

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

UNITED STATES OF AMERICA	§	
	§	
v.	§	Cr. No. H-02-
	§	Violations: 26 U.S.C. §§ 7206(1)
	§	(Subscribing to False Tax Return)
LAWRENCE M. LAWYER,	§	
	§	
Defendant.	§	

INFORMATION

The Acting United States Attorney charges:

1. At all times relevant to this Information, Enron Corp. (“Enron”) was a publicly-traded Oregon corporation with its headquarters in Houston, Texas. Among other businesses, Enron was engaged in the purchase and sale of natural gas, construction and ownership of pipelines and power facilities, provision of telecommunication services, and trading in contracts to buy and sell various commodities. Before December 2, 2001, Enron was the seventh largest corporation in the United States.

2. The defendant LAWRENCE M. LAWYER was a resident of Houston, Texas and held various positions at Enron between 1996 and 2001. During 1997, LAWYER worked in the Enron Capital Management group at Enron.

3. In early 1997, Enron’s holdings included a number of California wind farms. At the time, California and federal energy regulations granted substantial economic benefits to alternative energy facilities that met certain requirements and were not owned by public utilities

(“qualifying facilities” or “QFs”). Because Enron was in the process of purchasing a public utility, Portland General Electric, its wind farms would become ineligible for QF status unless Enron’s interest was sold.

4. In approximately May 1997, LAWYER was assigned to work on a transaction involving a special purpose entity known as RADR, which was established to purchase Enron’s interest in the wind farms. RADR was a limited partnership whose partners were known internally at Enron as “Friends of Enron” because they were friends of Enron executives.

5. Between August 1997 and July 2000, RADR generated approximately \$4.5 million in proceeds for the “Friends of Enron.” Between August 1997 and April 2000, LAWYER received a total of approximately \$79,468.83 in payments as taxable income for his work on the RADR transaction. Although the payments were disguised as gifts to LAWYER and his family members, LAWYER knew that these payments were taxable income for his work on the RADR transaction. LAWYER willfully failed to report the following payments from RADR as income on his tax returns for the following years:

<u>Year</u>	<u>Unreported Income</u>
1997	\$24,015.50
1998	\$ 8,209.03
1999	\$ 8,222.90
2000	\$39,021.40

6. On or about July 14, 2001, in the Southern District of Texas, the defendant LAWRENCE M. LAWYER did willfully make and subscribe a 2000 U.S. Individual Income Tax Return, Form 1040, with attached schedules, in the name of LAWYER and his wife, which was contained a written declaration that it was made under the penalty of perjury and was filed

with the Internal Revenue Service, which income tax return LAWYER did not believe to be true and correct as to every material matter in that this 2000 tax return disclosed on Form 1040, page 1, line 21, an “other income” of zero, whereas as defendant then and there well knew and believed, he had “other income” of \$39,021.40.

In violation of Title 26, United States Code, Section 7206(1).

DATED: Houston, Texas
November 26, 2002

JOSHUA HOCHBERG
Acting United States Attorney
Southern District of Texas

LESLIE R. CALDWELL
Director, Enron Task Force

By: _____
THOMAS A. HANUSIK
Trial Attorney, Enron Task Force