

## Business

April 17, 2007, 11:42PM

### Lay's widow claims assets

She says she is rightful owner of property sought by government

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Former Enron Chairman Ken Lay's widow says she is the rightful owner of his share of assets that the government wants to seize.

Linda Lay's assertion in a court filing this week was the latest step in the government's effort to wrest about \$13 million of the deceased ex-chairman's assets that prosecutors allege are tied to fraud.

"That's just standard," Houston attorney Stanley Schneider said of the filing. "Anyone who has an interest in the property has to file a claim."

Other filings from Linda Lay's lawyers say the parties are trying to negotiate a settlement in the case. This week's filing asserts that his interest in the assets were transferred to her upon his death last July.

The assets in question include \$2.5 million of the value of the Lays' River Oaks condominium, which is what prosecutors say Lay spent to pay off its mortgage days after Enron went bankrupt in December 2001. The rest includes more than \$10 million in cash controlled by a partnership named for both of them, and about \$22,000 in a bank account.

Linda Lay asserts in the filing that her husband had a half interest in the condominium and cash in the bank account, but he owned no interest in the partnership before his death.

Prosecutors initially sought to seize tens of millions of dollars from Lay after he was convicted in May last year of 10 counts of fraud and conspiracy in two cases. That action stemmed from his convictions, alleging the assets were ill-gotten gains he pocketed from his crimes.

However, Lay died before he was sentenced or could appeal, so U.S. District Judge Sim Lake erased his convictions. Lake based his decision on a 2004 appeals ruling that said a defendant's death pending appeal extinguishes the entire case because he or she can't challenge the conviction.

Without a conviction on which to base criminal forfeiture, prosecutors sued Lay's estate.

Lay testified in his trial last year that his once vast wealth was depleted. The government contends he gained about \$99 million from criminal activity, and \$12.7 million of assets identified in the civil case is what prosecutors believe they can trace to ill-gotten gains and therefore recover.

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