

Markets

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Skilling Ordered to Prison Immediately

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HOUSTON — A federal appellate court denied former Enron Chief Executive Officer Jeffrey Skilling's request to remain free during his appeal Tuesday and ordered him imprisoned immediately.

Judge Patrick Higginbotham of the 5th U.S. Circuit Court of Appeals wrote in his two-page order that "Skilling raises no substantial question that is likely to result in the reversal of his convictions on all of the charged counts."

As a result, Higginbotham denied Skilling's request for bail pending his appeal and vacated an earlier order staying his prison report date.

Skilling is now required to report to a low-security federal prison in Waseca, Minn., to begin serving his 24-year sentence on 19 counts of conspiracy, fraud and insider trading.

Although Higginbotham's order notes "serious frailties" in Skilling's convictions, it says those problems fail to raise a "substantial question" likely to result in the overturning of all Skilling's convictions, as would be required to grant bail during appeal.

Skilling, was originally scheduled to report to prison at 2 p.m. Tuesday, but the 5th Circuit ruled Monday that he could remain free until it decided on his bail request. Tuesday's decision meant Skilling was again required to report. It was not immediately clear when Skilling was to surrender to begin his sentence.

"We're still looking into why he didn't show up," said Marianne Matus, spokeswoman for the U.S. Marshal Service in Houston. "Logistically, he could turn himself in almost anywhere, since he missed his date to turn himself in."

Skilling, 53, is expected to argue on appeal that his trial should have been moved from Houston to avoid negative publicity and that many witnesses who could have supported his defense were intimidated by the government's refusal to grant them immunity and feared risking prosecution if they testified.

Skilling was convicted in May after a lengthy trial that ended with U.S. District Judge Sim Lake sentencing him to 24 years and four months in prison, the harshest punishment given to any of the disgraced former Enron executives.

Enron founder Kenneth Lay also was convicted of conspiracy, fraud and insider trading charges, but those convictions were vacated after Lay died of heart disease on July 5.


As a result, Skilling is the highest-ranking Enron executive to be punished for the accounting tricks and shady business deals that led to the loss of thousands of jobs, more than \$60 billion in stock and more than \$2 billion in employee pension plans after the company imploded in 2001.

Although federal sentencing guidelines do not allow parole, Skilling will be eligible to trim 54 days a year off his sentence for good behavior while in prison. He also will undergo alcohol and mental-health counseling. A successful completion of that treatment would take a year off his sentence.

While Higginbotham's order is not specific about the "serious frailties" he notes in Skilling's convictions, he wrote of "difficulties brought by a decision of this court (the 5th Circuit) handed down after the jury's verdict" and of "less formidable questions regarding the giving of a jury instruction on deliberate ignorance."



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