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Front page

Richard Causey, left, former Enron chief accounting officer arrives with his wife at the federal courthouse in Houston today.

JAMES NIELSEN: CHRONICLE



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Ex-Enron accounting chief gets 5 1/2-year sentence

By KRISTEN HAYS

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Richard Causey, Enron's former chief accounting officer who helped fudge financial statements to nurture an illusion of success, will serve five and a half years in prison for securities fraud, a judge ruled today.

Causey, 46, had been bound for trial alongside former Enron Chairman Ken Lay and former CEO Jeff Skilling until he broke away from their unified defense and pleaded guilty to securities fraud in December.

His plea deal locked him into a seven-year term that could be cut to no less than five only if prosecutors recommended a reduction. He was also fined \$25,000 in addition to the \$1.25 million he had already agreed to forfeit.

His wife, Elizabeth, wiped tears from her eyes after the judge left the room. He will remain free on bond until the U.S. Bureau of Prisons orders him to surrender to prison, a process that generally takes six to eight weeks.

Prosecutors had recommended a longer sentence -- 6.5 years to 6 years and nine months.

But he could have faced a sentence comparable to the 24-year, four-month term awaiting Skilling had he gone to trial and been convicted.

Skilling was convicted in May of 19 of 28 counts of fraud, conspiracy, insider trading and lying to auditors. He is confined at home on bond until ordered to surrender to prison.

Lay also was convicted and likely faced a double-digit prison term as well, but he died of heart disease in July. His convictions have since been erased because he died before sentencing and appeal.

"There were improper things done at Enron," Causey said. "Some of those things were done by me and for that I am profoundly sorry. However, as God is my witness, I never did anything to enrich myself."

Causey had faced more than 30 criminal counts largely similar to those against Skilling that accused him of being a "principle architect" in concocting fraud by approving misleading financial statements and lying to investors about Enron's health.

He was one of the Enron executives who joined the energy company after working at its former outside auditor, Arthur Andersen LLP. Causey started at Enron in 1991 as assistant controller, and was named chief accounting officer in 1999.

Causey stayed on Enron's payroll after the company went bankrupt in December 2001, but not for long.

He was fired in February 2002 after an internal investigation showed he failed in his duty to review deals Enron did with partnerships run by former Enron finance chief Andrew Fastow.

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Causey was supposed to safeguard Enron's interests in such deals.

But Fastow, who pleaded guilty to two counts of conspiracy in January 2004 and is serving a six-year prison term, claimed he had a secret deal with Causey that guaranteed Fastow's partnerships would never lose money in deals with Enron.

Causey and Fastow were peers and answered directly to Skilling. While Causey admitted to helping perpetuate fraud, he wasn't accused of skimming millions of dollars for himself like Fastow did.

As part of his plea, Causey agreed to fork over \$1.25 million to the government, much less than others have forfeited.

Fastow turned over nearly \$30 million in cash and property. When Skilling was sentenced last month, he agreed to turn over \$45 million, but it won't be distributed to Enron shareholders who lost money when the company crashed unless he loses his appeal.

Also, Causey's plea prompted the government to drop its effort to seize his \$950,000 two-story, red brick home in a northern Houston suburb.

The \$45 million Skilling must turn over is expected to include proceeds from a sale of his Houston mansion. The government also is suing Lay's estate in civil court for more than \$12.5 million, including his \$5.5 condominium in an exclusive Houston high-rise.

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