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Appeals court backs decision clearing Enron founder

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HOUSTON (Reuters) - A U.S. appeals court has refused to overturn a judge's decision voiding the fraud conviction of Enron Corp. founder Kenneth Lay, who died before he could appeal, according to court records.

"We are bound by ... precedent," a three-judge panel of the 5th U.S. Circuit Court of Appeals said in a November 1 opinion, a copy of which was provided by a Lay family spokeswoman on Monday. The 5th Circuit online docket confirmed the ruling.

Russell P. Butler, who said he lost \$8,000 in the collapse of Enron, had filed a petition asking the 5th Circuit to overturn a decision by the trial judge dropping Lay's case after he died July 5 while awaiting sentencing.

Butler argued that U.S. District Judge Sim Lake's ruling denied him his right to restitution from the Lay estate, as provided by the federal Crime Victims Rights Act of 2004.

The panel cited a prior case that "firmly and unequivocally established ... that when a defendant who has been found guilty of a federal crime dies before exhaustion of his appeal, his prosecution must be abated, his conviction vacated and his indictment dismissed."

A jury convicted Lay last May of conspiracy and fraud contributing to the 2001 collapse of Enron, which was once one of the nation's largest energy companies. In a trial before Lake without a jury, also in May, Lay was convicted of personal banking violations.

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