

INVESTIGATION SUMMARY

The Guatemalan power project (the Guatemala Project) investigation included interviews of or responses to questions from 15 individuals involved in the Guatemala Project (Appendix C), review of thousands of documents from Enron, the Internal Revenue Service, Department of Justice, Securities and Exchange Commission, Export-Import Bank, U.S. Trade and Development Agency, Overseas Private Investment Corporation, Department of Transportation Maritime Administration, and the World Bank/International Finance Corporation. The investigation also included interviews of officials from the above agencies and organizations.

Based on a review the information provided, the Senate Finance Committee staff has concluded the following with respect to the Guatemala Project:

- 1. Payments made by Enron to a Panamanian corporation were disguised as add-on fuel charges in order to conceal them from U.S. and Guatemalan tax authorities. Enron officials had knowledge that the payments made to the Panamanian corporation exposed it to potential tax liability and penalties. An audit report prepared by Arthur Andersen and internal Enron memoranda confirms that senior Enron officials were aware of the payments and their questionable legality.*
- 2. The U.S. agencies charged with enforcing non-tax criminal laws (the Department of Justice and the Securities and Exchange Commission) failed to act on the non-tax criminal referral made by the Internal Revenue Service (IRS).*
- 3. Enron used World Bank funds and funds from U.S. taxpayer supported agencies and lending organizations to finance the Guatemalan power project as well as the questionable payments to Sun King. The World Bank and the U.S. Department of Transportation Maritime Administration provided financing and the Overseas Private Investment Corporation (OPIC) provided political risk insurance.*
- 4. Bonuses and stock options were awarded when project financing was obtained, rather than upon successful completion of a project.*