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Ex-Enron assistant's testimony kicks off Lay, Skilling defense

By MARY FLOOD

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The defense began its case today with testimony from a former Enron executive assistant who said the prosecution's first witness, a golfing buddy of hers, perjured himself.

Joannie Williamson, a former assistant to defendants Ken Lay and Jeff Skilling as well as

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to Mark Koenig, said Koenig called her the day he pleaded guilty and said he was actually innocent.

Koenig, the former head of investor relations at Enron, pleaded guilty in August 2004 to aiding and abetting securities fraud. He was on the stand more than eight days in this case and said he lied to investors about Enron's financial health.

He also told jurors that he never told his ex-assistant and friend Williamson that he was innocent.

But on the stand Williamson, who said she declined an offer from Lay to pay her legal expenses, recounted the day Koenig pleaded guilty.

"When I got to work that morning, I had a message on my voice mail and it was from Mark," she told Lay's lawyer Chip Lewis. Koenig's message said "he would be pleading guilty and that he appreciated our support."

Williamson, a Spring woman, said "I was shocked. I was stunned. I was hurt because Mark had always told me he had not done anything wrong."

She said Williamson called her later that same day.

"I asked him: "Why did you plead guilty? You are not guilty."

"I know that, but in order for this to work, everyone needs to believe I am," she recalled his reply.

Williamson testified that she thinks her friend Koenig succumbed to pressure, though she acknowledged on cross-examination by prosecutor Kathryn Ruemmler that Koenig never said he was pressured.

This testimony follows a main defense theme — that many witnesses who testified against Skilling and Lay were coerced by the government into pleading guilty and are just saying what prosecutors wanted to hear.

Lay and Skilling argue there was no conspiracy. They say Enron was in good shape, but the lack of confidence engendered by revelations about thieving by ex-CFO Andrew Fastow and his cohorts caused a "run on the bank."

Williamson also told Ruemmler that she phoned Koenig during his testimony to show her support for him. And Williamson said, she called Koenig to tell him Lay was concerned about him.

"He asked me if I would check on Mark for him," Williamson said of Lay asking her to call the witness.

Williamson said she and her family see Koenig and his family often. She said she sees the Skillings socially as well, often at a weekly gathering with friends.

She said she considers all three men — Skilling, Lay and Koenig — to be "good people." And she said she thinks Koenig is honest, though he lied in his case.

"Are you saying that Mr. Koenig lied, he perjured himself?" asked prosecutor Ruemmler.

"Yes," Williamson replied.

Williamson was the first of five witnesses called by Lay and Skilling Monday.

Skilling faces 28 charges in this conspiracy and fraud case and Lay faces six. Both men are scheduled to take the stand in their own defense and Skilling could begin his testimony as early as Wednesday or Thursday.

Also testifying Monday was Rogers Herndon, a former vice president and risk analyst in the wholesale trading division of Enron.

He helped oversee the assessment of the retail division's contracts after they were moved over to the profitable wholesale trading division in 2001. Government witnesses said the contracts were moved to hide about \$200 million in losses out of retail so that division would look profitable.

But Herndon said the move made sense and efficiencies were created by putting the troubled contracts to his division. He said that the reorganization allowed retail "to do what it did best, which was sales; and

wholesale to do what it did best, which was risk management."

Witness Diann Huddleson, a former EES analyst, said the million dollars in checks from California utilities jurors heard were found in a box beneath a trader's desk were no surprise to her. Though Huddleson couldn't explain the location, she said she'd been negotiating to get the checks and was expecting them.

Former Enron EES analyst Scott Stoness said he did an analysis of the possible effects a California utility commission tariff change could have on Enron's bottom line. His testimony indicated that it was not until May 2001 that the Enron losses could be properly discerned rather than months earlier when the \$200 million loss was estimated.

And Sarah Davis, who formerly worked in human relations at Enron, testified that she spent more than 12 "wonderful years" at Enron. She is scheduled to continue on the stand Tuesday and will presumably address the redeployment of Enron's Internet division employees.

Lay's lawyer Mike Ramsey was absent today after having trouble with a stent put in his heart at the end of March. In a statement the Lay camp said Ramsey will have an "invasive procedure" today to check on the stent and they hope he will return to the trial soon.

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