Transfer Date	Transaction	Transfer Amount
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	04/2001	Chase VI	3,450,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	05/2001	Chase VI	3,565,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	06/2001	Chase VI	3,450,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	07/2001	Chase VI	3,565,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	08/2001	Chase VI	3,565,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	09/2001	Chase VI	3,450,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	10/2001	Chase VI	3,565,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	11/2001	Chase VI	3,450,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	01/1999	Chase VII	2,790,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	02/1999	Chase VII	2,520,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	03/1999	Chase VII	2,790,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	04/1999	Chase VII	2,700,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	05/1999	Chase VII	2,790,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	06/1999	Chase VII	2,700,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	07/1999	Chase VII	2,790,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	08/1999	Chase VII	2,790,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	09/1999	Chase VII	2,700,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	10/1999	Chase VII	2,790,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	11/1999	Chase VII	2,700,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	12/1999	Chase VII	2,790,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	01/2000	Chase VII	2,790,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	02/2000	Chase VII	2,610,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	03/2000	Chase VII	2,790,000 MMBtu

Transferor	Obligor	Initial Transferee or Beneficiary	Subsequent Transferees	Initial Transfer Date	Transaction	Transfer Amount
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	04/2000	Chase VII	2,700,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	05/2000	Chase VII	2,790,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	06/2000	Chase VII	2,700,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	07/2000	Chase VII	2,790,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	08/2000	Chase VII	2,790,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	09/2000	Chase VI	2,700,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	10/2000	Chase VII	2,790,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	11/2000	Chase VII	2,700,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	12/2000	Chase VII	2,790,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	01/2001	Chase VII	2,790,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	02/2001	Chase VII	2,520,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	03/2001	Chase VII	2,790,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	04/2001	Chase VII	2,700,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	05/2001	Chase VII	2,790,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	06/2001	Chase VII	2,700,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	07/2001	Chase VII	2,790,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	08/2001	Chase VII	2,790,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	09/2001	Chase VI	2,700,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	10/2001	Chase VII	2,790,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	11/2001	Chase VII	2,700,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	04/1999	Chase VIII	391,000 barrels
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	05/1999	Chase VIII	391,000 barrels
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	06/1999	Chase VIII	391,000 barrels

Transferor	Obligor	Initial Transferee or Beneficiary	Subsequent Transferees	Initial Transfer Date	Transaction	Transfer Amount
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	07/1999	Chase VIII	391,000 barrels
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	08/1999	Chase VIII	391,000 barrels
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	09/1999	Chase VIII	391,000 barrels
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	10/1999	Chase VIII	391,000 barrels
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	11/1999	Chase VIII	391,000 barrels
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	12/1999	Chase VIII	391,000 barrels
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	01/2000	Chase VIII	391,000 barrels
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	02/2000	Chase VIII	391,000 barrels
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	03/2000	Chase VIII	391,000 barrels
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	04/2000	Chase VIII	391,000 barrels
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	05/2000	Chase VIII	391,000 barrels
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	06/2000	Chase VIII	391,000 barrels
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	07/2000	Chase VIII	391,000 barrels
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	08/2000	Chase VIII	391,000 barrels
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	09/2000	Chase VIII	391,000 barrels
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	10/2000	Chase VIII	391,000 barrels
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	11/2000	Chase VIII	391,000 barrels
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	12/2000	Chase VIII	391,000 barrels
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	01/2001	Chase VIII	391,000 barrels
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	02/2001	Chase VIII	391,000 barrels
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	03/2001	Chase VIII	391,000 barrels
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	04/2001	Chase VIII	391,000 barrels
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	05/2001	Chase VIII	391,000 barrels

Transferor	Obligor	Initial Transferee or Beneficiary	Subsequent Transferees	Initial Transfer Date	Transaction	Transfer Amount
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	06/2001	Chase VIII	391,000 barrels
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	07/2001	Chase VIII	391,000 barrels
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	08/2001	Chase VIII	391,000 barrels
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	09/2001	Chase VIII	391,000 barrels
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	10/2001	Chase VIII	391,000 barrels
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	11/2001	Chase VIII	391,000 barrels
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	10/1999	Chase IX	4,340,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	11/1999	Chase IX	4,200,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	12/1999	Chase IX	4,340,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	01/2000	Chase IX	4,340,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	02/2000	Chase IX	4,060,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	03/2000	Chase IX	4,340,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	04/2000	Chase IX	4,200,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	05/2000	Chase IX	4,340,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	06/2000	Chase IX	4,200,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	07/2000	Chase IX	4,340,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	08/2000	Chase IX	4,340,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	09/2000	Chase IX	4,200,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	10/2000	Chase IX	4,340,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	11/2000	Chase IX	4,200,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	12/2000	Chase IX	4,340,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	01/2001	Chase IX	4,340,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	02/2001	Chase IX	3,920,000 MMBtu

Transferor	Obligor	Initial Transferee or Beneficiary	Subsequent Transferees	Initial Transfer Date	Transaction	Transfer Amount
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	03/2001	Chase IX	4,340,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	04/2001	Chase IX	4,200,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	05/2001	Chase IX	4,340,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	06/2001	Chase IX	4,200,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	07/2001	Chase IX	4,340,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	08/2001	Chase IX	4,340,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	09/2001	Chase IX	4,200,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	10/2001	Chase IX	4,340,000 MMBtu
Enron or ENA or ENGM	ENGM and Enron	Mahonia	JPMC	11/2001	Chase IX	4,200,000 MMBtu
Enron or ENA or ENGM	ENA and Enron	JPMC and/or Mahonia	JPMC	10/2000	Chase X	806,000 MMBtu
Enron or ENA or ENGM	ENA and Enron	Mahonia	JPMC	10/2000	Chase X	2,883,000 MMBtu
Enron or ENA or ENGM	ENA and Enron	JPMC and/or Mahonia	JPMC	11/2000	Chase X	780,000 MMBtu
Enron or ENA or ENGM	ENA and Enron	Mahonia	JPMC	11/2000	Chase X	2,790,000 MMBtu
Enron or ENA or ENGM	ENA and Enron	JPMC and/or Mahonia	JPMC	12/2000	Chase X	806,000 MMBtu
Enron or ENA or ENGM	ENA and Enron	Mahonia	JPMC	12/2000	Chase X	2,883,000 MMBtu
Enron or ENA or ENGM	ENA and Enron	JPMC and/or Mahonia	JPMC	01/2001	Chase X	806,000 MMBtu
Enron or ENA or ENGM	ENA and Enron	Mahonia	JPMC	01/2001	Chase X	2,883,000 MMBtu
Enron or ENA or ENGM	ENA and Enron	JPMC and/or Mahonia	JPMC	02/2001	Chase X	728,000 MMBtu
Enron or ENA or ENGM	ENA and Enron	Mahonia	JPMC	02/2001	Chase X	2,604,000 MMBtu
Enron or ENA or ENGM	ENA and Enron	JPMC and/or Mahonia	JPMC	03/2001	Chase X	806,000 MMBtu
Enron or ENA or ENGM	ENA and Enron	Mahonia	JPMC	03/2001	Chase X	2,883,000 MMBtu
Enron or ENA or ENGM	ENA and Enron	JPMC and/or Mahonia	JPMC	04/2001	Chase X	780,000 MMBtu
Enron or ENA or ENGM	ENA and Enron	Mahonia	JPMC	04/2001	Chase X	2,790,000 MMBtu

Transferor	Obligor	Initial Transferee or Beneficiary	Subsequent Transferees	Initial Transfer Date	Transaction	Transfer Amount
Enron or ENA or ENGM	ENA and Enron	JPMC and/or Mahonia	JPMC	05/2001	Chase X	806,000 MMBtu
Enron or ENA or ENGM	ENA and Enron	Mahonia	JPMC	05/2001	Chase X	2,883,000 MMBtu
Enron or ENA or ENGM	ENA and Enron	JPMC and/or Mahonia	JPMC	06/2001	Chase X	780,000 MMBtu
Enron or ENA or ENGM	ENA and Enron	Mahonia	JPMC	06/2001	Chase X	2,790,000 MMBtu
Enron or ENA or ENGM	ENA and Enron	JPMC and/or Mahonia	JPMC	07/2001	Chase X	806,000 MMBtu
Enron or ENA or ENGM	ENA and Enron	Mahonia	JPMC	07/2001	Chase X	2,883,000 MMBtu
Enron or ENA or ENGM	ENA and Enron	JPMC and/or Mahonia	JPMC	08/2001	Chase X	806,000 MMBtu
Enron or ENA or ENGM	ENA and Enron	Mahonia	JPMC	08/2001	Chase X	2,883,000 MMBtu
Enron or ENA or ENGM	ENA and Enron	JPMC and/or Mahonia	JPMC	09/2001	Chase X	780,000 MMBtu
Enron or ENA or ENGM	ENA and Enron	Mahonia	JPMC	09/2001	Chase X	2,790,000 MMBtu
Enron or ENA or ENGM	ENA and Enron	JPMC and/or Mahonia	JPMC	10/2001	Chase X	992,000 MMBtu
Enron or ENA or ENGM	ENA and Enron	Mahonia	JPMC	10/2001	Chase X	3,534,000 MMBtu
Enron or ENA or ENGM	ENA and Enron	JPMC and/or Mahonia	JPMC	11/2001	Chase X	960,000 MMBtu
Enron or ENA or ENGM	ENA and Enron	Mahonia	JPMC	11/2001	Chase X	3,420,000 MMBtu
Enron or ENA or ENGM	ENA and Enron	Mahonia NGL	JPMC; Fleet	04/2001	Chase XI	1,302,000 MMBtu
Enron or ENA or ENGM	ENA and Enron	Mahonia NGL	JPMC; Fleet	05/2001	Chase XI	1,345,400 MMBtu
Enron or ENA or ENGM	ENA and Enron	Mahonia NGL	JPMC; Fleet	06/2001	Chase XI	1,302,000 MMBtu
Enron or ENA or ENGM	ENA and Enron	Mahonia NGL	JPMC; Fleet	07/2001	Chase XI	1,345,400 MMBtu
Enron or ENA or ENGM	ENA and Enron	Mahonia NGL	JPMC; Fleet	08/2001	Chase XI	1,345,400 MMBtu
Enron or ENA or ENGM	ENA and Enron	Mahonia NGL	JPMC; Fleet	09/2001	Chase XI	1,302,000 MMBtu
Enron or ENA or ENGM	ENA and Enron	Mahonia NGL	JPMC; Fleet	10/2001	Chase XI	1,345,400 MMBtu
Enron or ENA or ENGM	ENA and Enron	Mahonia NGL	JPMC; Fleet	11/2001	Chase XI	1,302,000 MMBtu

770. The transfers identified in the foregoing table, together with any interest, fees, and other payments to or for the benefit of the transferees related to the foregoing transfers, are referred to herein as the "Mahonia 544 Commodity Transfers."

770A. Upon information and belief, with respect to Chase VI-X, Mahonia transferred all of the oil and natural gas it received in the Mahonia Preferential Commodity Transfers to JPMC. Similarly, with respect to Chase XI, Mahonia NGL transferred all of the natural gas it received in the Mahonia Preferential Commodity Transfers to JPMC and/or Fleet.

770B. In Chase XI, Fleet agreed to sell and deliver to JPMC all of the natural gas it received from Mahonia NGL.

771. Not Used.

772. To the extent that Mahonia and/or Mahonia NGL are found to be mere conduits of the transfers in the foregoing table, JPMC and Fleet were the initial transferees of the transfers.

773. To the extent that any of the Mahonia 544 Commodity Transfers are also included in Counts 6 or 7 as avoidable preferential transfers or fraudulent transfers under section 548 of the Bankruptcy Code, those transfers are pled alternatively as fraudulent conveyances or transfers under section 544 of the Bankruptcy Code and applicable state law.

774. Enron, ENA and/or ENGM received less than a reasonably equivalent value from the transferee in exchange for the Mahonia 544 Commodity Transfers.

775. The Mahonia 544 Commodity Transfers constitute transfers of interests in property of Enron, ENA and/or ENGM.

776. Each of the Mahonia 544 Commodity Transfers was made to or for the benefit of Mahonia, Mahonia NGL, JPMC, or Fleet as initial transferee or beneficiary.

777. Upon information and belief, when the Mahonia 544 Commodity Transfers were made, Enron, ENA and/or ENGM were insolvent, or became insolvent as a result of the transfers;

were engaged in business or a transaction, or were about to engage in business or a transaction, for which their remaining property was unreasonably small capital; and/or intended to incur, or believed that they would incur, debts that would be beyond their ability to pay as such debts matured.

778. The Mahonia 544 Commodity Transfers are avoidable as fraudulent conveyances or fraudulent transfers under section 544 of the Bankruptcy Code and applicable state law.

COUNT 9
(Avoidance of the Chase Preferential Principal and Interest Transfers)

779. The allegations in paragraphs 1 through 778 of this Complaint are incorporated herein by reference.

780. Counts 9 through 11 are pled in the alternative to Counts 6 through 8 above.

781. Within ninety (90) days prior to the Petition Date, Enron, ENA, and/or ENGM, directly or through a conduit, made the transfers identified in the following table, or caused them to be made, to or for the benefit of the transferees on or about the dates specified below:

Transferor	Obligor	Initial Transferee or Beneficiary	Subsequent Transferees	Initial Transfer Date	Transaction	Transfer Amount
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		09/2001	Chase VI	$7,795,136.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		10/2001	Chase VI	$7,543,680.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		11/2001	Chase VI	$7,795,136.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		09/2001	Chase VII	$3,226,216.50
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		09/2001	Chase VII	$3,217,784.50
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		10/2001	Chase VII	$3,122,145.00

Transferor	Obligor	Initial Transferee or Beneficiary	Subsequent Transferees	Initial Transfer Date	Transaction	Transfer Amount
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		10/2001	Chase VII	$3,113,985.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		11/2001	Chase VII	$3,226,216.50
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		11/2001	Chase VII	$3,217,784.50
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		09/2001	Chase VIII	$9,804,325.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		10/2001	Chase VIII	$10,663,234.70
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		11/2001	Chase VIII	$10,564,155.30
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		09/2001	Chase IX	$13,760,900.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		10/2001	Chase IX	$9,660,000.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		10/2001	Chase IX	$715,860.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		11/2001	Chase IX	$7,948,400.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		11/2001	Chase IX	$2,773,322.00
Enron or ENA or ENGM	ENA and Enron	JPMC		09/2001	Chase X	$11,553,427.20
Enron or ENA or ENGM	ENA and Enron	JPMC		09/2001	Chase X	$2,653,228.36
Enron or ENA or ENGM	ENA and Enron	JPMC		10/2001	Chase X	$8,151,000.00
Enron or ENA or ENGM	ENA and Enron	JPMC		10/2001	Chase X	$5,675,340.36
Enron or ENA or ENGM	ENA and Enron	JPMC		11/2001	Chase X	$8,236,080.00
Enron or ENA or ENGM	ENA and Enron	JPMC		11/2001	Chase X	$6,051,401.95
Enron or ENA or ENGM	ENA and Enron	Stoneville*	JPMC; Fleet	09/2001	Chase XI	$7,173,134.64

Transferor	Obligor	Initial Transferee or Beneficiary	Subsequent Transferees	Initial Transfer Date	Transaction	Transfer Amount
Enron or ENA or ENGM	ENA and Enron	Stoneville*	JPMC; Fleet	10/2001	Chase XI	$6,941,743.20
Enron or ENA or ENGM	ENA and Enron	Stoneville*	JPMC; Fleet	11/2001	Chase XI	$7,173,134.64

782. The transfers identified in the foregoing table, together with any interest, fees, and other payments to or for the benefit of the transferees related to the foregoing transfers, are referred to herein as the "Chase Preferential Principal and Interest Transfers."

783. To the extent that Stoneville is found to be a mere conduit of the transfers for which it is marked with an asterisk in the foregoing table, JPMC and/or Fleet were the initial transferees of those transfers.

784. Although certain of the Chase Preferential Principal and Interest Transfers were related to agreements designated as "swap" agreements, these transfers were actually payments on disguised loans and the agreements were not genuine "swaps."

785. The Chase Preferential Principal and Interest Transfers constitute transfers of interests in property of Enron, ENA, and/or ENGM.

786. Each of the Chase Preferential Principal and Interest Transfers was made to or for the benefit of the entities listed in the third column of the foregoing table as initial transferees or beneficiaries.

787. Each of the Chase Preferential Principal and Interest Transfers was made to or for the benefit of a creditor for or on account of an antecedent debt owed by Enron, ENA, and/or ENGM before the transfer was made.

788. Upon information and belief, at the time each of the Chase Preferential Principal and Interest Transfers was made, Enron, ENA, and/or ENGM were insolvent for purposes of section 547(b) of the Bankruptcy Code.

789. Each of the Chase Preferential Principal and Interest Transfers enabled the transferees to receive more than they would have received if the case were a case under chapter 7 of the Bankruptcy Code, the transfers had not been made, and the transferees received payment of their debts to the extent provided by the Bankruptcy Code.

790. The Chase Preferential Principal and Interest Transfers are avoidable as preferential transfers under section 547(b) of the Bankruptcy Code.

COUNT 10
(Avoidance of the Chase 548 Principal and Interest Transfers as Fraudulent Transfers)

791. The allegations in paragraphs 1 through 790 of this Complaint are incorporated herein by reference.

792. Counts 9 through 11 are pled in the alternative to Counts 6 through 8 above.

793. On or within one year of the Petition Date, Enron, ENA, and/or ENGM, directly or through a conduit, made the transfers identified in the following table, or caused them to be made, to or for the benefit of the transferee on or about the dates specified below:

Transferor	Obligor	Initial Transferee or Beneficiary	Subsequent Transferees	Initial Transfer Date	Transaction	Transfer Amount
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		12/2000	Chase VI	$7,543,680.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		01/2001	Chase VI	$7,795,136.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		02/2001	Chase VI	$7,795,136.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		03/2001	Chase VI	$7,040,768.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		04/2001	Chase VI	$7,795,136.00

Transferor	Obligor	Initial Transferee or Beneficiary	Subsequent Transferees	Initial Transfer Date	Transaction	Transfer Amount
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		05/2001	Chase VI	$7,543,680.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		06/2001	Chase VI	$7,795,136.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		07/2001	Chase VI	$7,543,680.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		08/2001	Chase VI	$7,795,136.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		09/2001	Chase VI	$7,795,136.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		10/2001	Chase VI	$7,543,680.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		11/2001	Chase VI	$7,795,136.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		12/2000	Chase VII	$3,122,145.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		12/2000	Chase VII	$3,113,985.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		01/2001	Chase VII	$3,226,216.51
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		01/2001	Chase VII	$3,217,784.49
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		02/2001	Chase VII	$3,226,216.51
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		02/2001	Chase VII	$3,217,784.49
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		03/2001	Chase VII	$2,914,002.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		03/2001	Chase VII	$2,906,386.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		04/2001	Chase VII	$3,226,216.50

Transferor	Obligor	Initial Transferee or Beneficiary	Subsequent Transferees	Initial Transfer Date	Transaction	Transfer Amount
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		04/2001	Chase VII	$3,217,784.50
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		05/2001	Chase VII	$3,122,145.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		05/2001	Chase VII	$3,113,985.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		06/2001	Chase VII	$3,226,216.50
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		06/2001	Chase VII	$3,217,784.50
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		07/2001	Chase VII	$3,122,145.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		07/2001	Chase VII	$3,113,985.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		08/2001	Chase VII	$3,226,216.50
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		08/2001	Chase VII	$3,217,784.50
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		09/2001	Chase VII	$3,226,216.50
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		09/2001	Chase VII	$3,217,784.50
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		10/2001	Chase VII	$3,122,145.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		10/2001	Chase VII	$3,113,985.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		11/2001	Chase VII	$3,226,216.50
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		11/2001	Chase VII	$3,217,784.50
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		12/2000	Chase VIII	$13,057,445.00

Transferor	Obligor	Initial Transferee or Beneficiary	Subsequent Transferees	Initial Transfer Date	Transaction	Transfer Amount
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		01/2001	Chase VIII	$13,839,445.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		02/2001	Chase VIII	$11,469,985.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		03/2001	Chase VIII	$12,365,375.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		04/2001	Chase VIII	$11,284,924.70
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		05/2001	Chase VIII	$10,282,635.30
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		06/2001	Chase VIII	$10,830,035.30
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		07/2001	Chase VIII	$11,687,654.70
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		08/2001	Chase VIII	$10,631,954.70
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		09/2001	Chase VIII	$9,804,325.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		10/2001	Chase VIII	$10,663,234.70
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		11/2001	Chase VIII	$10,564,155.30
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		12/2000	Chase IX	$18,858,000.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		01/2001	Chase IX	$26,098,900.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		02/2001	Chase IX	$43,155,100.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		03/2001	Chase IX	$24,458,000.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		04/2001	Chase IX	$21,786,800.00

Transferor	Obligor	Initial Transferee or Beneficiary	Subsequent Transferees	Initial Transfer Date	Transaction	Transfer Amount
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		05/2001	Chase IX	$22,527,000.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		06/2001	Chase IX	$21,148,200.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		07/2001	Chase IX	$15,654,000.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		08/2001	Chase IX	$13,760,900.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		09/2001	Chase IX	$13,760,900.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		10/2001	Chase IX	$9,660,000.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		10/2001	Chase IX	$715,860.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		11/2001	Chase IX	$7,948,400.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		11/2001	Chase IX	$2,773,322.00
Enron or ENA or ENGM	ENA and Enron	JPMC		12/2000	Chase X	$15,971,100.00
Enron or ENA or ENGM	ENA and Enron	JPMC		01/2001	Chase X	$22,096,800.00
Enron or ENA or ENGM	ENA and Enron	JPMC		02/2001	Chase X	$36,576,590.00
Enron or ENA or ENGM	ENA and Enron	JPMC		03/2001	Chase X	$20,675,200.00
Enron or ENA or ENGM	ENA and Enron	JPMC		04/2001	Chase X	$18,436,320.00
Enron or ENA or ENGM	ENA and Enron	JPMC		05/2001	Chase X	$19,079,100.00
Enron or ENA or ENGM	ENA and Enron	JPMC		06/2001	Chase X	$17,909,320.00
Enron or ENA or ENGM	ENA and Enron	JPMC		07/2001	Chase X	$13,242,000.00
Enron or ENA or ENGM	ENA and Enron	JPMC		07/2001	Chase X	$584,340.00
Enron or ENA or ENGM	ENA and Enron	JPMC		08/2001	Chase X	$11,642,050.00

Transferor	Obligor	Initial Transferee or Beneficiary	Subsequent Transferees	Initial Transfer Date	Transaction	Transfer Amount
Enron or ENA or ENGM	ENA and Enron	JPMC		08/2001	Chase X	$2,645,168.36
Enron or ENA or ENGM	ENA and Enron	JPMC		09/2001	Chase X	$11,553,427.20
Enron or ENA or ENGM	ENA and Enron	JPMC		09/2001	Chase X	$2,653,228.36
Enron or ENA or ENGM	ENA and Enron	JPMC		10/2001	Chase X	$8,151,000.00
Enron or ENA or ENGM	ENA and Enron	JPMC		10/2001	Chase X	$5,675,340.36
Enron or ENA or ENGM	ENA and Enron	JPMC		11/2001	Chase X	$8,236,080.00
Enron or ENA or ENGM	ENA and Enron	JPMC		11/2001	Chase X	$6,051,401.95
Enron or ENA or ENGM	ENA and Enron	Stoneville*	JPMC; Fleet	05/2001	Chase XI	$6,941,743.20
Enron or ENA or ENGM	ENA and Enron	Stoneville*	JPMC; Fleet	06/2001	Chase XI	$7,173,134.64
Enron or ENA or ENGM	ENA and Enron	Stoneville*	JPMC; Fleet	07/2001	Chase XI	$6,941,743.20
Enron or ENA or ENGM	ENA and Enron	Stoneville*	JPMC; Fleet	08/2001	Chase XI	$7,173,134.64
Enron or ENA or ENGM	ENA and Enron	Stoneville*	JPMC; Fleet	09/2001	Chase XI	$7,173,134.64
Enron or ENA or ENGM	ENA and Enron	Stoneville*	JPMC; Fleet	10/2001	Chase XI	$6,941,743.20
Enron or ENA or ENGM	ENA and Enron	Stoneville*	JPMC; Fleet	11/2001	Chase XI	$7,173,134.64

794. The transfers identified in the foregoing table, together with any interest, fees, and other payments to or for the benefit of the transferees related to the foregoing transfers, are referred to herein as the "Chase 548 Principal and Interest Transfers."

795. To the extent that Stoneville is found to be a mere conduit of the transfers for which it is marked with an asterisk in the foregoing table, JPMC and/or Fleet were the initial transferees of those transfers.

796. Although certain of the Chase 548 Principal and Interest Transfers were related to agreements designated as "swap" agreements, these transfers were actually payments on disguised loans and the agreements were not genuine "swaps."

797. To the extent that any of the Chase 548 Principal and Interest Transfers are also included in Count 9 as avoidable preferential transfers, those transfers are pled alternatively as fraudulent transfers.

798. Enron, ENA, and/or ENGM received less than reasonably equivalent value from the transferees in exchange for the Chase 548 Principal and Interest Transfers.

799. The Chase 548 Principal and Interest Transfers constitute transfers of interests in property of Enron, ENA, and/or ENGM.

800. Each of the Chase 548 Principal and Interest Transfers was made to or for the benefit of the entities listed in the third column of the foregoing table as initial transferees or beneficiaries.

801. The Chase 548 Principal and Interest Transfers were made on or within one year before the Petition Date.

802. Upon information and belief, when the Chase 548 Principal and Interest Transfers were made, Enron, ENA, and/or ENGM were insolvent or became insolvent as a result of the transfers; were engaged in business or a transaction, or were about to engage in business or a transaction, for which their remaining property was unreasonably small capital; and/or intended to incur, or believed that they would incur, debts that would be beyond their ability to pay as such debts matured.

803. The Chase 548 Principal and Interest Transfers are avoidable as fraudulent transfers under section 548(a)(1)(B) of the Bankruptcy Code.

COUNT 11
(Avoidance of the Chase 544 Principal and Interest Transfers Under Section 544 of the Bankruptcy Code and Applicable State Fraudulent Conveyance or Fraudulent Transfer Law)

804. The allegations in paragraphs 1 through 803 of this Complaint are incorporated herein by reference.

805. Counts 9 through 11 are pled in the alternative to Counts 6 through 8 above.

806. Pursuant to Bankruptcy Code section 544(b), Plaintiff has the rights of an existing unsecured creditor of Plaintiff. Section 544(b) permits Plaintiff to assert claims and causes of action that such a creditor could assert under applicable state law.

807. Enron, ENA, and/or ENGM, directly or through a conduit, made the transfers identified in the following table, or caused them to be made, to or for the benefit of the transferee on or about the dates specified below:

Transferor	Obligor	Initial Transferee or Beneficiary	Subsequent Transferees	Initial Transfer Date	Transaction	Transfer Amount
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		01/1999	Chase VI	$7,795,136.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		02/1999	Chase VI	$7,795,136.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		03/1999	Chase VI	$7,040,768.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		04/1999	Chase VI	$7,795,136.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		05/1999	Chase VI	$7,543,680.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		06/1999	Chase VI	$7,795,136.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		07/1999	Chase VI	$7,543,680.00

Transferor	Obligor	Initial Transferee or Beneficiary	Subsequent Transferees	Initial Transfer Date	Transaction	Transfer Amount
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		08/1999	Chase VI	$7,795,136.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		09/1999	Chase VI	$7,795,136.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		10/1999	Chase VI	$7,543,680.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		11/1999	Chase VI	$7,795,136.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		12/1999	Chase VI	$7,543,680.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		01/2000	Chase VI	$7,795,136.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		02/2000	Chase VI	$7,795,136.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		03/2000	Chase VI	$7,292,224.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		04/2000	Chase VI	$7,795,136.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		05/2000	Chase VI	$7,543,680.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		06/2000	Chase VI	$7,795,136.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		07/2000	Chase VI	$7,543,680.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		08/2000	Chase VI	$7,795,136.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		09/2000	Chase VI	$7,795,136.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		10/2000	Chase VI	$7,543,680.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		11/2000	Chase VI	$7,795,136.00

Transferor	Obligor	Initial Transferee or Beneficiary	Subsequent Transferees	Initial Transfer Date	Transaction	Transfer Amount
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		12/2000	Chase VI	$7,543,680.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		01/2001	Chase VI	$7,795,136.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		02/2001	Chase VI	$7,795,136.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		03/2001	Chase VI	$7,040,768.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		04/2001	Chase VI	$7,795,136.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		05/2001	Chase VI	$7,543,680.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		06/2001	Chase VI	$7,795,136.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		07/2001	Chase VI	$7,543,680.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		08/2001	Chase VI	$7,795,136.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		09/2001	Chase VI	$7,795,136.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		10/2001	Chase VI	$7,543,680.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		11/2001	Chase VI	$7,795,136.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		01/1999	Chase VII	$3,226,216.50
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		01/1999	Chase VII	$3,217,784.50
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		02/1999	Chase VII	$3,226,216.50
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		02/1999	Chase VII	$3,217,784.50

Transferor	Obligor	Initial Transferee or Beneficiary	Subsequent Transferees	Initial Transfer Date	Transaction	Transfer Amount
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		03/1999	Chase VII	$2,914,002.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		03/1999	Chase VII	$2,906,386.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		04/1999	Chase VII	$3,226,216.50
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		04/1999	Chase VII	$3,217,784.50
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		05/1999	Chase VII	$3,122,145.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		05/1999	Chase VII	$3,113,985.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		06/1999	Chase VII	$3,226,216.50
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		06/1999	Chase VII	$3,217,784.50
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		07/1999	Chase VII	$3,122,145.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		07/1999	Chase VII	$3,113,985.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		08/1999	Chase VII	$3,226,216.50
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		08/1999	Chase VII	$3,217,784.50
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		09/1999	Chase VII	$3,226,216.50
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		09/1999	Chase VII	$3,217,784.50
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		10/1999	Chase VII	$3,122,145.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		10/1999	Chase VII	$3,113,985.00

Transferor	Obligor	Initial Transferee or Beneficiary	Subsequent Transferees	Initial Transfer Date	Transaction	Transfer Amount
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		11/1999	Chase VII	$3,226,216.51
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		11/1999	Chase VII	$3,217,784.49
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		12/1999	Chase VII	$3,122,145.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		12/1999	Chase VII	$3,113,985.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		01/2000	Chase VII	$3,226,216.51
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		01/2000	Chase VII	$3,217,784.49
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		02/2000	Chase VII	$3,226,235.88
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		02/2000	Chase VII	$3,217,765.12
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		03/2000	Chase VII	$3,018,200.38
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		03/2000	Chase VII	$3,010,058.62
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		04/2000	Chase VII	$3,226,216.51
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		04/2000	Chase VII	$3,217,784.49
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		05/2000	Chase VII	$3,122,145.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		05/2000	Chase VII	$3,113,985.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		06/2000	Chase VII	$3,226,216.50
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		06/2000	Chase VII	$3,217,784.50

Transferor	Obligor	Initial Transferee or Beneficiary	Subsequent Transferees	Initial Transfer Date	Transaction	Transfer Amount
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		07/2000	Chase VII	$3,122,145.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		07/2000	Chase VII	$3,113,985.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		08/2000	Chase VII	$3,226,216.50
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		08/2000	Chase VII	$3,217,784.50
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		09/2000	Chase VII	$3,226,216.50
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		09/2000	Chase VII	$3,217,784.50
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		10/2000	Chase VII	$3,122,145.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		10/2000	Chase VII	$3,113,985.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		11/2000	Chase VII	$3,226,216.51
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		11/2000	Chase VII	$3,217,784.49
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		12/2000	Chase VII	$3,122,145.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		12/2000	Chase VII	$3,113,985.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		01/2001	Chase VII	$3,226,216.51
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		01/2001	Chase VII	$3,217,784.49
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		02/2001	Chase VII	$3,226,216.51
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		02/2001	Chase VII	$3,217,784.49

Transferor	Obligor	Initial Transferee or Beneficiary	Subsequent Transferees	Initial Transfer Date	Transaction	Transfer Amount
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		03/2001	Chase VII	$2,914,002.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		03/2001	Chase VII	$2,906,386.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		04/2001	Chase VII	$3,226,216.50
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		04/2001	Chase VII	$3,217,784.50
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		05/2001	Chase VII	$3,122,145.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		05/2001	Chase VII	$3,113,985.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		06/2001	Chase VII	$3,226,216.50
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		06/2001	Chase VII	$3,217,784.50
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		07/2001	Chase VII	$3,122,145.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		07/2001	Chase VII	$3,113,985.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		08/2001	Chase VII	$3,226,216.50
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		08/2001	Chase VII	$3,217,784.50
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		09/2001	Chase VII	$3,226,216.50
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		09/2001	Chase VII	$3,217,784.50
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		10/2001	Chase VII	$3,122,145.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		10/2001	Chase VII	$3,113,985.00

Transferor	Obligor	Initial Transferee or Beneficiary	Subsequent Transferees	Initial Transfer Date	Transaction	Transfer Amount
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		11/2001	Chase VII	$3,226,216.50
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		11/2001	Chase VII	$3,217,784.50
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		05/1999	Chase VIII	$325,703.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		05/1999	Chase VIII	$5,967,324.70
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		06/1999	Chase VIII	$6,901,814.70
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		07/1999	Chase VIII	$6,655,484.70
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		08/1999	Chase VIII	$6,952,644.70
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		09/1999	Chase VIII	$7,881,895.30
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		10/1999	Chase VIII	$8,469,842.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		11/1999	Chase VIII	$9,581,455.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		12/1999	Chase VIII	$8,731,694.70
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		01/2000	Chase VIII	$10,296,985.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		02/2000	Chase VIII	$10,446,855.30
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		03/2000	Chase VIII	$11,481,715.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		04/2000	Chase VIII	$11,552,095.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		05/2000	Chase VIII	$11,520,815.00

Transferor	Obligor	Initial Transferee or Beneficiary	Subsequent Transferees	Initial Transfer Date	Transaction	Transfer Amount
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		06/2000	Chase VIII	$10,347,815.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		07/2000	Chase VIII	$11,583,375.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		08/2000	Chase VIII	$12,658,625.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		09/2000	Chase VIII	$12,294,995.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		10/2000	Chase VIII	$12,474,855.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		11/2000	Chase VIII	$14,418,125.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		12/2000	Chase VIII	$13,057,445.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		01/2001	Chase VIII	$13,839,445.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		02/2001	Chase VIII	$11,469,985.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		03/2001	Chase VIII	$12,365,375.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		04/2001	Chase VIII	$11,284,924.70
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		05/2001	Chase VIII	$10,282,635.30
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		06/2001	Chase VIII	$10,830,035.30
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		07/2001	Chase VIII	$11,687,654.70
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		08/2001	Chase VIII	$10,631,954.70
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		09/2001	Chase VIII	$9,804,325.00

Transferor	Obligor	Initial Transferee or Beneficiary	Subsequent Transferees	Initial Transfer Date	Transaction	Transfer Amount
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		10/2001	Chase VIII	$10,663,234.70
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		11/2001	Chase VIII	$10,564,155.30
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		12/1999	Chase IX	$10,939,899.92
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		01/2000	Chase IX	$1,502,322.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		01/2000	Chase IX	$9,219,400.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		02/2000	Chase IX	$590,922.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		02/2000	Chase IX	$10,130,800.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		03/2000	Chase IX	$10,558,900.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		04/2000	Chase IX	$11,231,300.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		05/2000	Chase IX	$12,042,000.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		06/2000	Chase IX	$14,291,000.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		07/2000	Chase IX	$18,315,000.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		08/2000	Chase IX	$18,851,100.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		09/2000	Chase IX	$12,927,000.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		10/2000	Chase IX	$19,308,000.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		11/2000	Chase IX	$22,816,000.00

Transferor	Obligor	Initial Transferee or Beneficiary	Subsequent Transferees	Initial Transfer Date	Transaction	Transfer Amount
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		12/2000	Chase IX	$18,858,000.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		01/2001	Chase IX	$26,098,900.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		02/2001	Chase IX	$43,155,100.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		03/2001	Chase IX	$24,458,000.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		04/2001	Chase IX	$21,786,800.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		05/2001	Chase IX	$22,527,000.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		06/2001	Chase IX	$21,148,200.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		07/2001	Chase IX	$15,654,000.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		08/2001	Chase IX	$13,760,900.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		09/2001	Chase IX	$13,760,900.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		10/2001	Chase IX	$9,660,000.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		10/2001	Chase IX	$715,860.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		11/2001	Chase IX	$7,948,400.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	JPMC		11/2001	Chase IX	$2,773,322.00
Enron or ENA or ENGM	ENA and Enron	JPMC		11/2000	Chase X	$19,341,830.00
Enron or ENA or ENGM	ENA and Enron	JPMC		12/2000	Chase X	$15,971,100.00

Transferor	Obligor	Initial Transferee or Beneficiary	Subsequent Transferees	Initial Transfer Date	Transaction	Transfer Amount
Enron or ENA or ENGM	ENA and Enron	JPMC		01/2001	Chase X	$22,096,800.00
Enron or ENA or ENGM	ENA and Enron	JPMC		02/2001	Chase X	$36,576,590.00
Enron or ENA or ENGM	ENA and Enron	JPMC		03/2001	Chase X	$20,675,200.00
Enron or ENA or ENGM	ENA and Enron	JPMC		04/2001	Chase X	$18,436,320.00
Enron or ENA or ENGM	ENA and Enron	JPMC		05/2001	Chase X	$19,079,100.00
Enron or ENA or ENGM	ENA and Enron	JPMC		06/2001	Chase X	$17,909,320.00
Enron or ENA or ENGM	ENA and Enron	JPMC		07/2001	Chase X	$13,242,000.00
Enron or ENA or ENGM	ENA and Enron	JPMC		07/2001	Chase X	$584,340.00
Enron or ENA or ENGM	ENA and Enron	JPMC		08/2001	Chase X	$11,642,050.00
Enron or ENA or ENGM	ENA and Enron	JPMC		08/2001	Chase X	$2,645,168.36
Enron or ENA or ENGM	ENA and Enron	JPMC		09/2001	Chase X	$11,553,427.20
Enron or ENA or ENGM	ENA and Enron	JPMC		09/2001	Chase X	$2,653,228.36
Enron or ENA or ENGM	ENA and Enron	JPMC		10/2001	Chase X	$8,151,000.00
Enron or ENA or ENGM	ENA and Enron	JPMC		10/2001	Chase X	$5,675,340.36
Enron or ENA or ENGM	ENA and Enron	JPMC		11/2001	Chase X	$8,236,080.00
Enron or ENA or ENGM	ENA and Enron	JPMC		11/2001	Chase X	$6,051,401.95
Enron or NA or ENGM	ENA and Enron	Stoneville*	JPMC; Fleet	05/2001	Chase XI	$6,941,743.20
Enron or ENA or ENGM	ENA and Enron	Stoneville*	JPMC; Fleet	06/2001	Chase XI	$7,173,134.64
Enron or ENA or ENGM	ENA and Enron	Stoneville*	JPMC; Fleet	07/2001	Chase XI	$6,941,743.20
Enron or ENA or ENGM	ENA and Enron	Stoneville*	JPMC; Fleet	08/2001	Chase XI	$7,173,134.64
Enron or ENA or ENGM	ENA and Enron	Stoneville*	JPMC; Fleet	09/2001	Chase XI	$7,173,134.64
Enron or ENA or ENGM	ENA and Enron	Stoneville*	JPMC; Fleet	10/2001	Chase XI	$6,941,743.20

Transferor	Obligor	Initial Transferee or Beneficiary	Subsequent Transferees	Initial Transfer Date	Transaction	Transfer Amount
Enron or ENA or ENGM	ENA and Enron	Stoneville*	JPMC; Fleet	11/2001	Chase XI	$7,173,134.64

808. The transfers identified in the foregoing table, together with any interest, fees, and other payments to or for the benefit of the transferees related to the foregoing transfers are referred to herein as the "Chase 544 Principal and Interest Transfers."

809. To the extent that Stoneville is found to be a mere conduit of the transfers for which it is marked with an asterisk in the foregoing table, JPMC and/or Fleet were the initial transferees of those transfers.

810. Although certain of the Chase 544 Principal and Interest Transfers were related to agreements designated as "swap" agreements, these transfers were actually payments on disguised loans and the agreements were not genuine "swaps."

811. To the extent that any of the Chase 544 Principal and Interest Transfers are also included in Counts 9 or 10 as preference payments or fraudulent transfers under section 548 of the Bankruptcy Code, those transfers are pled alternatively as fraudulent conveyances or transfers avoidable under section 544 of the Bankruptcy Code and applicable state law.

812. Enron, ENA, and/or ENGM received less than reasonably equivalent value from the transferees in exchange for the Chase 544 Principal and Interest Transfers.

813. The Chase 544 Principal and Interest Transfers constitute transfers of interests in property of Enron, ENA, and/or ENGM.

814. Each of the Chase 544 Principal and Interest Transfers was made to or for the benefit of the entities listed in the third column of the foregoing table as initial transferees or beneficiaries.

815. Upon information and belief, when the Chase 544 Principal and Interest Transfers were made, Enron, ENA, and/or ENGM were insolvent, or became insolvent as a result of the

transfers; were engaged in business or a transaction, or were about to engage in business or a transaction, for which their remaining property was unreasonably small capital; and/or intended to incur, or believed that they would incur, debts that would be beyond their ability to pay as such debts matured.

816. The Chase 544 Principal and Interest Transfers are avoidable as fraudulent conveyances or fraudulent transfers under section 544 of the Bankruptcy Code or applicable state law.

COUNT 12
(Avoidance of the Chase Preferential Purported Margin Transfers)

817. The allegations in paragraphs 1 through 816 of this Complaint are incorporated herein by reference.

818. ENGM entered into certain agreements designated as "margin agreements" with JPMC's SPE Mahonia relating to the Chase VI-Chase IX Mahonia transactions (the "ENGM Margin Agreements"). The ENGM Margin Agreements included (i) a Margin Agreement between Mahonia and ENGM, dated as of December 18, 1997; (ii) a Margin Agreement between Mahonia and ENGM, dated as of June 26, 1998; (iii) a Margin Agreement between Mahonia and ENGM, dated as of December 1, 1998; and (iv) a Margin Agreement between Mahonia and ENGM, dated as of June 28, 1999. All of the ENGM Margin Agreements were amended on December 19, 2000, to permit, among other things, rehypothecation.

819. ENA entered into certain agreements designated as "margin agreements" relating to the Chase X and Chase XI Mahonia transactions (the "ENA Margin Agreements"). The ENA Margin Agreements included (i) a Margin Agreement between Mahonia and ENA, dated as of June 28, 2000; (ii) a Margin Agreement between Mahonia NGL and ENA, dated as of December 28, 2000; and (iii) a Margin Agreement between Stoneville and ENA, dated as of December 29, 2000.

The June 28, 2000 Margin Agreement was amended on December 19, 2000 to permit, among other things, rehypothecation.

820. On September 28, 2001, Mahonia and ENA entered into a purported "swap confirmation" related to the Chase XII Mahonia transaction. The confirmation included, among other things, a credit support annex addressing the posting of collateral (the "Mahonia Credit Support Annex").

820A. The ENGM Margin Agreements, the ENA Margin Agreements, and the Mahonia Credit Support Annex are collectively referred to as the "Margin Agreements."

821. Under the Margin Agreements, upon the occurrence of certain "Trigger Events" relating to Enron's creditworthiness, ENA and/or ENGM agreed to deliver security to Mahonia, Mahonia NGL, and/or Stoneville for the obligations related to the oil or natural gas commodities under the contracts ENA and/or ENGM entered into with Mahonia, Mahonia NGL, and/or Stoneville. To the extent that ENA's or ENGM's "margin payment" obligations decreased or were eliminated under the applicable Margin Agreement, the Agreement provided that Mahonia, Mahonia NGL, and/or Stoneville would be obligated to return the corresponding funds in accordance with the terms of the Margin Agreements, with interest.

822. JPMC had a security interest in all of Mahonia's and Mahonia NGL's rights under the Margin Agreements with ENA and ENGM, and upon information and belief, Mahonia transferred the "margin payments" to JPMC.

822A. JPMC and Stoneville also entered into an agreement dated December 28, 2000, designated as a "margin agreement," relating to the Chase XI Mahonia transaction (the "JPMC Margin Agreement"). Upon information and belief, Stoneville transferred the "margin payments" it received from ENA to JPMC.

823. The payments characterized as "margin payments" in the Margin Agreements were not truly margin payments. Margin payments are designed to protect contracting parties from increases or decreases in price risk. In Chase VI through Chase XII, there was no price risk to any party involved.

824. Within ninety (90) days prior to the Petition Date, Enron, ENA and/or ENGM, directly or through a conduit, made the transfers identified in the following table, or caused them to be made, to or for the benefit of the transferee on or about the dates specified below:

Transferor	Obligor	Initial Transferee or Beneficiary	Subsequent Transferees	Initial Transfer Date	Transaction	Transfer Amount
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	09/04/2001	Chase X	$12,500,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	09/04/2001	Chase VI – IX	$7,800,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	09/05/2001	Chase X	$900,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	09/05/2001	Chase VI – IX	$600,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	09/07/2001	Chase VI – IX	$6,100,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	09/07/2001	Chase X	$5,600,000.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	Mahonia	JPMC	09/21/2001	Chase VI – X	$10,700,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	09/24/2001	Chase X	$8,700,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	09/24/2001	Chase VI – IX	$4,200,000.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	Mahonia	JPMC	09/26/2001	Chase VI – X	$1,200,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	09/27/2001	Chase X	$14,900,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	09/27/2001	Chase VI – IX	$7,800,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	10/01/2001	Chase VI – IX	$2,000,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	10/01/2001	Chase X	$6,100,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	10/03/2001	Chase X	$19,300,000.00

Transferor	Obligor	Initial Transferee or Beneficiary	Subsequent Transferees	Initial Transfer Date	Transaction	Transfer Amount
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	10/03/2001	Chase VI – IX	$24,500,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	10/11/2001	Chase VI – IX	$29,800,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	10/11/2001	Chase X	$24,300,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	10/15/2001	Chase X	$9,800,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	10/15/2001	Chase VI – IX	$24,200,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	10/18/2001	Chase X	$26,300,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	10/18/2001	Chase VI – IX	$17,700,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	10/22/2001	Chase VI – IX	$10,000,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	10/22/2001	Chase X	$19,900,000.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	Mahonia	JPMC	10/23/2001	Chase VI – X	$46,800,000.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	Mahonia	JPMC	10/23/2001	Chase VI – X	$46,800,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	10/26/2001	Chase VI – IX	$26,600,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	10/26/2001	Chase X	$29,800,000.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	Mahonia	JPMC	10/29/2001	Chase VI – XII	$9,700,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	10/30/2001	Chase X	$1,300,000.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	Mahonia	JPMC	10/30/2001	Chase VI – IX; Chase XI - XII	$17,900,000.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	Mahonia	JPMC	10/31/2001	Chase VI – X; Chase XII	$1,500,000.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	Mahonia	JPMC	10/31/2001	Chase VI – IX; Chase XII	$35,900,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	10/31/2001	Chase X	$25,300,000.00
Enron or ENA or ENGM	Enron and/or ENA	Stoneville	JPMC	11/02/2001	Chase XI	$19,900,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	11/09/2001	Chase X	$6,800,000.00

Transferor	Obligor	Initial Transferee or Beneficiary	Subsequent Transferees	Initial Transfer Date	Transaction	Transfer Amount
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	Mahonia	JPMC	11/09/2001	Chase VI – IX; Chase XII	$1,300,000.00
Enron or ENA or ENGM	Enron and/or ENA	Stoneville	JPMC	11/09/2001	Chase XI	$13,000,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	11/13/2001	Chase VI – IX	$24,800,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	11/13/2001	Chase X; Chase XII	$400,000.00
Enron or ENA or ENGM	Enron and/or ENA	Stoneville	JPMC	11/14/2001	Chase XI	$6,200,000.00
Enron or ENA or ENGM	Enron and/or ENA	Stoneville	JPMC	11/19/2001	Chase XI	$13,800,000.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	Mahonia	JPMC	11/20/2001	Chase VI – XII	$23,000,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	11/26/2001	Chase VI – IX	$17,500,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	11/26/2001	Chase X; Chase XII	$30,000,000.00
Enron or ENA or ENGM	Enron and/or ENA	Stoneville	JPMC	11/26/2001	Chase XI	$1,100,000.00
Enron or ENA or ENGM	Enron and/or ENA	Stoneville	JPMC	11/27/2001	Chase XI	$9,900,000.00

825. The transfers identified in the foregoing table, together with any interest, fees, and other payments to or for the benefit of Mahonia, Stoneville, or JPMC related to the foregoing transfers, are referred to herein as the "Chase Preferential Purported Margin Transfers."

826. To the extent that Mahonia and Stoneville are found to be mere conduits of the transfers in the foregoing table, JPMC was the initial transferee of those transfers.

827. Upon information and belief, Mahonia and Stoneville used the Chase Preferential Purported Margin Transfers to reduce their outstanding obligations to JPMC.

828. The Chase Preferential Purported Margin Transfers constitute transfers of interests in property of Enron, ENA and/or ENGM.

829. Each of the Chase Preferential Purported Margin Transfers was made to or for the benefit of Mahonia or Stoneville as initial transferee or beneficiary.

830. Each of the Chase Preferential Purported Margin Transfers was made to or for the benefit of a creditor for or on account of an antecedent debt owed by Enron, ENA and/or ENGM before the transfer was made.

831. Upon information and belief, at the time each of the Chase Preferential Purported Margin Transfers was made, Enron, ENA and/or ENGM were insolvent for purposes of section 547(b) of the Bankruptcy Code.

832. Each of the Chase Preferential Purported Margin Transfers enabled the transferee to receive more than it would have received if the case were a case under chapter 7 of the Bankruptcy Code, the transfer had not been made, and the transferee received payment of its debts to the extent provided by the Bankruptcy Code.

833. The Chase Preferential Purported Margin Transfers are avoidable as preferential transfers under section 547(b) of the Bankruptcy Code.

COUNT 13
(Avoidance of the Chase 548 Purported Margin Transfers as Fraudulent Transfers)

834. The allegations in paragraphs 1 through 833 of this Complaint are incorporated herein by reference.

835. On or within one year of the Petition Date, Enron, ENA and/or ENGM, directly or through a conduit, made the transfers identified in the following table, or caused them to be made, to or for the benefit of the transferees on or about the dates specified below:

Transferor	Obligor	Initial Transferee or Beneficiary	Subsequent Transferees	Initial Transfer Date	Transaction	Transfer Amount
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	12/05/2000	Chase VI – IX	$6,100,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	12/05/2000	Chase X	$33,000,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	12/06/2000	Chase X	$20,200,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	12/06/2000	Chase VI – IX	$44,600,000.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	Mahonia	JPMC	12/08/2000	Chase VI – X	$59,200,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	12/12/2000	Chase X	$2,700,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	12/12/2000	Chase VI – IX	$2,000,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	12/13/2000	Chase VI – IX	$40,900,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	12/13/2000	Chase X	$3,700,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	12/18/2000	Chase VI – IX	$6,800,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	12/18/2000	Chase X	$15,500,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	12/19/2000	Chase VI – IX	$41,400,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	12/20/2000	Chase VI – IX	$3,600,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	12/20/2000	Chase X	$11,900,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	12/21/2000	Chase X	$9,700,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	12/21/2000	Chase VI – IX	$15,000,000.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	Mahonia	JPMC	12/22/2000	Chase VI – X	$3,900,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	12/27/2000	Chase X	$15,900,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	12/27/2000	Chase VI – IX	$32,300,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	12/29/2000	Chase VI – IX	$13,500,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	12/29/2000	Chase X	$10,400,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	01/08/2001	Chase VI – IX	$25,800,000.00

Transferor	Obligor	Initial Transferee or Beneficiary	Subsequent Transferees	Initial Transfer Date	Transaction	Transfer Amount
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	01/08/2001	Chase X	$10,900,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	01/09/2001	Chase X	$21,100,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	01/09/2001	Chase VI – IX	$37,000,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	01/11/2001	Chase X	$19,400,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	01/11/2001	Chase VI – IX	$31,500,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	01/11/2001	Chase X	$33,500,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	01/11/2001	Chase VI – IX	$41,100,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	01/12/2001	Chase X	$16,300,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	01/12/2001	Chase VI – IX	$1,700,000.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	Mahonia	JPMC	01/16/2001	Chase VI – X	$8,800,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	01/17/2001	Chase VI – IX	$27,300,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	01/17/2001	Chase X	$29,000,000.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	Mahonia	JPMC	01/26/2001	Chase VI – X	$17,700,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	01/29/2001	Chase X	$30,800,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	01/29/2001	Chase VI – IX	$35,300,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	01/30/2001	Chase X	$8,200,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	01/30/2001	Chase VI – IX	$8,200,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	02/01/2001	Chase VI – IX	$2,400,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	02/01/2001	Chase X	$15,600,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	02/06/2001	Chase X	$3,000,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	02/06/2001	Chase VI – IX	$7,400,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	02/08/2001	Chase VI – IX	$5,700,000.00

Transferor	Obligor	Initial Transferee or Beneficiary	Subsequent Transferees	Initial Transfer Date	Transaction	Transfer Amount
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	02/08/2001	Chase X	$6,300,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	02/09/2001	Chase VI – IX	$63,600,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	02/09/2001	Chase X	$42,900,000.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	Mahonia	JPMC	02/13/2001	Chase VI – X	$7,300,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	02/15/2001	Chase X	$9,000,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	02/15/2001	Chase VI – IX	$24,700,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	02/20/2001	Chase X	$12,600,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	02/20/2001	Chase VI – IX	$10,600,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	02/21/2001	Chase X	$4,600,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	02/21/2001	Chase VI – IX	$800,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	02/26/2001	Chase X	$3,000,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	02/26/2001	Chase VI – IX	$5,500,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	02/28/2001	Chase X	$6,900,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	02/28/2001	Chase VI – IX	$2,600,000.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	Mahonia	JPMC	03/01/2001	Chase VI – X	$13,000,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	03/05/2001	Chase X	$15,300,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	03/05/2001	Chase VI – IX	$4,400,000.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	Mahonia	JPMC	03/06/2001	Chase VI – X	$13,900,000.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	Mahonia	JPMC	03/06/2001	Chase VI – X	$11,700,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	03/07/2001	Chase VI – IX	$16,900,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	03/07/2001	Chase X	$11,000,000.00

Transferor	Obligor	Initial Transferee or Beneficiary	Subsequent Transferees	Initial Transfer Date	Transaction	Transfer Amount
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	03/08/2001	Chase VI – IX	$1,400,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	03/08/2001	Chase X	$2,800,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	03/09/2001	Chase VI – IX	$15,800,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	03/09/2001	Chase X	$11,900,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	03/14/2001	Chase X	$6,100,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	03/14/2001	Chase VI – IX	$9,800,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	03/20/2001	Chase X	$5,000,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	03/20/2001	Chase VI – IX	$12,300,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	03/22/2001	Chase X	$17,800,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	03/22/2001	Chase VI – IX	$33,800,000.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	Mahonia	JPMC	03/26/2001	Chase VI – X	$10,000,000.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	Mahonia	JPMC	03/27/2001	Chase VI – X	$8,000,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	03/28/2001	Chase VI – IX	$10,000,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	03/28/2001	Chase X	$10,000,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	03/29/2001	Chase X	$23,300,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	03/29/2001	Chase VI – IX	$40,600,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	04/05/2001	Chase X	$3,900,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	04/05/2001	Chase VI – IX	$7,200,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	04/06/2001	Chase X	$14,500,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	04/06/2001	Chase VI – IX	$19,200,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	04/09/2001	Chase VI – IX	$40,900,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	04/09/2001	Chase X	$33,400,000.00

Transferor	Obligor	Initial Transferee or Beneficiary	Subsequent Transferees	Initial Transfer Date	Transaction	Transfer Amount
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	04/11/2001	Chase X	$18,000,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	04/11/2001	Chase VI – IX	$21,300,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	04/12/2001	Chase X	$4,900,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	04/12/2001	Chase VI – IX	$15,900,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	04/16/2001	Chase VI – IX	$2,100,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	04/16/2001	Chase X	$3,400,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	04/18/2001	Chase VI – IX	$17,600,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	04/18/2001	Chase X	$8,600,000.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	Mahonia	JPMC	04/24/2001	Chase VI – X	$1,700,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	04/25/2001	Chase X	$18,600,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	04/25/2001	Chase VI – IX	$10,700,000.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	Mahonia	JPMC	04/30/2001	Chase VI – X	$600,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	05/07/2001	Chase VI – IX	$10,100,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	05/07/2001	Chase X	$7,600,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	05/10/2001	Chase VI – IX	$3,100,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	05/10/2001	Chase X	$1,300,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	05/14/2001	Chase VI – IX	$9,300,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	05/14/2001	Chase X	$4,400,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	05/16/2001	Chase X	$10,500,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	05/16/2001	Chase VI – IX	$14,500,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	05/17/2001	Chase VI – IX	$37,400,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	05/17/2001	Chase X	$27,100,000.00

Transferor	Obligor	Initial Transferee or Beneficiary	Subsequent Transferees	Initial Transfer Date	Transaction	Transfer Amount
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	Mahonia	JPMC	05/21/2001	Chase VI – X	$600,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	05/22/2001	Chase X	$10,500,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	05/22/2001	Chase VI – IX	$14,100,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	06/01/2001	Chase X	$9,000,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	06/01/2001	Chase VI – IX	$15,100,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	06/06/2001	Chase X	$22,700,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	06/06/2001	Chase VI – IX	$24,600,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	06/12/2001	Chase VI – IX	$27,100,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	06/12/2001	Chase X	$24,300,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	06/13/2001	Chase X	$32,600,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	06/13/2001	Chase VI – IX	$4,700,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	06/14/2001	Chase VI – IX	$22,100,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	06/14/2001	Chase X	$19,800,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	06/21/2001	Chase VI – IX	$5,600,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	06/21/2001	Chase X	$5,800,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	06/25/2001	Chase VI – IX	$900,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	06/25/2001	Chase X	$1,000,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	06/26/2001	Chase VI – IX	$3,400,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	06/26/2001	Chase X	$1,900,000.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	Mahonia	JPMC	07/02/2001	Chase VI – X	$2,600,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	07/06/2001	Chase X	$28,100,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	07/06/2001	Chase VI – IX	$24,500,000.00

Transferor	Obligor	Initial Transferee or Beneficiary	Subsequent Transferees	Initial Transfer Date	Transaction	Transfer Amount
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	07/09/2001	Chase VI – IX	$4,400,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	07/09/2001	Chase X	$7,800,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	07/10/2001	Chase VI – IX	$22,700,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	07/10/2001	Chase X	$24,600,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	07/16/2001	Chase X	$2,700,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	07/16/2001	Chase VI – IX	$6,200,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	07/20/2001	Chase X	$55,100,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	07/20/2001	Chase VI – IX	$32,200,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	07/26/2001	Chase X	$23,200,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	07/26/2001	Chase VI – IX	$21,000,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	07/27/2001	Chase X	$37,600,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	07/27/2001	Chase VI – IX	$41,400,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	07/30/2001	Chase VI – IX	$30,300,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	07/30/2001	Chase X	$1,100,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	07/31/2001	Chase VI – IX	$10,600,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	07/31/2001	Chase X	$12,300,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	08/01/2001	Chase X	$15,600,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	08/01/2001	Chase VI – IX	$300,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	08/06/2001	Chase VI – IX	$27,000,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	08/06/2001	Chase X	$4,500,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	08/08/2001	Chase VI – IX	$13,200,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	08/08/2001	Chase X	$15,600,000.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	Mahonia	JPMC	08/09/2001	Chase VI – X	$19,200,000.00

Transferor	Obligor	Initial Transferee or Beneficiary	Subsequent Transferees	Initial Transfer Date	Transaction	Transfer Amount
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	08/10/2001	Chase X	$11,500,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	08/10/2001	Chase VI – IX	$8,500,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	08/15/2001	Chase VI – IX	$37,600,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	08/15/2001	Chase X	$24,700,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	08/17/2001	Chase X	$40,200,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	08/17/2001	Chase VI – IX	$40,100,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	09/04/2001	Chase X	$12,500,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	09/04/2001	Chase VI – IX	$7,800,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	09/05/2001	Chase X	$900,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	09/05/2001	Chase VI – IX	$600,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	09/07/2001	Chase VI – IX	$6,100,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	09/07/2001	Chase X	$5,600,000.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	Mahonia	JPMC	09/21/2001	Chase VI – X	$10,700,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	09/24/2001	Chase X	$8,700,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	09/24/2001	Chase VI – IX	$4,200,000.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	Mahonia	JPMC	09/26/2001	Chase VI – X	$1,200,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	09/27/2001	Chase X	$14,900,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	09/27/2001	Chase VI – IX	$7,800,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	10/01/2001	Chase VI – IX	$2,000,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	10/01/2001	Chase X	$6,100,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	10/03/2001	Chase X	$19,300,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	10/03/2001	Chase VI – IX	$24,500,000.00

Transferor	Obligor	Initial Transferee or Beneficiary	Subsequent Transferees	Initial Transfer Date	Transaction	Transfer Amount
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	10/11/2001	Chase VI – IX	$29,800,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	10/11/2001	Chase X	$24,300,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	10/15/2001	Chase X	$9,800,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	10/15/2001	Chase VI – IX	$24,200,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	10/18/2001	Chase X	$26,300,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	10/18/2001	Chase VI – IX	$17,700,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	10/22/2001	Chase VI – IX	$10,000,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	10/22/2001	Chase X	$19,900,000.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	Mahonia	JPMC	10/23/2001	Chase VI – X	$46,800,000.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	Mahonia	JPMC	10/23/2001	Chase VI – X	$46,800,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	10/26/2001	Chase VI – IX	$26,600,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	10/26/2001	Chase X	$29,800,000.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	Mahonia	JPMC	10/29/2001	Chase VI – XII	$9,700,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	10/30/2001	Chase X	$1,300,000.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	Mahonia	JPMC	10/30/2001	Chase VI – IX; Chase XI - XII	$17,900,000.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	Mahonia	JPMC	10/31/2001	Chase VI – X; Chase XII	$1,500,000.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	Mahonia	JPMC	10/31/2001	Chase VI – IX; Chase XII	$35,900,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	10/31/2001	Chase X	$25,300,000.00
Enron or ENA or ENGM	Enron and/or ENA	Stoneville	JPMC	11/02/2001	Chase XI	$19,900,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	11/09/2001	Chase X	$6,800,000.00

Transferor	Obligor	Initial Transferee or Beneficiary	Subsequent Transferees	Initial Transfer Date	Transaction	Transfer Amount
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	Mahonia	JPMC	11/09/2001	Chase VI – IX; Chase XII	$1,300,000.00
Enron or ENA or ENGM	Enron and/or ENA	Stoneville	JPMC	11/09/2001	Chase XI	$13,000,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	11/13/2001	Chase VI – IX	$24,800,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	11/13/2001	Chase X; Chase XII	$400,000.00
Enron or ENA or ENGM	Enron and/or ENA	Stoneville	JPMC	11/14/2001	Chase XI	$6,200,000.00
Enron or ENA or ENGM	Enron and/or ENA	Stoneville	JPMC	11/19/2001	Chase XI	$13,800,000.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	Mahonia	JPMC	11/20/2001	Chase VI – XII	$23,000,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	11/26/2001	Chase VI – IX	$17,500,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	11/26/2001	Chase X; Chase XII	$30,000,000.00
Enron or ENA or ENGM	Enron and/or ENA	Stoneville	JPMC	11/26/2001	Chase XI	$1,100,000.00
Enron or ENA or ENGM	Enron and/or ENA	Stoneville	JPMC	11/27/2001	Chase XI	$9,900,000.00

836. The transfers identified in the foregoing table, together with any interest, fees, and other payments to or for the benefit of the transferees related to the foregoing transfers, are referred to herein as the "Chase 548 Purported Margin Transfers."

837. To the extent that Mahonia and Stoneville are found to be mere conduits of the transfers in the foregoing table, JPMC was the initial transferee of those transfers.

838. To the extent that any of the Chase 548 Purported Margin Transfers are also included in Count 12 as avoidable preferential transfers, those transfers are pled alternatively as fraudulent transfers.

839. Enron, ENA and/or ENGM received less than a reasonably equivalent value from the transferees in exchange for the Chase 548 Purported Margin Transfers.

840. The Chase 548 Purported Margin Transfers constitute transfers of interests in property of Enron, ENA and/or ENGM.

841. Each of the Chase 548 Purported Margin Transfers was made to or for the benefit of Mahonia or Stoneville as initial transferee or beneficiary.

842. The Chase 548 Purported Margin Transfers were made on or within one year before the Petition Date.

843. Upon information and belief, when the Chase 548 Purported Margin Transfers were made, Enron, ENA and/or ENGM were insolvent, or became insolvent as a result of the transfers; were engaged in business or a transaction, or were about to engage in business or a transaction, for which their remaining property was unreasonably small capital; and/or intended to incur, or believed that they would incur, debts that would be beyond their ability to pay as such debts matured.

844. The Chase 548 Purported Margin Transfers are avoidable as fraudulent transfers under section 548(a)(1)(B) of the Bankruptcy Code.

COUNT 14
(Avoidance of the Chase 544 Purported Margin Transfers Under Section 544 of the Bankruptcy Code and Applicable State Fraudulent Conveyance or Fraudulent Transfer Law)

845. The allegations in paragraphs 1 through 844 of this Complaint are incorporated herein by reference.

846. Pursuant to Bankruptcy Code section 544(b), Plaintiff has the rights of an existing unsecured creditor of Plaintiff. Section 544(b) permits Plaintiff to assert claims and causes of action that such a creditor could assert under applicable state law.

847. Enron, ENA and/or ENGM, directly or through a conduit, made the transfers identified in the following table, or caused them to be made, to or for the benefit of the transferees on or about the dates specified below:

Transferor	Obligor	Initial Transferee or Beneficiary	Subsequent Transferees	Initial Transfer Date	Transaction	Transfer Amount
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	08/30/2000	Chase X	$64,500,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	08/31/2000	Chase VI – IX	$467,500,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	09/07/2000	Chase VI – IX	$17,900,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	09/07/2000	Chase X	$22,100,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	09/12/2000	Chase X	$32,400,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	09/12/2000	Chase VI – IX	$31,100,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	09/13/2000	Chase VI – IX	$33,800,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	09/13/2000	Chase X	$18,800,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	09/19/2000	Chase VI – IX	$24,800,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	09/19/2000	Chase X	$9,700,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	09/20/2000	Chase X	$5,800,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	09/20/2000	Chase VI – IX	$21,900,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	09/22/2000	Chase X	$14,000,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	09/22/2000	Chase VI – IX	$11,700,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	09/25/2000	Chase X	$8,900,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	09/25/2000	Chase VI – IX	$5,700,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	09/26/2000	Chase X	$8,700,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	09/26/2000	Chase VI – IX	$600,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	09/27/2000	Chase X	$18,300,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	09/27/2000	Chase VI – IX	$19,500,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	09/28/2000	Chase VI – IX	$5,300,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	09/28/2000	Chase X	$2,300,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	09/29/2000	Chase X	$3,500,000.00

Transferor	Obligor	Initial Transferee or Beneficiary	Subsequent Transferees	Initial Transfer Date	Transaction	Transfer Amount
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	09/29/2000	Chase VI – IX	$2,200,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	10/04/2000	Chase X	$17,900,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	10/04/2000	Chase VI – IX	$800,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	10/05/2000	Chase X	$1,500,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	10/05/2000	Chase VI – IX	$800,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	10/11/2000	Chase X	$1,200,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	10/11/2000	Chase VI – IX	$3,900,000.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	Mahonia	JPMC	10/12/2000	Chase VI – X	$5,000,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	10/13/2000	Chase VI – IX	$44,900,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	10/13/2000	Chase X	$38,800,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	10/16/2000	Chase X	$18,600,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	10/16/2000	Chase VI – IX	$35,900,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	10/25/2000	Chase X	$4,300,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	10/25/2000	Chase VI – IX	$11,200,000.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	Mahonia	JPMC	10/25/2000	Chase VI – X	$4,600,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	11/03/2000	Chase VI – IX	$12,400,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	11/03/2000	Chase X	$30,500,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	11/07/2000	Chase VI – IX	$41,400,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	11/07/2000	Chase X	$33,300,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	11/09/2000	Chase VI – IX	$38,700,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	11/09/2000	Chase X	$30,200,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	11/10/2000	Chase VI – IX	$33,200,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	11/10/2000	Chase X	$23,200,000.00

Transferor	Obligor	Initial Transferee or Beneficiary	Subsequent Transferees	Initial Transfer Date	Transaction	Transfer Amount
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	11/16/2000	Chase X	$20,500,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	11/16/2000	Chase VI – IX	$30,700,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	11/17/2000	Chase VI – IX	$9,300,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	11/17/2000	Chase X	$7,400,000.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	Mahonia	JPMC	11/29/2000	Chase VI – X	$12,500,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	12/05/2000	Chase VI – IX	$6,100,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	12/05/2000	Chase X	$33,000,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	12/06/2000	Chase X	$20,200,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	12/06/2000	Chase VI – IX	$44,600,000.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	Mahonia	JPMC	12/08/2000	Chase VI – X	$59,200,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	12/12/2000	Chase X	$2,700,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	12/12/2000	Chase VI – IX	$2,000,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	12/13/2000	Chase VI – IX	$40,900,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	12/13/2000	Chase X	$3,700,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	12/18/2000	Chase VI – IX	$6,800,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	12/18/2000	Chase X	$15,500,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	12/19/2000	Chase VI – IX	$41,400,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	12/20/2000	Chase VI – IX	$3,600,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	12/20/2000	Chase X	$11,900,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	12/21/2000	Chase X	$9,700,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	12/21/2000	Chase VI – IX	$15,000,000.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	Mahonia	JPMC	12/22/2000	Chase VI – X	$3,900,000.00

Transferor	Obligor	Initial Transferee or Beneficiary	Subsequent Transferees	Initial Transfer Date	Transaction	Transfer Amount
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	12/27/2000	Chase X	$15,900,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	12/27/2000	Chase VI – IX	$32,300,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	12/29/2000	Chase VI – IX	$13,500,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	12/29/2000	Chase X	$10,400,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	01/08/2001	Chase VI – IX	$25,800,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	01/08/2001	Chase X	$10,900,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	01/09/2001	Chase X	$21,100,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	01/09/2001	Chase VI – IX	$37,000,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	01/11/2001	Chase X	$19,400,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	01/11/2001	Chase VI – IX	$31,500,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	01/11/2001	Chase X	$33,500,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	01/11/2001	Chase VI – IX	$41,100,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	01/12/2001	Chase X	$16,300,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	01/12/2001	Chase VI – IX	$1,700,000.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	Mahonia	JPMC	01/16/2001	Chase VI – X	$8,800,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	01/17/2001	Chase VI – IX	$27,300,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	01/17/2001	Chase X	$29,000,000.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	Mahonia	JPMC	01/26/2001	Chase VI – X	$17,700,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	01/29/2001	Chase X	$30,800,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	01/29/2001	Chase VI – IX	$35,300,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	01/30/2001	Chase X	$8,200,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	01/30/2001	Chase VI – IX	$8,200,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	02/01/2001	Chase VI – IX	$2,400,000.00

Transferor	Obligor	Initial Transferee or Beneficiary	Subsequent Transferees	Initial Transfer Date	Transaction	Transfer Amount
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	02/01/2001	Chase X	$15,600,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	02/06/2001	Chase X	$3,000,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	02/06/2001	Chase VI – IX	$7,400,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	02/08/2001	Chase VI – IX	$5,700,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	02/08/2001	Chase X	$6,300,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	02/09/2001	Chase VI – IX	$63,600,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	02/09/2001	Chase X	$42,900,000.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	Mahonia	JPMC	02/13/2001	Chase VI – X	$7,300,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	02/15/2001	Chase X	$9,000,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	02/15/2001	Chase VI – IX	$24,700,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	02/20/2001	Chase X	$12,600,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	02/20/2001	Chase VI – IX	$10,600,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	02/21/2001	Chase X	$4,600,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	02/21/2001	Chase VI – IX	$800,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	02/26/2001	Chase X	$3,000,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	02/26/2001	Chase VI – IX	$5,500,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	02/28/2001	Chase X	$6,900,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	02/28/2001	Chase VI – IX	$2,600,000.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	Mahonia	JPMC	03/01/2001	Chase VI – X	$13,000,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	03/05/2001	Chase X	$15,300,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	03/05/2001	Chase VI – IX	$4,400,000.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	Mahonia	JPMC	03/06/2001	Chase VI – X	$13,900,000.00

Transferor	Obligor	Initial Transferee or Beneficiary	Subsequent Transferees	Initial Transfer Date	Transaction	Transfer Amount
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	Mahonia	JPMC	03/06/2001	Chase VI – X	$11,700,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	03/07/2001	Chase VI – IX	$16,900,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	03/07/2001	Chase X	$11,000,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	03/08/2001	Chase VI – IX	$1,400,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	03/08/2001	Chase X	$2,800,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	03/09/2001	Chase VI – IX	$15,800,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	03/09/2001	Chase X	$11,900,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	03/14/2001	Chase X	$6,100,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	03/14/2001	Chase VI – IX	$9,800,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	03/20/2001	Chase X	$5,000,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	03/20/2001	Chase VI – IX	$12,300,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	03/22/2001	Chase X	$17,800,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	03/22/2001	Chase VI – IX	$33,800,000.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	Mahonia	JPMC	03/26/2001	Chase VI – X	$10,000,000.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	Mahonia	JPMC	03/27/2001	Chase VI – X	$8,000,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	03/28/2001	Chase VI – IX	$10,000,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	03/28/2001	Chase X	$10,000,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	03/29/2001	Chase X	$23,300,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	03/29/2001	Chase VI – IX	$40,600,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	04/05/2001	Chase X	$3,900,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	04/05/2001	Chase VI – IX	$7,200,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	04/06/2001	Chase X	$14,500,000.00

Transferor	Obligor	Initial Transferee or Beneficiary	Subsequent Transferees	Initial Transfer Date	Transaction	Transfer Amount
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	04/06/2001	Chase VI – IX	$19,200,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	04/09/2001	Chase VI – IX	$40,900,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	04/09/2001	Chase X	$33,400,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	04/11/2001	Chase X	$18,000,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	04/11/2001	Chase VI – IX	$21,300,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	04/12/2001	Chase X	$4,900,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	04/12/2001	Chase VI – IX	$15,900,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	04/16/2001	Chase VI – IX	$2,100,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	04/16/2001	Chase X	$3,400,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	04/18/2001	Chase VI – IX	$17,600,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	04/18/2001	Chase X	$8,600,000.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	Mahonia	JPMC	04/24/2001	Chase VI – X	$1,700,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	04/25/2001	Chase X	$18,600,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	04/25/2001	Chase VI – IX	$10,700,000.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	Mahonia	JPMC	04/30/2001	Chase VI – X	$600,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	05/07/2001	Chase VI – IX	$10,100,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	05/07/2001	Chase X	$7,600,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	05/10/2001	Chase VI – IX	$3,100,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	05/10/2001	Chase X	$1,300,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	05/14/2001	Chase VI – IX	$9,300,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	05/14/2001	Chase X	$4,400,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	05/16/2001	Chase X	$10,500,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	05/16/2001	Chase VI – IX	$14,500,000.00

Transferor	Obligor	Initial Transferee or Beneficiary	Subsequent Transferees	Initial Transfer Date	Transaction	Transfer Amount
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	05/17/2001	Chase VI – IX	$37,400,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	05/17/2001	Chase X	$27,100,000.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	Mahonia	JPMC	05/21/2001	Chase VI – X	$600,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	05/22/2001	Chase X	$10,500,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	05/22/2001	Chase VI – IX	$14,100,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	06/01/2001	Chase X	$9,000,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	06/01/2001	Chase VI – IX	$15,100,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	06/06/2001	Chase X	$22,700,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	06/06/2001	Chase VI – IX	$24,600,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	06/12/2001	Chase VI – IX	$27,100,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	06/12/2001	Chase X	$24,300,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	06/13/2001	Chase X	$32,600,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	06/13/2001	Chase VI – IX	$4,700,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	06/14/2001	Chase VI – IX	$22,100,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	06/14/2001	Chase X	$19,800,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	06/21/2001	Chase VI – IX	$5,600,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	06/21/2001	Chase X	$5,800,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	06/25/2001	Chase VI – IX	$900,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	06/25/2001	Chase X	$1,000,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	06/26/2001	Chase VI – IX	$3,400,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	06/26/2001	Chase X	$1,900,000.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	Mahonia	JPMC	07/02/2001	Chase VI – X	$2,600,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	07/06/2001	Chase X	$28,100,000.00

Transferor	Obligor	Initial Transferee or Beneficiary	Subsequent Transferees	Initial Transfer Date	Transaction	Transfer Amount
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	07/06/2001	Chase VI – IX	$24,500,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	07/09/2001	Chase VI – IX	$4,400,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	07/09/2001	Chase X	$7,800,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	07/10/2001	Chase VI – IX	$22,700,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	07/10/2001	Chase X	$24,600,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	07/16/2001	Chase X	$2,700,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	07/16/2001	Chase VI – IX	$6,200,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	07/20/2001	Chase X	$55,100,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	07/20/2001	Chase VI – IX	$32,200,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	07/26/2001	Chase X	$23,200,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	07/26/2001	Chase VI – IX	$21,000,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	07/27/2001	Chase X	$37,600,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	07/27/2001	Chase VI – IX	$41,400,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	07/30/2001	Chase VI – IX	$30,300,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	07/30/2001	Chase X	$1,100,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	07/31/2001	Chase VI – IX	$10,600,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	07/31/2001	Chase X	$12,300,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	08/01/2001	Chase X	$15,600,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	08/01/2001	Chase VI – IX	$300,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	08/06/2001	Chase VI – IX	$27,000,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	08/06/2001	Chase X	$4,500,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	08/08/2001	Chase VI – IX	$13,200,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	08/08/2001	Chase X	$15,600,000.00

Transferor	Obligor	Initial Transferee or Beneficiary	Subsequent Transferees	Initial Transfer Date	Transaction	Transfer Amount
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	Mahonia	JPMC	08/09/2001	Chase VI – X	$19,200,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	08/10/2001	Chase X	$11,500,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	08/10/2001	Chase VI – IX	$8,500,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	08/15/2001	Chase VI – IX	$37,600,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	08/15/2001	Chase X	$24,700,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	08/17/2001	Chase X	$40,200,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	08/17/2001	Chase VI – IX	$40,100,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	09/04/2001	Chase X	$12,500,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	09/04/2001	Chase VI – IX	$7,800,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	09/05/2001	Chase X	$900,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	09/05/2001	Chase VI – IX	$600,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	09/07/2001	Chase VI – IX	$6,100,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	09/07/2001	Chase X	$5,600,000.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	Mahonia	JPMC	09/21/2001	Chase VI – X	$10,700,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	09/24/2001	Chase X	$8,700,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	09/24/2001	Chase VI – IX	$4,200,000.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	Mahonia	JPMC	09/26/2001	Chase VI – X	$1,200,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	09/27/2001	Chase X	$14,900,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	09/27/2001	Chase VI – IX	$7,800,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	10/01/2001	Chase VI – IX	$2,000,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	10/01/2001	Chase X	$6,100,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	10/03/2001	Chase X	$19,300,000.00

Transferor	Obligor	Initial Transferee or Beneficiary	Subsequent Transferees	Initial Transfer Date	Transaction	Transfer Amount
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	10/03/2001	Chase VI – IX	$24,500,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	10/11/2001	Chase VI – IX	$29,800,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	10/11/2001	Chase X	$24,300,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	10/15/2001	Chase X	$9,800,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	10/15/2001	Chase VI – IX	$24,200,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	10/18/2001	Chase X	$26,300,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	10/18/2001	Chase VI – IX	$17,700,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	10/22/2001	Chase VI – IX	$10,000,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	10/22/2001	Chase X	$19,900,000.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	Mahonia	JPMC	10/23/2001	Chase VI – X	$46,800,000.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	Mahonia	JPMC	10/23/2001	Chase VI – X	$46,800,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	10/26/2001	Chase VI – IX	$26,600,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	10/26/2001	Chase X	$29,800,000.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	Mahonia	JPMC	10/29/2001	Chase VI – XII	$9,700,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	10/30/2001	Chase X	$1,300,000.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	Mahonia	JPMC	10/30/2001	Chase VI – IX; Chase XI - XII	$17,900,000.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	Mahonia	JPMC	10/31/2001	Chase VI – X; Chase XII	$1,500,000.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	Mahonia	JPMC	10/31/2001	Chase VI – IX; Chase XII	$35,900,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	10/31/2001	Chase X	$25,300,000.00
Enron or ENA or ENGM	Enron and/or ENA	Stoneville	JPMC	11/02/2001	Chase XI	$19,900,000.00
Enron or ENA or ENGM	Enron and/or ENA	Mahonia	JPMC	11/09/2001	Chase X	$6,800,000.00

Transferor	Obligor	Initial Transferee or Beneficiary	Subsequent Transferees	Initial Transfer Date	Transaction	Transfer Amount
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	Mahonia	JPMC	11/09/2001	Chase VI – IX; Chase XII	$1,300,000.00
Enron or ENA or ENGM	Enron and/or ENA	Stoneville	JPMC	11/09/2001	Chase XI	$13,000,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	11/13/2001	Chase VI – IX	$24,800,000.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	Mahonia	JPMC	11/13/2001	Chase X; Chase XII	$400,000.00
Enron or ENA or ENGM	Enron and/or ENA	Stoneville	JPMC	11/14/2001	Chase XI	$6,200,000.00
Enron or ENA or ENGM	Enron and/or ENA	Stoneville	JPMC	11/19/2001	Chase XI	$13,800,000.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	Mahonia	JPMC	11/20/2001	Chase VI – XII	$23,000,000.00
Enron or ENA or ENGM	Enron and/or ENGM	Mahonia	JPMC	11/26/2001	Chase VI – IX	$17,500,000.00
Enron or ENA or ENGM	Enron and/or ENA and/or ENGM	Mahonia	JPMC	11/26/2001	Chase X; Chase XII	$30,000,000.00
Enron or ENA or ENGM	Enron and/or ENA	Stoneville	JPMC	11/26/2001	Chase XI	$1,100,000.00
Enron or ENA or ENGM	Enron and/or ENA	Stoneville	JPMC	11/27/2001	Chase XI	$9,900,000.00

848. The transfers identified in the foregoing table, together with any interest, fees, and other payments to or for the benefit of the transferees related to the foregoing transfers, are referred to herein as the "Chase 544 Purported Margin Transfers."

849. To the extent that Mahonia and Stoneville are found to be mere conduits of the transfers in the foregoing table, JPMC was the initial transferee of those transfers.

850. To the extent that any of the Chase 544 Purported Margin Transfers are also included in Counts 12 or 13 as avoidable preferential transfers or fraudulent transfers under section 548 of the Bankruptcy Code, those transfers are pled alternatively as fraudulent conveyances or transfers avoidable under section 544 of the Bankruptcy Code and applicable state law.

851. Enron, ENA and/or ENGM received less than a reasonably equivalent value from the transferees in exchange for the Chase 544 Purported Margin Transfers.

852. The Chase 544 Purported Margin Transfers constitute transfers of interests in property of Enron, ENA and/or ENGM.

853. Each of the Chase 544 Purported Margin Transfers was made to or for the benefit of Mahonia or Stoneville as initial transferee or beneficiary.

854. Upon information and belief, when the Chase 544 Purported Margin Transfers were made, Enron, ENA and/or ENGM were insolvent, or became insolvent as a result of the transfers; were engaged in business or a transaction, or were about to engage in business or a transaction, for which their remaining property was unreasonably small capital; and/or intended to incur, or believed that they would incur, debts that would be beyond their ability to pay as such debts matured.

855. The Chase 544 Purported Margin Transfers are avoidable as fraudulent conveyances or fraudulent transfers under section 544 of the Bankruptcy Code and applicable state law.

COUNT 14A
(Violation of Automatic Stay)

855A. The allegations in paragraphs 1 through 855 of this Complaint are incorporated herein by reference.

855B. For purposes of Counts 14A through 14C, Mahonia, Stoneville and/or JPMC will be referred to individually and collectively as "Mahonia/JPMC."

855C. Subsequent to the Petition Date, Mahonia/JPMC exercised control over funds that ENGM, ENA or Enron delivered to Mahonia/JPMC, purportedly as "margin" or collateral in connection with the Mahonia transactions, together with interest earned on those funds (collectively, the "Prepay Collateral"), and/or acted to apply the Prepay Collateral as a purported offset to obligations that Mahonia/JPMC asserted ENGM or ENA owed it in connection with the Mahonia

transactions ("Prepay Obligations"). Mahonia/JPMC's actions included the exercise of improper postpetition setoffs against the Prepay Collateral.

855D. Upon information and belief, subsequent to the Petition Date Mahonia/JPMC applied or purported to set off the following amounts of Prepay Collateral against the Prepay Obligations:

Transaction	**Amount**
Chase VI	$ 2,464,844
Chase VII	$ 3,406,648
Chase VIII	$ 14,459,400
Chase IX	$ 97,829,700
Chase X	$114,423,299
Chase XI	$ 47,745,125
Chase XII	$ 34,537,199

855E. The Prepay Collateral was and is property of Plaintiff's estate.

855F. Accordingly, Mahonia/JPMC is in violation of the automatic stay provisions of section 362 of the Bankruptcy Code, and the Court should enter an order (a) declaring that Mahonia/JPMC has violated the automatic stay, (b) declaring that all actions taken by Mahonia/JPMC in violation of the automatic stay provisions of section 362 of the Bankruptcy Code are null and void *ab initio*, and (c) directing Mahonia/JPMC immediately to take all actions necessary to restore the parties to their relative positions as they existed on December 2, 2001 including, without limitation, turning over and paying to Plaintiff the amounts alleged in paragraph 855D.

COUNT 14B
(Turnover of Property of the Estate)

855G. The allegations in paragraphs 1 through 855F of this Complaint are incorporated herein by reference.

855H. The Prepay Collateral was and is property of Plaintiff's estate.

855I. Mahonia/JPMC is in possession, custody and/or control of the Prepay Collateral, which is of substantial value or benefit to Plaintiff's estate and which is property belonging to Plaintiff that may be used by Plaintiff. Mahonia/JPMC should be ordered to turn over the Prepay Collateral or the value thereof.

855J. Pursuant to section 542 of the Bankruptcy Code, Plaintiff is entitled to the entry of an order requiring Mahonia/JPMC to pay and turn over the Prepay Collateral or its value to Plaintiff.

COUNT 14C
(Avoidance of Unauthorized Postpetition Transfers)

855K. The allegations in paragraphs 1 through 855J of this Complaint are incorporated herein by reference.

855L. Subsequent to the Petition Date, Mahonia/JPMC exercised control over the Prepay Collateral and/or transferred the Prepay Collateral (the "Mahonia/JPMC Postpetition Transfers") and applied it to purported Prepay Obligations.

855M. The Prepay Collateral was and is property of Plaintiff's estate.

855N. The Mahonia/JPMC Postpetition Transfers were not authorized under the Bankruptcy Code or by the Bankruptcy Court.

855O. Accordingly, the Mahonia/JPMC Postpetition Transfers should be avoided pursuant to section 549 of the Bankruptcy Code, and Plaintiff is entitled to recover from Mahonia/JPMC the amount of the Mahonia/JPMC Postpetition Transfers plus interest from the transfer dates.

COUNT 15
(Avoidance of the Chase Preferential Transfer)

856. The allegations in paragraphs 1 through 855O of this Complaint are incorporated herein by reference.

857. Within ninety (90) days prior to the Petition Date, Enron and/or ENA, directly or through a conduit, made the transfer identified in the following table, or caused it to be made, to or for the benefit of the transferee on or about the date specified below:

Transferor	Obligor	Initial Transferee or Beneficiary	Transfer Date	Transaction	Transfer Amount
Enron or ENA	ENA and Enron	JPMC and/or JPMSI	09/28/2001	Chase XII (fees)	$1,000,000.00

858. The transfer identified in the foregoing table, together with any interest, fees, and other payments to or for the benefit of the transferees related to the foregoing transfer, is referred to herein as the "Chase Preferential Transfer."

859. Not Used.

860. The Chase Preferential Transfer constitutes a transfer of an interest in property of Enron and/or ENA.

861. The Chase Preferential Transfer was made to or for the benefit of JPMC and/or JPMSI as initial transferee or beneficiary.

862. The Chase Preferential Transfer was made to or for the benefit of a creditor for or on account of an antecedent debt owed by Enron and/or ENA before the transfer was made.

863. Upon information and belief, at the time the Chase Preferential Transfer was made, Enron and/or ENA were insolvent for the purposes of section 547(b) of the Bankruptcy Code.

864. The Chase Preferential Transfer enabled the transferees to receive more than they would have received if the case were under chapter 7 of the Bankruptcy Code, the transfer had not

been made, and the transferees received payment of their debts to the extent provided by the Bankruptcy Code.

865. The Chase Preferential Transfers is an avoidable preferential transfer under section 547(b) of the Bankruptcy Code.

COUNT 16
(Avoidance of the Chase 548 Transfers as Fraudulent Transfers)

866. The allegations in paragraphs 1 through 865 of this Complaint are incorporated herein by reference.

867. On or within one year of the Petition Date, Enron and/or ENA, directly or through a conduit, made the transfers identified in the following table, or caused them to be made, to or for the benefit of the transferees on or about the dates specified below:

Transferor	Obligor	Initial Transferee or Beneficiary	Initial Transfer Date	Transaction	Transfer Amount
Enron or ENA	ENA and Enron	Fleet	12/29/2000	Chase XI (fees)	$1,072,500.00
Enron or ENA	ENA and Enron	JPMC and/or JPMSI	12/29/2000	Chase XI (fees)	$1,072,500.00
Enron or ENA	ENA and Enron	JPMC and/or JPMSI	01/03/2001	Fishtail (fees)	$500,000.00
Enron or ENA	ENA and Enron	JPMC and/or JPMSI	01/05/2001	Chase XI (fees)	$437,500.00
Enron or ENA	ENA and Enron	JPMC and/or JPMSI	09/28/2001	Chase XII (fees)	$1,000,000.00

868. The transfers identified in the foregoing table, together with any interest, fees, and other payments to or for the benefit of the transferees related to the foregoing transfers, are referred to herein as the "Chase 548 Transfers."

869. Not Used.

870. To the extent any of the Chase 548 Transfers are also included in Count 15 as avoidable preferential transfers, those transfers are pled alternatively as fraudulent transfers.

871. Enron and/or ENA received less than a reasonably equivalent value from the transferees in exchange for the Chase 548 Transfers.

872. The Chase 548 Transfers constitute transfers of interests in property of Enron and/or ENA.

873. Each of the Chase 548 Transfers was made to or for the benefit of JPMC, JPMSI, or Fleet as initial transferee or beneficiary.

874. The Chase 548 Transfers were made on or within one year before the Petition Date.

875. Upon information and belief, when the Chase 548 Transfers were made, Enron and/or ENA were insolvent, or became insolvent as a result of the transfers; were engaged in business or a transaction, or were about to engage in business or a transaction, for which their remaining property was unreasonably small capital; and/or intended to incur, or believed that they would incur, debts that would be beyond their ability to pay as such debts matured.

876. The Chase 548 Transfers are avoidable as fraudulent transfers under section 548(a)(1)(B) of the Bankruptcy Code.

COUNT 17
(Avoidance of the Chase 544 Transfers Under Section 544 of the Bankruptcy Code and Applicable State Fraudulent Conveyance or Fraudulent Transfer Law)

877. The allegations in paragraphs 1 through 876 of this Complaint are incorporated herein by reference.

878. Pursuant to Bankruptcy Code section 544(b), Plaintiff has the rights of an existing unsecured creditor of Plaintiff. Section 544(b) permits Plaintiff to assert claims and causes of action that such a creditor could assert under applicable state law.

879. Enron, ENA, and/or ENGM, directly or through a conduit, made the transfers identified in the following table, or caused them to be made, to or for the benefit of the transferees on or about the dates specified below:

Transferor	Obligor	Initial Transferee or Beneficiary	Subsequent Transferees	Transfer Date	Transaction	Transfer Amount
Enron or ENA	ENA and Enron	JPMC/ Toronto Dominion Bank and/or Toronto Dominion Texas*	Toronto Dominion Bank and/or Toronto Dominion Texas	03/01/1999	December 1998 Prepay	$2,025,193.82
Enron or ENA or ENGM	ENGM and Enron	JPMC and/or JPMSI		06/30/1999	Chase IX (fees)	$1,250,000.00
Enron or ENA	ENA and Enron	JPMC and/or JPMSI		06/29/2000	Chase X (fees)	$1,625,000.00
Enron or ENA	ENA and Enron	Fleet		12/29/2000	Chase XI (fees)	$1,072,500.00
Enron or ENA	ENA and Enron	JPMC and/or JPMSI		12/29/2000	Chase XI (fees)	$1,072,500.00
Enron or ENA	ENA and Enron	JPMC and/or JPMSI		01/03/2001	Fishtail (fees)	$500,000.00
Enron or ENA	ENA and Enron	JPMC and/or JPMSI		01/05/2001	Chase XI (fees)	$437,500.00
Enron or ENA	ENA and Enron	JPMC and/or JPMSI		09/28/2001	Chase XII (fees)	$1,000,000.00

880. The transfers identified in the foregoing table, together with any interest, fees, and other payments to or for the benefit of the transferees related to the foregoing transfers, are referred to herein as the "Chase 544 Transfers."

881. To the extent that JPMC is found to be a mere conduit of the transfers for which it is marked with an asterisk in the foregoing table, Toronto Dominion Bank and/or Toronto Dominion Texas were the initial transferees of those transfers.

882. To the extent that any of the Chase 544 Transfers are also included in Counts 15 or 16 as avoidable preferential transfers or fraudulent transfers under section 548 of the Bankruptcy

Code, those transfers are pled alternatively as fraudulent conveyances or transfers under section 544 of the Bankruptcy Code and applicable state law.

883. Enron, ENA, and/or ENGM received less than a reasonably equivalent value from the transferee in exchange for the Chase 544 Transfers.

884. The Chase 544 Transfers constitute transfers of interests in property of Enron, ENA and/or ENGM.

885. Each of the Chase 544 Transfers was made to or for the benefit of JPMC, JPMSI, Toronto Dominion Bank, Toronto Dominion Texas, or Fleet as initial transferee or beneficiary.

886. Upon information and belief, when the Chase 544 Transfers were made, Enron, ENA and/or ENGM were insolvent, or became insolvent as a result of the transfers; were engaged in business or a transaction, or were about to engage in business or a transaction, for which their remaining property was unreasonably small capital; and/or intended to incur, or believed that they would incur, debts that would be beyond their ability to pay as such debts matured.

887. The Chase 544 Transfers are avoidable as fraudulent conveyances or fraudulent transfers under section 544 of the Bankruptcy Code and applicable state law.

COUNT 18
(Recovery of the Mahonia Commodity Transfers, the Chase Principal and Interest Transfers, the Chase Purported Margin Transfers, the Mahonia/JPMC Postpetition Transfers, the Chase Preferential Transfers, the Chase 548 Transfers, and the Chase 544 Transfers)

888. The allegations in paragraphs 1 through 887 of this Complaint are incorporated herein by reference.

889. To the extent that the Mahonia Preferential Commodity Transfers, the Mahonia 548 Commodity Transfers, the Mahonia 544 Commodity Transfers, the Chase Preferential Principal and Interest Transfers, the Chase 548 Principal and Interest Transfers, the Chase 544 Principal and Interest Transfers, the Chase Preferential Purported Margin Transfers, the Chase 548 Purported

Margin Transfers, the Chase 544 Purported Margin Transfers, the Mahonia/JPMC Postpetition Transfers, the Chase Preferential Transfer, the Chase 548 Transfers and/or the Chase 544 Transfers are avoided under Bankruptcy Code sections 547, 548, 549, or 544, then, pursuant to section 550 of the Bankruptcy Code, Plaintiff may recover from the initial transferee or beneficiary, or from any immediate or mediate transferee, the property transferred, or the value of such property, for the benefit of Plaintiff's estate.

COUNT 19
(Disallowance of Claims Under Bankruptcy Code Section 502(d))

890. The allegations in paragraphs 1 through 889 of this Complaint are incorporated herein by reference.

891. By reason of the foregoing facts and pursuant to Bankruptcy Code section 502(d), the claims of Chase, the initial transferees or beneficiaries identified in paragraphs 744, 756, 769, 781, 793, 807, 824, 835, 847, 855L, 857, 867, and 879, and any immediate or mediate transferees, must be disallowed unless and until they have turned over to Plaintiff the property transferred, or paid Plaintiff the value of such property, for which they are liable under Bankruptcy Code section 550.

C. COUNTS 20 - 29 (Against Barclays Defendants)

COUNT 20
(Avoidance of the Barclays Preferential Transfers)

892. The allegations in paragraphs 1 through 891 of this Complaint are incorporated herein by reference.

893. On or within ninety (90) days before the Petition Date, Enron and/or ENA, directly or through a conduit, made the transfers identified in the following table, or caused them to be made, to or for the benefit of the transferees on or about the dates specified below:

Transferor	Obligor	Initial Transferee or Beneficiary	Subsequent Transferee(s)	Initial Transfer Date	Transaction	Transfer Amount
Enron or ENA	Enron and ENA	JGB Trust; Barclays Bank*	Barclays Bank	9/17/01	Avici	$133,657.39
Enron or ENA	Enron and ENA	Barclays Bank		9/27/01	Prepaid Oil Swap (fees)	$390,000.00
Enron or ENA	ENA and Herzeleide	Colonnade; Barclays Bank*	Barclays Bank	9/28/01	SO_2	$426,159.37
Enron or ENA	ENA	Colonnade; Barclays Metals*	Barclays Metals; Barclays Bank	9/28/01	SO_2	757,975 SO_2 Emission Credits
Enron or ENA	ENA	Barclays Bank or Barclays Capital		9/28/01	SO_2 (fees)	$692,379.15
Enron or ENA	Enron and ENA	Barclays Bank		9/28/01	SO_2	$27,132,999.00
Enron or ENA	Enron and ENA	Barclays Bank		9/28/01 - 10/31/01	SO_2 (fees)	$1,635,000.00
Enron	Enron and ENA	Barclays Bank		10/1/01	Nikita (fees)	$765,000.00
Enron or ENA	Enron and ENA	Barclays Bank or Barclays Capital		10/3/01	SO_2 (fees)	$328,294.24
Enron or ENA	Enron and ENA	JGB Trust; Barclays Bank*	Barclays Bank	10/4/01	Avici	$32,383,831.16
Enron or ENA	ENA	Colonnade; Barclays Metals*	Barclays Metals; Barclays Bank	10/4/01	SO_2	166,607 SO_2 Emission Credits
Enron or ENA	Enron	Barclays Bank		10/30/01	SO_2	$30,000,000.00
Enron or ENA	Enron	Barclays Bank		10/30/01	SO_2	$29,500,000.00
Enron or ENA	Enron and ENA	Barclays Bank or Barclays Capital		10/31/01	SO_2 (fees)	$157,620.85
Enron or ENA	Enron and ENA	Barclays Bank or Barclays Capital		10/31/01	SO_2	$10,103,294.96
Enron or ENA	ENA and Herzeleide	Colonnade; Barclays Bank*	Barclays Bank	11/01/01	SO_2	$3,305,416.02
Enron	Enron and ENA	Besson Trust; Barclays Bank*	Barclays Bank	11/06/01	Nikita	$248,333.50
Enron or ENA	Enron and ENA	Barclays Bank or Barclays Capital		11/09/01	SO_2 (fees)	$235,225.74

894. The transfers identified in the foregoing table, together with any interest, fees, and other payments to or for the benefit of the transferees related to the foregoing transfers, and the grant

of the security inerest that is the subject of Count 28A hereof, are referred to herein as the "Barclays Preferential Transfers."

895. To the extent Colonnade, Besson Trust and/or JGB Trust are found to be mere conduits of the transfers for which the initial transferees or beneficiaries are marked with an asterisk in the foregoing table, Barclays Bank or Barclays Metals was the initial transferee of those transfers and the other defendants identified in the fourth column of the table were subsequent transferees of those transfers.

896. Although some of the Barclays Preferential Transfers were related to agreements designated as "swap" agreements, these transfers were actually payments on disguised loans and the agreements were not genuine "swaps."

897. The Barclays Preferential Transfers constitute transfers of interests in property of Enron and/or ENA.

898. Each of the Barclays Preferential Transfers was made to or for the benefit of the entities listed in the third column of the foregoing table as initial transferees or beneficiaries.

899. Each of the Barclays Preferential Transfers was made to or for the benefit of a creditor for or on account of an antecedent debt owed by Enron and/or ENA before the transfer was made.

900. Upon information and belief, at the time each of the Barclays Preferential Transfers was made, Enron and/or ENA were insolvent for purposes of section 547(b) of the Bankruptcy Code.

901. Each of the Barclays Preferential Transfers enabled the transferees to receive more than they would have received if the case were a case under chapter 7 of the Bankruptcy Code, the transfers had not been made, and the transferees received payment of their debts to the extent provided by the Bankruptcy Code.

902. The Barclays Preferential Transfers are avoidable as preferences under section 547(b) of the Bankruptcy Code.

COUNT 21
(Avoidance of the Barclays 548 Transfers as Fraudulent Transfers)

903. The allegations in paragraphs 1 through 902 of this Complaint are incorporated herein by reference.

904. On or within one year before the Petition Date, Enron and/or ENA, directly or through a conduit, made the transfers identified in the following table, or caused them to be made, to or for the benefit of the transferees on or about the dates specified below:

Transferor	Obligor	Initial Transferee or Beneficiary	Subsequent Transferee(s)	Initial Transfer Date	Transaction	Transfer Amount
Enron	Enron and Enron Ventures Corp.	Barclays Bank		12/7/00	JT Holdings (fees)	$369,520.00
Enron or ENA	Enron and ENA	JGB Trust; Barclays Bank*	Barclays Bank	1/11/01	Avici	$220,641.74
Enron or ENA	Enron and ENA	JGB Trust; Barclays Bank*	Barclays Bank	2/12/01	Avici	$202,355.15
Enron or ENA	Enron and ENA	JGB Trust; Barclays Bank*	Barclays Bank	3/12/01	Avici	$169,384.23
Enron or ENA	Enron and ENA	JGB Trust; Barclays Bank*	Barclays Bank	4/12/01	Avici	$176,779.44
Enron or ENA	Enron and ENA	JGB Trust; Barclays Bank*	Barclays Bank	5/14/01	Avici	$176,073.78
Enron or ENA	Enron and ENA	JGB Trust; Barclays Bank*	Barclays Bank	6/14/01	Avici	$144,281.49
Enron or ENA	Enron and ENA	JGB Trust; Barclays Bank*	Barclays Bank	7/16/01	Avici	$144,622.93
Enron or ENA	Enron and ENA	JGB Trust; Barclays Bank*	Barclays Bank	8/16/01	Avici	$135,688.57
Enron or ENA	Enron and ENA	JGB Trust; Barclays Bank*	Barclays Bank	9/17/01	Avici	$133,657.39

Transferor	Obligor	Initial Transferee or Beneficiary	Subsequent Transferee(s)	Initial Transfer Date	Transaction	Transfer Amount
Enron or ENA	Enron and ENA	Barclays Bank		9/27/01	Prepaid Oil Swap (fees)	$390,000.00
Enron or ENA	ENA and Herzeleide	Colonnade; Barclays Bank*	Barclays Bank	9/28/01	SO_2	$426,159.37
Enron or ENA	ENA	Colonnade; Barclays Metals*	Barclays Metals; Barclays Bank	9/28/01	SO_2	757,975 SO_2 Emission credits
Enron or ENA	ENA	Barclays Bank or Barclays Capital		9/28/01	SO_2 (fees)	$692,379.15
Enron or ENA	Enron and ENA	Barclays Bank		9/28/01	SO_2	$27,132,999.00
Enron or ENA	Enron and ENA	Barclays Bank		9/28/01 - 10/31/01	SO_2 (fees)	$1,635,000.00
Enron	Enron and ENA	Barclays Bank		10/1/01	Nikita (fees)	$765,000.00
Enron or ENA	Enron and ENA	Barclays Bank or Barclays Capital		10/3/01	SO_2 (fees)	$328,294.24
Enron or ENA	Enron and ENA	JGB Trust; Barclays Bank*	Barclays Bank	10/4/01	Avici	$32,383,831.16
Enron or ENA	ENA	Colonnade; Barclays Metals*	Barclays Metals; Barclays Bank	10/4/01	SO_2	166,607 SO_2 Emission credits
Enron or ENA	Enron	Barclays Bank		10/30/01	SO_2	$30,000,000.00
Enron or ENA	Enron	Barclays Bank		10/30/01	SO_2	$29,500,000.00
Enron or ENA	Enron and ENA	Barclays Bank or Barclays Capital		10/31/01	SO_2 (fees)	$157,620.85
Enron or ENA	Enron and ENA	Barclays Bank or Barclays Capital		10/31/01	SO_2	$10,103,294.96
Enron or ENA	ENA and Herzeleide	Colonnade; Barclays Bank*	Barclays Bank	11/01/01	SO_2	$3,305,416.02
Enron	Enron and ENA	Besson Trust; Barclays Bank*	Barclays Bank	11/06/01	Nikita	$248,333.50
Enron or ENA	Enron and ENA	Barclays Bank or Barclays Capital		11/09/01	SO_2 (fees)	$235,225.74

905. The transfers identified in the foregoing table, together with any interest, fees, and other payments to or for the benefit of the transferees related to the foregoing transfers, and the grant

of the security interest that is the subject of Count 28A hereof, are referred to herein as the "Barclays 548 Transfers."

906. To the extent Colonnade, Besson Trust and/or JGB Trust are found to be mere conduits of the transfers for which the initial transferees or beneficiaries are marked with an asterisk in the foregoing table, Barclays Bank or Barclays Metals was the initial transferee of those transfers and the other defendants identified in the fourth column of the table were subsequent transferees of those transfers.

907. Although some of the Barclays 548 Transfers were related to agreements designated as "swap" agreements, these transfers were actually payments or other transfers on disguised loans and the agreements were not genuine "swaps."

908. To the extent that any of the Barclays 548 Transfers are also included in Count 20 as avoidable preferential transfers, those transfers are pled alternatively as fraudulent transfers.

909. Enron and/or ENA received less than a reasonably equivalent value from the transferees in exchange for the Barclays 548 Transfers.

910. The Barclays 548 Transfers constitute transfers of interests in property of Enron and/or ENA.

911. Each of the Barclays 548 Transfers was made to or for the benefit of the entities listed in the third column of the foregoing table as initial transferees or beneficiaries.

912. The Barclays 548 Transfers were made on or within one year before the Petition Date.

913. Upon information and belief, when the Barclays 548 Transfers were made, Enron and/or ENA were insolvent, or became insolvent as a result of the transfers; were engaged in business or a transaction, or were about to engage in business or a transaction, for which their

remaining property was an unreasonably small capital; and/or intended to incur, or believed that they would incur, debts that would be beyond their ability to pay as such debts matured.

914. The Barclays 548 Transfers are avoidable as fraudulent transfers under section 548(a)(1)(B) of the Bankruptcy Code.

COUNT 22
(Avoidance of the Barclays 544 Transfers Under Section 544 of the Bankruptcy Code and Applicable State Fraudulent Conveyance or Fraudulent Transfer Law)

915. The allegations of paragraphs 1 through 914 of this Complaint are incorporated herein by reference.

916. Pursuant to section 544(b) of the Bankruptcy Code, Plaintiff has the rights of an existing unsecured creditor of Plaintiff. Section 544(b) permits Plaintiff to assert claims and causes of action that such a creditor could assert under applicable state law.

917. Enron, ENA and/or ENGM, directly or through a conduit, made the transfers identified in the following table, or caused them to be made, to or for the benefit of the transferees on or about the dates specified below:

Transferor	Obligor	Initial Transferee or Beneficiary	Subsequent Transferee(s)	Initial Transfer Date	Transaction	Transfer Amount
Enron or ENA or ENGM	Enron and ENA	Barclays Bank		5/6/99	Roosevelt (fees)	$187,500.00
Enron or ENA or ENGM	Enron and ENA	Barclays Bank		11/17/99	Roosevelt (fees)	$62,500.00
Enron or ENA	Enron and ENA	Barclays Bank		12/16/99	Nixon (fees)	$466,000.00
Enron or ENA	Enron and ENA	Barclays Bank or Barclays Capital London	Barclays Bank	2/23/00	Yosemite II (fees)	$200,436.15
Enron or ENA	Enron and ENA	Barclays Bank		4/14/00	Nixon	$112,513,644.34
Enron or ENA	Enron and ENA	Barclays Bank		4/14/00	Nixon	$18,486,822.25
Enron	Enron and Enron Ventures Corp.	Barclays Bank		12/7/00	JT Holdings (fees)	$369,520.00

Transferor	Obligor	Initial Transferee or Beneficiary	Subsequent Transferee(s)	Initial Transfer Date	Transaction	Transfer Amount
Enron or ENA	Enron and ENA	JGB Trust; Barclays Bank*	Barclays Bank	1/11/01	Avici	$220,641.74
Enron or ENA	Enron and ENA	JGB Trust; Barclays Bank*	Barclays Bank	2/12/01	Avici	$202,355.15
Enron or ENA	Enron and ENA	JGB Trust; Barclays Bank*	Barclays Bank	3/12/01	Avici	$169,384.23
Enron or ENA	Enron and ENA	JGB Trust; Barclays Bank*	Barclays Bank	4/12/01	Avici	$176,779.44
Enron or ENA	Enron and ENA	JGB Trust; Barclays Bank*	Barclays Bank	5/14/01	Avici	$176,073.78
Enron or ENA	Enron and ENA	JGB Trust; Barclays Bank*	Barclays Bank	6/14/01	Avici	$144,281.49
Enron or ENA	Enron and ENA	JGB Trust; Barclays Bank*	Barclays Bank	7/16/01	Avici	$144,622.93
Enron or ENA	Enron and ENA	JGB Trust; Barclays Bank*	Barclays Bank	8/16/01	Avici	$135,688.57
Enron or ENA	Enron and ENA	JGB Trust; Barclays Bank*	Barclays Bank	9/17/01	Avici	$133,657.39
Enron or ENA	Enron and ENA	Barclays Bank		9/27/01	Prepaid Oil Swap (fees)	$390,000.00
Enron or ENA	ENA and Herzeleide	Colonnade; Barclays Bank*	Barclays Bank	9/28/01	SO_2	$426,159.37
Enron or ENA	ENA	Colonnade; Barclays Metals*	Barclays Metals; Barclays Bank	9/28/01	SO_2	757,975 SO_2 Emission credits
Enron or ENA	ENA	Barclays Bank or Barclays Capital		9/28/01	SO_2 (fees)	$692,379.15
Enron or ENA	Enron and ENA	Barclays Bank		9/28/01	SO_2	$27,132,999.00
Enron or ENA	Enron and ENA	Barclays Bank		9/28/01 - 10/31/01	SO_2 (fees)	$1,635,000.00
Enron	Enron and ENA	Barclays Bank		10/1/01	Nikita (fees)	$765,000.00
Enron or ENA	Enron and ENA	Barclays Bank or Barclays Capital		10/3/01	SO_2 (fees)	$328,294.24
Enron or ENA	Enron and ENA	JGB Trust; Barclays Bank*	Barclays Bank	10/4/01	Avici	$32,383,831.16

Transferor	Obligor	Initial Transferee or Beneficiary	Subsequent Transferee(s)	Initial Transfer Date	Transaction	Transfer Amount
Enron or ENA	ENA	Colonnade; Barclays Metals*	Barclays Metals; Barclays Bank	10/4/01	SO_2	166,607 SO_2 Emission credits
Enron or ENA	Enron	Barclays Bank		10/30/01	SO_2	$30,000,000.00
Enron or ENA	Enron	Barclays Bank		10/30/01	SO_2	$29,500,000.00
Enron or ENA	Enron and ENA	Barclays Bank or Barclays Capital		10/31/01	SO_2 (fees)	$157,620.85
Enron or ENA	Enron and ENA	Barclays Bank or Barclays Capital		10/31/01	SO_2	$10,103,294.96
Enron or ENA	ENA and Herzeleide	Colonnade; Barclays Bank*	Barclays Bank	11/01/01	SO_2	$3,305,416.02
Enron	Enron and ENA	Besson Trust; Barclays Bank*	Barclays Bank	11/06/01	Nikita	$248,333.50
Enron or ENA	Enron and ENA	Barclays Bank or Barclays Capital		11/09/01	SO_2 (fees)	$235,225.74

918. The transfers identified in the foregoing table, together with any interest, fees, and other payments to or for the benefit of the transferees related to the foregoing transfers, and the grant of the security interest that is the subject of Count 28A hereof, are referred to herein as the "Barclays 544 Transfers."

919. To the extent Colonnade, Besson Trust and/or JGB Trust are found to be mere conduits of the transfers for which the initial transferees or beneficiaries are marked with an asterisk in the foregoing table, Barclays Bank or Barclays Metals was the initial transferee of those transfers and the other defendants identified in the fourth column of the table were subsequent transferees of those transfers.

920. Although some of the Barclays 544 Transfers were related to agreements designated as "swap" agreements, these transfers were actually payments or other transfers on disguised loans and the agreements were not genuine "swaps."

921. To the extent that any of the Barclays 544 Transfers are also included in Counts 20 or 21 as avoidable preferential transfers or fraudulent transfers under section 548 of the Bankruptcy Code, those transfers are pled alternatively as fraudulent conveyances or transfers avoidable under section 544 of the Bankruptcy Code and applicable state law.

922. Enron, ENA and/or ENGM received less than a reasonably equivalent value from the transferees in exchange for the Barclays 544 Transfers.

923. The Barclays 544 Transfers constitute transfers of interests in property of Enron, ENA and/or ENGM.

924. Each of the Barclays 544 Transfers was made to or for the benefit of the entities listed in the third column of the foregoing table as initial transferees or beneficiaries.

925. Upon information and belief, when the Barclays 544 Transfers were made, Enron, ENA and/or ENGM were insolvent, or became insolvent as a result of the transfers; were engaged in business or a transaction, or were about to engage in business or a transaction, for which their remaining property was an unreasonably small capital; and/or intended to incur, or believed that they would incur, debts that would be beyond their ability to pay as such debts matured.

926. The Barclays 544 Transfers are avoidable as fraudulent conveyances or fraudulent transfers under section 544(b) of the Bankruptcy Code and applicable state law.

COUNT 22A
(Unjust Enrichment)

926A. The allegations of paragraphs 1 through 926 of this Complaint are incorporated herein by reference.

926B. The purported "sales" by ENA of the Emission Credits were not true sales, but were in fact and substance part of an unsecured or partially secured term loan of One Hundred Sixty-Seven million Six Hundred Thousand Dollars ($167,600,000) by Barclays to ENA.

926C. Notwithstanding the purported "sales" of the Emission Credits, ENA maintained control over the Emission Credits through, among other things, the call option held by Enron's subsidiary, Herzeleide.

926D. Notwithstanding the purported "sales" of the Emission Credits, ENA continued to bear all or substantially all of the economic risks and rewards of ownership of the Emission Credits.

926E. The economic substance of the SO_2 transactions was that Barclays bore only the credit risk of non-performance by ENA and bore no risk of loss due to ownership of the Emission Credits.

926F. Although some of the transfers identified in the tables appearing in Counts 20, 21 and 22 hereof were related to agreements designated as "swap" agreements, these transfers were actually payments on disguised loans and the agreements were not genuine "swaps."

925G. On or about July 13, 2001, Barclays was advised by its outside accountants that the off-balance sheet accounting treatment contemplated by Enron would be improper under GAAP. Barclays, therefore, knew or should have known when it subsequently entered into the SO_2 transactions that under GAAP the SO_2 transactions should have been treated as borrowings rather than sales.

926H. At the time the parties entered into the October Transaction, ENA agreed to pay certain transaction and legal fees and disbursements incurred by Barclays for arranging the transaction.

926I. Colonnade transferred all of the Emission Credits it held as a result of the September and October Transactions to Barclays Metals in six postpetition transfers between December 20, 2001 and February 23, 2002. The Emission Credits were property of Plaintiff's estate. Between February 25, 2002 and January 16, 2003, Barclays Metals sold all except 59,058 of the Emission Credits to third parties. Barclays Metals transferred the remaining 59,058 Emissions Credits to

Barclays Bank on or about November 13, 2003. Barclays Bank then sold 29,958 of the Emission Credits to third parties, some on or about November 13, 2003 and the remainder on or about June 15, 2004. Barclays Bank still holds 30,000 of the Emission Credits it obtained as a result of the September and October Transactions.

926J. For the foregoing reasons, the Court should determine, and enter an order declaring, that the Emission Credits, and any proceeds, products and profits of the Emission Credits, are property of the Plaintiff's estate under section 541(a) of the Bankruptcy Code.

926K. The Emission Credits and all of their proceeds, products and profits are property of Plaintiff's estate. Consequently, the seizure of the Emission Credits and all of their proceeds, products and profits by Barclays unjustly enriched Barclays at Plaintiff's expense. In equity and good conscience, and in accord with the provisions of the Bankruptcy Code, the Court should enter an order directing Barclays immediately to pay and turn over the Emission Credits, and all proceeds, products and profits of the Emission Credits, or the value thereof, with interest, to Plaintiff.

COUNT 23
(Turnover of Property of the Estate)

927. The allegations in paragraphs 1 through 926K of this Complaint are incorporated herein by reference.

928. Subsequent to the Petition Date, Barclays failed to account to Plaintiff for the whereabouts, disposition or application of the Barclays Deposit and the interest accrued thereon, the Emission Credits, the Excess Appropriation Amount, and the Deposited Funds posted under the 1994 ISDA Credit Support Annex (collectively, the "Collateral").

929. The Collateral is property of Plaintiff's estate.

930. Barclays is in possession, custody and/or control of the Collateral, which is of substantial value or benefit to the estate and which is property belonging to Plaintiff that may be used, sold or leased by Plaintiff.

931. To the extent that the Court determines that the Collateral, and the proceeds, products and profits of the Collateral or its sale, are property of Plaintiff's estate, then, pursuant to section 542 of the Bankruptcy Code, the Court should enter an order directing Barclays immediately to pay and turn over the Collateral, and all proceeds, products and profits of the Collateral or its sale, or the value thereof, with interest, to Plaintiff.

COUNT 24
(Violation of Automatic Stay)

932. The allegations of paragraphs 1 through 931 of this Complaint are incorporated herein by reference.

933. Subsequent to the Petition Date, Barclays exercised control over the Collateral and/or acted to dispose of the Collateral and apply the proceeds thereof to offset obligations that Barclays asserted Plaintiff owed to Barclays. Barclays' actions included, without limitation, the exercise of postpetition setoffs against the Collateral and proceeds of the Collateral.

934. The Collateral was property of Plaintiff's estate.

935. Accordingly, Barclays is in violation of the automatic stay provisions of section 362 of the Bankruptcy Code, and the Court should enter an order (a) declaring that Barclays has violated the automatic stay, (b) declaring that any and all actions taken by Barclays in violation of the automatic stay provisions of section 362 of the Bankruptcy Code are null and void *ab initio*, and (c) directing Barclays immediately to take all actions necessary to restore the parties to their relative positions as they existed on December 2, 2001.

COUNT 25
(Avoidance of Unauthorized Postpetition Transfers)

936. The allegations of paragraphs 1 through 935 of this Complaint are incorporated herein by reference.

937. Subsequent to the Petition Date, Barclays took actions to exercise control over the Collateral and/or transfer the Collateral (the "Postpetition Transfers") and apply the proceeds thereof to offset obligations that Barclays asserted Plaintiff owed to Barclays. Barclays' actions included, without limitation, the exercise of postpetition setoffs against the Collateral and proceeds of the Collateral.

938. The Collateral was property of Plaintiff's estate.

939. The Postpetition Transfers were not authorized under the Bankruptcy Code or by the Bankruptcy Court.

940. Accordingly, the Postpetition Transfers should be avoided pursuant to section 549 of the Bankruptcy Code, and Plaintiff is entitled to recover from Barclays the amount of the Postpetition Transfers plus interest from the transfer dates.

COUNT 25A
(Breach of Contract)

940A. The allegations of paragraphs 1 through 940 of this Complaint are incorporated herein by reference.

940B. By the Barclays Improper Appropriation, Barclays seized at least $48,459,635 from Plaintiff that ENA did not owe Barclays. The calculations on which Barclays purported to base its seizure of Plaintiff's funds were incorrect.

940C. Under the Charge on Cash Agreement and ISDA Master Agreement, Barclays was required to return any property that Plaintiff had posted in connection with those agreements in excess of sums that Plaintiff owed Barclays.

940D. The Barclays Improper Appropriation, by which Barclays seized at least $48,459,635 from Plaintiff that Barclays was contractually required to return, breached Barclays' contractual obligations to Plaintiff under the Charge on Cash Agreement and the ISDA Master Agreement.

940E. To the extent that Plaintiff owed Barclays any contractual duties in connection with the Charge on Cash Agreement or ISDA Master Agreement other than payment of sums for which Barclays held more than sufficient collateral, Plaintiff had performed them at the time of the Barclays Improper Appropriation.

940F. Accordingly, Plaintiff is entitled to judgment against Barclays in an amount to be proved at trial, but not less than $48,459,635 plus interest and attorneys' fees.

COUNT 25B
(Conversion)

940G. The allegations of paragraphs 1 through 940F of this Complaint are incorporated herein by reference.

940H. By the Barclays Improper Appropriation, Barclays seized at least $48,459,635 in specially segregated funds that belonged to Plaintiff and not Barclays.

940I. The Barclays Improper Appropriation intentionally and improperly interfered with Plaintiff's ownership of and/or denied Plaintiff's rights to specific property and wrongfully converted that property to Barclays' use.

940J. Accordingly, Plaintiff is entitled to judgment against Barclays in an amount to be proved at trial, but not less than $48,459,635 plus interest and attorneys' fees.

COUNT 25C
(Unjust Enrichment)

940K. The allegations of paragraphs 1 through 940J of this Complaint are incorporated herein by reference.

940L. By the Barclays Improper Appropriation, Barclays seized at least $48,459,635 from Plaintiff that ENA did not owe Barclays and that Barclays was not entitled to retain.

940M. The Barclays Improper Appropriation unjustly enriched Barclays at Plaintiff's expense. Barclays was enriched by the receipt of the Barclays Improper Appropriation, which was a benefit to Barclays gained at Plaintiff's expense. It would be unjust to allow Barclays to retain the Barclays Improper Appropriation. In equity and good conscience, and to prevent unjust enrichment, Barclays should disgorge the $48,459,635 to Plaintiff.

940N. Accordingly, Plaintiff is entitled to judgment against Barclays in an amount to be proved at trial, but not less than $48,459,635 plus interest and attorneys' fees.

COUNT 26
(Invalid and Avoidable Setoffs)

941. The allegations of paragraphs 1 through 940N of this Complaint are incorporated herein by reference.

942. The Charge on Cash Agreement, and any other agreements between Barclays and Plaintiff purporting to authorize non-mutual setoff rights are invalid, unenforceable and avoidable under applicable law, including section 553 of the Bankruptcy Code.

943. Accordingly, to the extent that the Charge on Cash Agreement or any other agreements between Barclays and Plaintiff contain provisions purporting to authorize Barclays to exercise non-mutual setoff rights, the Court should declare that these provisions are invalid and unenforceable pursuant to section 105 of the Bankruptcy Code, and any non-mutual setoffs made by Barclays should be avoided pursuant to section 553 of the Bankruptcy Code and other applicable law.

943A. Even assuming that the agreements Barclays relied on in its December 31, 2001 letter were valid and enforceable, the Barclays Improper Appropriation was not accomplished in accord

with the parties' contracts in that it was based on a miscalculation of more than $48 million in Barclays' favor. The appropriation was therefore improper and invalid, and should be declared as such and avoided pursuant to section 553 of the Bankruptcy Code and other applicable law.

COUNT 27
(Avoidable Setoffs Resulting in Improvement in Position)

944. The allegations of paragraphs 1 through 943A of this Complaint are incorporated herein by reference.

945. In the alternative to Counts 24 and 25, as of ninety (90) days prior to the Petition Date, and at all relevant times prior to and including the Petition Date, Barclays was a creditor of Plaintiff. Barclays has asserted that, at certain times within ninety (90) days of the Petition Date, it held claims against Plaintiff.

946. Within ninety (90) days prior to the Petition Date, on one or more occasions Barclays set off funds it held that were property of Plaintiff, against claims it asserts it held against Plaintiff (the "Barclays Setoffs").

947. At all times on and during the ninety (90) days immediately preceding the Petition Date, Plaintiff was insolvent for purposes of section 553(c) of the Bankruptcy Code.

948. Barclays improved its position by effecting the Barclays Setoffs because the amount of the insufficiency immediately after the Barclays Setoffs was less than the insufficiency on the later of ninety (90) days prior to the Petition Date and the first date during the ninety (90) days immediately preceding the Petition Date on which there was an insufficiency. For purposes of this Count, insufficiency means the amount by which any claims asserted by Barclays exceeded any mutual debt owing to Plaintiff by Barclays.

949. Pursuant to section 553(b) of the Bankruptcy Code, Barclays is liable for the amount by which the Barclays Setoffs enabled it to improve its credit position with respect to Plaintiff in the ninety (90) day period preceding the Petition Date.

COUNT 28
(Recovery of the Barclays Avoidable Transfers)

950. The allegations of paragraphs 1 through 949 of this Complaint are incorporated herein by reference.

951. To the extent that the Barclays Preferential Transfers, Barclays 548 Transfers, Barclays 544 Transfers, Barclays Improper Appropriation, non-mutual setoffs, Barclays Setoffs, and/or Postpetition Transfers are avoided under sections 547, 548, 544, 549 or 553(b) of the Bankruptcy Code, then, pursuant to section 550 of the Bankruptcy Code, Plaintiff may recover from the initial transferee or beneficiary, or from any immediate or mediate transferee, the property transferred, or the value of such property, for the benefit of Plaintiff's estate.

COUNT 28A
(Avoidance of Unperfected Security Interest in Emission Credits)

951A. The allegations of paragraphs 1 through 951 of this Complaint are incorporated herein by reference.

951B. Colonnade filed a Uniform Commercial Code financing statement on September 28, 2001 with the Secretary of State for the State of Delaware that refers in one place to collateral of 862,504 Emission Credits without specifying any vintage years with respect thereto, and in another place to 757,975 Emission Credits for particular vintage years.

951C. In fact, the SO_2 transactions involved 924,582 Emission Credits owned by ENA for various vintage years.

951D. Colonnade's alleged security interest in the Emission Credits was unperfected in whole or in part under applicable state law on the date of the filing of ENA's chapter 11 petition.

951E. Accordingly, Colonnade's wholly or partially unperfected security interest in the Emission Credits is avoidable pursuant to section 544 of the Bankruptcy Code, and Plaintiff is entitled to recover from Colonnade and/or Barclays the Emission Credits or the value of the Emission Credits plus interest.

COUNT 28B
(Recovery of Emission Credits for the Benefit of the Estates)

951F. The allegations of paragraphs 1 through 951E of this Complaint are incorporated herein by reference.

951G. Colonnade's wholly or partially unperfected security interest in the Emission Credits is avoidable pursuant to section 544 of the Bankruptcy Code, and accordingly, pursuant to section 550 of the Bankruptcy Code, Plaintiff may recover from the initial transferee or beneficiary, or from any immediate or mediate transferee, the property transferred, or the value of such property, for the benefit of Plaintiff's estate.

COUNT 28C
(Transfer of Lien to the Estate)

951H. The allegations of paragraphs 1 through 951G of this Complaint are incorporated herein by reference.

951I. For the reasons alleged in Count 73 of this Complaint, to the extent that Barclays is determined to have a lien on property of the Subordination Plaintiff's estate, the Court should enter an order transferring such lien to the Subordination Plaintiff's estate, pursuant to sections 510(c)(2) and 105(a) of the Bankruptcy Code.

COUNT 29
(Disallowance of Claims Under Bankruptcy Code Section 502(d))

952. The allegations of paragraphs 1 through 951I of this Complaint are incorporated herein by reference.

953. By reason of the foregoing facts and pursuant to section 502(d) of the Bankruptcy Code, the claims of Barclays, the initial transferees or beneficiaries identified in paragraphs 893, 904, 917, 928, 937, 946, 951E, and 951G, and any immediate or mediate transferees, must be disallowed unless and until they have turned over to Plaintiff the property transferred, or paid Plaintiff the value of such property, for which they are liable under sections 542, 550 and 553 of the Bankruptcy Code.

D. COUNTS 30 - 36
(Against BT/Deutsche Bank Defendants)

COUNT 30
(Avoidance of Valhalla Setoff as a Postpetition Transaction)

954. The allegations in paragraphs 1 through 953 of this Complaint are incorporated herein by reference.

955. In or about May 2000, Enron and Deutsche Bank AG entered into Project Valhalla, a financing involving a "net loan" from Deutsche Bank AG to Enron of $50 million. Deutsche Bank AG intended Valhalla to provide approximately $40 million in tax benefits annually to Deutsche Bank AG because of differences in U.S. and German tax laws.

956. In connection with the financing, Deutsche Bank AG transferred, or "loaned," $2 billion to Rheingold GmbH ("Rheingold"), an indirect German subsidiary of Enron, in return for participation rights entitling Deutsche Bank AG to distribution payments at a 7.7% rate of return.

957. Rheingold used the $2 billion loan from Deutsche Bank AG to purchase preferred stock in Risk Management & Trading Corporation ("RMTC"), an Enron affiliate. RMTC then loaned the $2 billion to Enron, which loaned $1.95 billion of that amount to Deutsche Bank AG, New York under a structured note bearing interest at a stated rate of 8.74% (the "Deutsche Bank Note"). Among other things, the Deutsche Bank Note provides that Enron may use the interest

accrued thereon to purchase derivative options from Deutsche Bank AG (the "Valhalla Derivatives").

958. In or about December 2000, Deutsche Bank AG, London was substituted as the borrower under the Deutsche Bank Note.

959. Although Enron did not receive substantial tax benefits from Project Valhalla, it did receive an "accommodation fee," which was the difference between the 7.7% interest Enron was obligated to pay on the participation rights and the 8.74% interest Enron received on the Deutsche Bank Note. This accommodation fee amounted to an annual fee to Enron in an amount between approximately $17 million and $20 million.

960. At the same time that the two countervailing loans were entered into, Deutsche Bank AG and Valhalla GmbH ("Valhalla"), another German subsidiary of Enron and the direct parent of Rheingold, entered into a put option agreement that gave Deutsche Bank AG the right to sell its participation rights in Rheingold to Valhalla upon the occurrence of certain specified events, such as a downgrade in Enron's long-term debt or credit rating (the "Put Option Agreement"). To exercise the "put," Deutsche Bank AG was required to specify a business day on which exercise of the put option "shall become effective." By the terms of the Put Option Agreement, the day so specified was required to be more than five business days after receipt of the put notice by Enron and Valhalla.

961. In the Put Option Agreement, Enron agreed to guarantee Valhalla's repurchase obligations to Deutsche Bank AG (the "Enron/Valhalla Guaranty").

962. The Put Option Agreement and the Enron/Valhalla Guaranty created two countervailing positions: Deutsche Bank AG, London's $1.95 billion obligation to Enron under the Deutsche Bank Note and Enron's $2 billion obligation to Deutsche Bank AG under the Enron/Valhalla Guaranty. The Deutsche Bank Note and the Enron/Valhalla Guaranty stated that

the parties could, under certain conditions, satisfy amounts owed under one agreement by "setting off" amounts owed under the other agreement.

963. On or about November 28, 2001, Moody's Investors Services, Inc. and Standard & Poor's Corporation downgraded Enron's credit rating to below investment grade. Deutsche Bank AG viewed this downgrade as triggering a "put occurrence" under the Put Option Agreement.

964. By letter dated November 28, 2001, Deutsche Bank AG advised Enron and Valhalla that it was exercising its put right under the Put Option Agreement. Deutsche Bank AG set the "put date" (*i.e.*, the date on which exercise of the put right "shall become effective") as December 6, 2001.

965. On or about November 29, 2001, Deutsche Bank AG sent a second letter to Enron and Valhalla. In the November 29, 2001 letter, Deutsche Bank AG stated that it was providing notice of its intention to set off Deutsche Bank AG, London's obligations under the Deutsche Bank Note by any and all amounts Enron owed or would owe to Deutsche Bank AG, including by virtue of the Enron/Valhalla Guaranty, "whether or not then due and payable and whether or not liquidated" (the "Valhalla Setoff"). Deutsche Bank AG did not specify the amount of the purported setoff in the letter, but again identified December 6, 2001 as the "settlement date" for completion of the transaction.

966. On information and belief, as of December 2, 2001, Deutsche Bank AG was aware that Enron had commenced its Chapter 11 bankruptcy case.

967. By letter dated December 5, 2001, Deutsche Bank AG advised Enron of its election to terminate an interest rate swap related to the Deutsche Bank Note that had been set forth in a confirmation dated as of May 2, 2000 (the "May 2, 2000 Swap").

968. On information and belief, as of December 2, 2001, Deutsche Bank AG had not determined what amounts Deutsche Bank AG, London owed Enron and Enron owed Deutsche Bank

AG and, therefore, had not calculated the amount of the Valhalla Setoff. Until the May 2, 2000 Swap and Valhalla Derivatives were terminated on December 6, 2001, Deutsche Bank AG lacked information necessary to determine the proper amount of the Valhalla Setoff.

969. On or about December 6, 2001, Deutsche Bank AG sent letters to Enron and to Valhalla. The letter to Enron included a spreadsheet stating that Deutsche Bank AG, London owed Enron a "settlement amount" of $3,717,357.11 based on the May 2, 2000 Swap. The letter to Valhalla stated that Valhalla owed Deutsche Bank AG $39,764,394.84 under the Put Option "after giving effect to the setoff" under the Deutsche Bank Note and the Enron/Valhalla Guaranty.

970. By letter dated December 11, 2001, Deutsche Bank AG advised Enron that Enron owed it $39,764,394.84 by virtue of the Enron/Valhalla Guaranty.

971. On or about October 15, 2002, Deutsche Bank AG filed a Proof of Claim with this Court, asserting a claim for $36,047,037.73. This claim was for the amount, in the view of Deutsche Bank AG, that Valhalla owed Deutsche Bank AG under the Put Option Agreement, minus the amount Deutsche Bank AG, London owed Enron for the May 2, 2000 Swap.

972. Deutsche Bank AG's purported setoff of Deutsche Bank AG, London's obligations under the Deutsche Bank Note did not occur prior to the Petition Date.

973. Deutsche Bank AG sought to complete the Valhalla Setoff with knowledge that Enron had already commenced its Chapter 11 bankruptcy case, and without seeking relief from the automatic stay under Bankruptcy Code section 362.

974. On information and belief, Deutsche Bank AG did not record the purported setoff on its books until the swaps and currency exchanges could be calculated, on or after December 6, 2001.

975. By completing the Valhalla Setoff after Enron commenced its chapter 11 bankruptcy case, and with knowledge of the pendency of that case, Deutsche Bank AG acted in willful violation of the automatic stay imposed by Bankruptcy Code section 362.

976. By reason of the foregoing facts, the Valhalla Setoff constitutes an improper transfer of property of Plaintiff's estate.

977. The Valhalla Setoff was an unauthorized postpetition transaction in violation of the automatic stay and, accordingly, is null, void and subject to avoidance under Bankruptcy Code section 549(a).

978. To allow Deutsche Bank AG to retain the property of Plaintiff's estate that it took to effectuate the Valhalla Setoff would prejudice other creditors and otherwise be inequitable.

COUNT 31
(Recovery of Avoided Postpetition Transfers)

979. The allegations in paragraphs 1 through 978 of this Complaint are incorporated herein by reference.

980. To the extent that the Valhalla Setoff is avoided under Bankruptcy Code section 549, then, pursuant to Bankruptcy Code section 550, Plaintiff may recover from Deutsche Bank AG, for the benefit of Plaintiff's estate, the property transferred, or the value of such property.

COUNT 32
(Avoidance of the BT/Deutsche Bank Preferential Transfers)

981. The allegations in paragraphs 1 through 980 of this Complaint are incorporated herein by reference.

982. On or within ninety (90) days before the Petition Date, Enron and/or ENA, directly or through a conduit, made the transfers identified in the following table, or caused them to be made, to or for the benefit of the transferees on or about the dates specified below:

Transferor	Obligor	Transferee	Transfer Date	Transaction	Transfer Amount
Enron	Enron	Deutsche Bank AG, New York	9/4/01	Cochise (fees)	$750,000.00
Enron	Enron	Deutsche Bank AG, New York	9/28/01	Teresa (fees)	$65,088.00

Transferor	Obligor	Transferee	Transfer Date	Transaction	Transfer Amount
Enron or ENA	Enron or ECT Investing Partners, L.P.	BT Green, Inc.	10/1/01	Steele (dividend)	$17,165.05
Enron or ENA	Enron or ECT Investing Partners, L.P.	Bankers Trust (Delaware)	10/1/01	Steele (dividend)	$25,219.44
Enron	Enron	Deutsche Bank AG, New York	11/2/01	Valhalla (interest)	$393,555.56
Enron or ENA	Enron or ECT Investing Partners, L.P.	Bankers Trust Company	11/6/01	Steele (fees)	$450,000.00

983. The transfers identified in the foregoing table, together with any interest, fees, and other payments to or for the benefit of the transferees related to the foregoing transfers, are referred to herein as the "BT/Deutsche Bank Preferential Transfers."

984. The BT/Deutsche Bank Preferential Transfers constitute transfers of interests in property of Enron.

985. Each of the BT/Deutsche Bank Preferential Transfers was made to or for the benefit of the entities listed in the third column of the foregoing table as initial transferees or beneficiaries.

986. Each of the BT/Deutsche Bank Preferential Transfers was made to or for the benefit of a creditor for or on account of an antecedent debt owed by Enron before the transfer was made.

987. Upon information and belief, at the time each of the BT/Deutsche Bank Preferential Transfers was made, Enron was insolvent for purposes of section 547(b) of the Bankruptcy Code.

988. Each of the BT/Deutsche Bank Preferential Transfers enabled the transferees to receive more than they would have received if the case were a case under chapter 7 of the Bankruptcy Code, the transfer had not been made, and the transferees received payment of their debts to the extent provided by the Bankruptcy Code.

989. The BT/Deutsche Bank Preferential Transfers are avoidable as preferences under section 547(b) of the Bankruptcy Code.

COUNT 33
(Avoidance of the BT/Deutsche Bank 548 Transfers as Fraudulent Transfers)

990. The allegations in paragraphs 1 through 989 of this Complaint are incorporated herein by reference.

991. On or within one year before the Petition Date, Enron and/or ENA, directly or through a conduit made the transfers identified in the following table, or caused them to be made, to or for the benefit of the transferees on or about the dates specified below:

Transferor	Obligor	Transferee	Transfer Date	Transaction	Transfer Amount
Enron	Enron	Deutsche Bank AG, New York	12/29/00	Teresa (fees)	$1,418,844.00
Enron	Enron	Deutsche Bank AG, New York	12/29/00	Tomas (fees)	$625,000.00
Enron or ENA	Enron or ECT Investing Partners, L.P.	BT Green, Inc.	1/2/01	Steele (dividend)	$40,051.78
Enron or ENA	Enron or ECT Investing Partners, L.P.	Bankers Trust (Delaware)	1/2/01	Steele (dividend)	$58,845.36
Enron or ENA	Enron or ECT Investing Partners, L.P.	Bankers Trust Company	1/31/01	Steele (fees)	$450,000.00
Enron	Enron	Deutsche Bank AG, New York	2/2/01	Valhalla (interest)	$788,388.89
Enron	Enron	Deutsche Bank AG, New York	3/1/01	Cochise (fees)	$750,000.00
Enron	Enron	Deutsche Bank AG, London	3/5/01	Yosemite II	$9,082.22
Enron or ENA	Enron or ECT Investing Partners, L.P.	BT Green, Inc.	3/30/01	Steele (dividend)	$31,017.54
Enron or ENA	Enron or ECT Investing Partners, L.P.	Bankers Trust (Delaware)	3/30/01	Steele (dividend)	$45,571.97
Enron or ENA	Enron or ECT Investing Partners, L.P.	Bankers Trust Company	4/30/01	Steele (fees)	$450,000.00
Enron	Enron	Deutsche Bank AG, New York	5/1/01	Teresa (fees)	$65,087.00
Enron	Enron	Deutsche Bank AG, New York	5/2/01	Valhalla (interest)	$597,196.18
Enron	Enron	Deutsche Bank AG, New York	6/1/01	Cochise (fees)	$750,000.00

Transferor	Obligor	Transferee	Transfer Date	Transaction	Transfer Amount
Enron	Enron	Deutsche Bank AG, New York	6/29/01	Teresa (fees)	$65,087.00
Enron or ENA	Enron or ECT Investing Partners, L.P.	BT Green, Inc.	7/3/01	Steele (dividend)	$24,332.21
Enron or ENA	Enron or ECT Investing Partners, L.P.	Bankers Trust (Delaware)	7/3/01	Steele (dividend)	$35,749.66
Enron or ENA	Enron or ECT Investing Partners, L.P.	Bankers Trust Company	7/31/01	Steele (fees)	$450,000.00
Enron	Enron	Deutsche Bank AG, New York	8/2/01	Valhalla (interest)	$478,687.50
Enron	Enron	Deutsche Bank AG, New York	9/4/01	Cochise (fees)	$750,000.00
Enron	Enron	Deutsche Bank AG, New York	9/28/01	Teresa (fees)	$65,088.00
Enron or ENA	Enron or ECT Investing Partners, L.P.	BT Green, Inc.	10/1/01	Steele (dividend)	$17,165.05
Enron or ENA	Enron or ECT Investing Partners, L.P.	Bankers Trust (Delaware)	10/1/01	Steele (dividend)	$25,219.44
Enron	Enron	Deutsche Bank AG, New York	11/2/01	Valhalla (interest)	$393,555.56
Enron or ENA	Enron or ECT Investing Partners, L.P.	Bankers Trust Company	11/6/01	Steele (fees)	$450,000.00

992. The transfers identified in the foregoing table, together with any interest, fees, and other payments to the transferees related to the foregoing transfers, are referred to herein as the "BT/Deutsche Bank 548 Transfers."

993. To the extent that any of the BT/Deutsche Bank 548 Transfers are also included in Count 32 as avoidable preferential transfers, those transfers are pled alternatively as fraudulent transfers.

994. Enron and/or ENA received less than a reasonably equivalent value from the transferees in exchange for the BT/Deutsche Bank 548 Transfers.

995. The BT/Deutsche Bank 548 Transfers constitute transfers of interests in property of Enron and/or ENA.

996. Each of the BT/Deutsche Bank 548 Transfers was made to or for the benefit of the entities listed in the third column of the foregoing table as initial transferees or beneficiaries.

997. The BT/Deutsche Bank 548 Transfers were made on or within one year before the Petition Date.

998. Upon information and belief, when the BT/Deutsche Bank 548 Transfers were made, Enron and/or ENA were insolvent, or became insolvent as a result of the transfers; were engaged in business or a transaction, or were about to engage in business or a transaction, for which their remaining property was unreasonably small capital; and/or intended to incur or believed that they would incur debts that would be beyond their ability to pay as such debts matured.

999. The BT/Deutsche Bank 548 Transfers are avoidable as fraudulent transfers under section 548(a)(1)(B) of the Bankruptcy Code.

COUNT 34
(Avoidance of the BT/Deutsche Bank 544 Transfers Under Section 544 of the Bankruptcy Code and Applicable State Fraudulent Conveyance or Fraudulent Transfer Law)

1000. The allegations in paragraphs 1 through 999 of this Complaint are incorporated herein by reference.

1001. Pursuant to Bankruptcy Code section 544(b), Plaintiff has the rights of an existing unsecured creditor of Plaintiff. Section 544(b) permits Plaintiff to assert claims and causes of action that such a creditor could assert under applicable state law.

1002. Enron and/or ENA, directly or through a conduit, made the transfers identified in the following table, or caused them to be made, to or for the benefit of the transferees on or about the dates specified below:

Transferor	Obligor	Transferee	Transfer Date	Transaction	Transfer Amount
Enron	ECT Investments Holding Corp.	BT Ever, Inc.	1/28/99	Cochise	$44,046,885.85
Enron	Enron	BT Green, Inc.	1/28/99	Cochise	$24,798,594.21
Enron	Enron or ECT Investing Partners L.P.	Bankers Trust Company	1/29/99	Steele (fees)	$450,000.00
Enron	Enron	Bankers Trust Company	3/31/99	Tomas (fees)	$625,000.00
Enron or ENA	Enron or ECT Investing Partners, L.P.	BT Green, Inc.	4/1/99	Steele (dividend)	$31,619.82
Enron or ENA	Enron or ECT Investing Partners, L.P.	Bankers Trust (Delaware)	4/1/99	Steele (dividend)	$46,456.86
Enron or ENA	Enron or ECT Investing Partners, L.P.	Bankers Trust Company	4/30/99	Steele (fees)	$450,000.00
Enron	Enron	Bankers Trust Company	6/30/99	Tomas (fees)	$625,000.00
Enron or ENA	Enron or ECT Investing Partners, L.P.	BT Green, Inc.	6/30/99	Steele (dividend)	$33,592.30
Enron or ENA	Enron or ECT Investing Partners, L.P.	Bankers Trust (Delaware)	6/30/99	Steele (dividend)	$49,354.89
Enron or ENA	Enron or ECT Investing Partners, L.P.	Bankers Trust Company	7/30/99	Steele (fees)	$450,000.00
Enron	Enron	Deutsche Bank AG, New York	9/1/99	Cochise (fees)	$5,250,000.00
Enron	Enron	Deutsche Bank AG, New York	9/30/99	Tomas (fees)	$625,000.00
Enron or ENA	Enron or ECT Investing Partners, L.P.	BT Green, Inc.	9/30/99	Steele (dividend)	$34,661.35
Enron or ENA	Enron or ECT Investing Partners, L.P	Bankers Trust (Delaware)	9/30/99	Steele (dividend)	$50,925.57
Enron or ENA	Enron or ECT Investing Partners, L.P.	Bankers Trust Company	10/29/99	Steele (fees)	$450,000.00
Enron	Enron or ECT Investments Holding Corp.	Bankers Trust Company	10/29/99	Cochise (fees)	$2,648,813.15
Enron	Enron	Deutsche Bank AG, New York	12/1/99	Cochise (fees)	$750,000.00
Enron	Enron	Deutsche Bank AG, New York	12/30/99	Teresa (fees)	$1,025,000.00

Transferor	Obligor	Transferee	Transfer Date	Transaction	Transfer Amount
Enron	Enron	Deutsche Bank AG, New York	12/30/99	Tomas (fees)	$625,000.00
Enron or ENA	Enron or ECT Investing Partners, L.P.	BT Green, Inc.	12/30/99	Steele (dividend)	$38,726.76
Enron or ENA	Enron or ECT Investing Partners, L.P.	Bankers Trust (Delaware)	12/30/99	Steele (dividend)	$56,898.60
Enron or ENA	Enron or ECT Investing Partners, L.P.	Bankers Trust Company	2/2/00	Steele (fees)	$450,000.00
Enron	Enron	Bankers Trust, London	2/23/00	Yosemite II (fees)	$7,000.00
Enron	Enron	Bankers Trust, London	2/23/00	Yosemite II (fees)	GBP 11,125,000.00
Enron	Enron	Deutsche Bank AG, New York	3/1/00	Cochise (fees)	$750,000.00
Enron	Enron	Bankers Trust Company	3/20/00	Yosemite II (fees)	$2,500.00
Enron	Enron	Deutsche Bank AG, New York	3/31/00	Tomas (fees)	$625,000.00
Enron or ENA	Enron or ECT Investing Partners, L.P.	BT Green, Inc.	3/31/00	Steele (dividend)	$39,329.04
Enron or ENA	Enron or ECT Investing Partners, L.P.	Bankers Trust (Delaware)	3/31/00	Steele (dividend)	$57,783.49
Enron	Enron	Deutsche Bank Luxembourg S.A.	4/12/00	Yosemite II (fees)	$9,168.30
Enron or ENA	Enron or ECT Investing Partners, L.P.	Bankers Trust Company	4/28/00	Steele (fees)	$450,000.00
Enron	Enron	Deutsche Bank AG, New York	5/2/00	Valhalla (loan)	$960,000,000.00
Enron	Enron	Deutsche Bank AG, New York	5/2/00	Valhalla (loan)	$990,000,000.00
Enron	Enron	Deutsche Bank AG, New York	6/1/00	Cochise (fees)	$750,000.00
Enron	Enron	Deutsche Bank AG, New York	6/30/00	Tomas (fees)	$625,000.00
Enron or ENA	Enron or ECT Investing Partners, L.P.	BT Green, Inc.	6/30/00	Steele (dividend)	$42,340.45
Enron or ENA	Enron or ECT Investing Partners, L.P.	Bankers Trust (Delaware)	6/30/00	Steele (dividend)	$62,207.95
Enron	Enron	Deutsche Bank AG, New York	8/2/00	Valhalla (interest)	$741,270.83

Transferor	Obligor	Transferee	Transfer Date	Transaction	Transfer Amount
Enron or ENA	Enron or ECT Investing Partners, L.P.	Bankers Trust Company	8/2/00	Steele (fees)	$450,000.00
Enron	Enron	Deutsche Bank AG, New York	9/1/00	Cochise (fees)	$750,000.00
Enron	Enron	Deutsche Bank AG, New York	9/29/00	Tomas (fees)	$625,000.00
Enron or ENA	Enron or ECT Investing Partners, L.P.	BT Green, Inc.	10/2/00	Steele (dividend)	$41,617.71
Enron or ENA	Enron or ECT Investing Partners, L.P.	Bankers Trust (Delaware)	10/2/00	Steele (dividend)	$61,146.08
Enron or ENA	Enron or ECT Investing Partners, L.P.	Bankers Trust Company	10/31/00	Steele (fees)	$450,000.00
Enron	Enron	Deutsche Bank AG, New York	11/2/00	Valhalla (interest)	$783,518.00
Enron	Enron	Deutsche Bank AG, New York	12/1/00	Cochise (fees)	$750,000.00
Enron	Enron	Deutsche Bank AG, New York	12/29/00	Teresa (fees)	$1,418,844.00
Enron	Enron	Deutsche Bank AG, New York	12/29/00	Tomas (fees)	$625,000.00
Enron or ENA	Enron or ECT Investing Partners, L.P.	BT Green, Inc.	1/2/01	Steele (dividend)	$40,051.78
Enron or ENA	Enron or ECT Investing Partners, L.P.	Bankers Trust (Delaware)	1/2/01	Steele (dividend)	$58,845.36
Enron or ENA	Enron or ECT Investing Partners, L.P.	Bankers Trust Company	1/31/01	Steele (fees)	$450,000.00
Enron	Enron	Deutsche Bank AG, New York	2/2/01	Valhalla (interest)	$788,388.89
Enron	Enron	Deutsche Bank AG, New York	3/1/01	Cochise (fees)	$750,000.00
Enron	Enron	Deutsche Bank AG, London	3/5/01	Yosemite II	$9,082.22
Enron or ENA	Enron or ECT Investing Partners, L.P.	BT Green, Inc.	3/30/01	Steele (dividend)	$31,017.54
Enron or ENA	Enron or ECT Investing Partners, L.P.	Bankers Trust (Delaware)	3/30/01	Steele (dividend)	$45,571.97
Enron or ENA	Enron or ECT Investing Partners, L.P.	Bankers Trust Company	4/30/01	Steele (fees)	$450,000.00

Transferor	Obligor	Transferee	Transfer Date	Transaction	Transfer Amount
Enron	Enron	Deutsche Bank AG, New York	5/1/01	Teresa (fees)	$65,087.00
Enron	Enron	Deutsche Bank AG, New York	5/2/01	Valhalla (interest)	$597,196.18
Enron	Enron	Deutsche Bank AG, New York	6/1/01	Cochise (fees)	$750,000.00
Enron	Enron	Deutsche Bank AG, New York	6/29/01	Teresa (fees)	$65,087.00
Enron or ENA	Enron or ECT Investing Partners, L.P.	BT Green, Inc.	7/3/01	Steele (dividend)	$24,332.21
Enron or ENA	Enron or ECT Investing Partners, L.P.	Bankers Trust (Delaware)	7/3/01	Steele (dividend)	$35,749.66
Enron or ENA	Enron or ECT Investing Partners, L.P.	Bankers Trust Company	7/31/01	Steele (fees)	$450,000.00
Enron	Enron	Deutsche Bank AG, New York	8/2/01	Valhalla (interest)	$478,687.50
Enron	Enron	Deutsche Bank AG, New York	9/4/01	Cochise (fees)	$750,000.00
Enron	Enron	Deutsche Bank AG, New York	9/28/01	Teresa (fees)	$65,088.00
Enron or ENA	Enron or ECT Investing Partners, L.P.	BT Green, Inc.	10/1/01	Steele (dividend)	$17,165.05
Enron or ENA	Enron or ECT Investing Partners, L.P.	Bankers Trust (Delaware)	10/1/01	Steele (dividend)	$25,219.44
Enron	Enron	Deutsche Bank AG, New York	11/2/01	Valhalla (interest)	$393,555.56
Enron or ENA	Enron or ECT Investing Partners, L.P.	Bankers Trust Company	11/6/01	Steele (fees)	$450,000.00

1003. The transfers identified in the foregoing table, together with any interest, fees, and other payments to the transferees related to the foregoing transfers, are referred to herein as the "BT/Deutsche Bank 544 Transfers."

1004. To the extent that any of the BT/Deutsche Bank 544 Transfers are also included in Counts 32 or 33 as avoidable preferential transfers or fraudulent transfers under section 548 of the Bankruptcy Code, those transfers are pled alternatively as fraudulent conveyances or transfers avoidable under section 544 of the Bankruptcy Code and applicable state law.

1005. Enron and/or ENA received less than a reasonably equivalent value from the transferees in exchange for the BT/Deutsche Bank 544 Transfers.

1006. The BT/Deutsche Bank 544 Transfers constitute transfers of interest in property of Enron and/or ENA

1007. Each of the BT/Deutsche Bank 544 Transfers was made to or for the benefit of the entities listed in the third column of the foregoing table as initial transferees or beneficiaries.

1008. Upon information and belief, when the BT/Deutsche Bank 544 Transfers were made, Enron and/or ENA were insolvent, or became insolvent as a result of the transfers; were engaged in business or a transaction, or were about to engage in business or a transaction, for which their remaining property was unreasonably small capital; and/or intended to incur, or believed that they would incur, debts that would be beyond their ability to pay as such debts matured.

1009. The BT/Deutsche Bank 544 Transfers are avoidable as fraudulent conveyances or fraudulent transfers under section 544(b) of the Bankruptcy Code and applicable state law.

COUNT 35
(Recovery of the BT/Deutsche Bank Preferential Transfers, the BT/Deutsche Bank 548 Transfers, and the BT/Deutsche Bank 544 Transfers)

1010. The allegations in paragraphs 1 through 1009 of this Complaint are incorporated herein by reference.

1011. To the extent that the BT/Deutsche Bank Preferential Transfers, BT/Deutsche Bank 548 Transfers or BT/Deutsche Bank 544 Transfers are avoided under Bankruptcy Code sections 547, 548 or 544, then, pursuant to Bankruptcy Code section 550, Plaintiff may recover from the initial transferee or beneficiary, or from any immediate or mediate transferee, the property transferred, or the value of such property, for the benefit of Plaintiff's estate.

COUNT 36
(Disallowance of Claims Under Bankruptcy Code Section 502(d))

1012. The allegations in paragraphs 1 through 1011 of this Complaint are incorporated herein by reference.

1013. By reason of the foregoing facts and pursuant to Bankruptcy Code section 502(d), the claims of BT/Deutsche Bank, the initial transferees or beneficiaries identified in paragraphs 982, 991, and 1002, and any immediate or mediate transferees, must be disallowed unless and until they have turned over to Plaintiff the property transferred, or paid Plaintiff the value of such property, for which they are liable under Bankruptcy Code section 550.

E. COUNTS 37 - 41
(Against CIBC Defendants)

COUNT 37
(Avoidance of the CIBC Preferential Transfers)

1014. Not Used.

1015. Not Used.

1016. Not Used.

1017. Not Used.

1018. Not Used.

1019. Not Used.

1020. Not Used.

1021. Not Used.

1022. Not Used.

1023. Not Used.

COUNT 38
(Avoidance of the CIBC 548 Transfers as Fraudulent Transfers)

1024. Not Used.

1025. Not Used.

1026. Not Used.

1027. Not Used.

1028. Not Used.

1029. Not Used.

1030. Not Used.

1031. Not Used.

1032. Not Used.

1033. Not Used.

1034. Not Used.

COUNT 39
(Avoidance of the CIBC 544 Transfers Under Section 544 of the Bankruptcy Code and Applicable State Fraudulent Conveyance or Fraudulent Transfer Law)

1035. The allegations in paragraphs 1 through 1034 of this Complaint are incorporated herein by reference.

1036. Pursuant to Bankruptcy Code section 544(b), Plaintiff has the rights of an existing unsecured creditor of Plaintiff. Section 544(b) permits Plaintiff to assert claims and causes of action that such a creditor could assert under applicable state law.

1037. Enron, ENA, ACFI, Enron International, ECTMI, EESO and/or Enron Broadband, directly or through a conduit, made the transfers identified in the following table or caused them to be made, to or for the benefit of CIBC on or about the dates specified below:

Transferor	Obligor	Initial Transferee or Beneficiary	Subsequent Transferee	Initial Transfer Date	Transaction	Transfer Amount
Enron or ENA or ACFI	Enron and ACFI	CIBC		1/13/99	Project Pilgrim/Trakya (term loan interest)	$169,440.79
Enron or ENA	Enron	CIBC		1/13/99	Project Pilgrim/Sarlux (term loan interest)	$815,228.61
Enron or ENA or ACFI	Enron and ACFI	CIBC		1/22/99	Project Pilgrim/Trakya (term loan interest)	$159.46
Enron or ENA	Enron	CIBC		1/22/99	Project Pilgrim/Sarlux (term loan interest)	$767.22
Enron or ENA	Enron	CIBC		2/3/99	Project Pilgrim/Sarlux (term loan interest)	$1,452,951.21
Enron or ENA or ACFI	Enron and ACFI	CIBC		3/5/99	Project Pilgrim/Trakya (term loan interest)	$418,646.96
Enron or ENA	Enron	CIBC		3/5/99	Project Pilgrim/Sarlux (term loan interest)	$1,327,694.04
Enron or ENA or ACFI	Enron and ACFI	CIBC		4/6/99	Project Pilgrim/Trakya (term loan interest)	$439,355.56
Enron or ENA	Enron	CIBC		4/6/99	Project Pilgrim/Sarlux (term loan interest)	$1,524,822.22
Enron or ENA or ACFI	Enron and ACFI	CIBC		5/6/99	Project Pilgrim/Trakya (term loan interest)	$409,217.63
Enron or ENA	Enron	CIBC		5/6/99	Project Pilgrim/Sarlux (term loan interest)	$1,420,225.88
Enron or ENA or ACFI	Enron and ACFI	CIBC		6/7/99	Project Pilgrim/Trakya (term loan interest)	$434,727.78

Transferor	Obligor	Initial Transferee or Beneficiary	Subsequent Transferee	Initial Transfer Date	Transaction	Transfer Amount
Enron or ENA	Enron	CIBC		6/7/99	Project Pilgrim/Sarlux (term loan interest)	$1,508,761.11
Enron or ENA or ACFI	Enron and ACFI	CIBC		6/25/99	Project Pilgrim/Trakya (term loan interest)	$245,968.74
Enron or ENA	Enron	CIBC		6/25/99	Project Pilgrim/Sarlux (term loan interest)	$853,656.25
Enron or ENA or Enron International	Enron and Enron International	CIBC		6/25/99	Project Leftover (arrangement and upfront fees)	$336,300.00
Enron or ENA or ECTMI	Enron	CIBC		6/28/99	Project Pilgrim/Sarlux (term loan principal)	$295,000,000.00
Enron or ENA	Enron and ENA	CIBC		6/29/99	Project Nimitz (upfront fee)	$1,600,000.00
Enron or ENA or Enron International	Enron and ENA	CIBC		7/20/99	Project Nimitz (fees)	$229,013.16
Enron or ENA or ACFI	Enron and ACFI	CIBC		9/30/99	Project Pilgrim/Trakya (repayment of term loan and interest)	$86,331,865.24
Enron or ENA	Enron and ENA	Whitewing*	CIBC	9/30/99	Project Nimitz (term loan principal)	$350,385,854.93
Enron or ENA or Enron International	ENA and Enron International	Whitewing*	CIBC	10/25/99	Project Leftover (term loan principal)	$100,499,731.28
Enron or Enron Broadband	Enron and Enron Broadband	CIBC		12/23/99	Project Ghost (structure and commitment fees)	$1,137,500.00
Enron or ENA or EESO or ECTMI	Enron and EESO	CIBC		12/29/99	Project Alchemy (arrangement fee)	$225,000.00
Enron or ENA or ECTMI	ENA and Enron	CIBC		12/31/99	Project Discovery (arrangement fee)	$1,075,972.00

Transferor	Obligor	Initial Transferee or Beneficiary	Subsequent Transferee	Initial Transfer Date	Transaction	Transfer Amount
Enron or ENA or ECTMI	ENA and Enron	CIBC		12/31/99	Project Discovery (structure fee)	$82,000.00
Enron or ENA or ECTMI	ENA and Enron	CIBC		12/31/99	Project Discovery (underwriting fee)	$189,600.00
Enron or Enron Broadband	Enron and Enron Broadband	CIBC		1/24/00	Project Ghost (term loan interest)	$1,643,333.33
Enron or ENA or ECTMI	ENA and Enron	Santa Maria LLC*	CIBC	1/31/00	Project Discovery (yield payment)	$782,592.63
Enron or ENA or ECTMI	ENA and Enron	Santa Maria LLC*	CIBC	2/29/00	Project Discovery (equity purchase)	$4,202,500.00
Enron or ENA or ECTMI	ENA and Enron	Santa Maria LLC*	CIBC	2/29/00	Project Discovery (repayment of term loan and interest)	$127,064,899.11
Enron or Enron Broadband	Enron and Enron Broadband	CIBC		3/21/00	Project Ghost (term loan principal and interest)	$257,741,462.50
Enron or Enron Broadband	Enron and Enron Broadband	CIBC		3/22/00	Project Ghost (breakage fees and $100 equity)	$11,136.81
Enron or Enron Broadband	Enron and Enron Broadband	CIBC		4/10/00	Project Specter (principal, interest, yield and equity payment)	$125,289,137.50
Enron or ENA or EESO	Enron and EESO	LLC Interest Holdings 1*	CIBC	6/15/00	Project Alchemy (term loan interest)	$354,942.60

1038. The transfers identified in the foregoing table, together with any interest, fees, and other payments to the transferees related to the foregoing transfers, are referred to herein as the "CIBC 544 Transfers."

1038A. To the extent Whitewing, Santa Maria LLC or LLC Interest Holdings 1 are found to be mere conduits of the transfers for which they are marked with an asterisk in the foregoing table, CIBC was the initial transferee of those transfers.

1039. Although some of the CIBC 544 Transfers were related to agreements designated as "swap" agreements, these Transfers were actually payments on disguised loans and the agreements were not genuine "swaps."

1040. To the extent that any of the CIBC 544 Transfers are also included in Counts 37 or 38 as avoidable preferential transfers or fraudulent transfers under section 548 of the Bankruptcy Code, those transfers are pled alternatively as fraudulent conveyances or transfers avoidable under section 544 of the Bankruptcy Code and applicable state law.

1041. Enron, ENA, ACFI, Enron International, ECTMI, ESSO and/or Enron Broadband received less than a reasonably equivalent value from CIBC in exchange for the CIBC 544 Transfers.

1042. The CIBC 544 Transfers constitute transfers of interests in property of Enron, ENA, ACFI, Enron International, ECTMI, EESO and/or Enron Broadband.

1043. Each of the CIBC 544 Transfers was made to or for the benefit of CIBC.

1044. Upon information and belief, when the CIBC 544 Transfers were made, Enron, ENA, ACFI, Enron International, ECTMI, EESO and/or Enron Broadband were insolvent, or became insolvent as a result of the transfers; were engaged in business or a transaction, or were about to engage in business or a transaction, for which their remaining property was unreasonably small capital; and/or intended to incur, or believed that they would incur, debts that would be beyond their ability to pay as such debts matured.

1045. The CIBC 544 Transfers are avoidable as fraudulent conveyances or fraudulent transfers under section 544(b) of the Bankruptcy Code and applicable state law.

COUNT 40
(Recovery of the CIBC 544 Transfers)

1046. The allegations in paragraphs 1 through 1045 of this Complaint are incorporated herein by reference.

1047. To the extent that the CIBC 544 Transfers are avoided under Bankruptcy Code section 544, then, pursuant to Bankruptcy Code section 550, Plaintiff may recover from the initial transferee or beneficiary, or from any immediate or mediate transferee, the property transferred, or the value of such property, for the benefit of Plaintiff's estate.

COUNT 41
(Disallowance of Claims Under Bankruptcy Code Section 502(d))

1048. The allegations in paragraphs 1 through 1047 of this Complaint are incorporated herein by reference.

1049. By reason of the foregoing facts and pursuant to Bankruptcy Code section 502(d), the claims of CIBC, the initial transferees or beneficiaries identified in paragraph 1037, and any immediate or mediate transferees, must be disallowed unless and until they have turned over to Plaintiff the property transferred, or paid Plaintiff the value of such property, for which they are liable under Bankruptcy Code section 550.

F. COUNTS 42 - 44
(Against Merrill Lynch Defendants)

COUNT 42
(Avoidance of the Merrill Lynch 544 Transfers
Under Section 544 of the Bankruptcy Code and Applicable
State Fraudulent Conveyance or Fraudulent Transfer Law)

1050. The allegations of paragraphs 1 through 1049 of this Complaint are incorporated herein by reference.

1051. Pursuant to Bankruptcy Code section 544(b), Plaintiff has the rights of an existing unsecured creditor of Plaintiff. Section 544(b) permits Plaintiff to assert claims and causes of action that such a creditor could assert under applicable state law.

1052. Enron, EPMI, ACFI and/or ENA, directly or through a conduit, made the transfers identified in the following table, or caused them to be made, to or for the benefit of the transferees on or about the dates specified below:

Transferor	Obligor	Initial Transferee or Beneficiary	Transfer Date	Transaction	Transfer Amount
Enron or ACFI	Enron	Merrill Lynch, Pierce, Fenner & Smith Inc.	1/4/2000	Nigerian Barges (advisory fee)	$250,000.00
ENA or Enron	Enron and EPMI	Merrill Lynch Capital Services	7/10/2000	1999 Electricity Trades (termination payment)	$8,500,000.00

1053. The transfers identified in the foregoing table, together with any interest, fees, and other payments to the transferees related to the foregoing transfers, are referred to herein as the "Merrill Lynch 544 Transfers."

1054. Enron, EPMI, ACFI and/or ENA received less than a reasonably equivalent value from the transferees in exchange for the Merrill Lynch 544 Transfers.

1055. The Merrill Lynch 544 Transfers constitute transfers of interests in property of Enron, EPMI, ACFI and/or ENA.

1056. Each of the Merrill Lynch 544 Transfers was made to or for the benefit of the entities listed in the third column of the foregoing table as initial transferees or beneficiaries.

1057. Upon information and belief, when the Merrill Lynch 544 Transfers were made, Enron, EPMI, ACFI and/or ENA were insolvent, or became insolvent as a result of the transfers; were engaged in business or a transaction, or were about to engage in business or a transaction, for which their remaining property was an unreasonably small capital; and/or intended to incur, or

believed that they would incur, debts that would be beyond their ability to pay as such debts matured.

1058. The Merrill Lynch 544 Transfers are avoidable as fraudulent conveyances or fraudulent transfers under section 544(b) of the Bankruptcy Code.

COUNT 43
(Recovery of the Merrill Lynch 544 Transfers)

1059. The allegations of paragraphs 1 through 1058 of this Complaint are incorporated herein by reference.

1060. To the extent that the Merrill Lynch 544 Transfers are avoided under Bankruptcy Code section 544, then, pursuant to Bankruptcy Code section 550, Plaintiff may recover from the initial transferee or beneficiary, or from any immediate or mediate transferee, the property transferred, or the value of such property, for the benefit of Plaintiff's estate.

COUNT 44
(Disallowance of Claims Under Bankruptcy Code Section 502(d))

1061. The allegations of paragraphs 1 through 1060 of this Complaint are incorporated herein by reference.

1062. By reason of the foregoing facts and pursuant to Bankruptcy Code section 502(d), the claims of Merrill Lynch, the initial transferees or beneficiaries identified in paragraph 1052, and any immediate or mediate transferees, must be disallowed unless and until they have turned over to Plaintiff the property transferred, or paid Plaintiff the value of such property, for which they are liable under Bankruptcy Code section 550.

G. COUNTS 45 - 49 (Against CSFB Defendants)

COUNT 45
(Avoidance of the CSFB Preferential Transfers)

1063. The allegations in paragraphs 1 through 1062 of this Complaint are incorporated herein by reference.

1064. On or within ninety (90) days before the Petition Date, Enron, ENA, and/or Enron Energy Services, directly or through a conduit, made the transfers identified in the following table, or caused them to be made, to or for the benefit of the transferees on or about the dates specified below:

Transferor	Obligor	Initial Transferee or Beneficiary	Transfer Date	Transaction	Transfer Amount
Enron or ENA	Enron and ENA	CSFB Int'l	9/26/01	Prepaid Oil Swap	$153,945,728.06
Enron or ENA	Enron and ENA	CSFB Int'l	9/28/01	Prepaid Oil Swap (structuring fee)	$375,000.00
Enron or ENA	Enron and ENA	CSFB	9/28/01	Nile (fee)	$75,000.00
Enron or ENA or Enron Energy Services	Enron or ENA or Enron Energy Services	CSFB	9/28/01	Nile (agency and participation fees)	$75,000.00
Enron or ENA	Enron and/or ENA	CSFB	9/28/01	Nikita (fee)	$1,000,000.00
Enron	Enron	CSFB	10/3/01	Summer (expenses)	$1,350,000.00

1065. The transfers identified in the foregoing table, together with any interest, fees, and other payments to or for the benefit of the transferees related to the foregoing transfers, are referred to herein as the "CSFB Preferential Transfers."

1066. Not Used.

1067. Although some of the CSFB Preferential Transfers were related to agreements designated as "swap" agreements, these transfers were actually payments on disguised loans and the agreements were not genuine "swaps."

1068. The CSFB Preferential Transfers constitute transfers of interests in property of Enron, ENA, and/or Enron Energy Services.

1069. Each of the CSFB Preferential Transfers was made to or for the benefit of the entities listed in the third column of the foregoing table as initial transferees or beneficiaries.

1070. Each of the CSFB Preferential Transfers was made to or for the benefit of a creditor for or on account of an antecedent debt owed by Enron, ENA and/or Enron Energy Services before the transfer was made.

1071. Upon information and belief, at the time each of the CSFB Preferential Transfers was made, Enron, ENA and/or Enron Energy Services were insolvent for purposes of section 547(b) of the Bankruptcy Code.

1072. Each of the CSFB Preferential Transfers enabled the transferees to receive more than they would have received if the case were a case under chapter 7 of the Bankruptcy Code, the transfers had not been made, and the transferees received payment of their debts to the extent provided by the Bankruptcy Code.

1073. The CSFB Preferential Transfers are avoidable as preferences under section 547(b) of the Bankruptcy Code.

COUNT 46
(Avoidance of the CSFB 548 Transfers as Fraudulent Transfers)

1074. The allegations in paragraphs 1 through 1073 of this Complaint are incorporated herein by reference.

1075. On or within one year before the Petition Date, Enron, ENA, and/or Enron Energy Services, directly or through a conduit, made the transfers identified in the following table, or caused them to be made, to or for the benefit of the transferees on or about the dates specified below:

Transferor	Obligor	Initial Transferee or Beneficiary	Transfer Date	Transaction	Transfer Amount
Enron or ENA	Enron and ENA	CSFB	12/19/00	Prepaid Oil Swap (loan fee)	$870,000.00
Enron or ENA	Enron and ENA	CSFB Int'l	12/19/00	Prepaid Oil Swap (structuring fee)	$150,000.00
Enron or ENA	Enron and ENA	CSFB Int'l	3/19/01	Prepaid Oil Swap	$2,827,578.83
Enron or ENA	Enron and ENA	CSFB Int'l	6/19/01	Prepaid Oil Swap	$2,737,332.88
Enron or ENA	Enron and ENA	CSFB Int'l	9/26/01	Prepaid Oil Swap	$153,945,728.06
Enron or ENA	Enron and ENA	CSFB Int'l	9/28/01	Prepaid Oil Swap (structuring fee)	$375,000.00
Enron or ENA	Enron and ENA	CSFB	9/28/01	Nile (fee)	$75,000.00
Enron or ENA or Enron Energy Services	Enron or ENA or Enron Energy Services	CSFB	9/28/01	Nile (agency and participation fees)	$75,000.00
Enron or ENA	Enron and/or ENA	CSFB	9/28/01	Nikita (fee)	$1,000,000.00

1076. The transfers identified in the foregoing table, together with any interest, fees, and other payments to the transferees related to the foregoing transfers, are referred to herein as the "CSFB 548 Transfers."

1077. Not Used.

1078. Although some of the CSFB 548 Transfers were related to agreements designated as "swap" agreements, these transfers were actually payments on disguised loans and the agreements were not genuine "swaps."

1079. To the extent that any of the CSFB 548 Transfers are also included in Count 45 as avoidable preferential transfers, those transfers are pled alternatively as fraudulent transfers.

1080. Enron, ENA, and/or Enron Energy Services received less than a reasonably equivalent value from the transferees in exchange for the CSFB 548 Transfers.

1081. The CSFB 548 Transfers constitute transfers of interests in property of Enron, ENA, and/or Enron Energy Services.

1082. Each of the CSFB 548 Transfers was made to or for the benefit of the entities listed in the third column of the foregoing table as initial transferees or beneficiaries.

1083. The CSFB 548 Transfers were made on or within one year before the Petition Date.

1084. Upon information and belief, when the CSFB 548 Transfers were made, Enron, ENA, and/or Enron Energy Services were insolvent or became insolvent as a result of the transfers; were engaged in business or a transaction, or were about to engage in business or a transaction for which their remaining property was unreasonably small capital; and/or intended to incur, or believed that they would incur, debts that would be beyond their ability to pay as such debts matured.

1085. The CSFB 548 Transfers are avoidable as fraudulent transfers under section 548(a)(1)(B) of the Bankruptcy Code.

COUNT 47
(Avoidance of the CSFB 544 Transfers Under Section 544 of the Bankruptcy Code and Applicable State Fraudulent Conveyance or Fraudulent Transfer Law)

1086. The allegations in paragraphs 1 through 1085 of this Complaint are incorporated herein by reference.

1087. Pursuant to Bankruptcy Code section 544(b), Plaintiff has the rights of an existing unsecured creditor of Plaintiff. Section 544(b) permits Plaintiff to assert claims and causes of action that such a creditor could assert under applicable state law.

1088. Enron, ENA, and/or Enron Energy Services, directly or through a conduit, made the transfers identified in the following table, or caused them to be made, to or for the benefit of the transferees on or about the dates specified below:

Transferor	Obligor	Initial Transferee or Beneficiary	Transfer Date	Transaction	Transfer Amount
Enron or ENA	Enron and ENA	CSFB	12/19/00	Prepaid Oil Swap (loan fee)	$870,000.00
Enron or ENA	Enron and ENA	CSFB Int'l	12/19/00	Prepaid Oil Swap	$150,000.00

Transferor	Obligor	Initial Transferee or Beneficiary	Transfer Date	Transaction	Transfer Amount
				(structuring fee)	
Enron or ENA	Enron and ENA	CSFB Int'l	3/19/01	Prepaid Oil Swap	$2,827,578.83
Enron or ENA	Enron and ENA	CSFB Int'l	6/19/01	Prepaid Oil Swap	$2,737,332.88
Enron or ENA	Enron and ENA	CSFB Int'l	9/26/01	Prepaid Oil Swap	$153,945,728.06
Enron or ENA	Enron and ENA	CSFB Int'l	9/28/01	Prepaid Oil Swap (structuring fee)	$375,000.00
Enron or ENA	Enron and ENA	CSFB	9/28/01	Nile (fee)	$75,000.00
Enron or ENA or Enron Energy Services	Enron or ENA or Enron Energy Services	CSFB	9/28/01	Nile (agency and participation fees)	$75,000.00
Enron or ENA	Enron and/or ENA	CSFB	9/28/01	Nikita (fee)	$1,000,000.00

1089. The transfers identified in the foregoing table, together with any interest, fees, and other payments to the transferees related to the foregoing transfers, are referred to herein as the "CSFB 544 Transfers."

1090. Not used.

1091. Although some of the CSFB 544 Transfers were related to agreements designated as "swap" agreements, these transfers were actually payments on disguised loans and the agreements were not genuine "swaps."

1092. To the extent that any of the CSFB 544 Transfers are also included in Counts 45 or 46 as avoidable preferential transfers or fraudulent transfers under section 548 of the Bankruptcy Code, those transfers are pled alternatively as fraudulent conveyances or transfers avoidable under section 544 of the Bankruptcy Code and applicable state law.

1093. Enron, ENA, and/or Enron Energy Services received less than a reasonably equivalent value from the transferees in exchange for the CSFB 544 Transfers.

1094. The CSFB 544 Transfers constitute transfers of interests in property of Enron, ENA, and/or Enron Energy Services.

1095. Each of the CSFB 544 Transfers was made to or for the benefit of the entities listed in the third column of the foregoing table as initial transferees or beneficiaries.

1096. Upon information and belief, when the CSFB 544 Transfers were made, Enron, ENA, and/or Enron Energy Services were insolvent or became insolvent as a result of the transfers; were engaged in business or a transaction, or were about to engage in business or a transaction for which their remaining property was unreasonably small capital; and/or intended to incur, or believed that they would incur, debts that would be beyond their ability to pay as such debts matured.

1097. The CSFB 544 Transfers are avoidable as fraudulent conveyances or fraudulent transfers under section 544(b) of the Bankruptcy Code and applicable state law.

COUNT 47A
(Unjust Enrichment)

1097A. The allegations in paragraphs 1 through 1097 of this Complaint are incorporated herein by reference.

1097B. The purported "sale" of the Nile Asset in the Nile Transaction was not a true sale, but instead was part of a financing transaction that was in fact and substance an unsecured loan. No security interest in the Nile Asset was ever granted to secure the loan.

1097C. Notwithstanding the purported "sale" of the Nile Asset in the Nile Transaction, Enron maintained control over the Nile Asset after it was nominally transferred.

1097D. Notwithstanding the purported "sale" of the Nile Asset in the Nile Transaction, Enron continued to bear substantially all of the economic risks and rewards of ownership of the Nile Asset.

1097E. In the Nile Transaction, CSFB bore the risk that Enron would fail to perform its contractual obligations. CSFB bore substantially no risk, however, that it would lose money because of a decrease in the value of the Nile Asset.

1097F. Although the Nile Transaction was related to an agreement designated as a "swap" agreement, the Nile Transaction actually involved payments on disguised loans and the "swap" agreement was not a genuine swap agreement.

1097G. CSFB knew or should have known that, under applicable law and/or GAAP, the Nile Transaction should have been treated as a borrowing rather than as a sale.

1097H. For the foregoing reasons, the Nile Transaction did not constitute a true sale and the Nile Transaction should be recharacterized and treated as an unsecured loan transaction.

1097I. For the foregoing reasons the Court should determine, and enter an Order declaring, that the Nile Asset was, and any proceeds, products and profits of the Nile Asset are, property of the Plaintiff's estate under section 541(a) of the Bankruptcy Code.

1097J. The Nile Asset was sold in or about 2003. The proceeds were placed in a segregated account from which they could be distributed only pursuant to Court order or with CSFB's consent (the "Segregated Account"). Defendants CSFB, Pyramid I and Sphinx Trust have refused to consent to allow Plaintiff to take possession of the proceeds of the sale in reliance on purported contractual rights that, for the reasons alleged in this Complaint, they do not genuinely have. Further, Defendants CSFB, Pyramid I and Sphinx Trust have attempted to extract compensation from Plaintiff in exchange for any agreement to allow Plaintiff to take possession of the proceeds of the sale of the Nile Asset that rightfully belong to Plaintiff.

1097K. Because all proceeds, products and profits of the Nile Asset and its sale are property of Plaintiff's estate, the refusal of Defendants CSFB, Pyramid I and Sphinx Trust to permit Plaintiff to take possession of the proceeds, products and profits unjustly enriches those Defendants at Plaintiff's expense. In equity and good conscience, and in accord with the provisions of the Bankruptcy Code, the Court should enter an order directing (a) that all of the proceeds, products and profits of the Nile Asset or its sale that are currently in the Segregated Account be paid to Plaintiff,

and (b) that CSFB, Pyramid I and/or Sphinx Trust immediately pay and turn over, or consent to the payment and turnover of, all additional proceeds, products and profits of the Nile Asset or its sale, or the value thereof, with interest, to Plaintiff.

COUNT 47B
(Turnover of Property of the Estate)

1097L. The allegations in paragraphs 1 through 1097K of this Complaint are incorporated herein by reference.

1097M. For the foregoing reasons, the Nile Transaction is properly characterized as an unsecured loan, and the proceeds, products and profits of the Nile Asset and its sale are property of Plaintiff's estate.

1097N. Section 542 of the Bankruptcy Code provides that "an entity . . . in possession, custody, or control . . . of property that the trustee may use, sell, or lease . . . shall deliver to the trustee and account for, such property or the value of such property."

1097O. Subsequent to the Petition Dates of Enron, ENA and EES Service Holdings, and despite due demand, defendants CSFB, Pyramid I and Sphinx Trust failed and refused to permit delivery of the Nile Asset, or of the proceeds, products and profits of the Nile Asset or its sale, to Plaintiff's estate. The proceeds, products and profits of the Nile Asset are of substantial value or benefit to Plaintiff's estate and are property belonging to Plaintiff that may be sued, sold or leased by Plaintiff.

1097P. To the extent that the Court determines that the Nile Asset, and the proceeds, products and profits of the Nile Asset or its sale, are property of Plaintiff's estate, then, pursuant to section 542 of the Bankruptcy Code, the Court should enter an order directing (a) that all of the proceeds, products and profits of the Nile Asset or its sale that are currently in the Segregated Account be paid to Plaintiff, and (b) that CSFB, Pyramid I and/or Sphinx Trust immediately turn

over, or consent to a turn over of, all additional proceeds, products, and profits of the Nile Asset or its sale, or the value thereof, with interest, to Plaintiff.

COUNT 48
(Recovery of the CSFB Preferential Transfers, the CSFB 548 Transfers and the CSFB 544 Transfers)

1098. The allegations in paragraphs 1 through 1097P of this Complaint are incorporated herein by reference.

1099. To the extent that the CSFB Preferential Transfers, CSFB 548 Transfers and/or CSFB 544 Transfers is avoided under Bankruptcy Code sections 547, 548, or 544, then pursuant to Bankruptcy Code section 550, Plaintiff may recover from the initial transferee or beneficiary, or from any immediate or mediate transferee, the property transferred, or the value of such property, for the benefit of Plaintiff's estate.

COUNT 49
(Disallowance of Claims Under Bankruptcy Code Section 502(d))

1100. The allegations in paragraphs 1 through 1099 of this Complaint are incorporated herein by reference.

1101. By reason of the foregoing facts and pursuant to Bankruptcy Code section 502(d), the claims of CSFB, the initial transferees or beneficiaries identified in paragraphs 1064, 1075, and 1088, and any immediate or mediate transferees, must be disallowed unless and until they have turned over to Plaintiff the property transferred, or paid Plaintiff the value of such property, for which they are liable under Bankruptcy Code section 550.

H. COUNTS 50 - 54
(Against Toronto Dominion Defendants)

COUNT 50
(Avoidance of the Toronto Dominion Preferential Transfers)

1102. The allegations in paragraphs 1 through 1101 of this Complaint are incorporated herein by reference.

1103. On or within ninety (90) days before the Petition Date, Enron, and/or ENA, directly or through a conduit, made the transfers identified in the following table, or caused them to be made, to or for the benefit of the transferees on or about the dates specified below:

Transferor	Obligor	Initial Transferee or Beneficiary	Initial Transfer Date	Transaction	Transfer Amount
Enron or ENA	ENA and Enron	Toronto Dominion Texas and/or Toronto Dominion Bank	9/19/01	London Prepay	$2,556,901.25
Enron	Enron	Toronto Dominion Texas	9/19/01	London Prepay	$139,810.00
Enron or ENA	ENA and Enron	Toronto Dominion Texas and/or Toronto Dominion Bank	9/28/01	London Prepay	$2,268.60
Enron or ENA	Enron or ENA	Toronto Dominion Texas and/or Toronto Dominion Bank	10/19/01	Coal Corp. Letter of Credit	$22,750.00

1104. The transfers identified in the foregoing table, together with any interest, fees, and other payments to or for the benefit of the transferees related to the foregoing transfers, are referred to herein as the "Toronto Dominion Preferential Transfers."

1105. Not Used.

1106. Although some of the Toronto Dominion Preferential Transfers were related to agreements designated as "swap" agreements, these transfers were actually payments on disguised loans and the agreements were not genuine "swaps."

1107. The Toronto Dominion Preferential Transfers constitute transfers of interests in property of Enron and/or ENA.

1108. Each of the Toronto Dominion Preferential Transfers was made to or for the benefit of the entities listed in the third column of the foregoing table as the initial transferees or beneficiaries.

1109. Each of the Toronto Dominion Preferential Transfers was made to or for the benefit of a creditor for or on account of an antecedent debt owed by Enron and/or ENA before the transfer was made.

1110. Upon information and belief, at the time each of the Toronto Dominion Preferential Transfers was made, Enron and/or ENA were insolvent for purposes of section 547(b) of the Bankruptcy Code.

1111. Each of the Toronto Dominion Preferential Transfers enabled the transferees to receive more than they would have received if the case were a case under chapter 7 of the Bankruptcy Code, the transfers had not been made, and the transferees received payment of their debts to the extent provided by the Bankruptcy Code.

1112. The Toronto Dominion Preferential Transfers are avoidable as preferential transfers under section 547(b) of the Bankruptcy Code.

COUNT 51
(Avoidance of the Toronto Dominion 548 Transfers as Fraudulent Transfers)

1113. The allegations in paragraphs 1 through 1112 of this Complaint are incorporated herein by reference.

1114. On or within one year before the Petition Date, Enron and/or ENA, directly or through a conduit, made the transfers identified in the following table, or caused them to be made, to or for the benefit of the transferees on or about the dates specified below:

Transferor	Obligor	Initial Transferee or Beneficiary	Initial Transfer Date	Transaction	Transfer Amount
Enron or ENA	ENA and Enron	Toronto Dominion Texas	12/18/00	London Prepay (structuring fee)	$877,500.00
Enron	Enron	Toronto Dominion Texas	12/19/00	London Prepay (agent fee and upfront fee)	$50,000.00
Enron or ENA	ENA and Enron	Toronto Dominion Texas	12/22/00	London Prepay (structuring fee)	$195,000.00
Enron or ENA	ENA and Enron	Toronto Dominion Bank and/or Toronto Dominion Texas	3/21/01	London Prepay	$151,959.38
Enron or ENA	ENA and Enron	Toronto Dominion Texas and/or Toronto Dominion Bank	3/23/01	London Prepay	$2,730,052.15
Enron or ENA	ENA and Enron	Toronto Dominion Texas	6/18/01	London Prepay	$2,632,899.35
Enron or ENA	ENA and Enron	Toronto Dominion Texas and/or Toronto Dominion Bank	6/22/01	London Prepay	$1,216,310.61
Enron or ENA	ENA and Enron	Toronto Dominion Bank and/or Toronto Dominion Texas	6/22/01	London Prepay	$59,576.80
Enron or ENA	ENA and Enron	Toronto Dominion Texas and/or Toronto Dominion Bank	9/19/01	London Prepay	$2,556,901.25
Enron	Enron	Toronto Dominion Texas	9/19/01	London Prepay	$139,810.00
Enron or ENA	ENA and Enron	Toronto Dominion Texas and/or Toronto Dominion Bank	9/28/01	London Prepay	$2,268.60
Enron or ENA	Enron or ENA	Toronto Dominion Texas and/or Toronto Dominion Bank	10/19/01	Coal Corp. Letter of Credit	$22,750.00

1115. The transfers identified in the foregoing table, together with any interest, fees, and other payments to or for the benefit of the transferees related to the foregoing transfers, are referred to herein as the "Toronto Dominion 548 Transfers."

1116. Not Used.

1117. Although some of the Toronto Dominion 548 Transfers were related to agreements designated as "swap" agreements, these transfers were actually payments on disguised loans and the agreements were not genuine "swaps."

1118. To the extent that any of the Toronto Dominion 548 Transfers are also included in Count 50 as avoidable preferential transfers, those transfers are pled alternatively as fraudulent transfers.

1119. Enron and/or ENA received less than a reasonably equivalent value from the transferees in exchange for the Toronto Dominion 548 Transfers.

1120. The Toronto Dominion 548 Transfers constitute transfers of interests in property of Enron and/or ENA.

1121. Each of the Toronto Dominion 548 Transfers was made to or for the benefit of the entities listed in the third column of the foregoing table as initial transferees or beneficiaries.

1122. The Toronto Dominion 548 Transfers were made on or within one year before the Petition Date.

1123. Upon and information and belief, when the Toronto Dominion 548 Transfers were made, Enron and/or ENA were insolvent, or became insolvent as a result of the transfers; were engaged in business or a transaction, or were about to engage in business or a transaction, for which their remaining property was an unreasonably small capital; and/or intended to incur, or believed that they would incur, debts that were beyond their ability to pay as such debts matured.

1124. The Toronto Dominion 548 Transfers are avoidable as fraudulent transfers under section 548(a)(1)(B) of the Bankruptcy Code.

COUNT 52
(Avoidance of the Toronto Dominion 544 Transfers Under Section 544 of the Bankruptcy Code and Applicable State Fraudulent Conveyance or Fraudulent Transfer Law)

1125. The allegations in paragraphs 1 through 1124 of this Complaint are incorporated herein by reference.

1126. Pursuant to Bankruptcy Code Section 544(b), Plaintiff has the rights of an existing unsecured creditor of Plaintiff. Section 544(b) permits Plaintiff to assert claims and causes of action that such a creditor could assert under applicable state law.

1127. Enron and/or ENA, directly or through a conduit, made the transfers identified in the following table, or caused them to be made, to or for the benefit of the transferees on or about the dates specified below:

Transferor	Obligor	Initial Transferee or Beneficiary	Subsequent Transferee(s)	Initial Transfer Date	Transaction	Transfer Amount
Enron or ENA	ENA and Enron	Toronto Dominion Bank and/or Toronto Dominion Texas		3/01/99	December 1998 Prepay	$251,004,904.14
Enron or ENA	ENA and Enron	JPMC/ Toronto Dominion Bank and/or Toronto Dominion Texas*	Toronto Dominion Bank and/or Toronto Dominion Texas	3/01/99	December 1998 Prepay	$2,025,193.82
Enron or ENA	ENA and Enron	Toronto Dominion Securities and/or Toronto Dominion Bank and/or Toronto Dominion Texas		6/29/99	Truman Prepay (upfront fees)	$1,100,000.00

Transferor	Obligor	Initial Transferee or Beneficiary	Subsequent Transferee(s)	Initial Transfer Date	Transaction	Transfer Amount
Enron or ENA	ENA and Enron	Toronto Dominion Bank and/or Toronto Dominion Texas		9/29/99	Truman Prepay	$304,224,684.57
Enron or ENA	ENA and Enron	Toronto Dominion Securities and/or Toronto Dominion Bank and/or Toronto Dominion Texas		9/29/99	Jethro Prepay (upfront fees)	$775,000.00
Enron or ENA	ENA and Enron	Toronto Dominion Bank and/or Toronto Dominion Texas		11/18/99	Jethro Prepay	$362,457,093.92
Enron or ENA	ENA and Enron	Toronto Dominion Securities and/or Toronto Dominion Bank and/or Toronto Dominion Texas		12/16/99	Nixon Prepay (upfront fees)	$250,000.00
Enron or ENA	ENA and Enron	Toronto Dominion Securities and/or Toronto Dominion Bank and/or Toronto Dominion Texas		4/6/00	Nixon Prepay (extension fees)	$85,000.00
Enron or ENA	ENA and Enron	Toronto Dominion Texas		12/18/00	London Prepay (structuring fee)	$877,500.00
Enron	Enron	Toronto Dominion Texas		12/19/00	London Prepay (agent fee and upfront fee)	$50,000.00

Transferor	Obligor	Initial Transferee or Beneficiary	Subsequent Transferee(s)	Initial Transfer Date	Transaction	Transfer Amount
Enron or ENA	ENA and Enron	Toronto Dominion Texas		12/22/00	London Prepay (structuring fee)	$195,000.00
Enron or ENA	ENA and Enron	Toronto Dominion Bank and/or Toronto Dominion Texas		3/21/01	London Prepay	$151,959.38
Enron or ENA	ENA and Enron	Toronto Dominion Texas and/or Toronto Dominion Bank		3/23/01	London Prepay	$2,730,052.15
Enron or ENA	ENA and Enron	Toronto Dominion Texas		6/18/01	London Prepay	$2,632,899.35
Enron or ENA	ENA and Enron	Toronto Dominion Texas and/or Toronto Dominion Bank		6/22/01	London Prepay	$1,216,310.61
Enron or ENA	ENA and Enron	Toronto Dominion Bank and/or Toronto Dominion Texas		6/22/01	London Prepay	$59,576.80
Enron or ENA	ENA and Enron	Toronto Dominion Texas and/or Toronto Dominion Bank		9/19/01	London Prepay	$2,556,901.25
Enron	Enron	Toronto Dominion Texas		9/19/01	London Prepay	$139,810.00
Enron or ENA	ENA and Enron	Toronto Dominion Texas and/or Toronto Dominion Bank		9/28/01	London Prepay	$2,268.60

Transferor	Obligor	Initial Transferee or Beneficiary	Subsequent Transferee(s)	Initial Transfer Date	Transaction	Transfer Amount
Enron or ENA	Enron or ENA	Toronto Dominion Texas and/or Toronto Dominion Bank		10/19/01	Coal Corp. Letter of Credit	$22,750.00

1128. The transfers identified in the foregoing table, together with any interest, fees, and other payments to or for the benefit of the transferees related to the foregoing transfers, are referred to herein as the "Toronto Dominion 544 Transfers."

1129. To the extent JPMC is found to be mere a conduit of the transfer marked with an asterisk in the foregoing table, Toronto Dominion Texas and/or Toronto Dominion Bank were the initial transferees of the identified transfer.

1130. Although some of the Toronto Dominion 544 Transfers were related to agreements designated as "swap" agreements, these transfers were actually payments on disguised loans and the agreements were not genuine "swaps."

1131. To the extent that any of the Toronto Dominion 544 Transfers are also included in Count 50 or 51 as avoidable preferential transfers or fraudulent transfers under section 548 of the Bankruptcy Code, those transfers are pled alternatively as fraudulent conveyances or transfers avoidable under section 544 of the Bankruptcy Code and applicable state law.

1132. Enron and/or ENA received less than a reasonably equivalent value from the transferees in exchange for the Toronto Dominion 544 Transfers.

1133. The Toronto Dominion 544 Transfers constitute transfers of interests in property of Enron and/or ENA.

1134. Each of the Toronto Dominion 544 Transfers was made to or for the benefit of the entities listed in the third column of the foregoing table as initial transferees or beneficiaries.

1135. Upon and information and belief, when the Toronto Dominion 544 Transfers were made, Enron and/or ENA were insolvent, or became insolvent as a result of the transfers; were engaged in business or a transaction, or were about to engage in business or a transaction, for which their remaining property was an unreasonably small capital; and/or intended to incur, or believed that they would incur, debts that were beyond their ability to pay as such debts matured.

1136. The Toronto Dominion 544 Transfers are avoidable as fraudulent conveyances or fraudulent transfers under section 544(a)(1)(B) of the Bankruptcy Code and under applicable state law.

COUNT 53
(Recovery of Avoided Transfers Related to the Toronto Dominion Preferential Transfers, the Toronto Dominion 544 Transfers and the Toronto Dominion 544 Transfers)

1137. The allegations in paragraphs 1 through 1136 of this Complaint are incorporated herein by reference.

1138. To the extent that the Toronto Dominion Preferential Transfers, Toronto Dominion 548 Transfers and/or Toronto Dominion 544 Transfers is avoided under Bankruptcy Code sections 547, 548, or 544, then, pursuant to Bankruptcy Code section 550, Plaintiff may recover from the initial transferee or beneficiary, or from any immediate or mediate transferee, the property transferred, or the value of such property, for the benefit of Plaintiff's estate.

COUNT 54
(Disallowance of Claims Under Bankruptcy Code Section 502(d))

1139. The allegations in paragraphs 1 through 1138 of this Complaint are incorporated herein by reference.

1140. By reason of the foregoing facts and pursuant to Bankruptcy Code Section 502(d), the claims of Toronto Dominion, the initial transferees or beneficiaries identified in paragraphs 1103, 1114, and 1127, and any immediate or mediate transferees, must be disallowed

unless and until they have turned over to Plaintiff the property transferred, or paid Plaintiff the value of such property, for which they are liable under Bankruptcy Code section 550.

I. COUNTS 55 - 59 (Against RBS Defendants)

COUNT 55
(Avoidance of the RBS Preferential Transfer)

1141. Not Used.

1142. Not Used.

1143. Not Used.

1144. Not Used.

1145. Not Used.

1146. Not Used.

1147. Not Used.

1148. Not Used.

1149. Not Used.

1150. Not Used.

1151. Not Used.

COUNT 56
(Avoidance of the RBS 548 Transfers as Fraudulent Transfers)

1152. The allegations in paragraphs 1 through 1151 of this Complaint are incorporated herein by reference.

1153. On or within one year before the Petition Date, Enron, directly or through a conduit, made the transfers identified in the following table, or caused them to be made, to or for the benefit of the transferees on or about the dates specified below:

Transferor	Obligor	Initial Transferee or Beneficiary	Subsequent Transferee	Initial Transfer Date	Transaction	Transfer Amount
Enron	Enron	Royal Bank of Scotland		1/16/2001	ETOL I (interest)	$920,922.57
Enron	Enron	RFTCL and Royal Bank of Scotland plc	Royal Bank of Scotland	2/28/2001	ETOL I (interest)	$1,587,636.74

1154. The transfers identified in the foregoing table, together with any interest, fees, and other payments to the transferees related to the foregoing transfers, are referred to herein as the "RBS 548 Transfers."

1155. To the extent that RFTCL is found to be a mere conduit of any transfer in the foregoing table, Royal Bank of Scotland was the initial transferee of that transfer.

1156. Although some of the RBS 548 Transfers were related to agreements designated as "swap" agreements, these Transfers were actually payments on disguised loans and the agreements were not genuine "swaps."

1157. Not Used.

1158. Enron received less than a reasonably equivalent value from the transferees in exchange for the RBS 548 Transfers.

1159. The RBS 548 Transfers constitute transfers of interests in property of Enron.

1160. Each of the RBS 548 Transfers was made to or for the benefit of the entities listed in the third column of the foregoing table as initial transferees or beneficiaries.

1161. The RBS 548 Transfers were made on or within one year before the Petition Date.

1162. Upon information and belief, when the RBS 548 Transfers were made, Enron was insolvent, or became insolvent as a result of the transfers; was engaged in business or a transaction, or was about to engage in business or a transaction, for which its remaining property was an unreasonably small capital; and/or intended to incur, or believed that it would incur, debts that would be beyond its ability to pay as such debts matured.

1163. The RBS 548 Transfers are avoidable as fraudulent transfers under section 548(a)(1)(B) of the Bankruptcy Code.

COUNT 57
(Avoidance of the RBS 544 Transfers Under Section 544 of the Bankruptcy Code and Applicable State Fraudulent Conveyance or Fraudulent Transfer Law)

1164. The allegations of paragraphs 1 through 1163 of this Complaint are incorporated herein by reference.

1165. Pursuant to Bankruptcy Code section 544(b), Plaintiff has the rights of an existing unsecured creditor of Plaintiff. Section 544(b) permits Plaintiff to assert claims and causes of action that such a creditor could assert under applicable state law.

1166. Enron and/or ENA, directly or through a conduit, made the transfers identified in the following table, or caused them to be made, to or for the benefit of the transferees on or about the dates specified below:

Transferor	Obligor	Initial Transferee or Beneficiary	Subsequent Transferee	Initial Transfer Date	Transaction	Transfer Amount
Enron or ENA	ENA and Enron	Royal Bank of Scotland		12/16/1999	Nixon (fees)	$220,000.00
Enron	Enron	Royal Bank of Scotland		2/23/2000	Yosemite II (underwriting fees)	£125,000
Enron	Enron	RBSI and Royal Bank of Scotland*	Royal Bank of Scotland	2/23/2000	Yosemite II (fees)	£3,500
Enron or ENA	ENA and Enron	Royal Bank of Scotland		3/15/2000	Nixon (extension fee)	$40,000.00
Enron or ENA	ENA and Enron	Royal Bank of Scotland		4/17/2000	Nixon	$131,000,466.59
Enron	Enron	Royal Bank of Scotland		1/16/2001	ETOL I (interest)	$920,922.57
Enron	Enron	RFTCL and Royal Bank of Scotland	Royal Bank of Scotland	2/28/2001	ETOL I (interest)	$1,587,636.74

1167. The transfers identified in the foregoing table, together with any interest, fees, and other payments to the transferees related to the foregoing transfers, are referred to herein as the "RBS 544 Transfers."

1168. To the extent that RFTCL and/or RBSI are found to be mere conduits of the transfers for which the initial transferees or beneficiaries are marked with an asterisk in the foregoing table, Royal Bank of Scotland was the initial transferee or beneficiary of those transfers.

1169. Not Used.

1170. Although some of the RBS 544 Transfers were related to agreements designated as "swap" agreements, these transfers were actually payments on disguised loans and the agreements were not genuine "swaps."

1171. To the extent that any of the RBS 544 Transfers are also included in Count 56 as avoidable fraudulent transfers under section 548 of the Bankruptcy Code, those transfers are pled alternatively as fraudulent conveyances or transfers avoidable under section 544 of the Bankruptcy Code and applicable state law.

1172. Enron and/or ENA received less than a reasonably equivalent value from the transferees in exchange for the RBS 544 Transfers.

1173. The RBS 544 Transfers constitute transfers of interests in property of Enron and/or ENA.

1174. Each of the RBS 544 Transfers was made to or for the benefit of the entities listed in the third column of the foregoing table as initial transferees or beneficiaries.

1175. Upon information and belief, when the RBS 544 Transfers were made, Enron and/or ENA were insolvent, or became insolvent as a result of the transfers; were engaged in business or a transaction, or were about to engage in business or a transaction, for which their remaining

property was an unreasonably small capital; and/or intended to incur, or believed that they would incur, debts that would be beyond their ability to pay as such debts matured.

1176. The RBS 544 Transfers are avoidable as fraudulent conveyances or fraudulent transfers under section 544(b) of the Bankruptcy Code and applicable state law.

COUNT 58
(Recovery of the RBS 548 Transfers and RBS 544 Transfers)

1177. The allegations of paragraphs 1 through 1176 of this Complaint are incorporated herein by reference.

1178. To the extent that the RBS 548 Transfers or RBS 544 Transfers are avoided under Bankruptcy Code sections 547, 548 or 544, then, pursuant to Bankruptcy Code section 550, Plaintiff may recover from the initial transferee or beneficiary, or from any immediate or mediate transferees, the property transferred, or the value of such property, for the benefit of Plaintiff's estate.

COUNT 59
(Disallowance of Claims Under Bankruptcy Code Section 502(d))

1179. The allegations of paragraphs 1 through 1178 of this Complaint are incorporated herein by reference.

1180. By reason of the foregoing facts and pursuant to Bankruptcy Code section 502(d), the claims of RBS, the initial transferees or beneficiaries identified in paragraphs 1153 and 1166, and any immediate or mediate transferees, must be disallowed unless and until they have turned over to Plaintiff the property transferred, or paid Plaintiff the value of such property, for which they are liable under Bankruptcy Code section 550.

J. COUNTS 60 - 64
(Against RBC Defendants)

COUNT 60
(Avoidance of the RBC Preferential Transfer)

1181. Not Used.

1182. Not Used.

1183. Not Used.

1184. Not Used.

1185. Not Used.

1186. Not Used.

1187. Not Used.

1188. Not Used.

1189. Not Used.

1190. Not Used.

1191. Not Used.

COUNT 61
(Avoidance of the RBC 548 Transfers)

1192. Not Used.

1193. Not Used.

1194. Not Used.

1195. Not Used.

1196. Not Used.

1197. Not Used.

1198. Not Used.

1199. Not Used.

1200. Not Used.

1201. Not Used.

1202. Not Used.

1203. Not Used.

COUNT 62
(Avoidance of the RBC 544 Transfers Under Section 544 of the Bankruptcy Code and Applicable State Fraudulent Conveyance or Fraudulent Transfer Law)

1204. Not Used.

1205. Not Used.

1206. Not Used.

1207. Not Used.

1208. Not Used.

1209. Not Used.

1210. Not Used.

1211. Not Used.

1212. Not Used.

1213. Not Used.

1214. Not Used.

1215. Not Used.

COUNT 63
(Recovery of the RBC Preferential Transfers, the RBC 548 Transfers and the RBC 544 Transfers)

1216. Not Used.

1217. Not Used.

COUNT 64
(Disallowance of Claims Under Bankruptcy Code Section 502(d))

1218. Not Used.

1219. Not Used.

K. COUNTS 65 - 68
(Guarantee and Letter of Credit Claims)

COUNT 65
(Avoidance of the Challenged Transaction Guarantees and Certain Letter of Credit Agreements as Fraudulent Transfers)

1220. The allegations in paragraphs 1 through 1219 of this Complaint are incorporated herein by reference.

1221. On or within one year before the Petition Date, Enron incurred obligations (the "Challenged Transaction Obligations") in the form of guarantees, and obligations to obtain letters of credit and reimburse draws on letters of credit, to or for the benefit of the beneficiaries of the obligations in connection with the following transactions on or about the dates specified below:

Transaction Name	**Principal Defendant**	**Transaction Date**
Yosemite IV	Citigroup	05/24/2001
June 2001	Citigroup	06/28/2001
Chase XI Prepay	Chase	12/28/2000
Chase XII Prepay	Chase	10/09/2001
December 2000 Prepaid Oil Swap	CSFB	12/15/2000
September 2001 Prepaid Oil Swap	CSFB, Barclays	09/27/2001
Nile	CSFB	09/28/2001
Nikita	CSFB, Barclays	09/28/2001
JT Holdings, Inc.	Barclays	12/07/2000
SO_2 September	Barclays	09/28/2001
SO_2 October	Barclays	10/30/2001
ETOL III	RBS	06/20/2001
London Prepay	Toronto Dominion	12/15/2000; 12/22/2000

1221A. The Challenged Transaction Obligations include, but are not limited to, Enron's agreements to obtain the JPMC L/C and/or the West LB Mahonia L/C, the JPMC Reimbursement Agreement, the West LB Mahonia Reimbursement Agreement, and the following guarantees:

Guarantor	Named Beneficiaries	Transaction Date	Transaction
Enron	Mahonia	10/09/01	Chase XII
Enron	Besson Trust	9/28/01	Nikita
Enron	Sphinx Trust	9/28/01	Nile
Enron	Sideriver Investments Limited	6/20/01	ETOL III
Enron	State Street Bank and Trust Co., State Street Bank and Trust Co. of Connecticut, N.A. and Citibank, N.A.	12/07/00 (2nd Amended and Restated Parent Guarantee)	JT Holdings, Inc.

1222. Any modifications or amendments of Challenged Transaction Obligations are also referred to herein as "Challenged Transaction Obligations."

1223. Enron received less than a reasonably equivalent value from the beneficiaries in exchange for the Challenged Transaction Obligations.

1224. The Challenged Transaction Obligations constitute obligations incurred by Enron.

1225. The Challenged Transaction Obligations were incurred on or within one year before the Petition Date.

1226. Upon information and belief, when the Challenged Transaction Obligations were incurred, Enron was insolvent, or became insolvent as a result of the Challenged Transaction Obligations; was engaged in business or a transaction, or was about to engage in business or a transaction, for which its remaining property was an unreasonably small capital; and/or intended to incur, or believed that it would incur, debts that would be beyond its ability to pay as such debts matured.

1227. The Challenged Transaction Obligations are avoidable as fraudulent transfers under section 548(a)(1)(B) of the Bankruptcy Code. Accordingly, any and all proofs of claim asserted by a Defendant based on Challenged Transaction Obligations are subject to disallowance as unenforceable obligations. With respect to the JPMC L/C and Reimbursement Agreement: (a) any and all claims asserted by, for or through JPMC in any capacity are unenforceable and should be disallowed; (b) any and all claims of purported subrogees of Mahonia are unenforceable and should be disallowed; and (c) to the extent that any Defendants in this proceeding were syndicate members in privity with Enron that hold direct claims against it under the JPMC L/C or Reimbursement Agreement, those claims are unenforceable and should be disallowed. With respect to the West LB Mahonia L/C and the Mahonia Reimbursement Agreement, Plaintiff seeks recovery of any amount Plaintiff may pay on account of the West LB Claim. Any payment by Plaintiff to JPMC or Mahonia in connection with the Chase XII prepay is subject to avoidance as a fraudulent transfer or conveyance, including any payment made indirectly through West LB London.

COUNT 66
(Avoidance of the Challenged Transaction Obligations Under Section 544 of the Bankruptcy Code and Applicable State Fraudulent Conveyance or Fraudulent Transfer Law)

1228. The allegations in paragraphs 1 through 1227 of this Complaint are incorporated herein by reference.

1229. Pursuant to Bankruptcy Code section 544(b), Plaintiff has the rights of an existing unsecured creditor of Plaintiff. Section 544(b) permits Plaintiff to assert claims and causes of action that such a creditor could assert under applicable state law.

1230. To the extent that the Challenged Transaction Obligations are included in Count 65 as avoidable fraudulent transfers under section 548 of the Bankruptcy Code, those obligations are

pled alternatively as fraudulent conveyances or transfers avoidable under section 544 of the Bankruptcy Code and applicable state law.

1230A. Enron's execution of the West LB Nahanni Reimbursement Agreement and entry into an agreement to procure the Nahanni L/C, both for the benefit of CXC, are avoidable under section 544 of the Bankruptcy Code and applicable state law.

1230B. In Counts 66 through 68, (a) the Challenged Transaction Obligations identified in Count 65, (b) the West LB Nahanni Reimbursement Agreement, (c) Enron's entry into an agreement to obtain the Nahanni L/C, (d) any obligations Enron incurred in the form of guarantees, or obligations to obtain or reimburse draw on letters of credit, in connection with the transactions identified in the following table, and (e) any modifications or amendments of any of the foregoing, are referred to as "Challenged Transaction Obligations."

Transaction Name	**Principal Defendant**	**Transaction Date**
Yosemite I	Citigroup	11/18/1999
Yosemite II	Citigroup, Barclays	02/23/2000
Yosemite III	Citigroup	08/25/2000
Roosevelt	Citigroup, Barclays	12/30/1998
Truman	Citigroup, Toronto Dominion	06/29/1999
Jethro	Citigroup, Toronto Dominion	09/29/1999
Nixon	Citigroup, Barclays, Toronto Dominion	12/14/1999
Chase VI Prepay	Chase	12/18/1997
Chase VII Prepay	Chase	06/26/1998
Chase VIII Prepay	Chase	12/01/1998
Chase IX Prepay	Chase	06/28/1999
Chase X Prepay	Chase	06/28/2000
Pilgrim/Sarlux	CIBC	12/22/1998
Pilgrim/Trakya	CIBC	12/23/1998
December 1998 Prepay	Toronto Dominion	12/30/1998

1231. Enron received from the beneficiaries of the Challenged Transaction Obligations less than a reasonably equivalent value in exchange for the Challenged Transaction Obligations.

1232. The Challenged Transaction Obligations constitute obligations incurred by Enron.

1233. Upon information and belief, when the Challenged Transaction Obligations were incurred, Enron was insolvent, or became insolvent as a result of the Challenged Transaction Obligations; was engaged in business or a transaction, or was about to engage in business or a transaction, or for which its remaining property was an unreasonably small capital; and/or intended to incur, or believed that it would incur, debts that would be beyond its ability to pay as such debts matured.

1234. The Challenged Transaction Obligations are avoidable as fraudulent conveyances or fraudulent transfers under section 544(b) of the Bankruptcy Code and applicable state law. Accordingly, any and all proofs of claim based on the Challenged Transaction Obligations are subject to disallowance as unenforceable obligations. With respect to the JPMC L/C and Reimbursement Agreement: (a) any and all claims asserted by, for or through JPMC in any capacity are unenforceable and should be disallowed; (b) any and all claims of purported subrogees of Mahonia are unenforceable and should be disallowed; and (c) to the extent that any Defendants in this proceeding were syndicate members in privity with Enron that hold direct claims against it under the JPMC L/C or Reimbursement Agreement, those claims are unenforceable and should be disallowed. With respect to the West LB Mahonia L/C and the Mahonia Reimbursement Agreement, Plaintiff seeks recovery of any amount Plaintiff may pay on account of the West LB Claim. Any payment by Plaintiff to JPMC or Mahonia in connection with the Chase XII prepay is subject to avoidance as a fraudulent transfer or conveyance, including any payment made indirectly through West LB London. In addition, any claims based on the West LB Nahanni Reimbursement Agreement or Nahanni L/C are unenforceable and should be disallowed.

COUNT 67
(Recovery of the Challenged Transaction Obligations; Unjust Enrichment)

1235. The allegations in paragraphs 1 through 1234 of this Complaint are incorporated herein by reference.

1236. To the extent that the Challenged Transaction Obligations are avoided under Bankruptcy Code sections 544 or 548, then, pursuant to Bankruptcy Code section 550, Plaintiff may recover from the beneficiaries of the Challenged Transaction Obligations, or from any immediate or mediate transferee, for the benefit of Plaintiff's estate, any property transferred by reason of the Challenged Transaction Obligations, or the value of such property, including: (a) the $487,184,842.01 identified in paragraph 729, which represents the portion of the draw on the Nahanni L/C that Enron transferred to West LB NY for the benefit of CXC; and (b) any payment by Plaintiff to JPMC or Mahonia in connection with the Chase XII prepay, including any payment made indirectly through West LB London.

1236A. Because Plaintiff incurred any obligation to obtain, or reimburse payments under, the West LB Mahonia L/C in connection with an improper prepay transaction that was designed and facilitated by JPMC and Mahonia, and because any obligations Plaintiff incurred in connection with the Chase XII prepay were fraudulent transfers or conveyances, any payment from Plaintiff to or for the benefit of JPMC or Mahonia in connection with the Chase XII prepay unjustly enriches those Defendants at Plaintiff's expense. In equity and good conscience, and in accord with the provisions of the Bankruptcy Code, the Court should enter an order directing JPMC and Mahonia to disgorge to Plaintiff the amount of any payment from Plaintiff to or for the benefit of JPMC or Mahonia in connection with the Chase XII prepay, including any payment made indirectly through West LB London.

COUNT 68
(Disallowance of Claims Under Bankruptcy Code Section 502(d))

1237. The allegations in paragraphs 1 through 1236A of this Complaint are incorporated herein by reference.

1238. By reason of the foregoing facts and pursuant to Bankruptcy Code section 502(d), the Challenged Transaction Obligations should be declared null and void, and the claims of the beneficiaries of those Obligations, and any immediate or mediate transferees of the beneficiaries of those Obligations must be disallowed unless and until they have turned over to Plaintiff the property transferred, or paid Plaintiff the value of such property, for which they are liable under Bankruptcy Code section 550.

L. COUNTS 69 - 75
(Additional Counts Under the Bankruptcy Code)

COUNT 69
(Avoidance of Intentional Fraudulent Transfers Under Section 548(a)(1)(A) of the Bankruptcy Code; Against All Defendants)

1239. The allegations in paragraphs 1 through 1238 of this Complaint are incorporated herein by reference.

1240. In furtherance of their scheme to manipulate and misstate Enron's financial statements, the Insiders, in breach of their fiduciary duties, caused the Plaintiff to make transfers of interests of the Plaintiff in property, and/or to incur obligations either directly or as a guarantor, on or within one year before the Petition Date (the "Intentional Fraudulent Transfers").

1241. The Intentional Fraudulent Transfers were caused by the Insiders in connection with the following transactions described in this Complaint:

Transaction Name	Principal Defendant	Transaction Date
Yosemite I*	Citigroup	11/18/1999
Yosemite II*	Citigroup	02/23/2000
Yosemite III*	Citigroup	08/25/2000

Transaction Name	Principal Defendant	Transaction Date
Yosemite IV*	Citigroup	05/24/2001
June 2001 Prepay*	Citigroup	06/28/2001
Nahanni*	Citigroup	12/17/1999
Bacchus	Citigroup	12/20/2000
Sundance	Citigroup	06/01/2001
Chase VI Prepay*	JP Morgan Chase	12/18/1997
Chase VII Prepay*	JP Morgan Chase	06/26/1998
Chase VIII Prepay*	JP Morgan Chase	12/01/1998
Chase IX Prepay*	JP Morgan Chase	06/28/1999
Chase X Prepay*	JP Morgan Chase	06/28/2000
Chase XI Prepay*	JP Morgan Chase	12/28/2000
Fishtail	JP Morgan Chase	12/19/2000
Chase XII Prepay*	JP Morgan Chase	09/28/2001
December 2000 Prepaid Oil Swap*	CSFB	12/15/2000
September 2001 Prepaid Oil Swap*	CSFB	09/27/2001
Nile*	CSFB	09/28/2001
Nikita*	CSFB	09/28/2001
JT Holdings, Inc.*	Barclays	12/07/2000
September 2001 Prepaid Oil Swap*	Barclays	09/27/2001
Nikita*	Barclays	09/28/2001
$S0_2$ September*	Barclays	09/28/2001
$S0_2$ October*	Barclays	10/30/2001
Nigerian Barge	Merrill Lynch	12/29/1999
1999 Electricity Trades	Merrill Lynch	12/31/1999
Alberta Prepay*	Toronto Dominion	09/29/2000
London Prepay*	Toronto Dominion	12/15/2000; 12/22/2000
Steele	BT/Deutsche Bank	10/31/1997
Cochise	BT/Deutsche Bank	01/28/1999
Tomas	BT/Deutsche Bank	09/15/1998
Teresa	BT/Deutsche Bank	03/21/1997
Valhalla	BT/Deutsche Bank	05/02/2000
ETOL I	RBS	11/1/2000
ETOL II	RBS	3/30/2001
ETOL III*	RBS	6/20/2001
Nixon Prepay	RBS	12/14/1999
Sutton Bridge	RBS	06/08/1999

1242. The Intentional Fraudulent Transfers include obligations that Enron incurred in the form of guarantees, and/or obligations to obtain or reimburse draws on letters of credit, in connection with the transactions marked with an asterisk in the foregoing table.

1243. Each transfer of an interest of the Plaintiff in property and each obligation incurred in connection with the transactions identified in the preceding table, including each fee, principal, interest and other payment or transfer of funds or obligation incurred whether directly or as a guarantor, was an Intentional Fraudulent Transfer. The Intentional Fraudulent Transfers include without limitation each transfer of an interest of Plaintiff in property or obligation incurred that Plaintiff has sought to avoid and recover in any of the preceding Counts of this Complaint.

1244. Each Intentional Fraudulent Transfer was caused by the Insiders in breach of their fiduciary duties with actual intent to hinder, delay or defraud one or more entities to which Plaintiff was or became, on or after the date that such transfers were made or such obligations were incurred, indebted. These transfers and obligations were made to assist the Insiders in presenting misleading or incomplete financial information about Enron and diminished Plaintiff's estate.

1245. The Intentional Fraudulent Transfers are avoidable under section 548(a)(1)(A) of the Bankruptcy Code.

COUNT 70
(Avoidance of Intentional Fraudulent Transfers and Conveyances Under Section 544 of the Bankruptcy Code and Applicable State Law; Against All Defendants)

1246. The allegations in paragraphs 1 through 1245 of this Complaint are incorporated herein by reference.

1247. Pursuant to Bankruptcy Code section 544(b), Plaintiff has the rights of an existing unsecured creditor of Plaintiff. Section 544(b) permits Plaintiff to assert claims and causes of action that such a creditor could assert under applicable state law.

1248. In furtherance of their scheme to manipulate and misstate Enron's financial statements, the Insiders, in breach of their fiduciary duties, caused the Plaintiff to make transfers of interests of the Plaintiff in property, and/or to incur obligations either directly or as a guarantor, before the Petition Date (the "Intentional Fraudulent Conveyances").

1249. The Intentional Fraudulent Conveyances were caused by the Insiders in connection with the transactions listed in the preceding Count of this Complaint and the following additional transactions:

Transaction Name	Principal Defendant	Transaction Date
Roosevelt*	Citigroup	12/30/1998
Truman*	Citigroup	06/29/1999
Jethro*	Citigroup	09/29/1999
Nixon*	Citigroup	12/14/1999
Nighthawk	Citigroup	12/29/1997
Riverside III	CIBC	06/30/1998
Riverside IV	CIBC	09/28/1998
Pilgrim/Sarlux*	CIBC	12/22/1998
Pilgrim/Trakya*	CIBC	12/23/1998
Riverside V	CIBC	01/29/1999
Leftover	CIBC	05/28/1999
Nimitz	CIBC	06/25/1999
Ghost	CIBC	12/21/1999
Alchemy	CIBC	12/22/1999
Discovery	CIBC	12/30/1999
Specter	CIBC	03/28/2000
Roosevelt*	Barclays	12/30/1998
Nixon*	Barclays	12/14/1999
Yosemite II*	Barclays	02/23/2000
December 1998 Prepay*	Toronto Dominion	12/30/1998
Truman*	Toronto Dominion	07/29/1999
Jethro*	Toronto Dominion	09/29/1999
Nixon*	Toronto Dominion	12/14/1999
Renegade	BT/Deutsche Bank	12/23/1998

1250. The Intentional Fraudulent Conveyances include obligations that Enron incurred in the form of guarantees, and/or obligations to obtain or reimburse draws on letters of credit, in connection with the transactions marked with an asterisk in the foregoing table and the table in paragraph 1241.

1251. Each transfer of an interest of the Plaintiff in property and each obligation incurred in connection with the transactions identified in the foregoing table and in the preceding Count of this Complaint, including each fee, principal, interest and other payment or transfer of funds or obligation incurred whether directly or as a guarantor, was an Intentional Fraudulent Conveyance. The Intentional Fraudulent Conveyances include without limitation each transfer of an interest of Plaintiff in property that Plaintiff has sought to avoid and recover in any of the preceding Counts of this Complaint.

1252. Each Intentional Fraudulent Conveyance was caused by the Insiders in breach of their fiduciary duties with actual intent to hinder, delay or defraud one or more entities to which Plaintiff was or became, on or after the date that such transfers were made or such obligations were incurred, indebted. These transfers were made to assist the Insiders in presenting misleading or incomplete financial information about Enron and diminished Plaintiff's estate.

1253. The Intentional Fraudulent Conveyances are avoidable as fraudulent conveyances or fraudulent transfers under section 544 of the Bankruptcy Code or applicable state law.

COUNT 71
(Recovery of Avoided Intentional Fraudulent Transfers and Conveyances Under Section 550 of the Bankruptcy Code; Against All Defendants)

1254. The allegations in paragraphs 1 through 1253 of this Complaint are incorporated herein by reference.

1255. To the extent that any Intentional Fraudulent Transfer or Conveyance is avoided under Bankruptcy Code sections 544 or 548(a)(1)(A), then, pursuant to Bankruptcy Code section

550, Plaintiff may recover from the initial transferee or beneficiary, or from any immediate or mediate transferees, the property transferred, or the value of such property, for the benefit of Plaintiff's estate.

COUNT 72
(Disallowance of Claims Under Bankruptcy Code Section 502(d); Against All Defendants)

1256. The allegations in paragraphs 1 through 1255 of this Complaint are incorporated herein by reference.

1257. By reason of the foregoing facts and pursuant to Bankruptcy Code section 502(d), the claims of each Defendant must be disallowed unless and until the Defendant has turned over to Plaintiff the property transferred, or paid Plaintiff the value of such property, for which the Defendant is liable under Bankruptcy Code section 550.

COUNT 73
(Equitable Subordination Under Sections 510(c)(1)-(2) and 105(a) of the Bankruptcy Code; Against Subordination Defendants)

1258. The allegations in paragraphs 1 through 1257 of this Complaint are incorporated herein by reference.

1259. This Count is brought on behalf of Enron, ENA, and all of their affiliated debtor entities in the chapter 11 cases jointly administered under case number 01-16034 [AJG] (collectively, the "Subordination Plaintiff"), a list of which is annexed as Schedule A.

1260. Except as otherwise indicated below, Subordination Plaintiff alleges this claim against all Defendants (except the RBC Defendants and certain other defendants with respect to particular obligations as specified below) that have asserted or may assert claims against Subordination Plaintiff in any capacity (collectively, the "Subordination Defendants").

1261. The Subordination Defendants engaged in and benefitted from inequitable conduct, including the conduct described in this Complaint, that has resulted in injury to Subordination

Plaintiff's creditors and conferred an unfair advantage on the Subordination Defendants. This inequitable conduct has resulted in harm to Subordination Plaintiff and to its entire creditor body, in that general unsecured creditors (a) have been misled as to Subordination Plaintiff's true financial condition, (b) have been induced to extend credit without knowledge of the actual facts regarding Subordination Plaintiff's financial condition, and (c) are less likely to recover the full amounts due to them.

1262. Under principles of equitable subordination, in equity and good conscience, all claims that have been or may be asserted against the Subordination Plaintiff by, on behalf of, or for the benefit of the Subordination Defendants in any capacity should be subordinated for purposes of distribution, pursuant to sections 510(c)(1) and 105(a) of the Bankruptcy Code, such that no Subordination Defendant's claim is paid ahead of the claim of any other creditor.

1263. All claims asserted by any of the Subordination Defendants in any capacity against the Subordination Plaintiff should be subordinated such that no Subordination Defendant's claim is paid ahead of the claim of any other creditor.

1264. All claims asserted by persons or entities other than Subordination Defendants (including agents, lead lenders, SPEs, or trustees) against the Subordination Plaintiff, to the extent that the claims are asserted in whole or in part, directly or indirectly, on behalf of or for the benefit of the Subordination Defendants in any capacity, should be subordinated to that extent.

1264A. Chase has asserted claims against Subordination Plaintiff's estate that arise out of certain sureties' participation in challenged transactions, including Chase VI, Chase VII, Chase VIII, Chase IX, Chase X and Chase XI. These claims ("Surety Claims") were transferred to Chase by the sureties or are based on purported common law rights of subrogation. The relevant sureties include those identified in Schedule B.

1264B. Insofar as any Surety Claims are premised on the surety's subrogation to, or assertion of, claims against Subordination Plaintiff that previously had belonged to Chase, those Surety Claims should be subordinated. Chase acted inequitably with respect to Subordination Plaintiff in connection with each challenged transaction in which Chase participated. All of Chase's claims arising out of challenged transactions should therefore be subordinated. A surety's acquisition of Chase's claims arising out of challenged transactions, whether by subrogation or otherwise, did not eliminate Subordination Plaintiff's grounds for subordinating those claims. Similarly, reassignment of the claims to Chase did not eliminate Subordination Plaintiff's grounds for subordinating them. Accordingly, all Surety Claims premised on subrogation to, or assertion of, claims that previously had belonged to Chase should be subordinated for purposes of distribution pursuant to sections 510(c)(1) and 105(a) of the Bankruptcy Code.

1264C. Insofar as any Surety Claims are premised on any asserted indemnities, guarantees, or other agreements between Subordination Plaintiff and a surety, or on any other obligations that a surety asserts Subordination Plaintiff owes it in the surety's own right, those Surety Claims should be subordinated. Each obligation Plaintiff incurred in connection with a challenged transaction is avoidable under sections 548(a)(1)(A) and 548(a)(1)(B) of the Bankruptcy Code for reasons alleged in Counts 69 and 70 and in the detailed descriptions of the challenged transactions in this Complaint: the Insiders, in breach of their fiduciary duties, caused Plaintiff to incur the obligations for less than a reasonably equivalent value and with actual intent to hinder, delay or defraud Plaintiff's creditors. Accordingly, each indemnity agreement identified in Schedule B, and every other claim or obligation a surety has asserted against Subordination Plaintiff arising out of a challenged transaction, is avoidable under section 548 of the Bankruptcy Code, and any Surety Claim arising out of such an avoidable obligation should be subordinated for purposes of distribution pursuant to sections 510(c)(1) and 105(a) of the Bankruptcy Code.

1265. Plaintiff cannot at this time identify each and every one of the voluminous claims that may have been filed by, on behalf of, or for the benefit of any of the Subordination Defendants, because information necessary to make this determination is exclusively in the possession of others. The Court should exercise the full extent of its equitable powers to ensure that all claims, payments and benefits, of whatever kind or nature, which have been or may be asserted against the Subordination Plaintiff by, on behalf of, or for the benefit of the Subordination Defendants, in any capacity, directly or indirectly, are subordinated pursuant to sections 510(c)(1) and 105(a) of the Bankruptcy Code. No funds which would otherwise be paid to creditors should be paid to any of the Subordination Defendants.

1266. Equitable subordination as requested herein is consistent with the provisions and purposes of the Bankruptcy Code.

1266A. For the reasons alleged in this Count 73, to the extent that any of the Subordination Defendants is determined to have a lien on property of the Subordination Plaintiff's estate, the Court should enter an order transferring such lien to the Subordination Plaintiff's estate, pursuant to sections 510(c)(2) and 105(a) of the Bankruptcy Code.

COUNT 73A
(Equitable Subordination Under Sections 510(c)(1)-(2) and 105(a) of the Bankruptcy Code; Against Claim Transferee Defendants)

1266B. The allegations in paragraphs 1 through 1266A of this Complaint are incorporated herein by reference.

1266C. This Count is brought on behalf of Subordination Plaintiff.

1266D. As of the Petition Date, some Defendants in this proceeding directly or indirectly held interests in claims against or obligations of Subordination Plaintiff which were subsequently transferred to others on or after the Petition Date. These interests in claims or obligations, which Defendants held as of the Petition Date but subsequently transferred, are referred to herein as

"Transferred Claims." The first defendant that transferred a given Transferred Claim on or after the Petition Date is referred to herein as the "Claim Transferor Defendant" for that Transferred Claim.

1266E. Any Defendant asserting a Transferred Claim in any capacity against Subordination Plaintiff is referred to herein as a "Claim Transferee Defendant." Claim Transferee Defendants that Subordination Plaintiff has been able to identify are alleged in Section II.D of this Complaint.

1266F. Each Claim Transferor Defendant engaged in and benefitted from inequitable conduct, including the conduct described in this Complaint, that has resulted in injury to Subordination Plaintiff's creditors and conferred an unfair advantage on the Claim Transferor Defendant. This inequitable conduct has resulted in harm to Subordination Plaintiff and to its entire creditor body, in that general unsecured creditors: (a) have been misled as to the Subordination Plaintiff's true financial condition, (b) have been induced to extend credit without knowledge of the actual facts regarding Plaintiff's financial condition, and (c) are less likely to recover the full amounts due to them.

1266G. Under the principles of equitable subordination, in equity and good conscience, each Transferred Claim, if it had not been transferred and instead had been asserted against the Subordination Plaintiff by, on behalf of, or for the benefit of the Claim Transferor Defendant in any capacity on or after the Petition Date, would have been subject to subordination for purposes of distribution pursuant to sections 510(c)(1) and 105(a) of the Bankruptcy Code. In addition, any lien securing the subordinated claim would have been transferred to Subordination Plaintiff's estate pursuant to sections 510(c)(2) and 105(a) of the Bankruptcy Code.

1266H. Any Transferred Claim asserted by a Claim Transferee Defendant against the Subordination Plaintiff, to the extent that the claim was held by a Claim Transferor Defendant in any capacity on or after the Petition Date, should be subordinated to the same extent as if the Claim

Transferor Defendant continued to hold the claim, and any lien securing the subordinated claim should be transferred to Subordination Plaintiff's estate.

1266I. Equitable subordination as requested herein is consistent with the provisions and purposes of the Bankruptcy Code.

COUNT 73B
(Disallowance of Claims Under Bankruptcy Code Section 502(d); Against Claim Transferee Defendants)

1266J. The allegations in paragraphs 1 through 1266I of this Complaint are incorporated herein by reference.

1266K. Each Transferred Claim would be subject to disallowance under section 502(d) of the Bankruptcy Code if (a) the Transferred Claim had not been transferred and instead had been asserted against Subordination Plaintiff by, on behalf of, or for the benefit of the Claim Transferor Defendant in any capacity on or after the Petition Date, and (b) the Transferred Claim as asserted by, on behalf of, or for the benefit of the Claim Transferor Defendant would be subject to disallowance under section 502(d) of the Bankruptcy Code.

1266L. Each Transferred Claim would be subject to disallowance under section 502(d) of the Bankruptcy Code if (a) the Transferred Claim was transferred after the Petition Date to a Defendant in this proceeding (the "Defendant Transferee"), and the Transferred Claim was not subsequently transferred, but instead was asserted against Subordination Plaintiff by, on behalf of, or for the benefit of the Defendant Transferee after the Petition Date, and (b) the Transferee Claim as asserted by, on behalf of, or for the benefit of the Defendant Transferee would be subject to disallowance under section 502(d) of the Bankruptcy Code.

1266M. Any Transferred Claim, to the extent that a Claim Transferor Defendant or Defendant Transferee held the Claim in any capacity on or after the Petition Date, should be

disallowed to the same extent as if the Claim Transferor Defendant or Defendant Transferee had continued to hold the claim until the present.

1266N. By reason of the foregoing facts and pursuant to Bankruptcy Code section 502(d), all Transferred Claims should be disallowed unless and until (a) the Claim Transferor Defendant that held an interest in the Transferred Claim as of the Petition Date has turned over to Subordination Plaintiff all property transferred, or paid Subordination Plaintiff the value of such property, for which the Claim Transferor Defendant is liable under Bankruptcy Code section 550 as alleged in this Complaint, and (b) any Defendant Transferee that held the Transferred Claim on or after the Petition Date has turned over to Subordination Plaintiff all property transferred, or paid Subordination Plaintiff the value of such property, for which the Defendant Transferee is liable under Bankruptcy Code section 550 as alleged in this Complaint.

M. COUNTS 74 - 76 (Common Law Counts)

COUNT 74
(Aiding and Abetting Breach of Fiduciary Duty; Enron Against All Bank Defendants)

1267. The allegations in paragraphs 1 through 1266N of this Complaint are incorporated herein by reference.

1268. As officers, senior officers, and/or employees with management responsibility at Enron and/or its subsidiaries, the Insiders owed Enron fiduciary duties. These duties required the Insiders at all times to act on behalf of Enron in good faith, to exercise the care that an ordinarily prudent person in a like position would exercise under similar circumstances, and to conduct themselves in a manner they reasonably believed to be in the best interest of the company. As part of their fiduciary duties, the Insiders at all times were required to be honest and candid and to make complete disclosure in their dealings with the company and its Board of Directors. Further, in their

communications with investors the Insiders were obligated to do so honestly, candidly and completely in all material respects.

1269. By virtue of the acts and omissions described in this Complaint, the Insiders repeatedly violated their fiduciary duties to Enron. The Insiders violated their duties of good faith, due care, and loyalty by causing Enron to enter into each of the numerous structured finance transactions described in this Complaint, including the prepay, FAS 140, minority interest, tax and other transactions, for the purpose and with the effect of manipulating and misstating Enron's financial condition. The Insiders also breached their fiduciary duties of good faith, due care, and loyalty to Enron by reporting or causing to be reported in Enron's financial statements the financial effects of these transactions as though they were valid and in compliance with applicable accounting and other requirements, when, as described in this Complaint, they were not. With respect to those same structured finance transactions, the Insiders violated their duties to conduct themselves honestly, candidly and with full disclosure in their dealings with the company and its Board of Directors. Further, the Insiders breached their fiduciary duty of honesty, candor and complete disclosure by causing Enron's communications with its investors pertaining to these transactions and their effects on Enron's financial statements to be materially misleading and incomplete.

1270. By virtue of the acts and omissions described in this Complaint, Insiders Fastow, Kopper, and Glisan also breached their duties of good faith, due care, and loyalty by entering into transactions with Enron, directly and through entities in which they or members of their families owned an interest, in which they or their family members derived an improper personal benefit at the expense of the company. These Insiders also breached their duties of good faith, due care, and loyalty by arranging for and facilitating transactions between Enron and other officers and employees of the company, acting directly and through entities in which they or members of their families owned an interest, in which Enron officers and employees derived an improper personal

benefit at the expense of the company. In each of these transactions, these Insiders and Causey breached their fiduciary duties by failing to disclose to the company all material facts of each such transaction and/or by deliberately failing to supervise these transactions.

1271. By virtue of the acts and omissions described in this Complaint, the Bank Defendants knowingly gave substantial assistance to the Insiders in breaching their fiduciary duties to Enron. In each of the structured finance transactions described in this Complaint, one or more of the Bank Defendants participated with actual knowledge that the purpose of the transaction was to manipulate and misstate Enron's financial statements and that the transaction would be reported by Enron in a materially misleading manner. In each of the structured finance transactions described in this Complaint, one or more of the Bank Defendants gave substantial assistance to the Insiders by designing, implementing, financing, purporting to invest in, obtaining others to invest in, and/or closing the transaction and/or by causing their subsidiaries or affiliates to do the same.

1272. By virtue of the acts and omissions described in this Complaint, the Bank Defendants knowingly gave substantial assistance to those Insiders who breached their duties of good faith, due care, and loyalty by entering into transactions with Enron, directly and through entities in which they or members of their families owned an interest, in which they or members of their families derived an improper personal benefit. In each of the transactions described in this Complaint in which an Insider and/or a member of his family improperly derived a personal benefit from a transaction with Enron, one or more of the Bank Defendants participated with actual knowledge that the transaction was designed to or would benefit the Insider at Enron's expense. In each of these transactions, one or more of the Bank Defendants and/or their officers gave substantial assistance to the Insiders by investing, or by obtaining others to invest, in the transaction or the entity formed by the Insiders to participate in the transaction.

1273. As a direct and proximate result of the Bank Defendants' actions and omissions, Enron was injured and damaged in at least the following ways: (1) its debt was wrongfully expanded out of all proportion to its ability to repay and it became insolvent and thereafter deeply insolvent; (2) it was forced to file bankruptcy and incurred and continues to incur substantial legal and administrative costs, as well as the costs of governmental investigations; (3) its relationships with its customers, suppliers and employees were undermined; and (4) its assets were dissipated.

1274. Enron's injuries as described in this Complaint resulted from fraud and/or malice on the part of the Bank Defendants. When viewed objectively from the Bank Defendants' standpoint, the acts and omissions described in this Complaint involved an extreme degree of risk at the time they occurred, considering the probability and magnitude of the potential harm to Enron. The Bank Defendants had an actual, subjective awareness of the risk to Enron posed by their acts and omissions, but they nevertheless proceeded with conscious indifference to Enron's rights. Further, the acts and omissions described in this Complaint demonstrate a malicious, reckless, and/or willful disregard of Enron's rights and welfare on the part of the Bank Defendants. The same acts and omissions also were aimed at the public generally and were taken by the Bank Defendants in utter disregard of the public interest, including without limitation the interests of the many other entities that were financially involved with Enron, as well as the rights and interests of the investing public. Therefore, in order to punish the Bank Defendants, to deter the Bank Defendants from repeating the acts and omissions described in this Complaint, to protect the public against similar acts and omissions in the future, and to serve as a warning to others, the Bank Defendants should be held liable for exemplary or punitive damages.

COUNT 75
(Aiding and Abetting Fraud;
Enron Against All Bank Defendants)

1275. The allegations in paragraphs 1 through 1274 of this Complaint are incorporated herein by reference.

1276. The Insiders, as officers, senior officers, and/or employees with management responsibility at Enron and/or its subsidiaries, owed Enron fiduciary duties. Specifically, among others, the Insiders owed Enron a fiduciary duty to be honest and candid and to make complete disclosure in their dealings with the company and its Board of Directors.

1277. From 1997 through 2001, the Insiders knowingly misrepresented and/or omitted to disclose to the company and its Board of Directors (1) the true nature and/or purpose of the structured finance transactions listed below, including that they would be reported in Enron's financial statements in a manner that violated GAAP and/or was otherwise misleading; and (2) the wrongful manipulation and misstatement of Enron's financial statements directly caused by the structured finance transactions listed below. The structured finance transactions are Roosevelt, Truman, Jethro, Yosemite I, Nixon, Yosemite II, Yosemite III, Yosemite IV, June 2001 prepay, Nighthawk, Nahanni, Bacchus, Sundance Industrial, Chase VI prepay, Chase VII prepay, Chase VIII prepay, Chase IX prepay, Chase X prepay, Chase XI prepay, Chase XII prepay, Fishtail, December 2000 Prepaid Oil Swap, September 2001 Prepaid Oil Swap, Nile, Nikita, JT Holdings Inc., SO_2, Chewco, Steele, Cochise, Teresa, Tomas, Renegade, Valhalla, Riverside III, Riverside IV, Pilgrim, Riverside V, Leftover, Nimitz, Ghost, Alchemy, Discovery, Specter, Hawaii, Nigerian Barge, 1999 Electricity Trade, December 1998 Prepay, The Alberta Prepay, The London Prepay, Sutton Bridge, ETOL I, ETOL II, and ETOL III.

1278. With respect to these structured finance transactions, the Insiders knowingly caused to be included in Enron's internal and publicly disseminated financial statements misleading

information about the company's cash flow from operating and financing activities, income and net income, debt and price risk management liabilities, interest expense, and other information, as well as the financial measures, ratios and other calculations which are derived from or are based upon these figures.

1279. In addition, with respect to these structured finance transactions, the Insiders knowingly made misrepresentations and/or omitted to disclose material information to the company and/or its Board of Directors at the Board meetings and Board committee meetings listed below, all of which took place prior, or in some cases immediately prior, to the closing of one or more of the structured finance transactions. Once each of the structured finance transactions listed below closed, and its financial effects were captured initially in Enron's internal and publicly disseminated financial statements, at no time thereafter did any of the Insiders reveal to the company or its Board of Directors (1) the true nature and/or purpose of the structured finance transactions, including that they had been reported in Enron's financial statements in a manner that violated GAAP and/or was otherwise misleading, and/or (2) the wrongful manipulation and misstatement of Enron's financial statements directly caused by these structured finance transactions.

Roosevelt

1280. The Insiders did not disclose to Enron that the accounting for the Roosevelt transaction, which closed approximately December 30, 1998, was inconsistent with GAAP or was otherwise misleading.

1281. The Insiders did not disclose to Enron that the accounting for the Roosevelt transaction was inconsistent with GAAP or otherwise misleading at Board meetings in and around the time of the transaction (including meetings on October 12-13, 1998, and December 8, 1998), at Finance Committee meetings in and around the time of the transaction (including a meeting on

December 7, 1998), and at Executive Committee meetings in and around the time of the transaction (including a meeting on December 18, 1998).

1282. Insiders Causey and Fastow did not disclose to Enron that the accounting for the Roosevelt transaction was inconsistent with GAAP or otherwise misleading at the Board meeting on December 8, 1998, the Finance Committee meeting on December 7, 1998, and the Executive Committee meeting on December 18, 1998.

1283. Insider McMahon did not disclose to Enron that the accounting for the Roosevelt transaction was inconsistent with GAAP or otherwise misleading at the Board meeting on December 8, 1998, and the Finance Committee meeting on December 7, 1998.

Truman

1284. The Insiders did not disclose to Enron that the accounting for the Truman transaction, which closed approximately June 29, 1999, and was scheduled to continue until September, 1999, was inconsistent with GAAP or otherwise misleading.

1285. The Insiders did not disclose to Enron that the accounting for the Truman transaction was inconsistent with GAAP or otherwise misleading at Board meetings in and around the time of the transaction (including a meeting on June 28, 1999, one day before the transaction closed), at Finance Committee meetings in and around the time of the transaction (including a meeting on May 3, 1999), and at Executive Committee meetings in and around the time of the transaction (including meetings on June 7, June 11, and June 22, 1999).

1286. Insider Fastow did not disclose to Enron that the accounting for the Truman transaction was inconsistent with GAAP or otherwise misleading at the Board meeting on June 28, 1999, one day before the transaction closed, and at the Finance Committee meeting on May 3, 1999.

1287. Insider Causey did not disclose to Enron that the accounting for the Truman transaction was inconsistent with GAAP or otherwise misleading at the Finance Committee meeting on May 3, 1999.

1288. Insider McMahon did not disclose to Enron that the accounting for the Truman transaction was inconsistent with GAAP or otherwise misleading at the Finance Committee Meeting on May 3, 1999, and at the Executive Committee meeting on June 22, 1999.

Jethro

1289. The Insiders did not disclose to Enron that the accounting for the Jethro transaction, which closed approximately September 29, 1999, and was scheduled to continue until November, 1999, was inconsistent with GAAP or otherwise misleading.

1290. The Insiders did not disclose to Enron that the accounting for the Jethro transaction was inconsistent with GAAP or otherwise misleading at Board meetings in and around the time of the transaction (including meetings on August 10 and September 17, 1999), at Finance Committee meetings in and around the time of the transaction (including a meeting on August 9, 1999), and at Executive Committee meetings in and around the time of the transaction (including meetings on September 3, September 14, and September 24, 1999).

1291. Insider Fastow did not disclose to Enron that the accounting for the Jethro transaction was inconsistent with GAAP or otherwise misleading at the Finance Committee meeting on August 9, 1999.

1292. Insider McMahon did not disclose to Enron that the accounting for the Jethro transaction was inconsistent with GAAP or otherwise misleading at the Board meeting on September 17, 1999.

1293. Insider Causey did not disclose to Enron that the accounting for the Jethro transaction was inconsistent with GAAP or otherwise misleading at the Finance Committee meeting on August 9, 1999.

Yosemite I

1294. The Insiders did not disclose to Enron that the accounting for the Yosemite I transaction, which closed approximately November 18, 1999, and was scheduled to continue until December, 2004, was inconsistent with GAAP or otherwise misleading.

1295. The Insiders did not disclose to Enron that the accounting for the Yosemite I transaction was inconsistent with GAAP or otherwise misleading at Board meetings in and around the time of the transaction (including meetings on August 10, September 17, October 11-12, November 5, and November 18, 1999, the same day the project closed).

1296. The Insiders did not disclose to Enron that the accounting for the Yosemite I transaction was inconsistent with GAAP or otherwise misleading at a Finance Committee meeting on May 3, 1999, including in a discussion of the Yosemite I transaction in the materials that were provided to the Finance Committee by Insider McMahon as part of the Treasurer's report.

1297. The Insiders did not disclose to Enron that the accounting for the Yosemite I transaction was inconsistent with GAAP or otherwise misleading at a Finance Committee meeting on August 9, 1999, including in a discussion of the Yosemite I transaction in the materials that were provided to the Finance Committee.

1298. Insider Causey did not disclose to Enron that the accounting for the Yosemite I transaction was inconsistent with GAAP or otherwise misleading at the Board meetings on August 10 and October 11-12, 1999 and at the Finance Committee meetings on May 3 and August 9, 1999.

1299. Insider Fastow did not disclose to Enron that the accounting for the Yosemite I transaction was inconsistent with GAAP or otherwise misleading at the Board meeting on October 11-12, 1999 and at the Finance Committee meetings on May 3 and August 9, 1999.

1300. Insider McMahon did not disclose to Enron that the accounting for the Yosemite I transaction was inconsistent with GAAP or otherwise misleading at the Board meeting on October 11-12, 1999.

Nixon

1301. The Insiders did not disclose to Enron that the accounting for the Nixon transaction, which closed approximately December 14, 1999, was inconsistent with GAAP or otherwise misleading.

1302. The Insiders did not disclose to Enron that the accounting for the Nixon transaction was inconsistent with GAAP or otherwise misleading at Board meetings in and around the time of the transaction (including meetings on November 18 and December 14, 1999), at Finance Committee meetings in and around the time of the transaction (including a meeting on December 13, 1999, one day prior to closing), and at Executive Committee meetings in and around the time of the transaction (including a meeting on October 20, 1999).

1303. Insider Causey did not disclose to Enron that the accounting for the Nixon transaction was inconsistent with GAAP or otherwise misleading at the Board meeting on December 14, 1999, and at the Finance Committee meeting on December 13, 1999.

1304. Insiders McMahon and Fastow did not disclose to Enron that the accounting for the Nixon transaction was inconsistent with GAAP or otherwise misleading at the Finance Committee meeting on December 13, 1999.

Yosemite II

1305. The Insiders did not disclose to Enron that the accounting for the Yosemite II transaction, which closed approximately February 23, 2000, and was scheduled to continue until approximately January 2007, was inconsistent with GAAP or otherwise misleading.

1306. The Insiders did not disclose to Enron that the accounting for the Yosemite II transaction was inconsistent with GAAP or otherwise misleading at Board meetings in and around the time of the transaction (including meetings on November 5, November 18 and December 14, 1999, and February 7-8, 2000).

1307. Insider McMahon did not disclose to Enron that the accounting for the Yosemite II transaction was inconsistent with GAAP or otherwise misleading during a Finance Committee meeting on December 13, 1999, including in a mention of the Yosemite II transaction in a chart in his Treasurer's report.

1308. Insider Causey did not disclose to Enron that the accounting for the Yosemite II transaction was inconsistent with GAAP or otherwise misleading during a Board meeting on December 14, 1999.

1309. Insiders Causey and Fastow did not disclose to Enron that the accounting for the Yosemite II transaction was inconsistent with GAAP or otherwise misleading during a Finance Committee meeting on October 6, 2000, including in a mention of Yosemite II in a list of transactions, during a Finance Committee meeting on December 13, 1999, including in a mention of the Yosemite II transaction in a chart in the Treasurer's report, and during Audit and Compliance and Finance Committee meetings on February 12, 2001, including in a mention of Yosemite II in a list of investment activities for 2000.

1310. Insiders Fastow and McMahon did not disclose to Enron that the accounting for the Yosemite II transaction was inconsistent with GAAP or otherwise misleading during a Finance Committee meeting on February 7-8, 2000.

Yosemite III

1311. The Insiders did not disclose to Enron that the accounting for the Yosemite III transaction, which closed approximately August 25, 2000, and was scheduled to continue until July, 2005, was inconsistent with GAAP or otherwise misleading

1312. The Insiders did not disclose to Enron that the accounting for the Yosemite III transaction was inconsistent with GAAP or otherwise misleading at Board meetings in and around the time of the transaction (including meetings on August 1, 7-8, and 24, 2000), in Finance Committee meetings in and around the time of the transaction (including a meeting on August 7, 2000), and in Executive Committee meetings in and around the time of the transaction (including a meeting on June 22, 2000).

1313. Insider Causey did not disclose to Enron that the accounting for the Yosemite III transaction was inconsistent with GAAP or otherwise misleading at the August 1 and August 24, 2000, Board meetings, and at the August 7, 2000 Finance Committee meeting.

1314. Insider Fastow did not disclose to Enron that the accounting for the Yosemite III transaction was inconsistent with GAAP or otherwise misleading at the June 22, 2000 Executive Committee meeting, at the August 1, 2000 Board meeting, and at the August 7, 2000 Finance Committee meeting.

1315. Insider Glisan did not disclose to Enron that the accounting for the Yosemite III transaction was inconsistent with GAAP or otherwise misleading at the June 22, 2000 Executive Committee meeting, at the August 1, 2000 Board meeting, and at the August 7, 2000 Finance Committee Meeting.

Yosemite IV

1316. The Insiders did not disclose to Enron that the accounting for the Yosemite IV transaction, which closed approximately May 24, 2001, was inconsistent with GAAP or otherwise misleading.

1317. The Insiders did not disclose to Enron that the accounting for the Yosemite IV transaction was inconsistent with GAAP or otherwise misleading at Board meetings in and around the time of the transaction (including meetings on March 16 and May 1, 2001), Finance Committee meetings in and around the time of the transaction (including a meeting on April 30, 2001), and Executive Committee meetings in and around the time of the transaction (including a meeting on March 12, 2001).

1318. Insider Causey did not disclose to Enron that the accounting for the Yosemite IV transaction was inconsistent with GAAP or otherwise misleading at the Board meeting on May 1, 2001, and the Finance Committee meeting on April 30, 2001.

1319. Insider McMahon did not disclose to Enron that the accounting for the Yosemite IV transaction was inconsistent with GAAP or otherwise misleading at the Board meeting on May 1, 2001.

1320. Insider Fastow did not disclose to Enron that the accounting for the Yosemite IV transaction was inconsistent with GAAP or otherwise misleading at the Finance Committee meetings on April 2001 (including in a mention of "certain prepay transactions that were underway") and April 30, 2001, and at the Executive Committee meeting on March 12, 2001.

1321. Insider Glisan did not disclose to Enron that the accounting for the Yosemite IV transaction was inconsistent with GAAP or otherwise misleading in a Finance Committee meeting on March 12, 2001.

June 2001

1322. The Insiders did not disclose to Enron that the accounting for the June 2001 transaction, which closed approximately June 28, 2001, was inconsistent with GAAP or otherwise misleading.

1323. The Insiders did not disclose to Enron that the accounting for the June 2001 transaction was inconsistent with GAAP or otherwise misleading at Board meetings in and around the time of the transaction (including meetings on May 1 and June 13, 2001), at Finance Committee meetings in and around the time of the transaction (including a meeting on April 30, 2001), and at Executive Committee meetings in and around the time of the transaction (including a meeting on June 21, 2001).

1324. Insiders Fastow and Glisan did not disclose to Enron that the accounting for the June 2001 transaction was inconsistent with GAAP or otherwise misleading at the Finance Committee meeting on April 30, 2001, and at the Board meeting on June 13, 2001.

1325. Insider Causey did not disclose to Enron that the accounting for the June 2001 transaction was inconsistent with GAAP or otherwise misleading at the Board meeting on June 13, 2001.

Nighthawk

1326. The Insiders did not disclose to Enron that the accounting for the Nighthawk transaction, which closed approximately December 26, 1997, was inconsistent with GAAP or otherwise misleading.

1327. The Insiders did not disclose to Enron that the accounting for the Nighthawk transaction was inconsistent with GAAP or otherwise misleading at the Board and Finance Committee meetings at which the Nighthawk project was presented, including in a Finance

Committee meeting on December 8, 1997, a Board meeting on December 9, 1997, a Board meeting on February 1, 1999, and a Board meeting on September 17, 1999.

1328. Insider Causey did not disclose to Enron that the accounting for the Nighthawk transaction was inconsistent with GAAP or otherwise misleading at the Finance Committee meeting on December 8, 1997, when Nighthawk was presented, and at the Board meeting on February 1, 1999, when the restructuring of Nighthawk was presented.

1329. Insider Fastow did not disclose to Enron that the accounting for the Nighthawk transaction was inconsistent with GAAP or otherwise misleading at the Finance Committee meeting on December 8, 1997, when Nighthawk was presented.

1330. Insider McMahon did not disclose to Enron that the accounting for the Nighthawk transaction was inconsistent with GAAP or otherwise misleading at Board meetings on February 1 and September 17, 1999, when the restructuring of Nighthawk was presented.

Nahanni

1331. The Insiders did not disclose to Enron that the accounting for the Nahanni transaction, which closed approximately December 17, 1999, was inconsistent with GAAP or otherwise misleading.

1332. The Insiders did not disclose to Enron that the accounting for the Nahanni transaction was inconsistent with GAAP or otherwise misleading at Board meetings in and around the time of the transaction (including meetings on November 18 and December 14, 1999), at Finance Committee meetings in and around the time of the transaction (including a meeting on December 13, 1999, at which the transaction was referenced), and at Executive Committee meetings in and around the time of the transaction (including a meeting on October 20, 1999).

1333. Insiders McMahon, Causey, and Fastow did not disclose to Enron that the accounting for the Nahanni transaction was inconsistent with GAAP or otherwise misleading at the Finance

Committee meeting on December 13, 1999, at which Nahanni was mentioned in a Treasurer's report.

Bacchus

1334. The Insiders did not disclose to Enron that the accounting for the Bacchus transaction, which closed approximately December 20, 2000, was inconsistent with GAAP or otherwise misleading.

1335. The Insiders did not disclose to Enron that the accounting for the Bacchus transaction was inconsistent with GAAP or otherwise misleading at Board meetings in and around the time of the transaction (including meetings on December 7 and December 12, 2000), at Finance Committee meetings in and around the time of the transaction (including a meeting on December 11, 2000), and at Executive Committee meetings in and around the time of the transaction (including a meeting on December 7, 2000).

1336. Insiders Causey, Fastow, Glisan, and McMahon did not disclose to Enron that the accounting for the Bacchus transaction was inconsistent with GAAP or otherwise misleading at the Finance Committee meeting on December 11, 2000.

Sundance Industrial

1337. The Insiders did not disclose to Enron that the accounting for the Sundance transaction, which closed approximately June 1, 2001, was inconsistent with GAAP or otherwise misleading.

1338. The Insiders did not disclose to Enron that the accounting for the Sundance transaction was inconsistent with GAAP or otherwise misleading at Board meetings in and around the time of the transaction (including meetings on March 16 and May 1, 2001), at Finance Committee meetings in and around the time of the transaction (including a meeting on April 30,

2001), and Executive Committee meetings in and around the time of the transaction (including a meeting on March 12, 2001).

1339. Insider Causey did not disclose to Enron that the accounting for the Sundance transaction was inconsistent with GAAP or otherwise misleading at the Board meeting on May 1, 2001, and the Finance Committee meeting on April 30, 2001.

1340. Insider McMahon did not disclose to Enron that the accounting for the Sundance transaction was inconsistent with GAAP or otherwise misleading at the Board meeting on May 1, 2001.

1341. Insider Fastow did not disclose to Enron that the accounting for the Sundance transaction was inconsistent with GAAP or otherwise misleading at the Finance Committee meeting on April 30, 2001, and the Executive Committee meeting on March 12, 2001.

1342. Insider Glisan did not disclose to Enron that the accounting for the Sundance transaction was inconsistent with GAAP or otherwise misleading at the Finance Committee meeting on April 30, 2001.

Chase VI Prepay

1343. The Insiders did not disclose to Enron that the accounting for the Chase VI prepay transaction, which was executed approximately December 18, 1997, was inconsistent with GAAP or otherwise misleading.

1344. The Insiders did not disclose to Enron that the accounting for the Chase VI prepay transaction was inconsistent with GAAP or otherwise misleading at Board meetings in and around the time of the transaction (including meetings on October 5, October 14, and December 9, 1997), at Finance Committee meetings in and around the time of the transaction (including meetings on October 13 and December 8, 1997), and Executive Committee meetings in and around the time of the transaction (including meetings on October 21, November 5, and November 14, 1997).

1345. Insider Causey did not disclose to Enron that the accounting for the Chase VI prepay transaction was inconsistent with GAAP or otherwise misleading at the Board meeting on October 14, 1997, and the Finance Committee meetings on October 13 and December 8, 1997.

1346. Insider Fastow did not disclose to Enron that the accounting for the Chase VI prepay transaction was inconsistent with GAAP or otherwise misleading at the Board meeting on October 14, 1997, and the Finance Committee meetings on October 13 and December 8, 1997, and at the Executive Committee meeting on November 5, 1997.

Chase VII Prepay

1347. The Insiders did not disclose to Enron that the accounting for the Chase VII prepay transaction, which closed approximately June 26, 1998 was inconsistent with GAAP or otherwise misleading.

1348. The Insiders did not disclose to Enron that the accounting for the Chase VII prepay transaction was inconsistent with GAAP or otherwise misleading at Board meetings in and around the time of the transaction (including meetings on May 4-5 and June 22, 1998, four days before the deal closed), at Finance Committee meetings in and around the time of the transaction (including a meeting on May 4, 1998), and at Executive Committee meetings in and around the time of the transaction (including meetings on June 3 and June 12, 1998).

1349. Insiders Fastow and McMahon did not disclose to Enron that the accounting for the Chase VII prepay transaction was inconsistent with GAAP or otherwise misleading at the Board meeting on June 22, 1998, four days before the deal closed, and at the Finance Committee meeting on May 4, 1998.

1350. Insider Causey did not disclose to Enron that the accounting for the Chase VII prepay transaction was inconsistent with GAAP or otherwise misleading at the Finance Committee meeting on May 4, 1998.

Chase VIII Prepay

1351. The Insiders did not disclose to Enron that the accounting for the Chase VIII prepay transaction, which closed approximately December 1, 1998, was inconsistent with GAAP or otherwise misleading.

1352. The Insiders did not disclose to Enron that the accounting for the Chase VIII prepay transaction was inconsistent with GAAP or otherwise misleading at Board meetings in and around the time of the transaction (including meetings on August 10-11 and October 12-13, 1998), at Finance Committee meetings in and around the time of the transaction (including meetings on October 12 and December 7, 1998), and at Executive Committee meetings in and around the time of the transaction (including meetings on September 11, November 2, November 17, and November 23, 1998).

1353. Insider Causey did not disclose to Enron that the accounting for the Chase VIII prepay transaction was inconsistent with GAAP or otherwise misleading at the Board meeting on October 12-13, 1998, at the Finance Committee meetings on October 12 and December 7, 1998, and at the Executive Committee meeting on November 2, 1998.

1354. Insider Fastow did not disclose to Enron that the accounting for the Chase VIII prepay transaction was inconsistent with GAAP or otherwise misleading at the Finance Committee meetings on October 12 and December 7, 1998, and the Executive Committee meetings on September 11, November 2, and November 23, 1998.

1355. Insider McMahon did not disclose to Enron that the accounting for the Chase VIII prepay transaction was inconsistent with GAAP or otherwise misleading at the Finance Committee meetings on October 12 and December 7, 1998, and at the Executive Committee meeting on November 2, 1998.

Chase IX Prepay

1356. The Insiders did not disclose to Enron that the accounting for the Chase IX prepay transaction, which closed approximately June 28, 1999, and was scheduled to continue until June 30, 2004, was inconsistent with GAAP or otherwise misleading.

1357. The Insiders did not disclose to Enron that the accounting for the Chase IX prepay transaction was inconsistent with GAAP or otherwise misleading at Board meetings in and around the time of the transaction (including meetings on May 19 and June 28, 1999, the same day the deal closed), at Finance Committee meetings in and around the time of the transaction (including a meeting on May 3, 1999), and at Executive Committee meetings in and around the time of the transaction (including meetings on June 7, June 11, and June 22, 1999).

1358. Insider Fastow did not disclose to Enron that the accounting for the Chase IX prepay transaction was inconsistent with GAAP or otherwise misleading at the Board meeting on June 28, 1999, and the Finance Committee meeting on May 3, 1999.

1359. Insider McMahon did not disclose to Enron that the accounting for the Chase IX prepay transaction was inconsistent with GAAP or otherwise misleading at the Finance Committee meeting on May 3, 1999, and the Executive Committee meeting on June 22, 1999.

1360. Insider Causey did not disclose to Enron that the accounting for the Chase IX prepay transaction was inconsistent with GAAP or otherwise misleading at the Finance Committee meeting on May 3, 1999.

Chase X Prepay

1361. The Insiders did not disclose to Enron that the accounting for the Chase X prepay transaction, which closed approximately June 28, 2000, and was scheduled to continue until June 30, 2005, was inconsistent with GAAP or otherwise misleading.

1362. The Insiders did not disclose to Enron that the accounting for the Chase X prepay transaction was inconsistent with GAAP or otherwise misleading at Board meetings in and around the time of the transaction (including meetings on November 18 and December 14, 1999, February 7-8, April 3, and May 2, 2000), at Finance Committee meetings in and around the time of the transaction (including meetings on December 13, 1999, February 7 and May 1, 2000), and at Executive Committee meetings in and around the time of the transaction (including meetings on January 20, March 2, May 17, June 1, and June 22, 2000).

1363. Insider Causey did not disclose to Enron that the accounting for the Chase X prepay transaction was inconsistent with GAAP or otherwise misleading at the Board meetings on December 14, 1999 and May 2, 2000, and at the Finance Committee meetings on December 13, 1999 and May 1, 2000.

1364. Insider Fastow did not disclose to Enron that the accounting for the Chase X prepay transaction was inconsistent with GAAP or otherwise misleading at the Board meeting on April 3, 2000, at the Finance Committee meetings on December 13, 1999, February 7, 2000, and May 1, 2000, and the Executive Committee meetings on May 17, June 1, and June 22, 2000.

1365. Insider McMahon did not disclose to Enron that the accounting for the Chase X prepay transaction was inconsistent with GAAP or otherwise misleading at the Finance Committee meetings on December 13, 1999 and February 7, 2000.

1366. Insider Glisan did not disclose to Enron that the accounting for the Chase X prepay transaction was inconsistent with GAAP or otherwise misleading at the Finance Committee meeting on May 1, 2000 and the Executive Committee meeting on June 22, 2000.

Chase XI Prepay

1367. The Insiders did not disclose to Enron that the accounting for the Chase XI prepay transaction, which closed approximately December 28, 2000, and was scheduled to continue until November, 2005, was inconsistent with GAAP or otherwise misleading.

1368. The Insiders did not disclose to Enron that the accounting for the Chase XI prepay transaction was inconsistent with GAAP or otherwise misleading at Board meetings in and around the time of the transaction (including meetings on December 7 and 12, 2000), at Finance Committee meetings in and around the time of the transaction (including a meeting on December 11, 2000), and at Executive Committee meetings in and around the time of the transaction (including meetings on December 7 and December 21, 2000).

1369. Insider Fastow did not disclose to Enron that the accounting for the Chase XI prepay transaction was inconsistent with GAAP or otherwise misleading at the Finance Committee meeting on December 11, 2000, and the Executive Committee meeting on December 21, 2000.

1370. Insiders Glisan and McMahon did not disclose to Enron that the accounting for the Chase XI prepay transaction was inconsistent with GAAP or otherwise misleading at the Finance Committee meeting on December 11, 2000.

Chase XII Prepay

1371. The Insiders did not disclose to Enron that the accounting for the Chase XII prepay transaction, which closed approximately September 28, 2001, and was scheduled to continue until March 25, 2002, was inconsistent with GAAP or otherwise misleading.

1372. The Insiders did not disclose to Enron that the accounting for the Chase XII prepay transaction was inconsistent with GAAP or otherwise misleading at Board meetings in and around the time of the transaction (including meetings on August 13-14 and 27, 2001), at Finance Committee meetings in and around the time of the transaction (including a meeting on August 13,

2001), and at Executive Committee meetings in and around the time of the transaction (including a meeting on June 21, 2001).

1373. Insiders Causey and Fastow did not disclose to Enron that the accounting for the Chase XII prepay transaction was inconsistent with GAAP or otherwise misleading at a Board meeting on August 13-14, 2001, and a Finance Committee meeting on August 13, 2001.

Fishtail

1374. The Insiders did not disclose to Enron that the accounting for the Fishtail transaction, which was executed approximately December 19, 2000, was inconsistent with GAAP or otherwise misleading.

1375. The Insiders did not disclose to Enron that the accounting for the Fishtail transaction was inconsistent with GAAP or otherwise misleading at Board meetings in and around the time of the transaction (including meetings on December 7 and December 12, 2000), at Finance Committee meetings in and around the time of the transaction (including a meeting on December 11, 2000), and at Executive Committee meetings in and around the time of the transaction (including a meeting on December 7, 2000),

1376. Insiders Causey, Fastow, Glisan, and McMahon did not disclose to Enron that the accounting for the Fishtail transaction was inconsistent with GAAP or otherwise misleading at the Finance Committee meeting on December 11, 2000.

December 2000 Prepaid Oil Swap

1377. The Insiders did not disclose to Enron that the accounting for the December 2000 Prepaid Oil Swap transaction, which closed approximately December 15, 2000, was inconsistent with GAAP or otherwise misleading.

1378. The Insiders did not disclose to Enron that the accounting for the December 2000 Prepaid Oil Swap transaction was inconsistent with GAAP or otherwise misleading at Board

meetings in and around the time of the transaction (including meetings on December 7 and 12, 2000), at Finance Committee meetings in and around the time of the transaction (including a meeting on December 11, 2000), and at Executive Committee meetings in and around the time of the transaction (including a meeting on December 7, 2000).

1379. Insiders Causey, Fastow, Glisan, and McMahon did not disclose to Enron that the accounting for the December 2000 Prepaid Oil Swap transaction was inconsistent with GAAP or otherwise misleading at the Finance Committee meeting on December 11, 2000.

Nikita

1380. The Insiders did not disclose to Enron that the accounting for the Nikita transaction, which closed approximately September 28, 2001, was inconsistent with GAAP or otherwise misleading.

1381. The Insiders did not disclose to Enron that the accounting for the Nikita transaction was inconsistent with GAAP or otherwise misleading at Board meetings in and around the time of the transaction (including meetings on August 13-14 and 27, 2001), at Finance Committee meetings in and around the time of the transaction (including a meeting on August 13, 2001), and at Executive Committee meetings in and around the time of the transaction (including a meeting on June 21, 2001).

1382. Insiders Causey and Fastow did not disclose to Enron that the accounting for the Nikita transaction was inconsistent with GAAP or otherwise misleading at the Board meeting on August 13-14, 2001, and the Finance Committee meeting on August 13, 2001.

1383. Insider Glisan did not disclose to Enron that the accounting for the Nikita transaction was inconsistent with GAAP or otherwise misleading at the Finance Committee meeting on August 13, 2001.

Nile

1384. The Insiders did not disclose to Enron that the accounting for the Nile Transaction, which closed on or about September 28, 2001, was inconsistent with GAAP or otherwise misleading.

1385. The Insiders did not disclose to Enron that the accounting for the Nile Transaction was inconsistent with GAAP or otherwise misleading at Board meetings in and around the time of the transaction (including meetings on August 13 and 27, 2001), at Finance Committee meetings in and around the time of the transaction (including a meeting on August 13, 2001), and at Executive Committee meetings in and around the time of the transaction (including a meeting on June 21, 2001).

1386. Insiders Causey and Fastow did not disclose to Enron that the accounting for the Nile Transaction was inconsistent with GAAP or otherwise misleading at the Board meeting on August 13,2001, and the Finance Committee meeting on August 13, 200l.

1387. Insider Glisan did not disclose to Enron that the accounting for the Nile Transaction was inconsistent with GAAP or otherwise misleading at the Finance Committee meeting on August 13, 2001.

JT Holdings Inc.

1388. The Insiders did not disclose to Enron that the accounting for the JT Holdings, Inc. transaction, which closed approximately December 7, 2000, was inconsistent with GAAP or otherwise misleading.

1389. The Insiders did not disclose to Enron that the accounting for the JT Holdings, Inc. transaction was inconsistent with GAAP or otherwise misleading at Board meetings in and around the time of the transaction (including meetings on October 7, October 27, and December 7, 2000, the same day the project closed), at Finance Committee meetings in and around the time of the

transaction (including a meeting on October 6, 2000), and at Executive Committee meetings in and around the time of the transaction (including a meeting on June 22, 2000).

1390. Insider Causey did not disclose to Enron that the accounting for the JT Holdings, Inc., transaction was inconsistent with GAAP or otherwise misleading at the Board meeting on October 27, 2000, and at the Finance Committee meeting on October 6, 2000.

1391. Insider Fastow did not disclose to Enron that the accounting for the JT Holdings, Inc., transaction was inconsistent with GAAP or otherwise misleading at the Board meeting on October 27, 2000, at the Executive Committee meeting on June 22, 2000, and at the Finance Committee meeting on October 6, 2000.

1392. Insider Glisan did not disclose to Enron that the accounting for the JT Holdings, Inc. transaction was inconsistent with GAAP or otherwise misleading at the Executive Committee meeting on June 22, 2000, and at the Finance Committee meeting on October 6, 2000.

SO_2

1393. The Insiders did not disclose to Enron that the accounting for the SO_2 transaction, which involved two trades, one on or about September 28, 2001 and the other on or about October 30, 2001, was inconsistent with GAAP or otherwise misleading.

1394. The Insiders did not disclose to Enron that the accounting for the SO_2 transaction was inconsistent with GAAP or otherwise misleading at Board meetings in and around the time of the transaction (including meetings on December 1, 2001 and eleven dates in November, 2001), at Finance Committee meetings in and around the time of the transaction (including meetings on August 13 and October 8, 2001), and at Executive Committee meetings in and around the time of the transaction (including a meeting on June 21, 2001).

1395. Insider McMahon did not disclose to Enron that the accounting for the SO_2 transaction was inconsistent with GAAP or otherwise misleading at the Board meetings on December 1, 2001, or in November.

1396. Insiders Causey, Fastow, and Glisan did not disclose to Enron that the accounting for the SO_2 transaction was inconsistent with GAAP or otherwise misleading at the Finance Committee meetings on August 13 and October 8, 2001.

Chewco

1397. The Insiders did not disclose to Enron that the accounting for the Chewco transaction, which closed on December 30, 1997, was inconsistent with GAAP or otherwise misleading.

1398. The Insiders did not disclose to Enron that the accounting for the Chewco transaction was inconsistent with GAAP or otherwise misleading at a November 5, 1997 Executive Committee meeting in which the project was presented for approval.

1399. In presenting the Chewco transaction to the Executive Committee, Insider Fastow described Chewco Investments, L.L.C. as "a special purpose vehicle not affiliated with the Company."

1400. The Insiders did not disclose to Enron that the accounting for the Chewco transaction was inconsistent with GAAP or otherwise misleading at Board meetings in and around the time of the transaction (including meetings on October 5, 1997, October 14, 1997, and December 9, 1997), at Finance Committee meetings in and around the time of the transaction (including meetings on October 13, 1997 and December 8, 1997), and at other Executive Committee meetings in and around the time of the transaction (including meetings on October 21, 1997, November 14, 1997 and December 29, 1997).

1401. Insider Causey did not disclose to Enron that the accounting for the Chewco transaction was inconsistent with GAAP or otherwise misleading at the October 14, 1997 Board meeting and the October 13, 1997 and December 8, 1997 Finance Committee meetings.

1402. Insider Fastow did not disclose to Enron that the accounting for the Chewco transaction was inconsistent with GAAP or otherwise misleading at the October 14, 1997 Board meeting, the October 13, 1997 and December 8, 1997 Finance Committee meetings, and the November 5, 1997 Executive Committee meeting.

1403. Insider Kopper did not disclose to Enron that the accounting for the Chewco transaction was inconsistent with GAAP or otherwise misleading at the November 5, 1997 Executive Committee meeting.

Steele

1404. The Insiders did not disclose to Enron that the accounting for the Steele transaction, which closed approximately October 31, 1997, was inconsistent with GAAP or otherwise misleading.

1405. The Insiders did not disclose to Enron that the accounting for the Steele transaction was inconsistent with GAAP or otherwise misleading at Board meetings in and around the time of the transaction (including meetings on May 6, May 28, August 11, October 5, and October 14, 1997), at Finance Committee meetings in and around the time of the transaction (including meetings on May 5, August 10, and October 13, 1997), or at Executive Committee meetings in and around the time of the transaction (including meetings on May 23, June 5, July 10, August 21, and October 21, 1997).

1406. Insider Causey did not disclose to Enron that the accounting for the Steele transaction was inconsistent with GAAP or otherwise misleading at the Board meetings on August 11 and October 14, 1997, at the Finance Committee meetings on May 5, August 10, and October 13, 1997,

or at the Finance Committee meeting on February 9, 1998, in which Project Steele appeared on a document provided to the Finance Committee.

1407. Insider Fastow did not disclose to Enron that the accounting for the Steele transaction was inconsistent with GAAP or otherwise misleading at the Board meetings on August 11, October 5, and October 14, 1997, at the Finance Committee meetings on May 5, August 10, and October 13, 1997 and February 9, 1998 (in which Project Steele appeared on a document provided to the Finance Committee), or at the Executive Committee meetings on June 5, July 10, and August 21, 1997.

Cochise

1408. The Insiders did not disclose to Enron that the accounting for the Cochise transaction, which was executed approximately January 28, 1999, was inconsistent with GAAP or otherwise misleading.

1409. The Insiders did not disclose to Enron that the accounting for the Cochise transaction was inconsistent with GAAP or otherwise misleading during a Board meeting on February 28, 1999, at which the project was discussed, an Executive Committee meeting on December 18, 1998, at which the project was discussed, or during a Finance Committee meeting on December 13, 1999, in which the project appeared on a list of year-end transactions.

1410. The Insiders did not disclose to Enron that the accounting for the Cochise transaction was inconsistent with GAAP or otherwise misleading at Board meetings in and around the time of the transaction (including meetings on July 21, August 10-11, October 12-13, 1998, and December 8, 1998), at Finance Committee meetings in and around the time of the transaction (including meetings on August 10, October 12, and December 7, 1998), or at other Executive Committee meetings in and around the time of the transaction (including meetings on September 11, November 2, November 17, November 23, 1998).

1411. Insider Causey did not disclose to Enron that the accounting for the Cochise transaction was inconsistent with GAAP or otherwise misleading at the Board meetings on July 21, August 10-11, October 12-13, December 8, 1998, and February 8, 1999, at the Finance Committee meetings on August 10, October 12, and December 7, 1998, or at the Executive Committee meetings on November 2 and December 18, 1998 (during which Causey discussed the Cochise transaction with the Committee).

1412. Insider Fastow did not disclose to Enron that the accounting for the Cochise transaction was inconsistent with GAAP or otherwise misleading at the Board meetings on July 21, August 10-11, December 8, 1998, and February 8, 1999, at the Finance Committee meetings on August 10, October 12, and December 7, 1998, or at the Executive Committee meetings on September 11, November 2, November 23, and December 18, 1998.

1413. Insider McMahon did not disclose to Enron that the accounting for the Cochise transaction was inconsistent with GAAP or otherwise misleading at the Board meetings on July 21, August 10-11, and December 8, 1998, at the Finance Committee meetings on August 10, October 12, and December 7, 1998, or at the Executive Committee meeting on November 2, 1998.

Teresa

1414. The Insiders did not disclose to Enron that the accounting for the Teresa transaction, which was executed approximately March 21, 1997, was inconsistent with GAAP or otherwise misleading.

1415. The Insiders did not disclose to Enron that the accounting for the Teresa transaction was inconsistent with GAAP or otherwise misleading during an Executive Committee meeting on March 25, 1997, at which the project was discussed, or during a Finance Committee meeting on February 9, 1998, in which the project appeared on a list of 1997 transactions.

1416. Insider Causey did not disclose to Enron that the accounting for the Teresa transaction was inconsistent with GAAP or otherwise misleading during an Executive Committee meeting on March 25, 1997, at which he made a presentation on Teresa, or during a Finance Committee meeting on February 9, 1998, in which the project appeared on a list of 1997 transactions.

1417. Insider Fastow did not disclose to Enron that the accounting for the Teresa transaction was inconsistent with GAAP or otherwise misleading during an Executive Committee meeting on March 25, 1997, at which Teresa was discussed, or at a Finance Committee meeting on February 9, 1998, in which the project appeared on a list of 1997 transactions.

Tomas

1418. The Insiders did not disclose to Enron that the accounting for the Tomas transaction, which was executed approximately September 15, 1998, was inconsistent with GAAP or otherwise misleading.

1419. The Insiders did not disclose to Enron that the accounting for the Tomas transaction was inconsistent with GAAP or otherwise misleading during a meeting of the Executive Committee on March 2, 1998, during which the project was discussed.

1420. Insiders Causey and Maxey did not disclose to Enron that the accounting for the Tomas transaction was inconsistent with GAAP or otherwise misleading during a meeting of the Executive Committee on March 2, 1998, during which the project was discussed.

1421. In the March 2, 1998 Executive Committee meeting, Insider Causey misrepresented to Enron that (1) Tomas was a project designed to enhance the financial return of a portfolio of leased assets, despite the fact that the SPE did not engage in any leasing activities until the Insiders arranged a lease of aircraft in the summer of 2000, and (2) Tomas would generate after-tax earnings,

despite the fact that the transaction was designed to generate current "pre-tax" financial accounting income by creating questionable future tax deductions.

Renegade

1422. The Insiders did not disclose to Enron that the Renegade transaction, which was executed approximately December 23, 1998, was a reward to BT/Deutsche Bank for its work on other questionable tax transactions with the Insiders.

1423. The Insiders did not disclose to Enron that the Renegade transaction was a reward to BT/Deutsche Bank for its work on other questionable tax transactions with the Insiders at Board meetings in and around the time of the transaction (including meetings on October 12 and December 8, 1998), at Finance Committee meetings in and around the time of the transaction (including a meeting on December 7, 1998), or at Executive Committee meetings in and around the time of the transaction (including meetings on November 17, November 23, and December 18, 1998).

1424. Insider Causey did not disclose to Enron that the Renegade transaction was a reward to BT/Deutsche Bank for its work on other questionable tax transactions with the Insiders at the Board meetings on October 12 and December 8, 1998, at the Finance Committee meeting on December 7, 1998, or at the Executive Committee meeting on December 18, 1998.

1425. Insider Fastow did not disclose to Enron that the Renegade transaction was a reward to BT/Deutsche Bank for its work on other questionable tax transactions with the Insiders at the Board meeting on December 8, 1998, at the Finance Committee meeting on December 7, 1998, or at the Executive Committee meetings on November 23 and December 18, 1998.

1426. Insider McMahon did not disclose to Enron that the Renegade transaction was a reward to BT/Deutsche Bank for its work on other questionable tax transactions with the Insiders

at the Board meeting on December 8, 1998 or at the Finance Committee meeting on December 7, 1998.

Valhalla

1427. The Insiders did not disclose to Enron that the Valhalla transaction, which closed approximately in May 2000, was a reward to BT/Deutsche Bank for its work on other questionable tax transactions with the Insiders.

1428. The Insiders did not disclose to Enron that the Valhalla transaction was a reward to BT/Deutsche Bank for its work on other questionable tax transactions with the Insiders at a Board meeting on December 14, 1999, at which the meeting agenda stated that Causey gave a report on a Finance Committee recommendation that Project Valhalla be approved, or during a December 13, 1999 Finance Committee meeting, at which the transaction was listed in the December 14, 1999 Board agenda as having been discussed.

1429. The Insiders did not disclose to Enron that the Valhalla transaction was a reward to BT/Deutsche Bank for its work on other questionable tax transactions with the Insiders at Board meetings in and around the time of the transaction (including meetings on February 7, 2000, April 3, 2000, May 2, 2000 and August 1, 7, and 24, 2000), in Finance Committee meetings in and around the time of the transaction (including meetings on December 13, 1999, February 7, 2000, May 1, 2000, and August 7, 2000), or in Executive Committee meetings in and around the time of the transaction (including a meeting on June 22, 2000).

1430. Insider Causey did not disclose to Enron that the Valhalla transaction was a reward to BT/Deutsche Bank for its work on other questionable tax transactions with the Insiders at the December 14, 1999 Board meeting in which he was scheduled to report on the Project, at subsequent Board meetings on May 2, 2000, August 1, and August 7, 2000 or at the December 13, 1999, May 1, 2000, and August 7, 2000 Finance Committee meetings.

1431. Insider Fastow did not disclose to Enron that the Valhalla transaction was a reward to BT/Deutsche Bank for its work on other questionable tax transactions with the Insiders at the June 22, 2000 Executive Committee meeting, at the April 3, 2000, August 1, 7 and 24, 2000 Board meetings, or at the December 13, 1999, February 7, 2000, May 1, 2000, and August 7, 2000 Finance Committee meetings.

1432. Insider Glisan did not disclose to Enron that the Valhalla transaction was a reward to BT/Deutsche Bank for its work on other questionable tax transactions with the Insiders at the May 1, 2000 and August 7, 2000 Finance Committee meetings, the June 22, 2000 Executive Committee meeting, or at the August 1, 2000 Board meeting.

Riverside III

1433. The Insiders did not disclose to Enron that the accounting for the Riverside III transaction, which was executed approximately June 30, 1998, was inconsistent with GAAP or otherwise misleading.

1434. During a Board meeting on June 22, 1998, at which Riverside III was discussed, Insiders McMahon and Fastow did not disclose to Enron that the accounting for the transaction was inconsistent with GAAP or otherwise misleading.

Riverside IV

1435. The Insiders did not disclose to Enron that the accounting for the Riverside IV transaction, which was executed approximately September 29, 1998, was inconsistent with GAAP or otherwise misleading.

1436. The Insiders did not disclose to Enron that the accounting for the Riverside IV transaction was inconsistent with GAAP or otherwise misleading at a Board meeting on October 12-13, 1998, during which the transaction was discussed.

1437. Insider Fastow did not disclose to Enron that the accounting for the Riverside IV transaction was inconsistent with GAAP or otherwise misleading at meetings of the Finance Committee on August 10, 1998, at which the transaction may have referenced, and October 12, 1998, at which the project was referenced.

1438. Insider McMahon did not disclose to Enron that the accounting for the Riverside IV transaction was inconsistent with GAAP or otherwise misleading at meetings of the Finance Committee on August 10, 1998, at which the transaction may have referenced, and October 12, 1998, at which the project was referenced.

1439. Insider Causey did not disclose to Enron that the accounting for the Riverside IV transaction was inconsistent with GAAP or otherwise misleading at meetings of the Finance Committee on August 10, 1998, at which the transaction may have referenced, and October 12, 1998, at which the project was referenced, or at the Board meeting on October 13, 1998, at which the transaction was approved.

Pilgrim

1440. The Insiders did not disclose to Enron that the accounting for the Pilgrim transaction, which was executed approximately December 23, 1998, was inconsistent with GAAP or otherwise misleading.

1441. The Insiders did not disclose to Enron that the accounting for the Pilgrim transaction was inconsistent with GAAP or otherwise misleading at Board meetings in and around the time of the transaction (including meetings on October 12-13 and December 8, 1998), at Finance Committee meetings in and around the time of the transaction (including a meeting on December 7, 1998), and at Executive Committee meetings in and around the time of the transaction (including meetings on November 17, November 23, and December 18, 1998).

1442. Insider Causey did not disclose to Enron that the accounting for the Pilgrim transaction was inconsistent with GAAP or otherwise misleading at the Board meetings on October 12-13 and December 8, 1998, at the Finance Committee meeting on December 7, 1998, and at the Executive Committee meeting on December 18, 1998.

1443. Insider Fastow did not disclose to Enron that the accounting for the Pilgrim transaction was inconsistent with GAAP or otherwise misleading at the Board meeting on December 8, 1998, at the Finance Committee meeting on December 7, 1998, and at the Executive Committee meetings on November 23 and December 18, 1998.

1444. Insider McMahon did not disclose to Enron that the accounting for the Pilgrim transaction was inconsistent with GAAP or otherwise misleading at the Board meeting on December 8, 1998, and at the Finance Committee meeting on December 7, 1998.

Riverside V

1445. The Insiders did not disclose to Enron that the accounting for the Riverside V transaction, which closed approximately January 29, 1999, was inconsistent with GAAP or otherwise misleading.

1446. The Insiders did not disclose to Enron that the accounting for the Riverside V transaction was inconsistent with GAAP or otherwise misleading at Board meetings in and around the time of the transaction (including meetings on October 12-13 and December 8, 1998), at Finance Committee meetings in and around the time of the transaction (including a meeting on December 7, 1998), and at Executive Committee meetings in and around the time of the transaction (including meetings on November 17, November 23, and December 18, 1998).

1447. Insider Causey did not disclose to Enron that the accounting for the Riverside V transaction was inconsistent with GAAP or otherwise misleading at the Board meetings on

October 12-13 and December 8, 1998, at the Finance Committee meeting on December 7, 1998, and at the Executive Committee meeting on December 18, 1998.

1448. Insider Fastow did not disclose to Enron that the accounting for the Riverside V transaction was inconsistent with GAAP or otherwise misleading at the Board meeting on December 8, 1998, at the Finance Committee meeting on December 7, 1998, and at the Executive Committee meetings on November 23 and December 18, 1998.

1449. Insider McMahon did not disclose to Enron that the accounting for the Riverside V transaction was inconsistent with GAAP or otherwise misleading at the Board meeting on December 8, 1998, at the Finance Committee meeting on December 7, 1998.

Leftover

1450. The Insiders did not disclose to Enron that the accounting for the Leftover transaction, which was executed approximately May 28, 1999, was inconsistent with GAAP or otherwise misleading.

1451. The Insiders did not disclose to Enron that the accounting for the Leftover transaction was inconsistent with GAAP or otherwise misleading at Board meetings in and around the time of the transaction (including meetings on May 4 and May 19, 1999), at Finance Committee meetings in and around the time of the transaction (including a meeting on May 3, 1999), and at Executive Committee meetings in and around the time of the transaction (including a meeting on April 13, 1999).

1452. Insider Causey did not disclose to Enron that the accounting for the Leftover transaction was inconsistent with GAAP or otherwise misleading at the Finance Committee meeting on May 3, 1999.

1453. Insider Fastow did not disclose to Enron that the accounting for the Leftover transaction was inconsistent with GAAP or otherwise misleading at the Finance Committee meeting on May 3, 1999 and at the Executive Committee meeting on April 13, 1999.

1454. Insider McMahon did not disclose to Enron that the accounting for the Leftover transaction was inconsistent with GAAP or otherwise misleading at the Finance Committee meeting on May 3, 1999 and at the Executive Committee meeting on April 13, 1999.

Nimitz

1455. The Insiders did not disclose to Enron that the accounting for the Nimitz transaction, which was executed approximately June 25, 1999, was inconsistent with GAAP or otherwise misleading.

1456. The Insiders did not disclose to Enron that the accounting for the Nimitz transaction was inconsistent with GAAP or otherwise misleading at Board meetings in and around the time of the transaction (including meetings on May 4 and May 19, 1999), at Finance Committee meetings in and around the time of the transaction (including a meeting on May 3, 1999), and at Executive Committee meetings in and around the time of the transaction (including a meeting on June 22, 1999, three days before the deal closed).

1457. Insider Causey did not disclose to Enron that the accounting for the Nimitz transaction was inconsistent with GAAP or otherwise misleading at the Finance Committee meeting on May 3, 1999.

1458. Insider Fastow did not disclose to Enron that the accounting for the Nimitz transaction was inconsistent with GAAP or otherwise misleading at the Finance Committee meeting on May 3, 1999.

1459. Insider McMahon did not disclose to Enron that the accounting for the Nimitz transaction was inconsistent with GAAP or otherwise misleading at the Finance Committee meeting on May 3, 1999 and at the Executive Committee meeting on June 22, 1999.

Ghost

1460. The Insiders did not disclose to Enron that the accounting for the Ghost transaction, which closed approximately December 21, 1999 was inconsistent with GAAP or otherwise misleading.

1461. The Insiders did not disclose to Enron that the accounting for the Ghost transaction was inconsistent with GAAP or otherwise misleading at Board meetings in and around the time of the transaction (including meetings on November 5, November 18, and December 14, 1999, one week before the transaction closed) and at Finance Committee meetings in and around the time of the transaction (including a meeting on December 13, 1999).

1462. Insider Causey did not disclose to Enron that the accounting for the Ghost transaction was inconsistent with GAAP or otherwise misleading at the Board meeting on December 14, 1999.

1463. At the Finance Committee meeting on December 13, 1999, during which Ghost was included in Insider McMahon's Treasurer's report, Insiders McMahon, Causey, and Fastow did not disclose to Enron that the accounting for the Ghost transaction was inconsistent with GAAP or otherwise misleading.

Alchemy

1464. The Insiders did not disclose to Enron that the accounting for the Alchemy transaction, which closed approximately December 22, 1999 was inconsistent with GAAP or otherwise misleading.

1465. The Insiders did not disclose to Enron that the accounting for the Alchemy transaction was inconsistent with GAAP or otherwise misleading at Board meetings in and around

the time of the transaction (including meetings on November 18, and December 14, 1999), at Finance Committee meetings in and around the time of the transaction (including a meeting on December 13, 1999), and at Executive Committee meetings in and around the time of the transaction (including a meeting on October 20, 1999).

1466. Insider Causey did not disclose to Enron that the accounting for the Alchemy transaction was inconsistent with GAAP or otherwise misleading at the Board meeting on December 14, 1999, and at the Finance Committee meeting on December 13, 1999.

1467. Insiders Fastow and McMahon did not disclose to Enron that the accounting for the Alchemy transaction was inconsistent with GAAP or otherwise misleading at the Finance Committee meeting on December 13, 1999.

Discovery

1468. The Insiders did not disclose to Enron that the accounting for the Discovery transaction, which closed approximately December 30, 1999 was inconsistent with GAAP or otherwise misleading.

1469. The Insiders did not disclose to Enron that the accounting for the Discovery transaction was inconsistent with GAAP or otherwise misleading at Board meetings in and around the time of the transaction (including meetings on November 18, and December 14, 1999), at Finance Committee meetings in and around the time of the transaction (including a meeting on December 13, 1999), and at Executive Committee meetings in and around the time of the transaction (including a meeting on October 20, 1999).

1470. Insider Causey did not disclose to Enron that the accounting for the Discovery transaction was inconsistent with GAAP or otherwise misleading at the Board meeting on December 14, 1999, and at the Finance Committee meeting on December 13, 1999.

1471. Insiders Fastow and McMahon did not disclose to Enron that the accounting for the Discovery transaction was inconsistent with GAAP or otherwise misleading at the Finance Committee meeting on December 13, 1999.

Specter

1472. The Insiders did not disclose to Enron that the accounting for the Specter transaction, which close approximately March 28, 2000, was inconsistent with GAAP or otherwise misleading.

1473. The Insiders did not disclose to Enron that the accounting for the Specter transaction was inconsistent with GAAP or otherwise misleading at a Board meeting on February 7, 2000 in which McMahon discussed a related "syndication vehicle" with the Board.

1474. The Insiders did not disclose to Enron that the accounting for the Specter transaction was inconsistent with GAAP or otherwise misleading at other Board meetings in and around the time of the transaction (including a meeting on December 14, 1999), at Finance Committee meetings in and around the time of the transaction (including meetings on December 13, 1999, and February 7, 2000), and at Executive Committee meetings in and around the time of the transaction (including meetings on January 20, and March 2, 2000).

1475. Insider Causey did not disclose to Enron that the accounting for the Specter transaction was inconsistent with GAAP or otherwise misleading at the Finance Committee meeting on December 13, 1999.

1476. Insiders Fastow and McMahon did not disclose to Enron that the accounting for the Specter transaction was inconsistent with GAAP or otherwise misleading at the Finance Committee meetings on December 13, 1999, and February 7, 2000.

Hawaii

1477. The Insiders did not disclose to Enron that the accounting for the Hawaii transaction, which closed approximately March 31, 2000, was inconsistent with GAAP or otherwise misleading.

1478. The Insiders did not disclose to Enron that the accounting for the Hawaii transaction was inconsistent with GAAP or otherwise misleading at Board meetings in and around the time of the transaction (including meetings on December 14, 1999, and February 7-8, 2000), at Finance Committee meetings in and around the time of the transaction (including meetings on December 13, 1999, and February 7, 2000), and at Executive Committee meetings in and around the time of the transaction (including meetings on January 20 and March 2, 2000).

1479. Insider Causey did not disclose to Enron that the accounting for the Hawaii transaction was inconsistent with GAAP or otherwise misleading at the Finance Committee meeting on December 13, 1999.

1480. Insiders Fastow and McMahon did not disclose to Enron that the accounting for the Hawaii transaction was inconsistent with GAAP or otherwise misleading at the Finance Committee meetings on December 13, 1999, and February 7, 2000.

Nigerian Barge

1481. The Insiders did not disclose to Enron that the accounting for the Nigerian Barge transaction, which closed approximately December 29, 1999, was inconsistent with GAAP or otherwise misleading.

1482. The Insiders did not disclose to Enron that the accounting for the Nigerian Barge transaction was inconsistent with GAAP or otherwise misleading at Board meetings in and around the time of the transaction (including meetings on November 5, November 18, and December 14, 1999).

1483. Insider Causey did not disclose to Enron that the accounting for the Nigerian Barge transaction was inconsistent with GAAP or otherwise misleading at the Board meeting on December 14, 1999.

1999 Electricity Trades

1484. The Insiders did not disclose to Enron that the accounting for the 1999 Electricity Trades transaction, which closed approximately December 31, 1999, was inconsistent with GAAP or otherwise misleading.

1485. The Insiders did not disclose to Enron that the accounting for the 1999 Electricity Trades transaction was inconsistent with GAAP or otherwise misleading at Board meetings in and around the time of the transaction (including meetings on October 11-12, November 5, and November 18 and December 14, 1999), at Finance Committee meetings in and around the time of the transaction (including meetings on August 9 and October 11 and December 13, 1999), and at Executive Committee meetings in and around the time of the transaction (including meetings on September 3, September 14, September 24, and October 20, 1999).

1486. Insiders Causey, Fastow and McMahon did not disclose to Enron that the accounting for the 1999 Electricity Trades transaction was inconsistent with GAAP or otherwise misleading at the Finance Committee meetings on October 11 and December 13, 1999 or at the Board meetings on October 11-12 and December 14, 1999.

1487. Insiders Causey and Fastow did not disclose to Enron that the accounting for the 1999 Electricity Trades transaction was inconsistent with GAAP or otherwise misleading at the Finance Committee meetings on August 9 and December 13, 1999.

December 1998 Prepay

1488. The Insiders did not disclose to Enron that the accounting for the December 1998 Prepay, which closed approximately December 30-31, 1998, was inconsistent with GAAP or otherwise misleading.

1489. The Insiders did not disclose to Enron that the accounting for the December 1998 Prepay was inconsistent with GAAP or otherwise misleading at Board meetings in and around the

time of the transaction (including meetings on October 12-13, 1998, and December 8, 1998), at Finance Committee meetings in and around the time of the transaction (including a meeting on December 7, 1998), and at Executive Committee meetings in and around the time of the transaction (including a meeting on December 18, 1998)

1490. Insiders Causey and Fastow did not disclose to Enron that the accounting for the December 1998 Prepay was inconsistent with GAAP or otherwise misleading at the Board meeting on December 8, 1998, the Finance Committee meeting on December 7, 1998, and the Executive Committee meeting on December 18, 1998.

1491. Insider McMahon did not disclose to Enron that the accounting for the December 1998 Prepay was inconsistent with GAAP or otherwise misleading at the Board meeting on December 8, 1998, and the Finance Committee meeting on December 7, 1998.

Truman

1492. Not Used.

1493. Not Used.

1494. Not Used.

1495. Not Used.

1496. Not Used.

Jethro

1497. Not Used.

1498. Not Used.

1499. Not Used.

1500. Not Used.

1501. Not Used.

Nixon

1502. Not Used.

1503. Not Used.

1504. Not Used.

1505. Not Used.

The Alberta Prepay

1506. The Insiders did not disclose to Enron that the accounting for the Alberta Prepay transaction, which closed approximately September 29, 2000, was inconsistent with GAAP or otherwise misleading

1507. The Insiders did not disclose to Enron that the accounting for the Alberta Prepay transaction was inconsistent with GAAP or otherwise misleading at Board meetings in and around the time of the transaction (including meetings on August 1, 7, and 24, 2000), in Finance Committee meetings in and around the time of the transaction (including a meeting on August 7, 2000), and in Executive Committee meetings in and around the time of the transaction (including a meeting on June 22, 2000).

1508. The Insiders did not disclose to Enron that the accounting for the Alberta Prepay transaction was inconsistent with GAAP or otherwise misleading during a Finance Committee meeting on December 11, 2000, at which the project (referenced as "TD Prepay") appears to have been included on a list of the ten largest transactions for 2000 and apparently discussed.

1509. Insider Causey did not disclose to Enron that the accounting for the Alberta Prepay transaction was inconsistent with GAAP or otherwise misleading at the August 1 and August 24, 2000 Board meetings, and at the August 7, 2000 Finance Committee meeting.

1510. Insider Fastow did not disclose to Enron that the accounting for the Alberta Prepay transaction was inconsistent with GAAP or otherwise misleading at the June 22, 2000 Executive

Committee meeting, at the August 1, 2000 Board meeting, and at the August 7, 2000 Finance Committee meeting.

1511. Insider Glisan did not disclose to Enron that the accounting for the Alberta Prepay transaction was inconsistent with GAAP or otherwise misleading at the June 22, 2000 Executive Committee meeting, at the August 1, 2000 Board meeting, or at the December 11, 2000 Finance Committee meeting, during which he may have discussed the transaction with the Committee.

The London Prepay

1512. The Insiders did not disclose to Enron that the accounting for the London Prepay transaction, portions of which closed on approximately December 15, 2000 and December 22, 2000, was inconsistent with GAAP or otherwise misleading.

1513. The Insiders did not disclose to Enron that the accounting for the London Prepay transaction was inconsistent with GAAP or otherwise misleading at Board meetings in and around the time of the transaction (including meetings on December 7 and 12, 2000), at Finance Committee meetings in and around the time of the transaction (including a meeting on December 11, 2000), and at Executive Committee meetings in and around the time of the transaction (including meetings on December 7 and December 21, 2000).

1514. Insider Fastow did not disclose to Enron that the accounting for the London Prepay transaction was inconsistent with GAAP or otherwise misleading at the Finance Committee meeting on December 11, 2000, and the Executive Committee meeting on December 21, 2000.

1515. Insiders Glisan and McMahon did not disclose to Enron that the accounting for the London Prepay transaction was inconsistent with GAAP or otherwise misleading at the Finance Committee meeting on December 11, 2000.

Sutton Bridge

1516. The Insiders did not disclose to Enron that the accounting for the Sutton Bridge transaction, which closed approximately June 8, 1999, was inconsistent with GAAP or otherwise misleading.

1517. The Insiders did not disclose to Enron that the accounting for the Sutton Bridge transaction was inconsistent with GAAP or otherwise misleading at Board meetings in and around the time of the transaction (including meetings on May 4 and May 19, 1999), at Finance Committee meetings in and around the time of the transaction (including a meeting on May 3, 1999 in which the transaction was included on a list of 1999 Enron Corporation financings that was provided to the Committee, and in meetings on August 9, 1999 and October 11, 1999, during which the transaction was listed on a schedule of Top Ten Investments that was provided to the Committee), and at Executive Committee meetings in and around the time of the transaction (including meetings on April 13, 1999, June 7, 1999 and June 11, 1999).

1518. Insider Fastow did not disclose to Enron that the accounting for the Sutton Bridge transaction was inconsistent with GAAP or otherwise misleading at the Finance Committee meetings on May 3, 1999 and August 9, 1999 (during which the transaction was mentioned in a presentation) and at the Executive Committee meeting on April 13, 1999.

1519. Insider Causey did not disclose to Enron that the accounting for the Sutton Bridge transaction was inconsistent with GAAP or otherwise misleading at the Finance Committee meetings on May 3, 1999, August 9, 1999 (during which the transaction was mentioned in a presentation) and October 11, 1999 (during which the transaction was also mentioned in a presentation).

1520. Insider McMahon did not disclose to Enron that the accounting for the Sutton Bridge transaction was inconsistent with GAAP or otherwise misleading at the Finance Committee meeting on May 3, 1999, and at the Executive Committee meeting on April 13, 1999.

ETOL I, II & III

1521. The Insiders did not disclose to Enron that the accounting for the ETOL I, II and III transactions, which closed approximately on November 1, 2000, March 30, 2001, and June 20, 2001, respectively, were inconsistent with GAAP or otherwise misleading.

1522. The Insiders did not disclose to Enron that the accounting for the ETOL transactions was inconsistent with GAAP or otherwise misleading at Board meetings in and around the time of the transactions (including meetings on October 27, 2000, December 7, 2000, December 12, 2000, January 29, 2001, February 13, 2001, March 16, 2001, May 1, 2001 and June 13, 2001), at Finance Committee meetings in and around the time of the transaction (including meetings on October 6, 2000 (during which a Quarterly Risk Update listed Enron's exposure to ETOL), December 11, 2000, February 12, 2001 and April 30, 2001), and at Executive Committee meetings in and around the time of the transaction (including meetings on December 7, 2000, December 21, 2000 and March 12, 2001).

1523. Insider Fastow did not disclose to Enron that the accounting for the ETOL transactions was inconsistent with GAAP or otherwise misleading at the Board meetings on October 27, 2000, January 29, 2001, February 13, 2001 and June 13, 2001), at the Finance Committee meeting on October 6, 2000, December 11, 2000 and April 30, 2001, and at the Executive Committee meetings on December 21, 2001 and March 12, 2001.

1524. Insider Causey did not disclose to Enron that the accounting for the ETOL transactions was inconsistent with GAAP or otherwise misleading at the Board meetings on

October 27, 2000, February 13, 2001, May 1, 2001 and June 13, 2001, and at Finance Committee meetings on October 6, 2000, December 11, 2000 and April 30, 2001.

1525. Insider McMahon did not disclose to Enron that the accounting for the ETOL transactions was inconsistent with GAAP or otherwise misleading at the Board meeting on May 1, 2001, and at the Finance Committee Meeting on December 11, 2000.

1526. Insider Glisan did not disclose to Enron that the accounting for the ETOL transactions was inconsistent with GAAP or otherwise misleading at the Board meetings on May 1, 2001 and June 13, 2001, and at the Finance Committee meetings on October 6, 2000, December 11, 2000 and April 30, 2001.

1527. In addition to the foregoing misrepresentations and/or omissions made by the Insiders to Enron and its Board of Directors, the Insiders made misrepresentations and/or omitted to disclose material to Arthur Andersen. The Insiders made each of these misrepresentations and omissions knowing that if Andersen relied upon them they would be incorporated into financial statements and other documents prepared or reviewed by Andersen and delivered to Enron and/or its Board of Directors. The Insiders made the following misrepresentations and omissions to Andersen:

(a) The Insiders did not disclose to Andersen the "verbal assurances" they gave to the Bank Defendants of repayment of their 3% equity investment in connection with FAS 140 transactions such as Bacchus, Nikita, Leftover, Nimitz, Discovery, Alchemy, and Hawaii, which closed from approximately 1998 to 2001, and other SPE transactions such as J.T. Holdings, which closed approximately December 7, 2000, even though these "verbal assurances" caused the accounting for the transactions to violate GAAP or be otherwise misleading.

(b) The Insiders did not disclose to Andersen the verbal assurances they gave to Merrill Lynch that Enron would reacquire or assure the repurchase of the assets that had been purportedly "sold" in the Nigerian Barge transaction, which closed approximately December 29,

1999, or the verbal insurances they gave to BT/Deutsche Bank in the Cochise transaction, which closed approximately January 28, 1999, even though these assurances caused the accounting for these transactions to violate GAAP or be otherwise misleading.

(c) The Insiders did not disclose to Andersen that Delta was a special purpose entity established by Citigroup solely to engage in prepay transactions, which was effectively controlled and funded by Citigroup, even though this fact caused accounting for the transactions in which Delta was involved to violate GAAP or be otherwise misleading. The Enron Examiner has indicated that the evidence is unclear as to whether Andersen relied upon these misrepresentations. Exam. IV, App. B at 73-76. According to the Enron Examiner, Citigroup and Andersen may have worked together with the Insiders to falsely create the appearance that Delta was an independent business entity – not a Citigroup-sponsored SPE. *Id.* To that extent, Citibank and Andersen combined with the Insiders to manipulate and misstate Enron's financial condition.

(d) The Insiders did not disclose to Andersen that Mahonia, an entity used in prepay transactions with JP Morgan Chase, was not independent from JP Morgan Chase in any meaningful sense, even though this fact caused the accounting for the transactions in which Mahonia was involved to violate GAAP or be otherwise misleading. The Enron Examiner has indicated that the evidence is unclear as to whether Andersen relied upon this misrepresentation. Exam. IV, App. B at 73-76. According to the Enron Examiner, Chase and Andersen may have worked together with the Insiders to falsely create the appearance that Mahonia was an independent business entity – not a Chase-sponsored SPE. *Id.* To that extent, Chase and Andersen combined with the Insiders to manipulate and misstate Enron's financial condition.

1528. From 1997 through 2001, Insiders Fastow, Glisan, and Kopper, and in certain instances Causey, knowingly misrepresented and/or omitted to disclose to Enron and/or its Board of Directors (1) the true nature, ownership and/or purpose of Chewco, LJM1 and LJM2, (2) the

wrongful self-dealing facilitated by these entities, and (3) the wrongful manipulation and misstatement of Enron's financial statements caused by or through transactions with these entities.

1529. With respect to transactions between Enron and Chewco, LJM1 or LJM2, the Insiders knowingly caused to be included in Enron's internal and publicly disseminated financial statements misleading information about the company's cash flow from operating and financing activities, income and net income, debt and price risk management liabilities, interest expense, and other information, as well as the financial measures, ratios and other calculations which are derived from or are based upon these figures.

1530. At the time the aforementioned misrepresentations and/or omissions were made, the Insiders either knew that they were false, or they made them recklessly without knowledge of their truth. The Insiders either knew that the accounting for each structured finance transaction was inconsistent with GAAP or that the description of each of those transactions was otherwise misleading, or recklessly did not determine whether the accounting for those transactions was consistent with GAAP or that the descriptions of those transactions were not otherwise misleading.

1531. The Insiders made these misrepresentations and omissions with the intent and the expectation that Enron and its Board of Directors would rely and act upon them. Enron and/or its Board of Directors actually and justifiably relied upon these misrepresentations and omissions. Enron and/or its Board of Directors were entitled to and did believe that the Insiders were acting in the best interest of the company and were not employing structured finance transactions (1) whose accounting did not comply with GAAP or otherwise were described in a misleading manner, or (2) for the purpose of manipulating and misstating Enron's financial statements. Enron and its Board of Directors were entitled to and did believe that the Insiders were acting in the best interest of the company and were not (1) secretly profiting from transactions with the company, (2) sharing profits from transactions with the company with the company's lenders or their executives, or

(3) employing transactions with the company for the purpose or with the effect of manipulating and misstating Enron's financial statements. The Insiders made each misrepresentation or omitted to disclose each material fact, even those made in the first instance to Andersen, for the purpose and with the intention that Enron and/or its Board of Directors would rely upon it.

1532. By virtue of the acts and omissions described in this Complaint, the Bank Defendants knowingly gave substantial assistance to the Insiders in committing fraud against Enron. In each of the structured finance transactions described in this Complaint, one or more of the Bank Defendants participated with actual knowledge that the purpose of the transaction was to manipulate and misstate Enron's financial statements and that the transaction would be reported by Enron in a materially misleading manner. In each of the structured finance transactions described in this Complaint, one or more of the Bank Defendants gave substantial assistance to the Insiders by designing, implementing, financing, purporting to invest in, and/or closing the transaction and/or by causing their subsidiaries or affiliates to do the same. In each of the transactions described in this Complaint in which an Insider and/or a member of his family improperly derived a personal benefit from a transaction with Enron, one or more of the Bank Defendants participated with actual knowledge that the transaction was designed to or would benefit the Insider at Enron's expense. In each of these transactions, one or more of the Bank Defendants and/or their officers gave substantial assistance to the Insiders by investing, or by obtaining others to invest, in the transaction or the entity formed by the Insiders to participate in the transaction.

1533. Specifically, by way of examples and not an exhaustive list, the Bank Defendants gave substantial assistance to the Insiders as follows:

Citigroup

1534. In connection with the Roosevelt transaction, Citigroup knowingly gave substantial assistance to the Insiders.

(a) On or about April 22, 1999, James F. Reilly sent an e-mail to Thomas Stott, Steve Baillie, Chris Lyons, Joseph Mackiewicz, Jean Diaz, and William Fox regarding an unwritten agreement to an early repayment of a portion of the prepay transaction.

(b) On or about April 27, 1999, James F. Reilly sent an e-mail to Onno Ruding, John Kennedy, Tom Boland, William Fox, Thomas Stott, Steve Baillie, Chris Lyons, and Sumit Mathai regarding an unwritten agreement to an early repayment of the portion of the prepay transaction.

1535. In connection with the Truman transaction, Citigroup knowingly gave substantial assistance to the Insiders.

(a) On or about June 22, 1999, James Reilly sent an e-mail to William Fox, Sumit Mathai, Steve Baillie, and Thomas Stott regarding the request for a new $500 million prepay.

(b) On or about September 17, 1999, James Reilly sent an e-mail to Onno Ruding, John Kennedy, Tom Boland, William Fox, Thomas Stott, and Steve Baillie regarding funding of prepay transactions into capital markets.

1536. In connection with the Nighthawk transaction, Citigroup knowingly gave substantial assistance to the Insiders.

(a) On or about October 1, 1997, Elliot Conway sent a letter to an Enron employee regarding the costs and fees for the Nighthawk transaction.

1537. In connection with the Yosemite I transaction, Citigroup knowingly gave substantial assistance to the Insiders.

(a) On or about August 31, 1999, James Reilly sent an e-mail to William Fox and Steve Baillie regarding Yosemite and a scheduled committee meeting.

(b) On or about September 17, 1999, James Reilly sent an e-mail to Onno Ruding, John Kennedy, Tom Boland, William Fox, Thomas Stott, and Steve Baillie regarding funding of prepay transactions into capital markets.

(c) On or about October 1, 1999, Adam Kulick sent an e-mail to Onno Ruding, Petros Sabatacakis, Thomas Boland, Fernando Ynigo, David Bushnell, William Fox, James Reilly, Lynn Feintech, and Paul Deards regarding Project Yosemite approval and structuring.

(d) On or about October 14, 1999, Adam Kulick sent an e-mail to Lynn Feintech, Tom Francois, and James Reilly forwarding an outline of the prepay transaction.

1538. In connection with the Nixon transaction, Citigroup knowingly gave substantial assistance to the Insiders.

(a) On or about February 15, 2000, James Reilly sent an e-mail to Onno Ruding, Thomas Stott, William Fox, Steve Baillie, and Sumit Mathai regarding use of the prepays to retire the Nixon transaction.

1539. In connection with the Yosemite II transaction, Citigroup knowingly gave substantial assistance to the Insiders.

(a) On or about November 12, 1999, James Reilly sent an e-mail to William Fox, Steve Baillie, and Niels Kirk regarding Enron's desire to complete a second Yosemite transaction.

(b) On or about November 18, 1999, Sumit Mathai sent an e-mail to Rick Caplan, Tom Francois, Adam Kulick, Steve Baillie, and James Reilly providing an early draft of a transaction description.

(c) On or about November 22, 1999, Tom Francois sent an e-mail to Adam Kulick, Rick Caplan, Eleanor Wagner, Ramesh Gupta, David Bushnell, James Reilly, William Fox, Thomas Stott, Lynn Feintech, Doug Warren, and Marcy Engel discussing the Yosemite II structure.

(d) On or about November 23, 1999, Tom Francois sent an e-mail to Adam Kulick, Rick Caplan, Eleanor Wagner, Ramesh Gupta, David Bushnell, James Reilly, William Fox, Thomas Stott, Lynn Feintech, Doug Warren, and Marcy Engel discussing the Yosemite II structure.

(e) On or about February 15, 2000, James Reilly sent an e-mail to Onno Ruding, Thomas Stott, William Fox, Steve Baillie, and Sumit Mathai regarding use of the Yosemite II proceeds to retire the Nixon transaction.

(f) On or about December 12, 2000, James Reilly sent an e-mail to Rick Caplan, Steve Baillie, Amanda Angelini, Tom Francois, and Donald Bendernagel regarding Yosemite II accounting.

1540. In connection with the June 2001 transaction, Citigroup knowingly gave substantial assistance to the Insiders.

(a) On or about June 18, 2001, Michael Nepveux sent an e-mail to Amanda Angelini, James Reilly, Sean Mulhearn, William Fox, and Lydia Junek regarding a new request for non-debt funding.

(b) On or about June 25, 2001, Timothy Swanson sent an e-mail to James Forese, Steve Wagman, and Paul Deards, forwarded by Steve Wagman to Michael Nepveux on June 27, 2001, summarizing the prepay transaction.

1541. In connection with the Nahanni transaction, Citigroup knowingly gave substantial assistance to the Insiders.

(a) On or about July 24, 2001, James Reilly sent an e-mail to Michael Nepveux and Joseph Mackiewicz, regarding use of the Nahanni facility for year-end balancing.

1542. In connection with the Bacchus transaction, Citigroup knowingly gave substantial assistance to the Insiders.

(a) On or about November 24, 2000, Steve Baillie sent an e-mail to William Fox, Lydia Junek, Niels Kirk, John Lyons, and James Reilly summarizing the status of various transactions, including the asset treatment in Bacchus.

(b) On or about November 28, 2000, James Reilly sent an e-mail to Maureen Hendricks, Dean Keller, Steve Becton, Richard Caplan, Amanda Angelini, William Fox, Lydia Junek, Steve Baillie, and Chris Lyons summarizing Bacchus and advising of the critical nature of the transaction.

(c) On or about December 13, 2000, Shirley Elliot sent an e-mail to William Fox, Steve Baillie, Lydia Junek, Tom Stott, and Tero Tiilikainen regarding the materiality of the Bacchus transaction.

(d) On or about December 14, 2000, William Fox sent an e-mail to Shirley Elliot, Steve Baillie, Lydia Junek, Tom Stott, and Tero Tiilikainen regarding the Enron balance sheet.

(e) On or about December 21, 2000, Lydia Junek sent an e-mail to William Fox, Amanda Angelini, Andrew Lee, Dean Keller, Don Bendernagel, Doug Warren, James Reilly, Chris Lyons, Saul Bernstein, Richard Caplan, Steve Baillie, Suzanne Holmes, and Tom Francois regarding verbal support for the transaction received from Andrew Fastow of Enron.

(f) On or about December 27, 2000, Amanda Angelini sent an e-mail to Steve Baillie, William Fox, Lydia Junek, James Reilly, Steve Becton, Dean Keller, Chris Lyons, Steve Wagman, Lynn Feintech, Paul Deards, and Richard Caplan regarding structural analysis and the "trust me" feature in the Bacchus transaction.

(g) On or about April 18, 2001, William Fox sent an e-mail to Thomas Stott who, upon information and belief, was resident in Citigroup's offices in New York, New York, referring to verbal support of the Bacchus transaction.

1543. In connection with the Sundance Industrial transaction, Citigroup knowingly gave substantial assistance to the Insiders.

(a) On or about May 14, 2001, Richard Caplan sent an e-mail to James Forese, Richard Stuckey, Eleanor Wagner, Donald Bendernagel, Saul Bernstein, Tom Francois, Mark Purwein, Lynn Feintech, Doug Warren, Timothy Leroux, Amanda Angelini, James Reilly, Dean Keller, and John Chrysikopoulos containing a Sundance transaction summary.

(b) On or about October 29, 2001, Richard Caplan sent an e-mail to William Fox and James Reilly providing a description of the Sundance transaction.

1544. Citigroup knowingly gave substantial assistance to the Insiders in connection with Citigroup's investment in LJM2, the purported "independent" investment vehicle created by Insider Andrew Fastow.

(a) On or about December 14, 1999, William Fox sent an e-mail to MaryLynn Putney and James Reilly recommending investment in LJM2.

1545. Citigroup knowingly gave substantial assistance to the Insiders in connection with a SPE called "Delta," which was used in six Citigroup-Enron prepay transactions, including Roosevelt and Yosemite I through IV.

(a) On or about November, 1999, Citigroup caused Delta to represent to Arthur Andersen that Delta had undertaken business with a number of entities, that Delta had assets other than those acquired through transactions with Enron, and that Delta had unencumbered assets available to the Yosemite lenders upon a default.

(b) On or about June, 2001, Citigroup caused Delta to represent to Arthur Andersen that Delta had undertaken business with a number of entities, that Delta had assets other than those acquired through transactions with Enron, and that Delta had unencumbered assets available to the Yosemite lenders upon a default.

JP Morgan Chase

1546. In connection with the Chase VI prepay transaction, JP Morgan Chase knowingly gave substantial assistance to the Insiders.

(a) On or about September 9, 1997, Richard Walker forwarded a Call Report relating to a call between Richard Walker and an Enron employee regarding initiating the prepay transaction to Peter Lind, Dinsa Mehta, Jeffrey Dellapina, Sandra Aultman, George Serice, Tod Benton, and Juli Bieser.

(b) On or about October 5, 1997, Richard Walker e-mailed a Call Report relating to an October 3, 1997 call between Richard Walker and an Enron employee regarding executing the Chase VI prepay to Dinsa Mehta, Jeffrey Dellapina, Peter Lind, George Serice, Tod Benton, and Sandra Aultman.

(c) On or about October 29, 1997, George Serice sent an e-mail to Susan Stevens, Richard Walker, Karen Simon, Howard Schramm, Sandra Aultman, Dinsa Mehta, and Jeffrey Dellapina regarding an overview of and the benefits to Enron of the prepay transaction.

(d) On or about November 14, 1997, George Serice sent an e-mail to Greg Nelson, Peter Gleysteen, Susan Stevens, Tod Benton, Karen Simon, and Christian Gates regarding, among other things, pricing, underwriting, credit approval, and the bank market for the prepay transaction.

(e) On or about December 1, 1997, George Serice sent a memorandum to Jeffrey Dellapina regarding the distribution among Chase entities of the fee collected from the Chase VI prepay.

1547. In connection with the Chase VII prepay transaction, JP Morgan Chase knowingly gave substantial assistance to the Insiders.

(a) On or about May 29, 1998, Jeffrey Dellapina sent an e-mail to Heather Lindstrom, Mark Malloy, Dexter Charles, Dinsa Mehta, Richard Walker, and George Serice regarding credit exposure related to Chase VII.

(b) On or about June 2, 1998, George Serice sent an e-mail to Enron employees, Bob Mertensotto, Carrie Cerda, Richard Walker, and Jeffrey Dellapina regarding pricing of the Chase VII prepay.

(c) On or about June 8, 1998, Mark Malloy sent an e-mail to Richard Walker, Jeffrey Dellapina, Heather Lindstrom, Dinsa Mehta, Dexter Charles, George Serice, and Phillip Levy regarding surety bond issues.

(d) On or about June 18, 1998, Phillip Levy sent a facsimile to Jeffrey Dellapina regarding Enron bond issues.

(e) On or about June 29, 1998, Richard Walker sent an e-mail to Richard Garbarino, Don Fraser, Jeffrey Dellapina, Dexter Charles, George Serice, and Bob Mertensotto regarding anticipated prepay revenues.

1548. In connection with the Chase VIII prepay transaction, JP Morgan Chase knowingly gave substantial assistance to the Insiders.

(a) On or about November 9, 1998, Bob Mertensotto sent an e-mail to Mike Addy and Sandra Aultman regarding Enron's request for the Chase VIII prepay transaction.

(b) On or about November 24, 1998, Bruce Ellard sent an e-mail to Peter Coad, Steve Allen, Alexander Mintcheff, Vivian Shelton, Dinsa Mehta, and Dexter Charles regarding approval for physical delivery.

(c) On or about December 2, 1998, Peter Coad sent an e-mail to Don Layton and Don Wilson regarding the background, pricing, return, booking, credit, and documentation of prepay transactions.

1549. In connection with the Chase IX prepay transaction, JP Morgan Chase knowingly gave substantial assistance to the Insiders.

(a) On or about March 12, 1999, Bob Mertensotto sent an e-mail to Jeffrey Dellapina regarding establishing the Chase IX prepay.

(b) On or about June 4, 1999, Patrick O'Brien sent an e-mail to Dermot Drysdale, Joseph Scalfani, David Morris, Dinsa Mehta, Janet Caruso, Maggie Serravalli, Erik Gerken, Bruce Ellard, Ronald Antonelli, George Brash, Vivian Shelton, Nick Quintana, Anthony Carpentieri, Sharon Foilek, Lorry Ripley, and Aditya Mohan regarding the classification of the prepay as a loan or a derivative.

(c) On or about June 7, 1999, Janet Caruso sent an e-mail to Bruce Ellard, Dinsa Mehta, and Robert Benjamin regarding accounting issues related to the proposed prepay transaction.

(d) On or about June 11, 1999, an Enron employee and Richard Walker had a telephone conference regarding the timing and amount of the Chase IX prepay, a report of which was sent from Richard Walker to Jeffrey Dellapina, Bob Mertensotto, Robert Traband, Christopher Wardell, Gary Wright, Todd Maclin, and Dod Fraser.

(e) On or about June 24, 1999, Richard Walker sent an e-mail to Dinsa Mehta, Jeffrey Dellapina, Bob Mertensotto, and Robert Traband regarding the business purpose of the prepay.

(f) On or about June 29, 1999, Chase Commodity Swap Operations sent a facsimile to an Enron employee regarding commodity swap transactions.

1550. In connection with the Chase X prepay transaction, JP Morgan Chase knowingly gave substantial assistance to the Insiders.

(a) On or about June 28, 2000, Mahonia Limited sent a letter to Chase Manhattan Bank regarding Enron's request to enter into Chase X.

(b) On or about June 29, 2000, Mahonia Limited sent a Confirmation Letter to ENA regarding commodity price and delivery logistics.

(c) On or about June 30, 2000, Rajesh Chawla sent an e-mail to Don Wilson, Lesley Daniels Webster, Fraser Partridge, Steven Allen, Vivian Shelton, Dexter Charles, Jeffrey Dellapina, Mark Babunovic, Robert Benjamin, and Janet Caruso regarding Chase X logistics.

(d) On or about July 7, 2000, Gareth Essex Cater sent an e-mail to Zandra Sherrington regarding transfer instructions for Mahonia Limited.

1551. In connection with the Chase XI prepay transaction, JP Morgan Chase knowingly gave substantial assistance to the Insiders.

(a) On or about November 11, 2000, an Enron employee, Jeffrey Dellapina, and Richard Walker had a telephone conference regarding Enron's interest in Chase XI, a Call Report of which was sent by Richard Walker to Robert Traband, George Serice, Christopher Lowe, and Christopher Teague.

(b) On or about November 17, 2000, Colin Carscadden sent an e-mail to Karen Simon, Richard Walker, Robert McGuire, Todd Maclin, Kamal Murari, Robert Traband, and Jeffrey Dellapina regarding Enron's request for Chase XI.

(c) On or about December 8, 2000, Phillip Levy sent an e-mail to Julie Carter, Gareth Essex Cater, Ian James, and Jeffrey Dellapina regarding the use of SPEs in Chase XI.

(d) On or about December 12, 2000, Phillip Levy sent an e-mail to Melissa Vogel regarding the term and structure of Chase XI.

(e) On or about December 29, 2000, Jeffrey Dellapina sent a Fee Letter to Enron regarding fees for Chase XI.

1552. In connection with the Chase XII prepay transaction, JP Morgan Chase knowingly gave substantial assistance to the Insiders.

(a) On or about September 13, 2001, a telephone conference was held between Jeffrey Dellapina, Robert Traband, George Serice, and Enron employees regarding Mahonia's independence.

(b) On or about September 20, 2001, an Enron employee sent an e-mail to Jeffrey Dellapina, Robert Traband, and other Enron employees regarding requested representations about Mahonia's independence.

(c) On or about September 20, 2001, Jeffrey Dellapina, Robert Traband, and Jim Ballentine conducted a telephone conference regarding prepay exposure and use of sureties for the Chase XII prepay.

(d) On or about September 24, 2001, Julie Carter sent an e-mail to Phillip Levy regarding the structure and the closing documentation related to the transaction.

(e) On or about September 26, 2001, Jeffrey Dellapina sent an e-mail to Michael Sabloff regarding a revised transaction structure based on tax considerations.

(f) On or about September 24, 2001, Robert Traband sent an e-mail to James Ballentine, Richard Walker, and Jeffrey Dellapina regarding the Chase XII structuring summary.

1553. JPMorgan Chase knowingly gave substantial assistance to the Insiders in connection with the Fishtail transaction:

(a) On December 20, 2000, Robert Traband sent a letter to an Enron employee regarding Enron's agreement to pay Chase a $500,000 advisory fee as consideration for structuring the financing for Annapurna LLC.

(b) On or about April 9, 2001, Marilyn Fossey sent an e-mail to Robert Traband with a copy to Peter M. Licalzi addressing an issue concerning Annapurna LLC's ownership interest in Fishtail, LLC.

1554. JPMorgan Chase knowingly gave substantial assistance to the Insiders in connection with the Hawaii transaction:

(a) On or about November 2, 2000, George Serice sent two e-mails to Robert Traband, Josh Rogers, Roxanne Blanco, and Richard Walker with a copy to Tod Benton regarding JPMorgan Chase's participation in Hawaii.

(b) On or about November 1, 2000, George Serice sent an e-mail to Roxanne Blanco and Robert Traband regarding Fleet's desire to verify pricing and upfronts on Hawaii.

(c) On or about November 22-27, 2000, Peter M. Licalzi, Robert Traband, and Bob Mertensotto sent e-mails concerning the pay off and cancellation of the Hawaii 125-0 trust.

1555. JP Morgan Chase knowingly gave substantial assistance to the Insiders in connection with the Mahonia transactions.

(a) In a September 13, 2001, telephone call, Jeffrey Dellapina of JP Morgan Chase and Enron employees discussed misrepresenting to Arthur Andersen that Mahonia was independent of JP Morgan Chase.

(b) On September 28, 2001, the discussed letter was sent to Arthur Andersen.

Barclays

1556. In connection with the JT Holdings Inc. transaction, Barclays knowingly gave substantial assistance to the Insiders.

(a) On or about February 23, 2000, Nicholas Bell sent an e-mail to David Barton regarding a permanent reduction in the exposure related to the MTBE-related assets.

(b) On or about December 1, 2000, Nicholas Bell sent a facsimile to Enron Global Finance regarding Barclays commitment of funding.

1557. In connection with the Nikita transaction, Barclays knowingly gave substantial assistance to the Insiders.

(a) On or about September 20, 2001, Nicholas Bell sent an e-mail to an Enron employee, Richard Williams, and John Sullivan regarding administrative details of the transaction.

(b) On or about September 24, 2001, John Sullivan sent an e-mail to Sarah Abbott, Richard Williams, Tim Ritchie, Eric Chilton, Nicholas Bell, and Dhuane Stephens regarding Barclays Exposure Committee approval of the transaction.

(c) On or about September 26, 2001, John Sullivan sent an e-mail to an Enron employee, Richard Williams, and Nicholas Bell regarding draft transaction documentation.

1558. In connection with the Chewco transaction, Barclays knowingly gave substantial assistance to the Insiders:

(a) On December 18, 1997, John Meyer of Barclays sent an e-mail to Bob Clemmens and Henry Pullman of Barclays recommending approval of the Chewco transaction and forwarding an e-mail from George McKean of Barclays regarding the terms of the financing.

(b) On December 5, 1997, George McKean of Barclays sent an e-mail to John Meyer, Tom Connor, Sal Esposito, and Richard Williams of Barclays, summarizing the terms of the proposed Chewco refinancing.

1559. In connection with the SO_2 transaction, Barclays knowingly gave substantial assistance to the Insiders.

(a) On or about April 10, 2001, Martin Woodhams sent an e-mail to Brian Smith regarding potential areas of risk relating to a transaction and containing an earlier e-mail from an Enron employee regarding a transaction summary.

(b) On or about October 9, 2001, an Enron employee sent an e-mail to Martin Woodhams, with copies to Robert Bruce, Joel Ephross, Michael Robison, and Ying Liu regarding the timing of payment settlement and structuring of the SO_2-related options.

(c) On or about November 29, 2001, Martin Woodhams sent an e-mail to John Fiorello confirming the number of 2009 allowances owned by Colonnade.

1560. In connection with the Roosevelt transaction, Barclays knowingly gave substantial assistance to the Insiders.

(a) On or about December 28, 1998, a telephonic conference call was held between Richard Williams, Enron employees, and others regarding the details of the natural gas and prepay and commodity swap terms.

(b) On or about April 26, 1999, Richard Williams sent an e-mail to Jonathon Taylor and Brian Smith regarding Enron performance issues.

(c) On or about November 17, 1999, Richard Williams sent an e-mail to Brian Smith regarding the Roosevelt unwind.

1561. In connection with an SPV known as "Colonnade," Barclays knowingly gave substantial assistance to the Insiders.

(a) On April 25, 2001, Martin Woodham of Barclays sent an e-mail to himself summarizing Arthur Andersen's "smell test" for special purpose vehicles to meet if they are to be treated as off-balance sheet.

(b) In its June 6, 2001, engagement letter for the SO_2 transaction, Benoit de Vitry of Barclays wrote to an employee of Enron, regarding Enron's payment of out of pocket expenses incurred by Barclays.

(c) On June 22, 2001, Martin Woodham of Barclays e-mailed an employee of Enron, assuring Enron regarding Colonnade's intended transactional history, business limitations, business partners, and unencumbered assets, months before Colonnade was created or even named.

(d) On June 25, 2001, Richard Williams of Barclays e-mailed Martin Woodhams of Barclays, regarding the Andersen "smell test" for Colonnade.

(e) In order to fraudulently meet Arthur Andersen's "smell test," Barclays planned and ultimately executed two short-dated trades with Colonnade on or about August and September, 2001.

(f) On September 6, 2001, Martin Woodham of Barclays sent a memorandum to the New Products Committee, in which he detailed the fraudulent transactional history that would be created for the SPV.

BT/Deutsche Bank

1562. In connection with the Steele transaction, BT/Deutsche Bank knowingly gave substantial assistance to the Insiders.

(a) On or about June 24, 1997, Thomas Finley sent a letter to R. Davis Maxey of Enron regarding potential rates of return on a proposed "REMIC/Subco structure" later developed to be Project Steel, and a list of certain representations needed from Enron.

(b) On or about August 11, 1997, Thomas Finley sent a letter to R. Davis Maxey of Enron regarding the possible costs of entering into Project Steele.

(c) On or about September 3, 1997, Thomas Finley sent an Engagement Letter to Richard A. Causey of Enron confirming the engagement of Bankers Trust Company as Enron's exclusive financial advisor in connection with structuring a transaction involving the utilization of an existing partnership owned by Enron's affiliates to make a joint investment in personal property and financial assets.

(d) On or about October 28, 1997, Thomas Finley sent an Engagement Letter to Richard A. Causey of Enron.

(e) On or about January 28, 1999, Brian McGuire sent an Engagement Letter to Richard A. Causey of Enron.

(f) On or about September 17, 1997, Thomas Finley, Bill Boyle, and Brian McGuire sent a facsimile to R. Davis Maxey of Enron containing a draft presentation booklet for Project Steele.

(g) On or about September 25, 1997, Thomas Finley sent a letter to R. Davis Maxey of Enron containing summary schedules of income and cash flow projections for Project Steele.

(h) On or about May 15, 2001, Brian McGuire sent an e-mail to James Hollman and Stephen Jankovitz requesting financial information regarding Project Steele from Enron.

1563. In connection with the Cochise transaction, BT/Deutsche Bank knowingly gave substantial assistance to the Insiders.

(a) On or about January 19, 1999, Brian McGuire sent a letter to R. Davis Maxey of Enron regarding schedules of accounting benefits, taxable income and losses, and other calculations.

(b) On or about January 28, 1999, Brian McGuire sent an Engagement Letter to Richard A. Causey of Enron regarding engagement of Bankers Trust Company in connection with the direct investment in various lease property and a real estate investment trust.

(c) On or about March 2, 1999, an Enron employee sent a facsimile to Brian McGuire regarding Bankers Trust's presentation materials regarding Project Cochise.

(d) On or about May 3, 2000, an Enron employee sent an e-mail to Brian McGuire regarding calculations of Maliseet's Class A preferred stock rate reset and taxable income.

1564. In connection with the Teresa transaction, BT/Deutsche Bank knowingly gave substantial assistance to the Insiders.

(a) On or about January 21, 1996, Thomas Finley sent a letter regarding an economic model and cash flow projections to R. Davis Maxey of Enron.

(b) On or about March 27, 1997, Thomas Finley sent an Engagement Letter to Richard A. Causey of Enron confirming Bankers Trust Company as Enron's exclusive financial advisor in connection with structuring and establishing a limited partnership for Project Teresa.

(c) On or about March 27, 1997, Enron's Richard A. Causey sent a letter to EN-BT Delaware, Inc., a Deutsche Bank affiliate, providing a written representation regarding Enron's principal purposes for participating in the recapitalization and operation of OPI and Enron Liquids Holding Corp. and the capitalization, formation, and operation of Enron Leasing and Enron Property Management Corp.

(d) On or about May 15, 1997, a letter was sent from Thomas Finley at Bankers Trust Company to Enron Leasing Partners, L.P. regarding advisory fees for structuring Enron Leasing Partners, L.P.

(e) On or about December 17, 1997, Thomas Finley sent an Engagement Letter to Richard A. Causey of Enron.

(f) On or about December 28, 1998, Brian McGuire sent an amended Engagement Letter to Richard A. Causey of Enron.

(g) On or about May 26, 1999, James Hollman sent an e-mail to Brian McGuire regarding calculations and adjustments of Enron Liquids Holding Company earnings and profits.

(h) On or about October 20, 2000, R. Davis Maxey of Enron sent an e-mail to Brian McGuire and another Enron employee regarding quarterly distributions of Enron Leasing Partners, LP.

1565. In connection with the Tomas transaction, BT/Deutsche Bank knowingly gave substantial assistance to the Insiders.

(a) On or about February 23, 1998, Brian McGuire sent an e-mail to R. Davis Maxey of Enron summarizing the cash flows and accounting earnings for Project Tomas.

(b) On or about September 15, 1998, Brian McGuire sent an Engagement Letter to Richard A. Causey of Enron confirming the use of Bankers Trust Company as Enron's exclusive financial advisor in connection with structuring and establishing a limited partnership to acquire and manage a leasing portfolio owned by Portland General Holdings, Inc.

(c) On or about December 17, 1999, an Enron employee sent an e-mail to Stephen Jankovitz, Brian McGuire, and Danny Wilson regarding payment of fees for Tomas and Teresa.

(d) On or about July 10, 2000, Brian McGuire sent an e-mail to an Enron employee regarding a description of Seneca Leasing Partners, L.P. and Huron for a bid package.

(e) On or about July 11, 2000, an Enron employee sent an e-mail to Brian McGuire regarding the status of BT Deutsche Bank's efforts to contact bidders for assets and appraisal information regarding Project Tomas.

(f) On or about November 1, 2000, Stephen Jankovitz sent an e-mail to Enron employees regarding the opening balance on an Oneida Leasing, Inc. note receivable from Bankers Trust.

1566. In connection with the Renegade transaction, BT/Deutsche Bank knowingly gave substantial assistance to the Insiders.

(a) On or about December 23, 1998, Bankers Trust sent a letter to ECT Equity Corp. confirming a money market trade made in connection with Project Renegade.

(b) On or about December 28, 1998, Bankers Trust Company sent an Engagement Letter to Enron Finance Holdings Group, in care of Enron Corp., and BT Alex. Brown Incorporated regarding the engagement of BT Alex. Brown Incorporated as the exclusive placement agent for the sale of up to $72,000,000 aggregate principal amount of Wiltshire Financial Asset Company, LLC Certificates, Class A, in connection with Project Renegade.

(c) On or about December 29, 1998, R. Davis Maxey of Enron sent a facsimile to Brian McGuire regarding execution of the Enron guarantee in the Project Renegade transaction.

1567. In connection with the Valhalla transaction, BT/Deutsche Bank knowingly gave substantial assistance to the Insiders:

(a) On or about December 21, 1999, Brian McGuire sent a facsimile to R. Davis Maxey and an Enron employee enclosing a revised accounting memorandum for Project Valhalla.

(b) On or about May 2, 2000, Deutsche Bank AG sent a reimbursement of expenses letter agreement to Enron pursuant to which Deutsche Bank AG agreed to reimburse Enron for various expenses incurred in connection with Project Valhalla.

(c) On or about May 2, 2000, Deutsche Bank AG's in-house counsel sent a letter to Enron expressing counsel's opinion with respect to the legality and validity of Deutsche Bank AG's participation in Project Valhalla under the laws of the Federal Republic of Germany.

CIBC

1568. In connection with the Riverside III transaction, CIBC and CIBC World Markets plc knowingly gave substantial assistance to the Insiders.

(a) On or about June 1, 1998, Shannon Ernst, David Weekes, and Mark Wolf sent an Application for Corporate Credit to VP, Risk Management and CIBC Credit Committee, with copies to Robert Long, Colette Delaney, Michael Corkum, and Katheryn McGovern.

1569. In connection with the Riverside IV transaction, CIBC and CIBC World Markets plc, knowingly gave substantial assistance to the Insiders.

(a) On or about September 14, 1998, Shannon Ernst, Steve McTiernan, and Mark Wolf sent an Application for Corporate Credit to VP Risk Management and CIBC Credit Committee with copies to Colette Delaney and Katheryn McGovern.

1570. In connection with the Pilgrim transaction, there were two separate but related transactions, Pilgrim/Trakya and Pilgrim/Sarlux. While the transactions commenced on the same day and closed at approximately the same time, a unique asset supported each transaction. In connection with these transactions, CIBC and CIBC, Inc. knowingly gave substantial assistance to the Insiders.

(a) On or about October 27, 1998, Ian Schottlaender, Mark Wolf, and Billy Bauch sent a Memorandum to Richard Hassard, William Phoenix, and Ray Smith regarding structuring and underwriting a transaction to provide Enron with an accounting gain on two power plants in which Enron has an equity interest.

(b) On or about December 4, 1998, Colette DeLaney sent an e-mail to Bob Abra and Lorne Robbins authorizing Pilgrim and asking questions regarding Pilgrim and Riverside.

(c) On or about December 4, 1998, Bob Abra sent a Credit Communication to Executive Director, Credit Management Houston with a copy to CEO, Large Corporate Market and Executive Director, ACSC authorizing Pilgrim with the understanding that Enron will be asked questions about earnings on Riverside and Pilgrim.

(d) On or about October 21, 1998, Billy Bauch sent a Memorandum to John Hunkin, Gerald Beasley, Ron Ormand, Ian Schottlaender, and Mark Wolf regarding a meeting with Enron to discuss Enron's financing needs and the transactions Enron intends to complete by year end.

(e) On or about December 1, 1998, Mark Wolf and Lucia Martinez sent an Application for Corporate Credit to VP Risk Management, the CIBC Credit Committee, Colette Delaney, and Katheryn McGovern.

1571. In connection with the Riverside V transaction, CIBC and CIBC World Markets plc. knowingly gave substantial assistance to the Insiders.

(a) On or about December 15, 1998, Shannon Ernst sent an Application for Corporate Credit to Head of Credit Risk Management, Europe, CIBC Credit Committee, Colette Delaney, and Mark Wolf.

1572. In connection with the Leftover transaction, CIBC and CIBC, Inc. knowingly gave substantial assistance to the Insiders.

(a) On or about June 14, 1999, Mark Wolf sent an Application for Corporate Credit to VP Risk Management; CIBC Credit Committee; Executive Director, ACSC; CEO, EVP, Large Corporate Market; and Michael Ablialoro.

1573. In connection with the Nimitz transaction, CIBC and CIBC, Inc. knowingly gave substantial assistance to the Insiders.

(a) On or about June 15, 1999, Mark Wolf sent an Application for Corporate Credit to VP Risk Management; CIBC Credit Committee; Executive Director, ACSC; CEO, EVP, Large Corporate Market; and Michael Ablialoro.

1574. In connection with the Ghost transaction, CIBC, CIBC World Markets Corp., and CIBC, Inc., knowingly gave substantial assistance to the Insiders.

(a) On or about December 7, 1999, Mercy Arango, Mark Wolf, and Lucia Martinez sent an Application for Corporate Credit to VP Risk Management; the CIBC Credit Committee; the Executive Director, ACSC; CEO, EVP, Large Corporate Market; Michael Ablialoro; and Gerry Beauclair.

1575. In connection with the Alchemy transaction, CIBC, CIBC World Markets Corp., and CIBC, Inc. knowingly gave substantial assistance to the Insiders.

(a) On or about December 7, 1999, Mercy Arango, Mark Wolf, and Lucia Martinez sent an Application for Corporate Credit to VP Risk Management; the CIBC Credit

Committee; Executive Director, ACSC; CEO, EVP, Large Corporate Market; Michael Ablialoro; and Gerry Beauclair.

1576. In connection with the Discovery transaction, CIBC, CIBC World Markets Corp., and CIBC, Inc. knowingly gave substantial assistance to the Insiders.

(a) On or about December 15, 1999, Mark Wolf and Lucia Martinez sent an Application for Corporate Credit to VP Risk Management; the CIBC Credit Committee; Executive Director, ACSC; CEO, EVP, Large Corporate Markets; and Michael Ablialoro.

1577. In connection with the Hawaii transaction, CIBC, CIBC World Markets Corp. and CIBC, Inc. knowingly gave substantial assistance to the Insiders.

(a) On or about May 21, 2001, Mercy Arango, Mark Wolf, and Lucia Martinez sent an Application for Corporate Credit to VP Risk Management; the CIBC Credit Committee; Executive Director, ACSC; CEO, EVP, Large Corporate Markets; Michael Ablialoro; and Gerry Beauclair.

(b) On or about June 21, 2001, Mercy Arango sent an e-mail to Gerry Beauclair, Lorne Robbins, Ian Schottlaender, and Mark Wolf regarding Andrew Fastow's assurance that risk would not be realized and stating that CIBC had sustained no loss during the last three years it did the "trust me" equity transactions.

(c) On or about August 25, 2000, Mark Wolf and Mercy Arango sent an Application for Corporate Credit to VP Risk Management; the CIBC Credit Committee; Executive Director, ACSC; CEO, EVP, Large Corporate Markets; and Michael Ablialoro.

(d) On or about October 5, 2000, CVP Risk Management, USA Investment and Corporate Bank sent a Credit Communication to Executive Director, ACSC; CEO, EVP, Large Corporate Market; and Michael Ablialoro authorizing modification to the Hawaii structure.

1578. In connection with the Specter transaction, CIBC, CIBC World Markets Corp., and CIBC, Inc. together knowingly gave assistance to the Insiders, including:

(a) On March 20, 2000, Mercy Arango, Mark Wolf, and Lucia Martinez sent an Application for Corporate Credit related to the Specter transaction to the Vice President of Risk Management and the CIBC Credit Committee.

Merrill Lynch

1579. In connection with the Nigerian Barge transaction, Merrill Lynch knowingly gave substantial assistance to the Insiders.

(a) On or about December 21, 1999, Robert Furst sent a memorandum to Dan Bayly, Mark McAndrews, Jim Brown, Kevin Cox, Schuyler Tilney, and Mark Devito, regarding Jeffrey McMahon's request that Merrill Lynch participate in the Nigerian Barge transaction, noting that there would be a return of 22.5% and a hold for less than six months, and recommending participation in the transaction.

(b) On or about December 21, 1999, Robert Furst sent a memorandum to Jim Brown regarding the Nigerian Barge transaction.

(c) On or about December 22, 1999, Brad Bynum sent an e-mail to Mark Devito, James Brown, and William Fuhs regarding an interoffice memorandum related to the Debts Market Commitment Committee meeting.

(d) On or about December 23, 1999, an unknown Merrill Lynch representative sent a draft letter agreement to Jeff McMahon containing Merrill Lynch's $250,000 advisory fee for acting as Enron's exclusive advisor in the Nigerian Barge transaction, along with a 15% return.

(e) On or about December 28, 1999, Dan Boyle sent an e-mail to Pamela Perry, cc'd to William Fuhs and Geoffery Wilson, requesting that the $250,000 fee not be paid until the first business day of 2000.

(f) On or about December 29, 1999, Jim Brown sent a final letter agreement with Merrill Lynch's $250,000 fee for its role as exclusive advisor in the Nigerian Barge transaction to Andrew Fastow.

(g) On or about January 25, 2000, Mark Devito e-mailed Schuyler Tilney, regarding Enron's appreciation for Merrill Lynch's assistance in the Nigerian Barge deal and their indication that it would lead to future business.

(h) On or about May 4, 2000, Kira Toone e-mailed Gary Carlin, cc'd to Joseph Valenti, computing a 15% return on the Nigerian Barge investment.

(i) On or about June 13, 2000, Kira Toone e-mailed Alan Hoffman, cc'd to Joseph Valenti and Gerald Haugh, indicating Merrill Lynch's understanding that it would be taken out of the transaction by June 30, 2000.

(j) On or about June 14, 2000, Robert Furst sent a letter to Dan Boyle with copies to James Brown, J. Tomaselli, William Fuhs, and Geoffery Wilson, providing details of wiring instructions to buy Merrill Lynch out of the Nigerian Barge deal.

(k) On or about June 15, 2000, William Fuhs e-mailed Rob Furst and Geoffery Wilson regarding a phone call about Nigerian Barge.

(l) On or about June 15, 2000, Kira Toone e-mailed Joseph Valenti with queries about LJM2 and buyout timing.

(m) On or about June 15, 2000, Joseph Valenti e-mailed Gary Carlin, cc'd to Kira Toone, Michael DeBettis, and Gerald Haugh, noting that LJM2 was purchasing Merrill Lynch's barge interest, but that Merrill Lynch was still involved in the barges based on its limited partner interest in LJM2.

(n) On or about June 29, 2000, William Fuhs e-mailed James Brown, informing him that $7.25 million had been received by Merrill Lynch.

(o) On or about March 2, 2001, Robert Lyons e-mailed James Brown, regarding promises of repayment from Andrew Fastow.

(p) On or about January 17, 2002, Kira Toone e-mailed Joseph Valenti, regarding the 15% return.

(q) On or about January 18, 2002, Curt Cariddi e-mailed John Devine and John Fosina, cc'd to Gary Carlin and Joseph Valenti, regarding the role of Merrill Lynch's funding and the 15% interest.

1580. In connection with the 1999 electricity trades transaction, Merrill Lynch knowingly gave substantial assistance to the Insiders.

(a) On or about December 28, 1999, Merrill Lynch Credit Services sent a letter agreement to Enron Power Marketing, Inc., signed by Cliff Baxter and Roger Baum.

(b) On or about December 29, 1999, Christine Gonzalez, Ron Rosenberg, Jeff Kronthal, Keith Jacobson, Robert McCann, Luke Farber, Robert Seitz, Paul Morton, David Lund, Katie Curran, Kate Maloney, Kathleen Lynch, Donna Schloss, George Glaraga, and John McDermott, sent an e-mail to Dan Gordon discussing terms of the 1999 electricity trades transaction.

(c) On or about December 30, 1999, Rob Furst had a phone conversation with Richard Causey regarding Enron's accounting for the transaction.

(d) On or about May 30, 2000, Schuyler Tilney e-mailed Dan Gordon and Rob Furst, stating that Merrill Lynch knew that Enron used the power trades to meet 1999 earnings and discusses termination of the power trade contracts.

(e) On or about May 30, 2000, Dan Gordon e-mailed Schuyler Tilney and Rob Furst, regarding Tilney's May 30, 2000, e-mail about the power trades.

(f) On or about May 31, 2000, Dan Gordon e-mailed Rodney Malcolm regarding the termination of the Midwest Peaking Trade.

1581. In connection with the LJM2 related party entity, Merrill Lynch knowingly gave substantial assistance to the Insiders.

(a) On September 16, 1999, David Sullivan sent a letter agreement to Andrew Fastow under which Merrill Lynch would act as the exclusive financial advisor to LJM2.

(b) On December 20, 1999, Joseph S. Valenti sent a subscription agreement package to an unknown party regarding investment in LJM2.

(c) On December 20, 1999, Michael Kopper sent a letter agreement to Joseph Valenti regarding investment in LJM2.

(d) On April 5, 2000, Joseph S. Valenti sent a subscription agreement package to an unknown party regarding Merrill Lynch/LJM2 Co-Investment, L.P. investment of $16,645,000 in LJM2.

CSFB

1582. In connection with the December 2000 Prepaid Oil Swap and/or the September 2001 Prepaid Oil Swap (collectively, the "Prepaid Oil Swap") transaction, CSFB knowingly gave substantial assistance to the Insiders.

(a) On or about July l2, 2000, e-mails were sent between James Moran and an Enron employee regarding the loan-like features of the Prepaid Oil Swap.

(b) On or about December 5, 2000, James Moran sent an e-mail to Osmar Abib regarding Enron's request for a prepay transaction, wherein he conceded that the transaction was really a loan.

(c) On or about December 8, 2000, James Moran sent an e-mail to Ian Emmett, Osmar Abib, Sarah Payne, Greg McElwee, and Nicholas Tjandramaga regarding the structure of swaps in the prepay transaction.

(d) On or about December 12, 2000, Ian Emmett sent an e-mail to Steve Wootton asking: "Is it OK for us to be entering into such an 'obvious' loan transaction?" AB050700064 (quoted in Exam. Final Report, App. F at 68).

(e) On or about December 14, 2000, James Moran sent an e-mail to Geoff Smailes, copied to Nicolas Tjandramaga, Osmar Abib, and Sarah Payne regarding approval for the prepaid oil swap.

(f) On or about December 14, 2000, Steven Wootton sent an e-mail to Nicolas Tjandramaga and Ian Emmett explaining that the transaction was "accounting driven" and suggesting that cautionary representations be made to mitigate any reputational risk. AB050700041-AB050700042 (cited in Exam. Final Report, App. F at 70).

(g) On or about December 15, 2000, Steven Wootton sent an e-mail to James Moran regarding the accounting treatment of the prepaid swap.

(h) On or about September 10, 2001, Geoff Smalles sent an e-mail to Adrian Cooper, copied to James Moran and Irv Suri, regarding internal accounting of the prepay.

(i) On or about September 19, 2001, James Moran, David Koczan, Osmar Abib, Brian McCabe, and John Donovan sent a Memorandum to Robert O'Brien, David Maletta, and Ed Devine, with copies to Bayo Ogunlesi, Bob Jeffe, Dominic Capolongo, Jamie Welch, and Paul Davis, regarding renewal of the prepay.

1583. In connection with the Nile Transaction, CSFB knowingly gave substantial assistance to the Insiders.

(a) On or about September 19, 2001, James Moran, David Koczan, Osmar Abib, Brian McCabe, and John Donovan sent a Memorandum to Robert O'Brien, David Maletta, and Ed Devine, with copies to Bayo Ogunlesi, Bob Jeffe, Dominic Capolongo, Jamie Welch, and Paul Davis, regarding Enron's request for the Nile proposal.

(b) On or about September 24, 2001, James Moran, David Koczan, Osmar Abib, Brian McCabe, and John Donovan sent a Memorandum to Robert O'Brien, David Maletta, and Ed Devine, with copies to Bayo Ogunlesi, Bob Jeffe, Dominic Capolongo, Jamie Welch, and Paul Davis, regarding the Project Nile proposal.

(c) On or about October 10, 2001, James Moran and David Koczan sent a Memorandum to Robert O'Brien, David Maletta, and Ed Devine regarding an amendment to the Nile Transaction.

1584. In connection with the Nikita transaction, CSFB knowingly gave substantial assistance to the Insiders.

(a) On or about September 24, 2001, James Moran, David Koczan, Osmar Abib, Brian McCabe, and John Donovan sent a Memorandum to Robert O'Brien, David Maletta, Ed Devine, Bayo Ogunlesi, Bob Jeffe, Dominic Capolongo, Jamie Welch, and Paul Davis regarding the Nikita transaction proposal.

(b) On or about October 10, 2001, James Moran and David Koczan sent a Memorandum to Robert O'Brien, David Maletta, and Ed Devine regarding a proposed amendment to Project Nikita.

Toronto Dominion

1585. In connection with the December 1998 prepay transaction, Toronto Dominion knowingly gave substantial assistance to the Insiders.

(a) On or about December 12, 1998, Victor Huebner forwarded an e-mail received from Robyn Zeller to Tom Spencer, Barry Dennis, Phillip Chiarmamonte, Shane Akeroyd, David Silverstein, Peter Cody, Betty Chiang, Susan Moore, and Dan Carr specifying the framework for the December 1998 prepay transaction and discussing remaining open issues.

(b) On or about December 13, 1998, David Silverstein sent an e-mail to Victor Huebner, Barry Dennis, Diana Sajer, Robyn Zeller, Betty Chiang, Julian Bott, and Peter Cody regarding a requested increase in the amount of the facility contemplated in the December 1998 prepay transaction.

(c) On or about December 23, 1998, Douglas Jones sent an e-mail to Dan Carr, Peter Cody, Betty Chiang, Sinan Akdeniz, Danny Elias and Julian Bott regarding the details of his conversation on that same date with employees of Chase Manhattan Bank, as counter party to the December 1998 prepay transaction.

(d) On or about December 26, 1998, Robyn Zeller sent an e-mail to Barry Dennis, David Silverstein, Julian Bott, Victor Huebner, Mike MacBain, Shane Akeroyd, Joseph Hegener, Eric Girom, Todd Hargarten, Peter Cody, Betty Chiang, Phillip Chiarmamonte, Anne Marie Favoriti, Warren Finlay and Douglas Jones confirming the terms and conditions of the December 1998 prepay transaction.

1586. In connection with the Truman Prepay and the refinancing of the prepay, known as the Jethro Prepay, Toronto Dominion knowingly gave substantial assistance to the Insiders.

(a) On or about June 24, 1999, Douglas Jones sent an e-mail to Dan Carr containing a diagram of the various swap legs for the June 1999 prepay transaction with Enron and Citibank.

(b) On or about June 28, 1999, Danny Elias sent an e-mail to Ann Scully regarding the imminent execution of the swap contemplated in the June 1999 prepay transaction.

(c) On or about July 20, 1999, Dan Carr sent an e-mail to Vicki Ferguson, Douglas Jones, Ann Scully, and Danny Elias regarding revisions to be made to a swap confirmation for the June 1999 prepay transaction.

(d) On or about September 16, 1999, Douglas Jones initiated an e-mail chain to Howard Sangwine, Steve MacDougall, Sinan Akdeniz, Joseph Hegener, Linda Lavin, Peter Cody, Ann Scully, Danny Elias, Tim Logie, and Tim Jennings regarding Citibank's proposals for Toronto Dominion's role in the September refinancing of the June 1999 prepay transaction.

(e) On or about September 29, 1999, Douglas Jones sent an e-mail to Dan Carr, Rick Donner, Peter Cody and Linda Lavin confirming the execution of the September refinancing of the June 1999 prepay transaction.

(f) On or about September 29, 1999, Linda Lavin sent an e-mail to Warren Finlay, Peter Cody, Rick Donner, and Carter Kaneen discussing the internal distribution of fees paid to Toronto Dominion from the September refinancing of the June 1999 prepay transaction.

1587. In connection with the Nixon Prepay transaction, Toronto Dominion knowingly gave substantial assistance to the Insiders.

(a) On or about September 12, 1999, Mark Cherry forwarded an e-mail received from an Enron employee to Graeme Francis, Stephanie Viens, Cori Novellino, Linda Lavin, and Douglas Jones regarding certain open issues related to the December 1999 prepay transaction.

(b) On or about December 10, 1999, Douglas Jones sent an e-mail to Mark Cherry, Graeme Francis, Stephanie Viens, Cori Novellino, Linda Lavin, and an Enron employee regarding certain details related to the execution of the swap contemplated in the December 1999 prepay transaction.

(c) On or about December 13, 1999, Douglas Jones forwarded an e-mail received from an Enron employee to Dan Carr regarding revisions proposed by Citibank to certain transactional documents related to the December 1999 prepay transaction.

1588. In connection with the Alberta Prepay, Toronto Dominion knowingly gave substantial assistance to the Insiders.

(a) On or about September 6, 2000, Robyn Zeller sent an e-mail to Bob W. Gibson discussing the general terms and conditions of the September 2000 prepay transaction.

(b) On or about September 21, 2000, Anthony Hull sent an e-mail to Katherine Lucey, Robyn Zeller, Cori Novellino, Lisa Reikman, Sinan Akdeniz and Jamie Dieth regarding the status of work to be completed in connection with the September 2000 prepay transaction.

(c) On or about September 26, 2000 Victor Huebner sent an e-mail to Robyn Zeller, Cori Novellino and Bob W. Gibson regarding Enron's outstanding debt on its prepay transactions.

1589. In connection with the London Prepay, Toronto Dominion knowingly gave substantial assistance to the Insiders.

(a) On or about September 6, 2000, Graeme Francis sent an e-mail to Katherine Lucey, Bob W. Gibson, Julian Bott, and Douglas Jones recounting preliminary discussions regarding the timing and structure of the December 2000 prepay transaction.

(b) On or about October 26, 2000, Steve Fuller sent an e-mail to Shane Akeroyd, Graeme Francis, Anthony Hull, Danny Elias, Katherine Lucey, and an Enron employee regarding pricing and fees related to the December 2000 prepay transaction.

(c) On or about November 7, 2000, Cori Novellino sent an e-mail to Robyn Zeller regarding preliminary structuring information for the December 2000 prepay transaction.

(d) On or about November 17, 2000, Mark Newman sent a facsimile to the Senior Vice President of TD Bank Financial Group containing an e-mail with Toronto Dominion's Group Risk Management comments regarding the December 2000 prepay transaction.

RBS

1590. In connection with the LJM1 transaction, RBS knowingly gave substantial assistance to the Insiders as follows:

(a) On or about May 28, 1999, David Bermingham e-mailed Kevin Howard, and Mike Ellison, RBS, regarding a concern that value was going out of the Enron group and that LJM1 would all of a sudden be "gifted" $220 million of Enron stock.

(b) On or about August 6, 1999, Bermingham e-mailed Howard regarding RBS's decision to circumvent the LJM1 Partnership Agreement via the CSFB SAILs proposal which had enormous upside attraction for Fastow.

(c) On or about August 20, 1999, Gary Mulgrew (Managing Director, RBS) sent a Memorandum to the Campsie Directors reflecting RBS's understanding that Fastow would have no economic interest in the Enron stock.

(d) On or about August 31, 1999, David Bermingham e-mailed Kristi DeMaiolo, and David Clement, regarding the motivation behind LJM1's formation, its intended operational procedures, and the economics of the Rhythms Hedging.

(e) On or about November 9, 1999, Bermingham e-mailed Ben Glisan with a proposal whereby $14 million of value would be transferred to Fastow over a period of time, and indicating that RBS was aware of a verbal agreement between Fastow and Enron that Enron would repurchase Ciuaba at a profit to LJM1.

(f) On or about November 12, 1999, David Bermingham e-mailed Ben Glisan, setting forth RBS's latest LJM1 restructuring proposal which entailed RBS realizing the entire value of the Enron shares in exchange for $44.5 million.

(g) On or about August 15, 2000, Adam Pettifer, RBS, e-mailed Kevin Howard attaching a memorandum that illustrated how RBS locked in its profit from the LJM1 restructuring.

1591. In connection with the Sutton Bridge transaction, RBS knowingly gave substantial assistance to the Insiders.

(a) Prior to the closing of the Sutton Bridge transaction, Konrad Kruger and Giles Darby authored a memorandum seeking approval for the Sutton Bridge transaction on which handwritten notes were affixed indicating approval of the investment based, in part, on the "understanding" with Enron regarding Enron's repurchase of the equity at an agreed return on December 1, 1999.

(b) On or about July 8, 1999, an RBS presentation referred to the "trust us" assurance from Enron, to the "arbitrage [of] 'substance over form'" that enabled P&L recognition for what was really a financing, and to the low risk, high reward "equity" in the transaction.

(c) On or about August 11, 2000, Peter Commons sent an e-mail to Thomas Hardy, Nicola Goss, and Iain Houston regarding the transaction's hinging on an "understanding" with Enron that Enron would repurchase the equity and the fact that RBS was well paid to undertake the transaction.

(d) On or about September 6, 2001, Adam Pettifer sent an e-mail to Paul Fairbairn and Michael Crosland stating that Enron had honored its "obligation" under the Sutton Bridge transaction and had repaid the equity upon the sale of the asset.

1592. In connection with the ETOL I, II and III transactions, RBS knowingly gave substantial assistance to the Insiders as follows:

(a) On or about August 10, 2000, Iain Houston (Head of Structure Finance) sent an e-mail to Nicola Goss, Tom Hardy and Peter Commons regarding RBS not having any problem participating in ETOL based upon the verbal assurances consistently provided by senior Enron staff, most recently by Fastow to Iain Robertson and Johnny Cameron.

(b) On or about August 11, 2000, Commons sent an e-mail to Hardy, Goss and Houston regarding the similarity between ETOL and Sutton Bridge in that ETOL hinges on an understanding with Enron that they will buy it all back.

(c) On or about August 16, 2000, Aldo Ferri sent an e-mail to Goss regarding RBS's knowledge of ETOL's affect on Enron's balance sheet.

(d) On or about September 18, 2000, Milton, Goss and Hardy prepared a ETOL I Credit Application regarding RBS's knowledge that such transaction was aimed to be a true sale and noting that the applicable accounting rules do not allow any formal arrangements to be made on RBS's required return.

(e) On or about September 19, 2000, Clarke prepared an ETOL I Credit Recommendation regarding reliance placed on Enron's verbal undertakings to make RBS whole on the equity tranche.

(f) On or about September 20, 2000, Corporate Banking and Financial Markets (CBFM) Credit Committee Minutes were prepared regarding ETOL I noting both the impact of RBS's participation in this deal on Enron's significant off-balance sheet contingent liabilities and the nature of the assurances provided.

(g) On or about September 25, 2000, Sue Milton sent a memorandum to Commons and Clarke regarding RBS's reliance on Enron to make it whole.

(h) On or about September 28, 2000, a conference took place between Fastow and Iain Robertson regarding Fastow's assurance that RBS' renumeration would be met by Enron.

(i) On or about March 1, 2001, Goss sent an ETOL I funding memorandum to Hardy, Howard, Clarke and Steve Gee regarding both RBS's knowledge of Enron's accounting goals for ETOL II and III and the arrangement to make RBS whole.

(j) On or about March 16, 2001, Clarke prepared an ETOL II and III Credit Recommendation regarding stated returns on equity and RBS's reliance on Enron's understanding to make its whole.

(k) On or about March 20, 2001, Group Credit Committee Minutes were prepared regarding the reliance by RBS on Enron's verbal undertakings based upon senior level discussions between RBS and Enron.

(l) On or about March 20, 2001, CBFM Credit Committee Minutes were prepared regarding the reliance on Enron's informal arrangement to make RBS whole on both its equity and return on equity in all the ETOL deals and discussions between RBS and Enron regarding such arrangement

(m) On or about May 9, 2001, Clarke sent an e-mail to Gordon Pell, Phillip Carraro and David Finlayson regarding RBS's entire reliance on Enron's verbal assurances to make it whole.

1593. In connection with the Nixon Prepays transaction, RBS knowingly gave substantial assistance to the Insiders as follows:

(a) On or about November 6, 1999, Brian McInnes approved a Credit Application regarding RBS's knowledge that the Nixon Prepays created a three month synthetic loan and that RBS's participating would assist in crucial de-leveraging at quarter and year ends.

(b) On or about December 6, 1999, A.W. McAlister (Senior Analyst) prepared a memorandum regarding how the transaction was effectively a window dressing request that was

being used to reduce Enron's reported year-end net debt position and noted issues relating to the absolute level of manipulation undertaken by Enron in its financial statements.

(c) On or about February 1, 2000, McAlister sent an e-mail to Derek Weir regarding RBS' knowledge that Enron was going to boost cash flows from operating activities from Nixon.

RBC

1594. In connection with the Alberta transaction, RBC knowingly gave substantial assistance to the Insiders:

(a) On August 24, 2000, Ian McArthur e-mailed Bob Hall, Frank Piazza, and Blair Fleming, regarding RBC's participation in the Alberta financing.

(b) On August 30, 2000, Ian McArthur and Mike Ellison submitted to RBC a first transaction approval request for Alberta that acknowledged that the structure would receive off-balance sheet treatment.

(c) On September 27, 2000, RBC employees prepared a Final Alberta Transaction request, detailing the structure of the Alberta Transaction.

(d) On September 26, 2000, Blair Fleming e-mailed Ian McArthur, Graeme Hepworth and others explaining that a linkage in the Alberta structure could not be documented for accounting reasons.

1595. As a direct and proximate result of the Bank Defendants' actions and omissions, Enron was injured and damaged in at least the following ways: (1) its debt was wrongfully expanded out of all proportion to its ability to repay and it became insolvent and thereafter deeply insolvent; (2) it was forced to file bankruptcy and incurred and continues to incur substantial legal and administrative costs, as well as the costs of governmental investigations; (3) its relationships with its customers, suppliers and employees were undermined; and (4) its assets were dissipated.

1596. Enron's injuries as described in this Complaint resulted from fraud and/or malice on the part of the Bank Defendants. When viewed objectively from the Bank Defendants' standpoint, the acts and omissions described in this Complaint involved an extreme degree of risk at the time they occurred, considering the probability and magnitude of the potential harm to Enron. The Bank Defendants had an actual, subjective awareness of the risk to Enron posed by their acts and omissions, but they nevertheless proceeded with conscious indifference to Enron's rights. Further, the acts and omissions described in this Complaint demonstrate a malicious, reckless, and/or willful disregard of Enron's rights and welfare on the part of the Bank Defendants. The same acts and omissions also were aimed at the public generally and were taken by the Bank Defendants in utter disregard of the public interest, including without limitation the interests of the many other entities that were financially involved with Enron, as well as the rights and interests of the investing public. Therefore, in order to punish the Bank Defendants, to deter the Bank Defendants from repeating the acts and omissions described in this Complaint, to protect the public against similar acts and omissions in the future, and to serve as a warning to others, the Bank Defendants should be held liable for exemplary or punitive damages.

COUNT 76
(Unlawful Civil Conspiracy;
Enron Against All Bank Defendants)

1597. The allegations in paragraphs 1 through 1596 of this Complaint are incorporated herein by reference.

1598. By virtue of the acts and omissions described in this Complaint, from 1997 through 2001 the Bank Defendants conspired with the Insiders, and at least as to Citigroup, Chase, and BT/Deutsche Bank with the Insiders and Arthur Andersen, to manipulate and misstate Enron's financial condition and to facilitate transactions between the Insiders and Enron in which the Insiders derived improper personal benefits. The Bank Defendants and the Insiders and, to the

extent of its involvement, Arthur Andersen, agreed on the both the objects of the conspiracy and the courses of action to be taken in furtherance of it. The Bank Defendants knowingly participated in the unlawful objects – to manipulate and misstate Enron's financial statements and to facilitate self-dealing transactions between the Insiders and Enron – and knowingly participated in the courses of action taken in furtherance of it – the Insiders' numerous breaches of fiduciary duties to Enron, and the Insiders' fraud against Enron.

1599. By virtue of the acts and omissions described in this Complaint, numerous overt acts were taken by the Bank Defendants and the Insiders in furtherance of the conspiracy.

1600. As a direct and proximate result of the Bank Defendants' actions and omissions, Enron was injured and damaged in at least the following ways: (1) its debt was wrongfully expanded out of all proportion to its ability to repay and it became insolvent and thereafter deeply insolvent; (2) it was forced to file bankruptcy and incurred and continues to incur substantial legal and administrative costs, as well as the costs of governmental investigations; (3) its relationships with its customers, suppliers and employees were undermined; and (4) its assets were dissipated.

1601. Enron's injuries as described in this Complaint resulted from fraud and/or malice on the part of the Bank Defendants. When viewed objectively from the Bank Defendants' standpoint, the acts and omissions described in this Complaint involved an extreme degree of risk at the time they occurred, considering the probability and magnitude of the potential harm to Enron. The Bank Defendants had an actual, subjective awareness of the risk to Enron posed by their acts and omissions, but they nevertheless proceeded with conscious indifference to Enron's rights. Further, the acts and omissions described in this Complaint demonstrate a malicious, reckless, and/or willful disregard of Enron's rights and welfare on the part of the Bank Defendants. The same acts and omissions also were aimed at the public generally and were taken by the Bank Defendants in utter disregard of the public interest, including without limitation the interests of the many other entities

that were financially involved with Enron, as well as the rights and interests of the investing public. Therefore, in order to punish the Bank Defendants, to deter the Bank Defendants from repeating the acts and omissions described in this Complaint, to protect the public against similar acts and omissions in the future, and to serve as a warning to others, the Bank Defendants should be held liable for exemplary or punitive damages.

WHEREFORE, Plaintiff respectfully requests that this Court enter judgment in its favor as follows:

A. For an order avoiding and setting aside the transfers identified in Counts 1 through 72.

B. For an order directing each respective transferee of the transfers and setoffs identified in Counts 1 through 72 to return to Plaintiff the property transferred or pay the value of such property.

B1. For an order declaring that Mahonia/JPMC (as defined in paragraph 855B) is in violation of the automatic stay, declaring that all actions taken by Mahonia/JPMC in violation of the automatic stay are null and void *ab initio*, and ordering that Mahonia/JPMC shall immediately take all action necessary to restore the parties to their relative positions as they existed on December 2, 2001 including, without limitation, turning over to Plaintiff forthwith the amounts alleged in paragraph 855D.

B2. For an order directing Mahonia/JPMC to pay and turn over the Prepay Collateral, as identified in Counts 14A and 14B, with interest, to Plaintiff forthwith.

C. For an order directing Barclays immediately to pay and turn over the Collateral, and all proceeds, products and profits of the Collateral or its sale, or the value thereof, with interest, to Plaintiff forthwith, as requested in Count 23.

D. For an order declaring that Barclays and Colonnade are in violation of the automatic stay, declaring that all actions taken by Barclays and Colonnade in violation of the automatic stay are null and void *ab initio*, and ordering that Barclays and Colonnade shall immediately take all action necessary to restore the parties to their relative positions as they existed on December 2, 2001, as requested in Count 24.

E. For an order avoiding and declaring invalid all provisions in the Charge on Cash Agreement or other documents related to the SO_2 Transaction and any and all non-mutual setoffs purportedly made by Barclays or any Barclays affiliate, as identified in Count 26.

E1. For damages as against Barclays in an amount to be proved at trial, but not less than $48,459,635 plus interest and attorneys' fees, as requested in Counts 25A, 25B and 25C.

F. For an order directing Barclays and any Barclays affiliate to turn over to Plaintiff the property transferred or set off, or its value, as identified in Counts 26 through 28.

F1. For an order directing Barclays immediately to pay and turn over the Collateral, and all proceeds, products and profits of the Collateral or its sale, or the value thereof, with interest, to Plaintiff forthwith, as requested in Counts 23 and 25.

F2. For an order directing Colonnade and/or Barclays to turn over to Plaintiff the Emission Credits, or their value, as requested in Counts 22A, 28A and 28B.

F3. For an order transferring to the Subordination Plaintiff's estate any lien held by Barclays and/or Colonnade on property of the Subordination Plaintiff's estate, as identified in Count 28C.

G. For an order setting aside the Valhalla Setoff and the postpetition transfers identified in Counts 30 and 31 as improper postpetition transfers.

G1. For an order directing (a) that all of the proceeds, products and profits of the Nile Asset or its sale that are currently in the Segregated Account forthwith be paid to Plaintiff, and

(b) that CSFB, Pyramid I and/or Sphinx Trust immediately pay and turn over, or consent to the payment and turnover of, all additional proceeds, products and profits of the Nile Asset or its sale, or the value thereof, with interest, to Plaintiff forthwith, as requested in Counts 47A and 47B.

H. For an order disallowing any claim of each respective transferee of the transfers identified in Counts 1 through 72 unless and until such transferee has turned over to Plaintiff the property transferred, or paid Plaintiff the value of such property, for which it is liable under Bankruptcy Code section 550, and for an order disallowing all Transferred Claims as set forth in Count 73B.

I. For subordination of all claims or proofs of claim (except for DIP obligations) which have been filed or brought or which may hereafter be filed or brought by, on behalf of, or for the benefit of any of the Subordination Defendants or any Claim Transferee Defendant or their affiliated entities, against the Subordination Plaintiff or other Debtors, in the related bankruptcy proceedings, as identified in Counts 73 and 73A, and for an order transferring to the Subordination Plaintiff's estate any liens securing such subordinated claims.

J. For an order (a) avoiding and setting aside each Challenged Transaction Obligation as identified in Counts 65 and 66; (b) avoiding and setting aside each Intentional Fraudulent Transfer and each Intentional Fraudulent Conveyance as identified in Counts 69 through 71; (c) directing each transferee of the transfers identified by reference in Counts 69 or 70, or in connection with the guarantees or obligations alleged in Counts 65 or 66, to return the property transferred, or pay the value of such property, to Plaintiff; (d) directing JPMC and Mahonia to disgorge to Plaintiff the amount of any payment from Plaintiff to or for the benefit of JPMC or Mahonia in connection with the Chase XII prepay, including any payment made indirectly through West LB London; and (e) disallowing any and all claims asserted by any Defendant based on any Challenged Transaction Obligation or by any subrogee of Mahonia based on the JPMC L/C.

K. For an order directing that each Defendant provide an accounting of all transfers of interests of the Plaintiff in property made in connection with or related to the transactions identified in Counts 1 through 72.

L. For damages in an amount to be proved at trial.

M. For punitive damages.

N. For prejudgment interest.

O. For attorneys' fees and costs, and costs of suit.

P. For such other and further relief as this Court deems just and proper.

January 10, 2005

ENRON CORP., *et al.*
Reorganized Debtors,
By their Special Litigation Counsel,
SUSMAN GODFREY L.L.P.,
By:

/s/ H. Lee Godfrey

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- and -

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CERTIFICATE OF SERVICE

I hereby certify that on January 10, 2005, a true and correct copy of the foregoing document was sent to all counsel of record by electronic mail.

/s/ Kenneth S. Marks