

**Statement of Richard B. Sanders, Esq.
Before the
U.S. Senate Committee on
Commerce, Science and Transportation
Subcommittee on Consumer Affairs,
Foreign Commerce and Tourism**

**Hearing on Enron Corp.
Wednesday, May 15, 2002**

Good morning, Senator Dorgan and Members of the Committee. My name is Richard Sanders. I am currently Vice President and Assistant General Counsel for Enron Wholesale Services, a division of Enron Corp. I have been employed as a lawyer for Enron since 1997. Prior to joining Enron I was a partner in the trial section of Bracewell and Patterson, a Houston law firm.

From the time I joined Enron's Legal Department until the present, my responsibility was to advise my clients--the company and its employees--with regard to pending and anticipated litigation matters. The trading of electricity in California by Enron traders has been the subject of much litigation. In the Summer and Fall of 2000, because of the California energy crisis, there was a great deal of media coverage regarding the activities of electricity traders, including Enron. I and other members of the Enron Legal Department anticipated that litigation might be commenced against Enron and other power traders. In or about September

2000, Enron received a subpoena from the California Public Utilities Commission regarding its electricity trading activities in California. On November 29, 2000, Enron was sued in a class action lawsuit in California entitled Hendricks v. Dynegy Power Marketing, Inc., et al., GIC758565 (Cal. Sup. Ct., S.D. County). In connection with this pending and anticipated litigation, in early December 2000 I was provided with a memorandum from Christian Yoder and Stephen Hall, regarding certain trading practices. I did not direct Mr. Yoder or Mr. Hall to prepare this memorandum. After receiving it and reviewing it, I was not confident that it completely or accurately described many aspects of the trading practices. However, I directed that certain trading practices described therein be suspended and I authorized additional outside counsel to review the memorandum and the trading practices and to prepare a subsequent memorandum on these matters, so that I could provide appropriate legal advice to the company. I reported the substance of these memos, as they pertained to pending and anticipated litigation, to my superiors at Enron. I understood that the trading practices that I directed to be suspended in December 2000 did not continue.

With respect to the issues the Committee is examining, I am here voluntarily and intend to fully cooperate with this Committee and any other Congressional investigation into these matters. Because I learned much of the information in my possession in my capacity as a lawyer for Enron, under Texas and federal law the attorney-client privilege would act to prevent me from disclosing privileged information. However, Enron has provided me with a waiver of the attorney-client privilege that enables me to answer the Committee's questions even if my answers disclose attorney-client privileged material. I welcome the opportunity to answer, to the best of my ability, any questions that the Committee may have for me.

Thank you.