LOBBY WATCH
✪ TEXANS FOR PUBLIC JUSTICE 609 W. 18TH ST., SUITE E, AUSTIN, TX 78701 PH: (512)472-9770 FAX: (512)472-9830

Arthur Andersen & Vinson & Elkins:

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Bush Is Indebted To Enron's Professional Abettors, Too

Although Enron is George W. Bush's No. 1 career donor, the president also is heavily indebted to the professional firms that aided and abetted the greatest bankruptcy and shareholder meltdown in U.S. history.

Enron's "independent" auditor and "outside" law firm—whose own questionable actions in the Enron debacle are being probed—gave a total of $560,385 to Bush's gubernatorial and presidential campaigns. In addition, Arthur Andersen and Vinson & Elkins accounted for four of Bush's elite "Pioneer" fundraisers who collectively moved at least $400,000 more to Bush's presidential campaign (Enron Chair Ken Lay is another Pioneer).

"Independent" auditors

Arthur Andersen—which is making headlines for aggressively shredding documents related to its lame audits of Enron's cooked books—put Bush Pioneer D. Stephen Goddard, Jr. on leave January 15 for his role in the Enron audit. In addition to the $100,000 or more in Bush presidential money that this Pioneer raised from friends and family, Goddard contributed $3,250 of his own money to Bush's gubernatorial and presidential campaigns.

Gary B. Goolsby, another accountant who gave $3,000 to Bush's gubernatorial campaigns, is one of four Arthur Andersen partners who have been "relieved of management responsibilities."

Bush's presidential campaign received $1,000 from Enron Chief Accounting Officer Richard A. Causey, whose job put him in the thick of the Enron scandal. Enron recruited Causey from Arthur Andersen, where he had primary responsibility for the firm's second largest account: Enron.

Bush's presidential bid also received $500 from Arthur Andersen CEO Joseph Berardino, whom the firm promoted last year after he helped defeat a proposal to make audits more independent. Then-SEC Chair Arthur Levitt wanted to stop auditors from charging one client for both auditing and consulting.

With audits accounting for less than half of the $52 million that Arthur Andersen billed to Enron in 2000, Enron is a cautionary tale. Critics say that accountants who pocket big consulting fees are less likely to question cooked books. In helping to stop the Leavitt reform, Berardino claimed that consulting prevents fraud by helping auditors to better know their clients' business.

Enron Abettors Give $560,385 To Bush

Enron Accomplice	Gubernatorial Money	Presidential Money	Total GWB Money
Arthur Andersen	$37,250	$187,285	$224,535
Vinson & Elkins	$133,000	$202,850	$335,850
TOTALS:	**$170,250**	**$390,135**	**$560,385**

Enron's Abettors Produce Four Bush 'Pioneers'

Enron-Linked "Pioneers"	Occupation	Noteworthy
D. Stephen Goddard, Jr.	AA Houston Ofc. Mng. Partner	Put on leave after Enron shredding scandal
Joe B. Allen, III	V&E Lobbyist	Treasurer of V&E's powerful PAC
Thomas P. Marinis, Jr.	V&E Attorney	Tax & election law specialist; GWB's boyhood pal
Robert H. Whilden, Jr.	BMC Software Gen'l Counsel	Led V&E's corporate securities section until '99

Arthur Andersen joined the other Big Five accounting firms in pushing a 1995 law that lowers the legal risks that accountants face for signing off on phony books. Having signed off on some of the biggest stretchers of recent history (Sunbeam and Waste Management), Arthur Andersen is a prime beneficiary of the Private Securities Litigation Reform Act.[1]

The accounting profession has contributed more than $1.3 million to the gubernatorial and presidential campaigns of George W. Bush, who has made pro-business "tort reform" a centerpiece of his governing agenda.

Texas accountants tried to pass a state law to shield their liability in state courts under Bush in 1999. A House Committee let this bill die, however, after a hearing in which the accountants had *no numbers* to quantify their claim that they were the victims of "runaway lawsuits." Leading this hustle was the Texas Society of Certified Public Accountants. The latest, year-end issue of its trade magazine features a cover story on Enron that says, "Many consider Enron's CPAs accounting leaders, and rightly so."

"Outside" counsel

Enron's outside legal counsel contributed $335,850 to Bush's gubernatorial and presidential campaigns. Vinson & Elkins—which has an emerging role in the Enron scandal—is the only company that produced three of Bush's elite fund-raising "Pioneers" (see table).

When Enron Vice President Sherron Watkins warned Chair Ken Lay about Enron's cooked books in August 2001, she urged him to bypass V&E in his probe. Watkins believed that V&E was too conflicted because its attorneys helped set up some of the controversial partnerships that Enron used to hide mountains of debt.

Consulting with Enron General Counsel James Derrick, Jr. (formerly of V&E), however, Lay asked V&E to investigate Watkins' claims—without second-guessing Arthur Andersen's audit. V&E, which billed Enron $455 million last year, concluded on October 15th that Enron's controversial use of partnerships was "creative and aggressive" but "no one has reason to believe that it is inappropriate from a technical standpoint." V&E said that the main liabilities of Enron's controversial partnerships were those that dog Enron today: bad press and investor lawsuits.

Bush Donors Who Are Players in the Enron Scandal

Contributor	Occupation	GWB Money
D. Stephen Goddard Jr.	Arthur Andersen Houston Mng. Partner	$3,250
Gary B. Goolsby	Arthur Andersen Partner	$3,000
Richard A. Causey	Enron Chief Accounting Officer	$1,000
Joseph F. Berardino	Arthur Andersen CEO/Mng. Partner	$500
	TOTAL:	**$7,750**

Money Notes: *The money attributed to Arthur Andersen and Vinson & Elkins came from these firms' PACs and employees. Federal presidential money just includes "hard money," as tracked by the Center for Responsive Politics and Center for Public Integrity. The state money also is "hard money" given to Bush's 1994 and 1998 gubernatorial campaigns. In both cases, Arthur Andersen money includes Andersen Consulting contributions made before that company became independent in August 2000.*

[1] PSLRA replaced "joint and several" liability in these cases with a much weaker "proportionate" liability standard that limits auditors who commit securities fraud to paying an average of just 10 to 20 percent of the total judgment.