
**WILLIAM AND ROXANN DAVIS AND E. BRUCE CHANEY'S MOTION FOR
APPOINTMENT AS LEAD PLAINTIFF AND TO APPROVE THEIR SELECTION OF
LEAD COUNSEL**

On December 21, 2001, William and Roxann Davis and E. Bruce Chaney ("Davis & Chaney") filed a Motion to be Appointed Lead Plaintiff; Approve Selection of Lead Counsel and Consolidation of Related Cases in *Eastern* District of Texas. A copy of this Motion and the Memorandum of Law in Support thereof is attached as Exhibit 1. This Court, and the parties to proceedings before the Southern District of Texas were notified of Davis & Chaney's submission in the Eastern District of Texas. Moreover, Davis & Chaney filed oppositions to the Motions of the other parties moving for lead plaintiff in both the Eastern and Southern Districts of Texas.

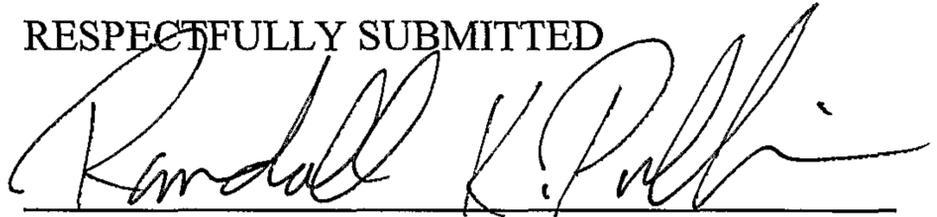
On January 26, 2002, a group of plaintiffs self-styled as the "Davidson Group" filed with this Court a Memorandum of Law in Further Support of Its Motion for Appointment of Lead Plaintiff and to Approve Selection of Lead Counsel and Co-Counsel. In support of their Motion, the Davidson Group asserted the importance of participation by *individual shareholders* as critical to adequate representation of the proposed class. Davis & Chaney acknowledge and support the participation of individuals as lead plaintiffs.

However, based upon the representations set forth by the Davidson Group in its supplemental Memorandum of Law, it appears that Davis & Chaney sustained the largest losses of all individuals movants for lead plaintiff. Combined, Davis & Chaney has suffered losses of \$1,235,755.56. *See* damage chart attached Exhibit 2. The Davidson Group describes its losses as simply "in excess of \$60,000." Accordingly, pursuant to the PSLRA, Davis & Chaney is the best-suited *individual* lead plaintiff.

For the purposes of brevity, Davis & Chaney adopts by reference the arguments and authorities cited by the Davidson Group in support of the appointment of individual lead plaintiffs. Alternatively, Davis & Chaney proposes that its members be appointed co-lead plaintiffs with the members of the Davidson Group.

Dated: February 11, 2002

RESPECTFULLY SUBMITTED



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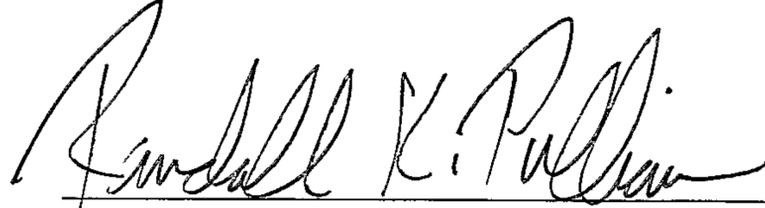
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CERTIFICATE OF SERVICE

I hereby certify that true and exact copies of *William and Roxann Davis and E. Bruce Chaney's Motion for Appointment as Lead Plaintiff and To Approve Their Selection of Lead Counsel* were sent via regular U.S. first-class mail to all parties noted on the attached service list this 11th day of February, 2002.

A handwritten signature in black ink, appearing to read "Randall K. Pulliam", written over a horizontal line.

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Exhibit 1

and MARLIN WATER TRUST,

Defendants.

PHIL E. PARHAM and PEGGY A. PARHAM,
Individually And On Behalf of All Others Similarly
Situating,

Plaintiffs,

vs.

KENNETH L. LAY, JEFFREY K. SKILLING,
ANDREW S. FASTOW, RICHARD A. CAUSEY,
JAMES V. DERRICK, JR., J. CLIFFORD BAXTER,
MARK A. FREVERT, STANLEY C. HORTON,
KENNETH D. RICE, RICHARD B. BUY, ARTHUR
ANDERSEN, LLP, ANDERSEN WORLDWIDE
SOCIETE COOPERATIVE, A SWISS
COOPERATIVE, LJM CAYMAN, L.P., LJM2 CO-
INVESTMENT, L.P., CHEWCO INVESTMENT,
L.P., JOINT ENERGY DEVELOPMENT
INVESTMENTS LIMITED PARTNERSHIPS,
RAPTOR 1, RAPTOR II, RAPTOR III, RAPTOR IV,
YOSEMITE SECURITIES TRUST, WHITEWING
ASSOCIATES, L.P., OSPREY TRUST, NEW
POWER HOLDINGS, INC., CORTEZ ENERGY
SERVICES, LLC., ATLANTIC WATER TRUST, and
MARLIN WATER TRUST,

Defendants.

CIVIL ACTION NO. 501 CV 323

CLASS ACTION COMPLAINT
FOR VIOLATIONS OF
FEDERAL SECURITIES LAWS

JURY TRIAL DEMANDED

E. BRUCE CHANEY, WILLIAM E. DAVIS AND ROXANN DAVIS' MEMORANDUM OF LAW IN SUPPORT OF THEIR MOTION TO APPOINT LEAD PLAINTIFF; APPROVE SELECTION OF LEAD COUNSEL; AND CONSOLIDATE RELATED CASES

Movants E. Bruce Chaney and William E. Davis and Roxann Davis ("Chaney & Davis") suffered over \$1,235,755.56 in losses from their purchases of the publicly-traded securities of Enron Corp. ("Enron"), submit this memorandum of law in support of their motion pursuant to Rule 42(a) of the Federal Rules of Civil Procedure and Section 21D(a)(3)(B)(i) and (ii) of the Securities Exchange Act of 1934 ("Exchange Act"), as amended by the Private Securities Litigation Reform Act of 1995 ("PSLRA"), 15 U.S.C. § 78u-4(e)(B), for an order (1) appointing Chaney & Davis as lead plaintiffs in these actions and any subsequently-filed related actions; (2) approving Chaney & Davis' selection of the law firms of Cauley Geller Bowman & Coates, LLP and Young, Pickett & Lee as Co-Lead counsel for the class; and (3) consolidating these and all similar actions presently filed or to be filed against defendants for all purposes, including trial.

I. INTRODUCTION AND FACTUAL BACKGROUND

Enron is a Houston, Texas company that conducts electricity, natural gas and communications businesses. On November 8, 2001, Enron announced that it would restate its 1997, 1998, 1999, 2000 and First and Second Quarter 2001 financial results (*i.e.* admit that they were materially false) because of various income statement and balance sheet adjustments required as the result of Enron's determination that three unconsolidated entities should have been consolidated in the financial statements pursuant to generally accepted accounting principles which caused Enron's 1997-2Q 2001 income and assets to be materially overstated. As Enron admitted on November 8, 2001, the Company had failed to follow Generally Accepted Accounting Practices in the preparation of its financial statements for 1997, 1998, 1999, 2000 and the first two quarters of 2001. Since

November 9, 2001, Enron, its officers and directors have been named as defendants in at least nine class actions filed in this Judicial District asserting 10b-5 claims (collectively referred to as the "Related Actions"). Each of the Related Actions is predicated on similar facts, claims that the market price of Enron stock was artificially inflated as a result of the defendants' wrongful conduct, and assert claims under Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder by the SEC, as well as "controlling person" claims under Section 20(a) of the Exchange Act, on behalf of a class of all purchasers of Enron securities (excluding the defendants and their affiliates). Chaney & Davis seek consolidation of these actions pursuant to Rule 42(a) of the Federal Rules of Civil Procedure.

Chaney & Davis also seek to appoint themselves as lead plaintiffs, and for approval of their selection of counsel, for the putative class of all purchasers of Enron securities during the class period outlined in the Related Actions. Chaney & Davis each have a substantial financial interest in the vigorous prosecution of this action. In sum, Chaney purchased 12,500 shares of Enron stock for \$1,076,600.00. *See* Exhibit 2 to the Declaration of Lance Lee. Based on the mean trading price during the 90 days following the end of the class period,¹ Chaney's loss is \$1,068,489.89. William and Roxann Davis are a married couple residing in Texarkana, Texas and have substantial business interests in the District. The Davis' purchased 15,000 shares of Enron stock for \$177,000.00. *See* Exhibit 2 to the Declaration of Lance Lee. Based on the mean trading price during the 90 days following the end of the class period, the Davis' loss is \$167,266.67. Chaney & Davis are unaware of any other individual or entity seeking appointment as lead plaintiff who represents a larger financial interest in the relief sought by the class. Numerous other purchasers of Enron securities

¹The 90 day mean trading price of Enron common stock for the period from November 29, 2001 to December 12, 2001 is \$.6489.

in this district support this application.

As set forth below, the PSLRA requires that the Court adopt the presumption that the most adequate plaintiff is the person that has either filed a complaint or moved for lead plaintiff, has the largest financial interest in the relief sought by the class, and otherwise satisfies the requirements of Rule 23. Chaney & Davis submit that they satisfy each requirement of the PSLRA; they have timely sought to be appointed as lead plaintiff through the instant motion; they have the largest financial interest of any other proposed lead plaintiff in the case; and they otherwise satisfy the requirements of Rule 23.

II. LEGAL ARGUMENT

A. Chaney & Davis Are Presumptively The Most Adequate Lead Plaintiff

1. The Procedure Required By The PSLRA

The PSLRA establishes the procedure for appointment of the lead plaintiff in “each private action arising under [the Exchange Act] that is brought as a plaintiff class action pursuant to the Federal Rules of Civil Procedure.” 15 U.S.C. §§78u-4(a)(1) and (a)(3)(b)(ii).

First, the plaintiff who files the initial action must publish notice to the class within 20 days after filing the action, informing class members of their right to file a motion for appointment of lead plaintiff. 15 U.S.C. §78u-4(a)(3)(A)(i). Within 60 days after publication of that notice, any person who is a member of the proposed class may apply to the Court to be appointed lead plaintiff. 15 U.S.C. §78u-4(a)(3)(A) and (B).

Second, the PSLRA provides that within 90 days after publication of notice, the Court shall consider any motion made by a class member and shall appoint as lead plaintiff the member of the class that the Court determines to be most capable of adequately representing the interests of class members. 15 U.S.C. §78u-4(a)(3)(A)(B). In determining the “most adequate plaintiff,” the Act

provides:

[The court shall adopt a presumption that the most adequate plaintiff in any private action arising under this title is the person or group of persons that --

(aa) has either filed the complaint or made a motion in response to a notice;

(bb) in the determination of the court, has the largest financial interest in the relief sought by the class; and

(cc) otherwise satisfies the requirements of Rule 23 of the Federal Rules of Civil Procedure [pertaining to class actions].

15 U.S.C. § 78u-4(a)(3)(B)(iii). *See generally*, Greebel, 939 F. Supp. at 57.

2. Chaney & Davis Satisfy All Lead Plaintiff Requirements Of The PSLRA

Chaney & Davis have timely responded to the statutory notice of the action by moving this Court to appoint them as lead plaintiff. Chaney & Davis are well qualified to represent the class. Chaney & Davis each executed a certification listing their respective transactions in Enron securities, and stating their willingness to serve as a representative party on behalf of all class members. Chaney & Davis thus satisfy the individual requirements of 15 U.S.C. § 78u-4(a)(3)(B)(iii)(aa).

a. Chaney & Davis Have A Significant Financial Interest In The Relief Sought By The Class

During the Class Period, as evidenced by, among other things, the accompanying certification. Chaney & Davis purchased Enron stock during the class period and have suffered estimated losses of \$1,235,755.56 as a result of defendants' misconduct. Chaney & Davis have not received notice of any other applicant that has sustained greater financial losses in connection with the purchase and/or sale of Enron stock that has applied to serve as lead plaintiff in this action.

b. Chaney & Davis Otherwise Satisfy Rule 23

Chaney & Davis otherwise satisfies Rule 23² because, like other class members, they purchased Enron common stock on the open market during the class period at prices artificially inflated by the materially false and misleading statements issued by defendants, and was damaged thereby.³ Thus, their claims are typical, if not identical to those of the other members of the class. Chaney & Davis are also adequate representatives of the class, as their interests are clearly aligned with the other members of the class.⁴ Chaney & Davis share numerous common questions of law and fact with the other members of the class, and their claims are typical of other claims. Furthermore, Chaney & Davis have already taken significant steps which demonstrates that they have and will protect the interests of the class; they have timely sought to participate as the lead plaintiff for the class, and have retained competent and experienced counsel to prosecute their claims. Thus, Chaney & Davis satisfy the typicality (Rule 23(a)(3)) and adequacy (Rule 23(a)(4)) requirements of Rule 23 of the Federal Rules of Civil Procedure.

²Rule 23(a) provides that a party may serve as a class representative only if the following four requirements are satisfied:

(1) the class is so numerous that joinder of all members is impracticable, (2) there are questions of law or fact common to the class, (3) the claims or defenses of the representative parties are typical of the claims or defenses of the class, and (4) the representative parties will fairly and adequately protect the interests of the class.

Fed. R. Civ. P. 23(a).

³ "A wide-ranging analysis under Rule 23 is not appropriate [at this stage] and should be left for consideration of a motion for class certification." Fishler v. Amsouth Bancorp, No. 96-1567-Civ-T-17A, 1997 WL 118429 at *2 (M.D. Fla. Feb. 6, 1997). The inquiry, therefore, should "focus[] on the qualities of the class representatives enumerated in [Rules] 23(a)(3) and 23(a)(4), that is typicality and adequacy." Id. similarly, in Gluck v. Cellstar Corp., 976 F.Supp. 542, 546 (N.D.Tex. 1997), the court noted that:

Congress clearly did not intend to burden prospective Lead Plaintiffs by requiring extensive evidentiary proof of typicality or adequacy in a "Reform Act" designed to reduce the costs of securities class actions and to induce institutional investors to become Lead Plaintiffs. Evidence regarding the requirements of Rule 23 will of course be heard in full at the class certification hearing. There is no need to require anything more than preliminary showing at this stage.

⁴ Chaney and William Davis have conferenced and both believe it is in their best interests as well as the best interests of the class for them to work together.

3. Chaney & Davis' Selection of Counsel Are Well Qualified, And Should Be Approved

Under Section 21D(a)(3)(B)(v) of the Exchange Act, 15 U.S.C. §78u-4(a)(3)(B)(v), the lead plaintiff shall, subject to court approval, select and retain counsel to represent the class. Chaney & Davis have selected and retained the law firms of Cauley Geller Bowman & Coates, LLP and Young, Pickett & Lee as Co-Lead counsel for the class.⁵ See Zuckerman v. FoxMeyer Health Corp., No. 96 CV 2258, 1997 WL 314422 at *2 (N.D. Tex. Mar. 28, 1997) (nothing that the lead plaintiff may “select[] more than one law firm to represent them.”) These firms have extensive experience in successfully prosecuting complex securities actions, and are qualified to represent the class.

B. The Court Should Consolidate All Related Actions

As set forth above, at least nine class actions have been filed in this Judicial District that assert substantially similar claims against Enron, which are predicated on the same facts. Accordingly, these cases present the prototypical situation where courts have exercised their discretion under Rule 42(a) of the Federal Rules of Civil Procedure⁶ to consolidate cases.⁷

⁵ See Cauley Geller Bowman & Coates LLP firm resume attached as Exhibit 5 to the Declaration of Lance Lee.

⁶Rule 42(a) states:

When actions involving a common question of law or fact are pending before the court, it may order a joint hearing or trial of any or all of the matters in issue in the action; it may order all the actions consolidated; and it may make such orders concerning proceedings therein as may tend to avoid unnecessary costs or delay.

Fed. R. Civ. P. 42(a).

⁷In addition, the Exchange Act, as amended by the PSLRA, specifically provides for the consolidation of actions:

If more than one action on behalf of a class asserting substantially the same claim or claims arising under this title has been filed, and any party has sought to consolidate those actions for pretrial purposes or for trial, the court shall not make the determination [of who shall serve as lead plaintiffs] until after the decision on the motion to consolidate is rendered.

The consolidation of the Related Actions will avoid duplicative litigation of issues and the potential waste of judicial resources inherent in litigating each action separately. Accordingly, the Related Actions already filed, and any other action hereinafter filed in or transferred to this Judicial District which arises out of the same subject matter alleged in the Related Actions, should be consolidated for all purposes, including trial.

III. CONCLUSION

For the foregoing reasons, movant respectfully requests that this Court (1) appoint Chaney and William and Roxann Davis as lead plaintiff in these actions and any subsequently-filed related actions; (2) approve their selection of the law firms of Cauley Geller Bowman & Coates, LLP and Young, Pickett & Lee as Co-Lead counsel for the class; and (3) consolidate these and all similar actions presently filed or to be filed against defendants for all purposes, including trial.

Dated: December 21, 2001

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I, the undersigned, hereby certify that a true and correct copy of Motion for Appointment of E. Bruce Chaney, William E. Davis and Roxann Davis as Lead Plaintiffs; Approval of His Selection of Counsel; and Consolidation of Related Cases was served on each of the persons listed below via U.S. Mail, postage prepaid, on this 21st day of December 2001.

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Lance Lee

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF TEXAS
TEXARKANA DIVISION

JOHN ANSON, Individually And On Behalf of All
Others Similarly Situated,

Plaintiff,

vs.

KENNETH L. LAY, JEFFREY K. SKILLING,
ANDREW S. FASTOW, RICHARD A. CAUSEY,
JAMES V. DERRICK, JR., J. CLIFFORD
BAXTER, MARK A. FREVERT, STANLEY C.
HORTON, KENNETH D. RICE, RICHARD B.
BUY, ARTHUR ANDERSEN, LLP, ANDERSEN
WORLDWIDE SOCIETE COOPERATIVE, A
SWISS COOPERATIVE, LJM CAYMAN, L.P.,
LJM2 CO-INVESTMENT, L.P., CHEWCO
INVESTMENT, L.P., JOINT ENERGY
DEVELOPMENT INVESTMENTS LIMITED
PARTNERSHIPS, RAPTOR 1, RAPTOR II,
RAPTOR III, RAPTOR IV, YOSEMITE
SECURITIES TRUST, WHITEWING
ASSOCIATES, L.P., OSPREY TRUST, NEW
POWER HOLDINGS, INC., CORTEZ ENERGY
SERVICES, LLC., ATLANTIC WATER TRUST,
and MARLIN WATER TRUST,

Defendants.

CIVIL ACTION NO. 501 CV 318

CLASS ACTION COMPLAINT
FOR VIOLATIONS OF
FEDERAL SECURITIES LAWS

JURY TRIAL DEMANDED

MARK A. FREVERT, STANLEY C. HORTON,)
KENNETH D. RICE, RICHARD B. BUY, ARTHUR)
ANDERSEN, LLP, ANDERSEN WORLDWIDE)
SOCIETE COOPERATIVE, A SWISS)
COOPERATIVE, LJM CAYMAN, L.P., LJM2 CO-)
INVESTMENT, L.P., CHEWCO INVESTMENT,)
L.P., JOINT ENERGY DEVELOPMENT)
INVESTMENTS LIMITED PARTNERSHIPS,)
RAPTOR 1, RAPTOR II, RAPTOR III, RAPTOR IV,)
YOSEMITE SECURITIES TRUST, WHITEWING)
ASSOCIATES, L.P., OSPREY TRUST, NEW)
POWER HOLDINGS, INC., CORTEZ ENERGY)
SERVICES, LLC., ATLANTIC WATER TRUST, and)
MARLIN WATER TRUST,)

Defendants.)

LESLIE H. DUNCAN, Individually And On Behalf of)
All Others Similarly Situated,)

Plaintiff,)

vs.)

KENNETH L. LAY, JEFFREY K. SKILLING,)
ANDREW S. FASTOW, RICHARD A. CAUSEY,)
JAMES V. DERRICK, JR., J. CLIFFORD)
BAXTER, MARK A. FREVERT, STANLEY C.)
HORTON, KENNETH D. RICE, RICHARD B.)
BUY, ARTHUR ANDERSEN, LLP, ANDERSEN)
WORLDWIDE SOCIETE COOPERATIVE, A)
SWISS COOPERATIVE, LJM CAYMAN, L.P.,)
LJM2 CO-INVESTMENT, L.P., CHEWCO)
INVESTMENT, L.P., JOINT ENERGY)
DEVELOPMENT INVESTMENTS LIMITED)
PARTNERSHIPS, RAPTOR 1, RAPTOR II,)
RAPTOR III, RAPTOR IV, YOSEMITE)
SECURITIES TRUST, WHITEWING)
ASSOCIATES, L.P., OSPREY TRUST, NEW)
POWER HOLDINGS, INC., CORTEZ ENERGY)
SERVICES, LLC., ATLANTIC WATER TRUST,)

CIVIL ACTION NO. 501 CV 319

CLASS ACTION COMPLAINT
FOR VIOLATIONS OF
FEDERAL SECURITIES LAWS

JURY TRIAL DEMANDED

and MARLIN WATER TRUST,

Defendants.

PHIL E. PARHAM and PEGGY A. PARHAM,
Individually And On Behalf of All Others Similarly
Situated,

Plaintiffs,

vs.

KENNETH L. LAY, JEFFREY K. SKILLING,
ANDREW S. FASTOW, RICHARD A. CAUSEY,
JAMES V. DERRICK, JR., J. CLIFFORD BAXTER,
MARK A. FREVERT, STANLEY C. HORTON,
KENNETH D. RICE, RICHARD B. BUY, ARTHUR
ANDERSEN, LLP, ANDERSEN WORLDWIDE
SOCIETE COOPERATIVE, A SWISS
COOPERATIVE, LJM CAYMAN, L.P., LJM2 CO-
INVESTMENT, L.P., CHEWCO INVESTMENT,
L.P., JOINT ENERGY DEVELOPMENT
INVESTMENTS LIMITED PARTNERSHIPS,
RAPTOR 1, RAPTOR II, RAPTOR III, RAPTOR IV,
YOSEMITE SECURITIES TRUST, WHITEWING
ASSOCIATES, L.P., OSPREY TRUST, NEW
POWER HOLDINGS, INC., CORTEZ ENERGY
SERVICES, LLC., ATLANTIC WATER TRUST, and
MARLIN WATER TRUST,

Defendants.

CIVIL ACTION NO. 501 CV 323

CLASS ACTION COMPLAINT
FOR VIOLATIONS OF
FEDERAL SECURITIES LAWS

JURY TRIAL DEMANDED

NOTICE OF MOTION FOR APPOINTMENT OF E. BRUCE CHANEY, WILLIAM E. DAVIS AND ROXANN DAVIS AS LEAD PLAINTIFF, APPROVAL OF HIS SELECTION OF COUNSEL, AND CONSOLIDATION OF RELATED CASES

PLEASE TAKE NOTICE that E. Bruce Chaney, William E. Davis and Roxann Davis, by their counsel, will hereby move this Court, at 500 Stateline Avenue Suite 30, Texarkana, TX 75501, on a date and at such time as may be designated by the Court for an Order (attached hereto as Exhibit A): (i) appointing them as Lead Plaintiffs; (ii) approving their selection of the law firms of Cauley Geller Bowman & Coates and Young Pickett & Lee to serve as Co-Lead Counsel; (iii) consolidating the related cases; and (iv) granting such other and further relief as the Court may deem just and proper. In support of this Motion, movant submits a Memorandum of Law and the Declaration of Lance Lee, dated December 21, 2001.

Dated: December 21, 2001

RESPECTFULLY SUBMITTED



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PROPOSED CO-LEAD COUNSEL

THE EMERSON FIRM
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Phone: (832) 723-8850
Fax: (501) 537-4888

Attorneys for Plaintiffs

CERTIFICATE OF SERVICE

I, the undersigned, hereby certify that a true and correct copy of Motion for Appointment of E. Bruce Chaney, William E. Davis and Roxann Davis as Lead Plaintiffs; Approval of His Selection of Counsel; and Consolidation of Related Cases was served on each of the persons listed below via U.S. Mail, postage prepaid, on this 21st day of December 2001.

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Lance Lee

Exhibit 2

LP deadline: Friday 12/21/01

Enron Shareholder Damage Estimate

Avg. closing price (for shares held) \$0.6489
 Avg closing price: 11/29/01-12/12/01 (90 day max = 2/27/02)

** Note: 2 for 1 split on 8/16/99 - used adjusted price and share # for calculations

Last Name	First Name	Shares Bought				Shares Sold				Total Gain/Loss	
		# of Shares	Date	\$ Per Share	Split Adjusted # of Shares	Split adjusted \$ Per Share	# of Shares	Date	\$ Per Share		
Chaney	E. Bruce	3750	08/24/00	\$84.8800							
Chaney	E. Bruce	3750	08/24/00	\$84.8800							
Chaney	E. Bruce	5000	08/24/00	\$88.0000							(\$1,068,488.89)
Davis	William	10000	11/05/01	\$11.8000							
Davis	Roxann	5000	11/05/01	\$11.8000							(\$167,266.67)
TOTALS		27500						0			(\$1,235,755.56)