

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

United States Courts
Southern District of Texas
FILED
MAY 08 2002

MARK NEWBY, et al, Individually §
and On Behalf of All Others Similarly §
Situated §
§ Civil Action No. H-01-3624
v. § (Consolidated)
§
ENRON CORP., et al. § CLASS ACTION
§

Michael N. Milby, Clerk

**DEFENDANT JAMES V. DERRICK, JR.'S MOTION TO
DISMISS CONSOLIDATED COMPLAINT**

Defendant James V. Derrick, Jr. ("Derrick"), Enron's former general counsel, seeks dismissal of Plaintiffs' Consolidated Complaint ("Complaint") against him on these independent grounds:

- (1) Plaintiffs do not and cannot raise a strong inference of scienter by Derrick, because he never exercised a stock option until it was about to expire, and left 87% of his options unexercised.¹ This consistent trading pattern refutes scienter under the law, and under Plaintiffs' own acknowledgment that such a trading pattern is rational.²
- (2) Plaintiffs plead no particularized facts supporting the causes of action they assert against Derrick, instead relying on the "group pleading" doctrine already rejected by this Court.
- (3) Derrick's liability, as a non-speaker, is foreclosed under *Central Bank of Denver v. First Interstate Bank of Denver*³ ("Central Bank").

To avoid burdening the Court with repetition from other parties' motions to dismiss, which may cite additional grounds or authorities supporting dismissal of other defendants, Derrick

¹ See Exhibits A and A-1.

² Complaint, ¶ 408.

³ 511 U.S. 164 (1994).

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respectfully adopts and incorporates herein by reference any such additional grounds or authorities that would also support his dismissal.⁴

I. Summary of the claims pleaded against Derrick

Plaintiffs assert two causes of action against Derrick: (i) violation of § 10(b) of the Securities Exchange Act of 1934 ("Act") and Rule 10b-5 (the "10b claim"); and (ii) violation of § 20A of the Act (the "20A claim"). The 20A claim depends on the 10b claim.⁵ Both claims must be dismissed.

II. Plaintiffs' 10b claim against Derrick must be dismissed, because: (i) Plaintiffs do not plead facts giving rise to a strong inference of scienter by Derrick; (ii) Plaintiffs plead no facts with particularity as to Derrick; and (iii) Derrick's liability is foreclosed under *Central Bank*.

A. Overview

In enacting the Private Securities Litigation Reform Act ("PSLRA"),⁶ Congress was concerned about safeguarding the rights of individual defendants such as Derrick:

Naming a party in a civil suit for fraud is a serious matter. Unwarranted fraud claims can lead to serious injury to reputation for which our legal system effectively offers no redress.⁷

Thus, the PSLRA foreclosed concepts such as "...the group pleading doctrine, pleading by hindsight, or pleading scienter by motive and opportunity alone, which this Court rejects." *In re Sec. Litig. BMC Software, Inc.*, 183 F. Supp. 2d 860, 866 n.14 (S.D.Tex. 2001) ("BMC Software").

Plaintiffs' pleadings as to Derrick rely on the same concepts rejected by this Court. The Complaint's 501 pages and 1030 paragraphs barely mention Derrick, and where his name or title does appear, it is almost always in the context of conclusory allegations asserted against a group.

⁴ Specifically, but without limitation, Derrick adopts any such arguments, grounds or authorities advanced in Certain Defendants' Joint Brief Relating to Enron's Disclosures that would support his dismissal.

⁵ See *In re Advanta Corp. Sec. Litig.*, 180 F.3d 525, 541 (3rd Cir. 1999).

⁶ 15 U.S.C. § 78u-4.

⁷ H.R. Conf. Rep. No. 104-369, 104th Cong., 1st Sess. 31, 41 (1995), reprinted in 1995 U.S.C.C.A.N. 730, 740. The Senate and House Conference Reports are the most reliable and authoritative secondary sources of congressional intent. See *In re Paracelsus Corp. Sec. Lit.*, 61 F.Supp.2d 591, 597 & n.1 (S.D.Tex. 1998) (citing *Garcia v. United States*, 469 U.S. 70 (1984)).

Plaintiffs do not claim Derrick signed or orally made any false statements (which he did not). Ironically, the scant individual discussion of Derrick centers on his exercise of stock options, which refute scienter altogether, since he only exercised options on the verge of expiration (a circumstance the Complaint seems to concede is a normal trading pattern), and left almost 90% unexercised.

As detailed more fully below, Plaintiffs have utterly failed to plead a case against Derrick.

B. The PSLRA and Rule 9(b) impose stringent pleading requirements on plaintiffs.

1. The elements of a 10b-5 claim.

To state a 10b-5 claim, a plaintiff must allege, in connection with the purchase or sale of securities, (1) a misstatement or omission (2) of a material fact (3) made with scienter (4) on which plaintiff relied (5) that proximately caused its injury. *Nathenson v. Zonagen Inc.*, 267 F.3d 400, 406-07 (5th Cir. 2001); *Tuchman v. DSC Communications Corp.*, 14 F.3d 1061, 1067 (5th Cir. 1994).

Scienter is "a mental state embracing intent to deceive, manipulate or defraud." *Ernst & Ernst v. Hochfelder*, 425 U.S. 185, 193 n.12 (1976). It may be proved by showing that a defendant acted with severe recklessness, which is "limited to those highly unreasonable omissions or misrepresentations that involve not merely simple or even inexcusable negligence, but an extreme departure from the standards of ordinary care, and that present a danger of misleading buyers or sellers which is either known to the defendant or is so obvious that the defendant must have been aware of it...." *Tuchman*, 14 F.3d at 1067.

2. The pleading requirements of Rule 9(b) and the PSLRA.

Both Fed. R. Civ. P. 9(b) ("Rule 9(b)") and the PSLRA impose heightened pleading requirements on plaintiffs in a securities fraud case. Rule 9(b) provides: "In all averments of fraud or mistake, the circumstances constituting fraud or mistake shall be stated *with particularity*." (emphasis added); *see also Tuchman*, 14 F.3d at 1067. A securities fraud plaintiff must "specify the statements contended to be fraudulent, identify the speaker, state when and where the statements

were made, and explain why the statements were fraudulent." *Williams v. WMX Techs., Inc.*, 112 F.3d 175, 177 (5th Cir. 1997), *cert. denied*, 522 U.S. 966 (1997); *BMC Software, Inc.*, 183 F. Supp. 2d at 866 n.14.⁸ The Fifth Circuit treats a dismissal for failure to plead fraud with particularity under Rule 9(b) as a dismissal for failure to state a claim upon which relief can be granted under Rule 12(b)(6). *See Lovelace v. Software Spectrum, Inc.*, 78 F.3d 1015, 1017 (5th Cir. 1996); *BMC Software*, 183 F. Supp. 2d at 866 n.14.

The PSLRA also "rais[ed] the pleading standards for private securities fraud plaintiffs....,"⁹ requiring the plaintiff to specify the alleged misrepresentations or omissions:

In any private action arising under this chapter in which the plaintiff alleges that the defendant (a) made an untrue statement of material fact; or (b) omitted to state a material fact necessary in order to make the statements made, in light of the circumstances in which they were made, not misleading; the complaint *shall specify each statement alleged to have been misleading, the reasons why the statement is misleading, and, if an allegation regarding the statement or omission is made on information and belief, the complaint shall state with particularity all facts on which that belief is formed.*

15 U.S.C. § 78u-4(b)(2)(emphasis added); *Nathenson*, 267 F.3d at 412.¹⁰

Moreover, where scienter is a necessary element of a claim:

*...[T]he complaint *shall, with respect to each act or omission alleged to violate this chapter, state with particularity facts giving rise to a strong inference that the defendant acted with the required state of mind.**

15 U.S.C. § 78u-4(b)(2) (emphasis added); *see also Nathenson*, 267 F.3d at 407. The Fifth Circuit recently reiterated that "in order to survive a motion to dismiss, a plaintiff alleging a section

⁸ This heightened pleading standard provides defendants with fair notice of the plaintiff's claims, protects defendants from harm to their reputation and goodwill, reduces the number of strike suits, and prevents plaintiffs from filing baseless claims and then attempting to discover unknown wrongs. *Tuchman*, 14 F.3d at 1067.

⁹ *Eizenga v. Stewart Enterprises, Inc. et al.*, 124 F.Supp.2d 967, 976 (E.D. La. 2000) (citing *In re Silicon Graphics Inc. Sec. Litig.*, 183 F.3d 970, 973 (9th Cir. 1999)).

¹⁰ The PSLRA's effect is, "at a minimum," to incorporate Rule 9(b)'s standard for pleading fraud. *Id.*

10(b)/Rule 10b-5 claim must now plead specific facts giving rise to a strong inference of scienter.”
Nathenson, 267 F.3d at 407.

If a plaintiff does not meet the PSLRA's pleading requirements, the district court “shall,” on defendant’s motion, “dismiss the complaint.” 15 U.S.C. § 78u-4(b)(3).

3. The "group pleading" doctrine has not survived enactment of the PSLRA.

Under the established precedent of this Court, it is now clear that the “group pleading doctrine” did not survive enactment of the PSLRA:

Because this Court believes a more stringent pleading is required by the PSLRA, it agrees with those district courts that find the group pleading doctrine is at odds with the PSLRA and has not survived the amendments.

BMC Software, 183 F.Supp.2d at 913 n.50. In reaching this conclusion, this Court relied on three of its previous decisions, *In re Landry’s Seafood Restaurant Inc. Sec. Litig.*, H-99-1948; *Collmer v. U.S. Liquids*, H-99-2785; and *Kurtzman v. Compaq Computer Corp.*, H-99-779, and the holdings of other district courts around the country. See *Coates v. Heartland Wireless Communications, Inc.*, 26 F.Supp.2d 910, 916 (N.D.Tex. 1998) (since the PSLRA requires plaintiffs to set forth facts raising a strong inference that each defendant acted with the required state of mind, group pleading is inconsistent with 15 U.S.C. § 78u-4(b)(2) and with its underlying policy of protecting defendants from unwarranted claims and strike suits); *Allison v. Brooktree Corp.*, 999 F.Supp. 1342, 1350 (S.D. Cal. 1998) (the “judicial presumption” of group pleading could not be “reconciled” with the statutory mandate that plaintiffs must plead specific facts as to each act or omission by the defendant); *Marra v. Tel-Save Holdings, Inc.*, 1999 WL 317103, at *5 (E.D.Pa. May 18, 1999) (“presumption inherent in group pleading is inconsistent with the PSLRA’s purpose ... since the PSLRA specifically requires that the untrue statements or omissions be set forth with particularity as to the defendant and that scienter be pleaded with regard to each act or omission sufficient to give rise to a strong inference that the defendant acted with the required state of mind”).

In addition to the *Coates* case cited in *BMC Software*, the district courts in the Northern District of Texas repeatedly have held that group pleading is no longer a viable method of pleading securities fraud. *See Schiller v. Physicians Resource Group, Inc.*, 2002 WL 318441, at *5 (N.D.Tex. Feb. 26, 2002) (PSLRA requires plaintiffs to “distinguish among those they sue and enlighten each defendant as to his or her particular part in the alleged fraud.”)(citations omitted); *Lemmer v. Nu-Kote Holding, Inc.*, 2001 WL 1112577, at *7 (N.D.Tex. Sep. 6, 2001) (“The group pleading doctrine is inconsistent with the particularity requirements of the PSLRA ”); *Zishka v. American Pad & Paper Co.*, 2000 WL 1310529, at *1 (N.D.Tex Sep. 13, 2000) (“This Court rejects the notion of group pleading and group publication and concludes that such concepts did not survive the adoption of the PSLRA.”); *Calliott v. HFS, Inc.*, 2000 WL 351753, at *5 (N.D.Tex. Mar. 31, 2000)(dismissing complaint in part based on plaintiffs' use of group pleading); *Branca v. Paymentech, Inc.*, 2000 WL 145083, at *8 (N.D.Tex. Feb. 8, 2000) (adopting the reasoning of *Coates* and *Allison* barring group pleading in PSLRA cases).

C. Plaintiffs have failed to plead facts giving rise to a strong inference of scienter.

Plaintiffs utterly fail to plead specific facts giving rise to a strong inference of scienter by Derrick. *Nathenson*, 267 F.3d at 407. Indeed, Derrick's trading pattern raises the opposite inference.

1. Derrick's stock sales cannot give rise to a strong inference of scienter because he exercised only: (i) options about to expire; and (ii) 12.95% of his holdings.

The Complaint cites Derrick's exercises of stock options as evidence of his scienter. *See* Complaint, ¶¶ 83(e), 402. As this Court has stated, however, for insider stock trades to be probative of scienter, “[p]laintiffs must delineate *unusual* trading at *suspicious* times and in *suspicious* amounts by corporate insiders, out of line with prior trading practices....” *BMC Software*, 183 F.Supp. 2d at 901 (emphasis added); *see also Nathenson*, 267 F.3d at 420-21 (insider trading must be “unusual”

to have meaningful probative value); *In re Baker Hughes Sec. Litig.*, 136 F.Supp.2d 630, 646 (S.D.Tex. 2001)(only extraordinary trading activity suffices to raise a strong inference of scienter).

Derrick's trading pattern virtually negates scienter under this standard. As shown below, Derrick: (i) exercised options *only* when they were about to expire; and (ii) exercised only 12.95% of his holdings. Thus, far from unloading as many shares he could in advance of Enron's collapse, the circumstance normally invoked to suggest foreknowledge and "scienter," Derrick *held onto* as many shares as he could, only exercising options to avoid forfeiture, and leaving close to 90% unexercised.

The following table, prepared from public data, illustrates Derrick's consistent pattern of only selling options that were on the verge of expiration:

<u># Of Options Exercised</u>	<u>Grant Date</u>	<u>Expiration Date</u>	<u>Exercise Date</u>
(1) 160,000	6/17/91	6/17/01	6/6/01 10,000 6/7/01 60,000 6/11/01 18,000 6/12/01 18,000 6/13/01 18,000 6/14/01 18,000 6/15/01 <u>18,000</u>
			160,000 ¹¹
(2) 9,235	2/7/94	2/7/99	2/5/99 9,235
(3) 21,420	1/25/95	1/25/2000	1/24/00 10,710 1/25/00 <u>10,710</u> 21,420
(4) 30,770	1/23/96	1/23/01	12/28/00 30,770

Source: Ex. A (chart compiling public data from Derrick's Forms 3, 4, and 5 filed with the SEC); Ex. A-1 (the Forms 3,4, and 5).¹²

¹¹ Often a block of options about to expire was sold over a period of days, so as to avoid flooding the market.

¹² As an officer of Enron, the Act required Derrick to reflect any change of beneficial ownership on Forms 3, 4, and 5 filed with the SEC. Taken together, the Forms provide both the total number of shares Derrick exercised during the Class Period and his total holdings, and thus provide the information necessary to calculate the percentage of Derrick's holdings represented by shares exercised. When deciding a motion to dismiss a claim for securities fraud on the pleadings, a court may consider the contents of relevant public disclosure documents which (1) are required to be (continued...)

Moreover, Derrick's options exercises were only 12.95% of his holdings. *See Ex. A.*¹³ In *BMC Software*, this Court cited cases where scienter was not established where the percentages sold were twice and three times Derrick's. *See BMC Software*, 183 F.Supp.2d at 902, citing *In re FVC.COM Sec. Litig.*, 136 F.Supp.2d 1031, 1038-40 (N.D.Cal. 2000), *aff'd*, 2002 WL 465161 (9th Cir. Mar. 15, 2002) (sales of 29% and 30% "insufficient to support an inference of scienter"); *Wenger v. Lumisys, Inc.*, 2 F.Supp.2d 1231, 1238 n.6, 1251 (N.D.Cal. 1998)(sales of 26%, 38%, 25%, and 32% not suspicious).

Indeed, sales of a non-speaking defendant have been deemed insufficient to show scienter, even in larger percentages, as held in cases cited by this Court in *BMC Software*, 183 F.Supp.2d at 902. *See In re Ciena Corp. Sec. Litig.*, 99 F.Supp.2d 650, 663 n.11 (D.Md. 2000) (sales of stock by non-speaking defendants insufficient to give rise to inference of fraud); *Head v. NetManage, Inc.*, 1998 WL 917794, at *5 (N.D.Cal. Dec. 30, 1998) (sales of 76% and 94% insufficient to create strong inference of scienter where allegations of fraud insufficient and no claim that executives spoke).

¹² (...continued)

filed with the SEC, and (2) are actually filed with the SEC. *See Lovelace*, 78 F.3d at 1017.

Moreover, plaintiffs seem to concede that Derrick never exercised an option that was not on the verge of expiration. Plaintiffs' "expert" Hakala found 120 premature option exercises by defendants, but attributed none of them to Derrick. Declaration of Scott Hakala ("Hakala Decl."), Ex. B to Complaint, ¶¶ 20, 25.

¹³ The Complaint contains the completely wrong figure of 73.8 "percent of shares sold." Complaint, ¶ 402. This false figure resulted from Plaintiffs' vastly understating Derrick's total holdings, by completely ignoring his exercisable options in calculating them, and by slightly overstating the number of options he exercised. Specifically, Plaintiffs compare the erroneous figure of 230,000 options supposedly exercised to the erroneous figure of 312,533 total shares supposedly held by Derrick during the Class Period (calculated by adding the 230,000 figure to 81,873 shares directly owned). *See id.* But as the publicly filed Forms 3, 4, and 5 establish, Derrick's available holdings during the Class Period totaled 1,709,449.94 shares, comprised of 81,873 shares directly owned, 14,727.52 shares indirectly owned in an employee stock option plan, 10.34 shares in a 401(k) plan and 1,612,839.00 exercisable options. Moreover, the correct number of shares exercised was 221,425. Thus, using the correct figures from public filings, Derrick's 221,425 exercised options were only 12.95% of his total available holdings of 1,709,449.94 shares. *See Ex. A.* (Plaintiffs' errors also inflate their calculation of Derrick's gross "proceeds" from his sales.)

This Court has previously recognized a defendant's right to show, based on SEC forms, that plaintiffs failed to take into account large numbers of options exercised and purchased but not sold during the class period. *See Kurtzman*, H-99-779 at 50. In fact, shares of stock held plus exercisable options represent the owners' trading potential more accurately than stock shares alone. *In re Silicon Graphics, Inc. Sec Litig.*, 183 F.3d 970, 987 (9th Cir. 1999).

Here, Derrick exercised only options that were about to expire, exercised a minor proportion of his options, *and* did not speak. Under the law, Plaintiffs have not pleaded scienter.¹⁴

2. Plaintiffs' own Complaint negates Derrick's scienter.

This case presents the unusual circumstance in which a Complaint's contentions negate a defendant's scienter. Plaintiffs contend that the exercise of options is most rational when the options are about to expire, and that the exercise of holdings prior to that time is not. Complaint, ¶¶ 406-08.

Derrick's trading pattern is exactly what the Complaint says is "optimal" -- holding onto options until they are about to expire: "Premature sales of stock options are non-optimal,...*[E]xecutives will be generally hesitant to exercise an option well in advance of the expiration date of the option, since an early option exercise forfeits the time value of the option....*" *Id.* ¶408 (bold and italics in Complaint).¹⁵ Plaintiffs do not plead scienter as to Derrick.

3. The Complaint's other group-pleaded allegations of scienter are insufficient.

The Complaint's remaining scienter allegations are not specific to Derrick alone, but are

¹⁴ That Plaintiffs have selected an unusually long class period, October 19, 1998 through November 27, 2001 (163 weeks), in which to analyze Derrick's stock sales further diminishes any inference of scienter. In *In re Vantive Corp. Sec. Litig.*, 283 F.3d 1079 (9th Cir. 2002), plaintiffs alleged fraud over 63 weeks. The Court found that stock sales involving large numbers over such a long period of time do not necessarily create a strong inference of fraud:

In this case, the class period is so long, and the virtually identical allegations recycled throughout the complaint so many times, that it becomes difficult to see how particular stock sales would strengthen allegations that the particular statements were uttered with deliberate recklessness at the times they were made. This fact operates to the detriment of the plaintiffs, because it is their burden under the PSLRA to provide a clear context from which we can find a strong inference of fraud.

Id. at 1093.

¹⁵ The Complaint also references and attaches Hakala's Declaration. Even though he seems to concede Derrick only exercised options on the verge of expiration, he conveniently "finds" that all of the individual defendants engaged in insider trading, most with a greater than 90% probability (not Derrick), and that it is "more probable than not" that Derrick did. Hakala's "statistical analysis" is of no weight to this Court in deciding the motions to dismiss, since, among other reasons, (i) the standards set forth in the PSLRA and case law, not his "statistical analysis," govern whether a strong inference of scienter arises, (ii) his "statistical analysis" is unscientific and ignores both the legal standards *and* (in Derrick's case) behavior Hakala concedes is rational, such exercise of options only on the verge of expiration, and (iii) it is unlikely his "statistical analysis" would survive a *Daubert* challenge.

However, when the correct information concerning the percentage of shares Derrick exercised as a percentage of total holdings is considered (12.95%), it is doubtful that Derrick could possibly even remain in Hakala's category of those who "more probably than not" engaged in insider trading, since Hakala admits his analysis placed emphasis on the percentage of holdings exercised (Hakala Decl., ¶ 25), and Hakala obviously relied on his false assumption that Derrick liquidated a big percentage of his holdings (73.8%) as opposed to the actual small fraction.

vague, conclusory, group-pleaded allegations of motive and wrongdoing which fail to plead scienter as a matter of law:

...Thus, it is logical, if not obvious, that *all of Enron's officers* and directors knew of, or at a minimum acted in reckless disregard of, the falsification of Enron's financial reports and other false and misleading statements being made about its business operations.

In addition, *every Enron Defendant sued for fraud had a strong motive* to engage and participate in the scheme to defraud and to conduct Enron's business in a manner that operated as a fraud or deceit on purchasers of Enron's publicly traded securities....

Complaint, ¶¶ 395-396 (emphasis added). These types of generalized allegations are precisely what Congress enacted the PSLRA to avoid, as they fail to distinguish between defendants and to enlighten each defendant as to his or her role in the alleged fraud. *See Schiller*, 2002 WL 318441, at *5.

Equally insufficient are Plaintiffs' references to Derrick's executive positions, his role in management, and his supposed access to information. *See* Complaint, ¶¶ 83 (ff), 88, 89, 395. These are exactly the types of generalized allegations that this Court held insufficient in *BMC Software*:

There are no details as to what Defendants knew, when and how they knew it, and the basis for Plaintiffs' allegations. Nor does the amended complaint demonstrate that they knew their statements were false when made. Instead, the complaint merely alleges fraud by hindsight, i.e., because BMC's stock price dropped, Defendants must have known it would occur beforehand. *Conclusory allegations that they had the requisite scienter based on their executive positions with at BMC, their involvement in the day to day management of its business, their access to internal corporate documents, their conversations with corporate officers and employees, and their attendance at management and Board meetings are insufficient*; they need to provide details about alleged negative internal reports, when they were prepared, who prepared them, their content, the sources from whom plaintiffs obtained such information, etc.

BMC Software, 183 F.Supp.2d at 887 (emphasis added).

Nor does Derrick's alleged bonus compensation raise a strong inference of scienter. The Complaint asserts: "In addition, Enron's officers were in a position to also pocket huge cash bonuses if, but only if, Enron achieved certain preset earnings targets and its stock advanced to certain target

trading levels.” Complaint at ¶ 396. Once again, Plaintiffs have chosen to indict every Enron officer rather than make the required particularized showing. The Fifth Circuit has rejected the use of bonus compensation to allege scienter:

Incentive compensation can hardly be the basis on which an allegation of fraud is predicated. On a practical level, where the opposite is true, the executive of virtually every corporation in the United States would be subject to fraud allegations. It does not follow that because executives have components of their compensation keyed to performance, one can infer fraudulent intent.

Tuchman, 14 F.3d at 1968-69 (citing the district court below); *see also Baker Hughes*, 136 F.Supp.2d at 646 (finding that the pleaded facts pertaining to the Defendants’ potential for incentive compensation does not raise a strong inference of scienter).

The allegation that Derrick was a member of Enron’s Management Committee from 1997 through 2000 also provides no strong inference of scienter. *See* Complaint at ¶¶ 88, 397.¹⁶ An officer’s position with a company does not suffice. *Nathenson*, 267 F.3d at 424. In *Kurtzman*, this Court noted that “Plaintiffs’ reliance on the high level positions held by the individual Defendants at Compaq, without any factual specifics as to the information to which they were exposed, how, and when, also was too minimal and conclusory to satisfy the scienter requirement.” *Kurtzman*, H-99-779 at 15; *see also BMC Software*, 183 F.Supp.2d at 887 (excerpt quoted on p. 10, *supra*.) Plaintiffs offer no particularized factual specifics whatsoever concerning Derrick’s participation on Enron’s Management Committee, much less the type of factual specifics that could establish scienter.

In re Sunbeam Sec. Litig., 89 F.Supp.2d 1326 (S.D.Fla. 1999) is similar to the case Plaintiffs have attempted to plead against Derrick, and is instructive in several respects. Investors brought § 10(b) and § 20(a) claims against Sunbeam Corporation, its auditor, Arthur Anderson, and various

¹⁶ “The Enron Defendants who were on the Management Committee were the top executives of Enron. They had daily contact with each other while running Enron as hands-on managers, dealing with the important issues facing Enron’s business, i.e., WEOS, EES, EBS, its JEDI and LJM partnerships and the related SPEs and Enron’s future revenues and profits.” Complaint at ¶ 397.

Sunbeam executives including its Executive Vice President and General Counsel,¹⁷ alleging extensive accounting fraud. *Id.* at 1330. Plaintiffs claimed that "...Defendants engaged in a plan, scheme and common course of conduct to inflate the market price of Sunbeam common stock by misstating and/or concealing material information concerning Sunbeam's true financial condition, results of operations, and future business prospects." *Id.* at 1332. With respect to the Executive Vice President and General Counsel, the court held:

Plaintiffs assert that Fannin's scienter is demonstrated by his membership on Sunbeam's Operating Committee, his desire to see Sunbeam succeed, and his incentive based compensation plan. These allegations, without more, are insufficient as a matter of law to withstand a motion to dismiss. Such conclusory pleading is exactly the kind of practice that the Reform Act was enacted to police. . . . [B]ecause such facts can be ascribed to virtually all corporate officers and directors, they fail to raise a strong inference of knowing or reckless conduct. The lack of particularity of plaintiffs' allegations with regard to Fannin is readily apparent when contrasted to the specific allegations regarding the knowledge of Dunlap and Kersh. Indeed, plaintiffs' Complaint as to Fannin asserts little more than guilt by association.

Id. at 1341 (citations omitted). In this case, Plaintiffs have alleged similar allegations against Derrick which are wholly devoid of any specific allegations of wrongdoing and mandate dismissal as well.

D. Plaintiffs do not plead facts showing that Derrick, whom they concede is a non-speaking defendant, can be liable for any misrepresentation or omission; thus, dismissal of the 10b-5 claim against Derrick is proper.

1. Plaintiffs rely on the impermissible group pleading doctrine as to Derrick.

The Complaint does not identify a single fraudulent statement spoken by Derrick. Instead, Plaintiffs again rely on impermissible group pleading:

It is appropriate to treat the Enron Defendants *as a group* for pleading purposes and *to presume* that the false, misleading and incomplete information conveyed in the Company's public filings, press releases and other publications, as alleged herein, are the collective actions of the Enron Defendants identified above. Each of the officers and directors of Enron, *by virtue of their high-level positions with the Company, participated in the management of the Company and its business, operations, financial statements, and financial condition*, as alleged herein. Each of the Enron

¹⁷ Executive Vice-President and General Counsel was Derrick's most recent title; before that, his title was Senior Vice-President and General Counsel.

Defendants is responsible for the accuracy of the public reports and releases detailed herein and is therefore primarily liable for the representations contained therein.

Complaint, ¶ 89 (emphasis added). Plaintiffs' "presumption" that allegedly false and misleading information is the collective work of all high level corporate officers at Enron, with no particularized showing as to the actions of each officer, is exactly the type of generalized pleading that Congress sought to prohibit by enacting the PSLRA and that has been rejected in this Court's own opinions. *See, e.g., BMC Software*, 183 F.Supp.2d at 913 n.50 (group pleading is at odds with the PSLRA and has not survived the amendments). The chart attached as Exhibit B, showing the portions of the Complaint in which Derrick's name or title actually appears, plainly illustrates Plaintiffs' impermissible reliance on the group pleading doctrine.¹⁸ Moreover, the chart makes clear that nowhere is Derrick identified as having made any statements or having signed any publicly filed documents.

2. Plaintiffs' "scheme liability" pleadings do not state a claim against Derrick.

Unable to point to a misstatement or omission, Plaintiffs assert that Derrick "participat[ed] in a scheme to defraud and/or course of business" (together discussed herein as the "scheme"):

Each Defendant is liable for (i) making false statements, or for failing to disclose adverse facts while selling Enron securities, and/or (ii) participating in a scheme to defraud and/or a course of business that operated as a fraud or deceit on purchasers of Enron's public securities during the class period (the "Wrongful Conduct").

Complaint, ¶ 394. Plaintiffs further assert that the supposed "scheme" was perpetrated via the active and knowing "participation" of Enron, Enron's insiders, Arthur Anderson, Vinson & Elkins and Kirkland & Ellis, Enron's Banks, and "Enron's general counsel." *Id.* at ¶¶ 17, 70, 393.

Plaintiffs' "scheme" allegations allege no particularized facts whatsoever showing Derrick's specific involvement in the alleged scheme, and as such, Plaintiffs do not sustain their Rule 9(b) and PSLRA pleading burdens. As the court in *Lemmer v. Nu-Kote Holding, Inc.* noted:

¹⁸ This chart excludes the caption and the description of the parties.

For the “scheme to defraud” argument, Lemmer relies on *Cooper v. Pickett*, 137 F.3d 616 (9th Cir. 1997), which held that participants in a scheme to defraud can be held liable for violations of § 10(b) and Rule 10b-5. This argument is disingenuous at best. *Cooper* addressed the distinction between aiding and abetting liability, prohibited for securities fraud in [Central Bank] and direct liability. Significantly, *Cooper* held that “Central Bank does not preclude liability based on allegations that a group of defendants acted together to violate the securities laws, *as long as each defendant committed a manipulative or deceptive act in furtherance of the scheme*. In that case, the complaint alleged specific misleading statements (to analysts) by the defendant in question. Lemmer makes no allegations of acts specifically attributed to Defendants other than Brigante and Kerrane. Her only allegations as to the scheme to defraud are vague, general and unsupported by specific details that might support a strong inference of such a scheme.

* * *

Allowing such general, unsupported allegations of a fraudulent scheme, without any details that support a strong inference of such a scheme such as acts of participation by each of the Defendants, would vitiate the particularity requirements of the PSLRA. This approach is precluded for the same reasons that the group pleading doctrine is precluded.

Lemmer, 2001 WL 1112577, at *8 (citations omitted) (emphasis added).

Moreover, in *BMC Software*, this Court considered a “scheme to defraud” claim asserted against nonspeaking defendants such as Derrick, and stated:

Nor have plaintiffs specifically alleged how the individual nonspeaking Defendants have participated in the alleged scheme to defraud or how they could have controlled misstatements by other named Defendants.

BMC Software, 183 F.Supp.2d at 915 (citing *Pegasus Holdings v. Veterinary Centers of America*, 38 F.Supp.2d 1158, 1164, 1166 (C.D.Cal. 1998)(rejecting claims against non-speaking defendants where plaintiffs failed “to address how the non-speaking individuals were involved in the scheme, and the acts each performed [or omitted] which further the conspiracy”)). This Court continued:

The amended complaint does not show how the non-speaking Defendants “had knowledge of the fraud” sufficient to give rise to a strong inference of scienter, or allege what information they knew, or when and how they learned it. It generally attributes to them knowledge of the alleged fraud to their high positions in BMC and their day-to-day involvement in the business or from unidentified internal corporate documents and conversations. Defendants correctly state that this Court has previously rejected just such vague pleading as insufficient to give rise to a strong inference of scienter under the PSLRA.

BMC Software, 183 F.Supp.2d at 915-16. Because Plaintiffs have not stated any particularized facts with respect to Derrick's role in the alleged scheme, dismissal is proper.

3. Central Bank forecloses Plaintiffs' claims against Derrick.

The United States Supreme Court's decision in *Central Bank* forecloses Plaintiffs' claims against Derrick as well, since the Supreme Court held that "[a] private plaintiff may not maintain an aiding and abetting suit under Section 10(b)....," and further stated that a claim against a normally secondary actor, such as a lawyer, may be maintained only if "all of the requirements for primary liability under Rule 10b-5 are met." *Central Bank*, 511 U.S. at 191 (emphasis in original).

Thus, any pleaded acts of participation in any alleged "scheme" must clearly be of a nature that would give rise to primary liability, as opposed to aiding and abetting liability. *See Lemmer*, 2001 WL 1112577, at *8. Plaintiffs plead no particularized allegations as to how Derrick participated in the alleged scheme at all, much less any acts that would give rise to primary liability.

A number of courts interpreting *Central Bank* have concluded that only speaking can give rise to primary liability, and Plaintiffs nowhere plead that Derrick spoke.¹⁹ In *Anixter v. Home-Stake Prod. Co.*, 77 F.3d 1215 (10th Cir. 1996), the Tenth Circuit considered the distinction between primary liability and aiding and abetting liability foreclosed by *Central Bank*:

The critical element separating primary from aiding and abetting violations is the existence of a representation, either by statement or omission, made by the defendant, that is relied on by the plaintiff. Reliance only on representations made by others cannot itself form the basis of liability.

* * *

Reading the language of § 10(b) and 10b-5 through the lens of *Central Bank of Denver*, we conclude that in order for accountants to "use or employ" a "deception" actionable under the antifraud law, *they must themselves make a false or misleading statement (omission) that they know or should know will reach potential investors.*

¹⁹ Courts applying *Central Bank* have interpreted it one of two ways: (i) as holding that liability attaches only if the defendant himself made an allegedly false or misleading statement; or (ii) as holding that liability attaches only if a defendant played a "significant role" in preparing a false statement actually uttered by another. *See McNamara v. Bre-X Minerals Ltd.*, 57 F. Supp. 2d. 396, 429 (E.D.Tex. – Texarkana 1999, no writ)(discussing the decisions reaching these two results). Plaintiffs do not plead, as to Derrick, facts that would satisfy their pleading requirement under either interpretation.

Id. at 1225-27 (emphasis added). Other courts have held that to be held primarily liable under § 10(b), a defendant must be alleged to have made a false or misleading statement that was communicated to investors. *See Ziembra v. Cascade Int'l, Inc.*, 256 F.3d 1194, 1205 (11th Cir. 2001) ("[W]e conclude that, in light of *Central Bank*, in order for the defendant to be primarily liable under § 10b and Rule 10b-5, the alleged misstatement or omission upon which a plaintiff relied must have been publicly attributable to the defendant at the time that the plaintiff's investment decision was made."); *see also In re MTC Elec. Techs. Shareholders Litig.*, 898 F. Supp. 974, 987 (E.D.N.Y. 1995), *vacated in part on other grounds*, 993 F.Supp.160 (E.D.N.Y. 1997) ("if *Central Bank* is to have any real meaning, a defendant must actually make a false or misleading statement in order to be held liable under Section 10(b). Anything short of such conduct is merely aiding and abetting, and no matter how substantial that aid may be, it is not enough to trigger liability...."); *Wright v. Ernst & Young LLP*, 152 F.3d 169, 174-76 (2nd Cir. 1998), *cert. denied*, 525 U.S. 1104 (1999) (same); *In re Kendall Square Research Corp. Sec. Litig.*, 868 F.Supp. 26, 28 (D.Mass. 1994) ("Only primary violators, i.e., those who *make* a material misstatement or omission or commit a manipulative act, are subject to private suit under Section 10(b); *Vosgerichian v. Commodore Int'l*, 862 F.Supp. 1371, 1378 (E.D.Pa. 1994) ("Because plaintiff maintains that AA made false representations itself,... rather than merely assisting Commodore in its scheme to defraud, the claims . . . are not affected by *Central Bank*).

Likewise, courts have held that scheme liability claims against individual defendants cannot obviate *Central Bank*. *See In re Silicon Graphics, Inc. Sec. Litig.*, 970 F.Supp. 746, 759 (N.D.Cal. 1997) ("with regard to allegedly false and misleading statements, only speakers may properly be held liable.") The *Silicon Graphics* court continued:

Plaintiffs' effort to describe various schemes are unavailing because plaintiffs fail to explain each individual defendant's participation in them. Plaintiffs' scheme allegations appear to be "no more than a thinly disguised attempt to avoid the impact of the *Central Bank* decision." In accordance with *Central Bank*, the court finds that each defendant is liable for perpetrating a fraudulent scheme only to the extent that he is also found liable for insider trading or making false or misleading statements or as a control person.

Id. at 762 (citations omitted); *see also Erickson v. Horning*, 2001 WL 1640142, at *12 n.12 (D.Minn. Sep. 21, 2001) (“Courts since *Central Bank* have found that allegations of conspiracy or a common scheme do not create liability under section 10(b)....”); *Gabriel Capital, L.P. v. Natwest Finance, Inc.*, 94 F.Supp.2d 491, 510 (S.D.N.Y. 2000) (“Allegations of ‘assisting,’ ‘participating in,’ ‘complicity in’ and similar synonyms used throughout the complaint all fall within the prohibitive bar of *Central Bank*.”))

Derrick respectfully submits that the reasoning of the foregoing courts is persuasive.²⁰ Any other conclusion would allow creative allegations to obviate Supreme Court authority.²¹

4. Plaintiffs' use of the phrase "manipulative devices" does not salvage their claims.

The Complaint often refers to transactions done during the class period as "manipulative devices," the purpose of which was allegedly "to inflate Enron's reported profits and financial condition." *See, e.g.*, Complaint, ¶ 2. The use of this phrase however, does not obviate the pleading requirements of the PSLRA or Rule 9. *See Ellison v. American Image Motor Co.*, 36 F.Supp.2d 628, 640 (S.D.N.Y. 1999) ("Just as the complaint lacks factual allegations giving rise to a strong inference of fraudulent intent, it also lacks specificity as to any manipulative act . . ."). Plaintiffs do not plead with particularity any participation by Derrick in the alleged manipulative devices or any facts indicating he would know any deals done were "manipulative."

Nor does this wording affect the applicability of *Central Bank*. *See In re Kendall Square Research Corp. Sec. Litig.*, 868 F.Supp. 26 at 28 (excerpt quoted above). Indeed, Plaintiffs' "manipulative devices" claims are, in reality, misrepresentation claims. The Supreme Court has made clear that "manipulative devices" in the securities laws context refers to a distinct type of conduct:

²⁰ As noted above, Judge Folsom addressed this issue in *McNamara*, 57 F. Supp. 2d. at 429. Judge Folsom did not adopt the standard urged herein, but it does not appear that the Fifth Circuit has addressed this precise issue.

²¹ As noted above, moreover, Plaintiffs do not plead, as to Derrick, facts that would satisfy their pleading requirement under even the *McNamara* standard.

'Manipulation' is 'virtually a term of art when used in connection with securities markets.' *Ernst & Ernst*, 425 U.S., at 199,...The term refers generally to practices, such as wash sales, matched orders, or rigged prices, that are intended to mislead investors by artificially affecting market activity.

Santa Fe Industries, Inc. v. Green, 430 U.S. 462, 476 (1977); *see also Hundahl v. United Benefit Life Ins. Co.*, 465 F.Supp.1349, 1361 (N.D.Tex. 1979). Plaintiffs do not plead such conduct here. Instead, their contention is that the so-called "manipulative devices" were used to artificially inflate Enron's earnings. For such conduct to violate the securities laws, however, the alleged earnings inflation would have to be disseminated to prospective stock purchasers. As such, the "manipulative device" allegations are really simple misrepresentation (or omission) claims, for which non-speakers such as Derrick are not liable, and as to which Plaintiffs assert no particularized facts against Derrick.

- E. Plaintiffs do not specifically identify Derrick as a "control person" under ¶ 20(a) of the Act, nor do they plead any facts establishing "control person" status.

The Complaint never specifically identifies Derrick as a control person of Enron or of anyone else. This fact alone warrants dismissal of any § 20(a) claim against Derrick.

Indeed, it appears most likely that Plaintiffs do not even intend to assert a claim for "control person" liability against Derrick, since the Complaint specifically describes certain named parties as control persons of other individuals or entities,²² but makes no such allegation as to Derrick.

²² For example, the Complaint specifically asserts "control person" liability against defendant Alliance Capital Management L.P.: "Alliance controlled and directed Savage in his activities as a director of Enron....Alliance is sued as a controlling person of [defendant director Frank] Savage..... (Complaint, ¶¶ 83[ee]).

The Complaint also specifies the alleged "control persons" of Andersen: "Defendants Berardino, Randall, McAlindon and Andrews are named herein as control persons of Andersen pursuant to §20(a) of the 1934 Act and §15 of the 1933 Act." (Complaint, ¶ 96).

Also, the Complaint includes a Texas Securities Act ("TSA") claim by Plaintiff Washington Board, which includes a claim of control person liability under the TSA specifically against Defendants Lay, Causey, Buy, Fastow and Skilling . (Complaint, ¶ 1028: "Defendants Lay, Causey, Buy, Fastow and Skilling, by virtue of their positions as directors and/or senior officers of Enron directly or indirectly controlled Enron and/or other defendants named in this Claim and are liable as a result thereof.") The standard under the TSA is no more restrictive than the standard under § 20(a) of the federal Act. *See Busse v. Pacific Cattle Feeding Fund #1, Ltd.*, 896 S.W.2d 807, 815 (Tex. App.-Texarkana 1995, writ denied).

Formal dismissal of this claim against Derrick is nonetheless appropriate, however, because Derrick is among the 71 defendants listed in Plaintiffs' First Claim for Relief,²³ the subtitle of which includes a reference to § 20(a) of the Act (although the substantive paragraphs of that claim do not even contain the word "control").²⁴ Dismissal is plainly warranted for the following reasons.

First, as noted above, the Complaint does not specifically name Derrick as a control person, though it does, in various places, specifically ascribe that status to certain other defendants.²⁵

Second, the Complaint pleads no facts evidencing that Derrick is a control person of any other person or entity. Sprinkled into the Complaint are a few generalized assertions:

- "As officers, directors *and/or* controlling persons of a publicly held company..., the Enron Defendants had a duty to promptly disseminate accurate and truthful information with respect to the Company's operations,..." (Complaint, ¶ 84)(emphasis added)
- "The Enron Defendants, because of their positions of authority as officers and/or directors of the Company, were able to and did control the content of various SEC filings, press releases and other public statements..." (Complaint, ¶ 90).
- "The Enron Defendants controlled and/or possessed the power and authority to control the contents of Enron's Registration Statements, its Form 10-K SEC filings and its quarterly and annual reports and press releases...."(Complaint, ¶ 397)²⁶

These excerpts avoid specifically identifying who are "controlling persons": in fact, ¶ 84 makes clear that officers and directors may or may not be ("[a]s officers, directors, *and/or* controlling persons")(emphasis added). Indeed, having a "position[] of authority as officer[]," as referenced in ¶ 90, is *not* enough to establish control person liability. *See In re Livent Sec. Litig.*, 78 F.Supp.2d 194, 221 (S.D.N.Y. 1999) ("Officer or director status alone does not constitute control"); *Rubenstein*

²³ See Complaint, ¶ 993.

²⁴ See Complaint, ¶¶ 992-97

²⁵ See n. 22, *supra*.

²⁶ See also Complaint, ¶ 400: "...[T]he Enron Defendants, by virtue of their receipt of information reflecting the true facts regarding Enron, their control over, and/or receipt and/or modification of Enron's allegedly materially misleading misstatements and/or their association with the Company which made them privy to confidential proprietary information concerning Enron, participated in the fraudulent scheme alleged herein."

v. Skyteller, Inc., 48 F.Supp.2d 315, 323 (S.D.N.Y. 1999) (allegation that defendant was treasurer and/or Chief Financial Officer of company insufficient to establish control).

Furthermore, these generalized group-pleaded allegations are insufficient to plead anything with particularity as to Derrick. *See In re Splash Tech. Holdings, Inc. Sec. Litig.*, 2000 WL 1727377, *20 (N.D. Cal. Sep. 29, 2000) (“complaint must plead the circumstances of the control relationship with particularity”); *Rich v. Maidstone Fin., Inc.*, 2001 WL 286757, *6 (S.D.N.Y. Mar. 23, 2001) (“much more than a bare allegation of ‘control status’ is required to state a claim”). Certainly, Plaintiffs’ vague and general allegations do not plead facts as to Derrick addressing the two-pronged standard for “control person” liability: that the defendant both (1) had the power to control the operations of the corporation in general; and (2) possessed the power to control the specific transaction or activity upon which the primary violation is predicated. *See McNamara v. Bre-x Minerals, Ltd.*, 46 F. Supp. 2d 628, 638 (E.D.Tex. 1999); *see also Metge v. Baehler*, 762 F.2d 621, 631 (8th Cir. 1985); *G. A. Thompson & Co. v. Partridge*, 636 F.2d 945 (5th Cir. 1981); *Abbott v. Equity Group*, 2 F.3d 613, 619-20 (5th Cir. 1993), *cert. denied*, 510 U.S. 1177 (1994).²⁷ Indeed, Derrick, as general counsel, could hardly control the *operations* of the company.²⁸

²⁷ The Fifth Circuit test for control is derived principally from *Partridge* and *Abbott*, and is based in part on *Metge*. *Metge*, however, set forth a more stringent first prong than that set forth above, requiring not only that the alleged control person have the power to control the company’s operations, but also have *exercised* that power. *See Metge*, 762 F.2d at 631. While Derrick believes the more stringent version of the first prong warrants adoption by this Court and the Fifth Circuit, because it is thus far unclear which version applies, *see McNamara*, 46 F.Supp. at 638, this motion compares the allegations in the Complaint to the lesser standard (which Plaintiffs do not even meet.)

Indeed, in *McNamara* a prima facie case of control liability was established by the facts that the alleged control person: (1) was founder, president, chief executive officer and chairman of the board of the corporation; (2) was responsible for raising capital for the corporation from the public; (3) signed allegedly false SEC filings on behalf of the corporation; and (4) prepared and issued numerous allegedly false statements and press releases concerning the corporation which were distributed in the United States. *See id.* at 639. Obviously, none of these criteria are pleaded about, or would be true of, Derrick.

²⁸ Recognizing this reality, the original *Amalgamated Bank* Complaint, Cause No. H-01-4198, filed by counsel for lead plaintiffs prior to their appointment, only alleged controlling person liability against Lay, Skilling and Fastow.

Finally, Plaintiffs have not sufficiently pleaded a primary violation of the securities laws by any "controlled" person.²⁹ Thus, their § 20(a) claim against Derrick must be dismissed.

III. Plaintiffs' 20A Claim Must be Dismissed.

Since liability under § 20A³⁰ is predicated upon an independent violation of "this chapter or the rules or regulations there under," § 20A claims are derivative and require proof of a separate underlying violation of the Act. *In re Advanta Corp., Sec. Litig.*, 180 F.3d 525, 541 (3rd Cir. 1999); *see also Jackson Nat'l Life Ins. Co. v. Merrill Lynch & Co.*, 32 F.3d 697, 703 (2d Cir. 1994) ("To state a claim under 20A, a plaintiff must plead a predicate violation of the '34 Act or its rules or regulations."); *In re Verifone Sec. Litig.*, 11 F.3d 865, 872 (9th Cir. 1993). Because the separate 10(b) violation asserted against Derrick must be dismissed, the 20A claim must be dismissed as well.

IV. Prayer

Defendant James V. Derrick, Jr. respectfully requests that his Motion to Dismiss be granted with prejudice, and further requests such other and further relief to which he may be justly entitled.

Respectfully submitted,

Bracewell & Patterson, L.L.P.

By:

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Counsel for Defendant James V. Derrick, Jr.

²⁹ See the arguments herein, as well as the arguments in Certain Defendants' Joint Brief Relating to Enron's Disclosures.

³⁰ Section 20A affords a private right of action to persons who traded contemporaneously with individuals alleged to have traded on non-disclosed adverse information. *See* 15 U.S.C. § 78T-1(a).

OF COUNSEL:

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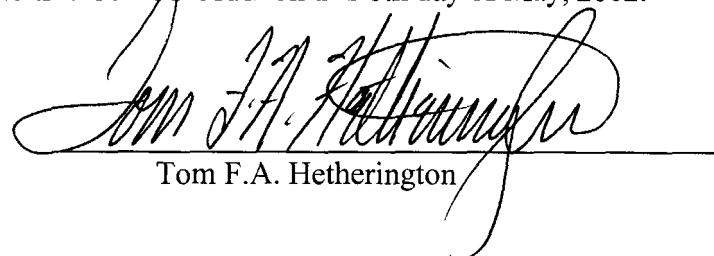
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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document has been forwarded to all known counsel of record pursuant to this Court's Order on this 8th day of May, 2002.



The image shows a handwritten signature in black ink. The signature appears to read "Tom F.A. Hetherington". Below the signature, there is a horizontal line extending from the right side of the signature towards the left, ending under the name "Tom F.A. Hetherington".

James V. Derrick, Jr.'s Stock Options*
(Enron Corp. Common Stock)

Date Acquired	Shares Acquired	Date Exercisable	Expiration Date	Date Exercised	Conversion Price**	Exercisable Shares***	Shares Exercised
6/17/91	4,000	6/17/91	6/6/01 - 6/15/01	\$60.50/7.56		32,000	32,000
6/17/91	4,000	6/17/92	6/6/01	\$60.50/7.56		32,000	32,000
6/17/91	4,000	6/17/93	6/6/01	\$60.50/7.56		32,000	32,000
6/17/91	4,000	6/17/94	6/6/01	\$60.50/7.56		32,000	32,000
6/17/91	4,000	6/17/95	6/6/01	\$60.50/7.56		32,000	32,000
2/10/92	8,000	8/10/92	2/9/02	N/A	\$31.00/7.75	32,000	0
2/10/92	8,000	2/10/93	2/9/02	N/A	\$31.00/7.75	32,000	0
2/10/92	8,000	2/10/94	2/9/02	N/A	\$31.00/7.75	32,000	0
2/10/92	8,000	2/10/95	2/9/02	N/A	\$31.00/7.75	32,000	0
2/10/92	8,000	2/10/96	2/9/02	N/A	\$31.00/7.75	32,000	0
2/9/93	16,000	8/9/93	2/9/03	N/A	\$54.375/13.59	64,000	0
2/9/93	16,000	2/9/94	2/9/03	N/A	\$54.375/13.59	64,000	0
2/9/93	16,000	2/9/95	2/9/03	N/A	\$54.375/13.59	64,000	0
2/9/93	16,000	2/9/96	2/9/03	N/A	\$54.375/13.59	64,000	0
2/9/93	16,000	2/9/97	2/9/03	N/A	\$54.375/13.59	64,000	0
2/7/94	9,235	8/7/94	2/7/99	2/5/99	\$33.50	9,235	9,235
2/8/94	30,000	20% on 8/8/94	2/8/04	N/A	\$34.00/17.00	60,000	0
		20% on 2/8/95 - 98					
5/2/94	100,000	20% on 5/2/95 - 98	5/2/04	N/A	\$29.375/14.69	200,000	0
12/30/94	30,000	20% on 12/30/95 - 98	12/30/04	N/A	\$30.50/15.25	60,000	0
12/30/94	12,560	20% on 6/30/96 - 99	12/30/94	N/A	\$30.50/15.25	25,120	0
1/25/95	10,710	1/25/95	1/25/00	1/24-25/00	\$29.50/14.75	21,420	21,420
12/29/95	30,000	20% on 6/29/96 - 99	1/29/05	N/A	\$38.125/19.06	60,000	0
1/23/96	15,385	1/23/96	1/23/01	12/28/00	\$36.75/18.38	30,770	30,770
12/31/96	30,000	25% on 12/31/96					
1/21/97	12,560	25% on 12/31/97-99	12/31/01	N/A	\$43.125/21.57	60,000	0
5/5/97	125,000	20% on 5/15/98 - 01	5/5/07	N/A	\$44.50/22.25	25,120	0
12/31/97	30,000	20% on 12/31/97					
12/31/98	45,630	25% on 12/31/98 - 01	12/31/04	N/A	\$41.56/20.78	48,000	0
1/10/00	84,620	25% on 1/10/00	1/10/07	N/A	\$57.063/28.53	68,445	0
		25% on 1/10/01 - 03				42,310	0

2/7/00	50,000	25% on 2/28/00 25% on 1/18/01 - 03 20% on 6/30/01 20% on 6/30/02 - 05 15% on 1/22/01 15% on 7/31/01&1/31/02 04 Final 10% on 1/31/04	2/7/07	N/A	\$62.50	25	0
12/29/00	4,900	12/29/07	N/A	\$83.13	980	0	
1/22/01	38,045	1/22/06	N/A	\$75.06	11,414	0	
				EXERCISED TOTAL		221,425.00	
				OPTION TOTAL		1,612,839.00	
				COMMON TOTAL ****		81,873.08	
				ESOP TOTAL ****		14,727.52	
				401(K) TOTAL ****		10.34	
				Holdings Total		1,709,449.94	
				Percentage of Holdings Exercised		12.95%	

*Chart compiled from figures listed in Forms 3, 4, and 5 filed with the Securities and Exchange Commission by Derrick and attached as Exhibit A.

**Conversion price is listed as originally issued and if applicable, as split.

*** Shares listed as exercisable include increases in shares resulting from stock splits on 12/30/91, 8/16/93 and 8/13/96 and are limited to the Class Period.

**** Figures pulled from June 2001 Form 4 reported on 7/3/01.

FORM 3U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**INITIAL STATEMENT OF BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL

OMB Number 3235 0104
Expires: February 1, 1994
Estimated average burden hours per response . . . 0.5

Table I — Non-Derivative Securities Beneficially Owned					
1. Title of Security (Instr. 4)	2. Amount of Securities Beneficially Owned (Instr. 4)	3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5)	4. Nature of Indirect Beneficial Ownership		
DERRICK, JR. JAMES V.	JUNE 17, 1991	Director <input checked="" type="checkbox"/> Officer (give title below) SENIOR VICE PRESIDENT AND GENERAL COUNSEL			
(Last) (First) (Middle)					
1400 SMITH STREET					
(Street)					
HOUSTON, TEXAS	77002				
(City)	(Zip)				

FEB 1995
S.E.C.
C.D.M. 10

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.
(Print or Type Responses)(5)(c)(1)
SIC 1473 (M/H)**EXHIBIT A-1**

FORM 4

U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Check this box if no longer
subject to Section 16. Form 4
or Form 5 obligations may
continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(f) of the Investment Company Act of 1940

OMB APPROVAL	3235-0287
OMB Number	3235-0287
Expires:	February 1, 1994
Estimated average burden	hours per response 0.5

1. Name and Address of Reporting Person		2. Issuer Name and Ticker or Trading Symbol		6. Relationship of Reporting Person to Issuer (Check all applicable)	
DERRICK, JR.	JAMES V.	ENRON CORP.	(ENE)	<input type="checkbox"/> Director	10% Owner
(Last)	(First)	(Middle)		<input type="checkbox"/> Officer (give title below)	Other (specify below)
1400 SMITH STREET				SENIOR VICE PRESIDENT AND GENERAL COUNSEL	
(Street)					
HOUSTON,	TEXAS	77002			
(City)	(State)	(Zip)			
Table I — Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned					
1. Title of Security (Instr. 3)	2. Transaction Date (Month/ Day/ Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned at End of Month (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)
	Code	V	Amount (A) or (D)	Price	
COMMON STOCK	* 12-31-91	T V	850.732 A	--	850.732 1
					RUSTEE OF ENRON CORP ESOP HOLDS THE SHARES
					JAN 28 1993
					RECEIVED BY MAIL 145

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.
(Print or Type Response)

(Over)
SFC 1474 (3/91)

FORM 4

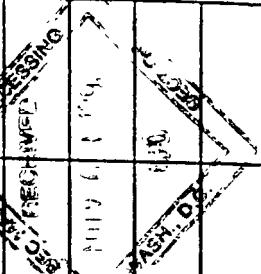
U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Check this box if no longer
subject to Section 16. Form 4
or Form 5 obligations may
continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(f) of the Investment Company Act of 1940

OMB APPROVAL	3235 0287
OMB Number	Expires: February 1, 1994
Estimated average burden hours per response . . . 0.5	

1. Name and Address of Reporting Person		2. Issuer Name and Ticker or Trading Symbol		6. Relationship of Reporting Person to Issuer (Check all applicable)	
DERRICK, JR. JAMES V.		ENRON CORP. (ENE)		<input type="checkbox"/> Director <input type="checkbox"/> Other (specify below) <input checked="" type="checkbox"/> Officer (give title below) SENIOR VICE PRESIDENT AND GENERAL COUNSEL	
(Last) (First) (Middle)		3. IRS or Social Security Number of Reporting Person (Voluntary)		4. Statement for Month/Year VOLUNTARY EARLY REPORTING	
1400 SMITH STREET (Street)				5. If Amendment, Date of Original (Month/Year)	
HOUSTON TEXAS 77002-7369					
(City) (State) (Zip)					
Table I — Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned					
1. Title of Security (Instr. 3)		2. Transaction Date (Month/ Day/ Year)		3. Trans- action Code (Instr. 8)	
				4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	
				Code	V
				Amount	(A) or (D)
				Price	
				5. Amount of Securities Beneficially Owned at End of Month (Instr. 3 and 4)	
				<input type="checkbox"/> Direct <input type="checkbox"/> Indirect <input type="checkbox"/> Beneficial <input type="checkbox"/> Owner <input type="checkbox"/> Ship (Instr. 4)	
COMMON STOCK		12-31-92*		3,983.6676 (1) 1	
"		02-09-93		--	
				2,400,000 (1) D	
UP TO DATE 8/16/93					
(1) On August 16, 1993, the common stock of Enron Corp. split 2-for-1, resulting in the reporting person's acquisition of 6,691,838 additional shares of common stock and 160,000 additional shares subject to stock options. The number of shares owned at the end of the month have been increased to include these additional shares. All pre-split option prices in table II including those previously reported will be adjusted downward by one half on future reports to reflect the effect of the stock split.					
					

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

(Over)

FORM 4 (continued)

Table II — Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 1)	2. Conversion or Exercise Price of Derivative Security !(Month/ Day/ Year)	3. Transaction Date (Month/ Day/ Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/ Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Price of Derivative Securities (Instr. 5)	9. Number of Derivative Securities (Instr. 5)	10. Ownership Form of Derivative Securities (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
				Code V "	V (A) "	V (D) "	Date Exer- cisable Expira- tion Date	Title	Amount or Number of Shares (Instr. 4)	
EMPLOYEE STOCK OPTION (RIGHT TO BUY)	\$54.375	2-09-93	***	J "	V "	16,000 16,000	8-09-93 2-09-94	COMMON STOCK	16,000 16,000	
"	"	"	"	"	"	"	"	"	"	"
"	"	"	"	"	"	16,000	2-09-95	"	16,000	
"	"	"	"	"	"	16,000	2-09-96	"	16,000	
"	"	"	"	"	"	16,000	2-09-97	"	16,000	

Explanation of Responses:

*Statement not available until after filing deadline.
**The reporting person was granted restricted stock under the Enron Corp. 1991 Stock Plan in reliance upon the exemption provided by former Rule 16b-3.

***The reporting person was granted options to buy shares of common stock under the Enron Corp. 1991 Stock Plan in reliance upon the exemption provided by former Rule 16b-3. See front of Form.

*Intentional misstatements or omissions of facts constitute Federal Criminal Violations.
See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed.
If space provided is insufficient, see Instruction 6 for procedure.

James S. O'Neal, Jr.
Signature of Reporting Person

10. 26.93
Date

FORM 5

U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Check box if no longer subject to
Section 16 - Forms 4 or Form 5 obligations may continue.
See Instruction 1(b).

Form 4 Holdings Reported
 Form 4 Transactions Reported

ANNUAL STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP
Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(f) of the Investment Company Act of 1940

OMB APPROVAL	
OMB Number:	3235-0362
Expires:	February 1, 1994
Estimated average burden hours per response: 1.0	

1. Name and Address of Reporting Person		2. Issuer Name and Ticker or Trading Symbol ENRON CORP. (ENE)		6. Relationship of Reporting Person to Issuer (Check all applicable) <input checked="" type="checkbox"/> Director <input checked="" type="checkbox"/> Officer (give title below) X SENIOR VP AND GENERAL COUNSEL	
DERRICK, JR.	JAMES V.	(Middle)	3. IRS or Social Security Number of Reporting Person (Voluntary) 452-80-9246	4. Statement for Month/Year December 31, 1994	5. If Amendment, Date of Original (Month/Year)
1400 SMITH STREET		(Street)			
HOUSTON, TEXAS 77002-7369		(City)			
(State)		(Zip)			
Table I -- Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned					
1. Title of Security (Instr. 3)	2. Trans- action Date (Month/ Day/ Year)	3. Trans- action Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned at End of Issuer's Fiscal Year (Instr. 3 and 4)	6. Owner- ship Form: Direct (D) or Indirect (I) Owner- ship (Instr. 4)
Common Stock	12/31/93 (1)	A 2,033.570	A \$0.0000	I by ESOP	
Common Stock	02/01/94	A 413.793	A \$0.0000	I by ESOP	
Common Stock	03/31/94	A 11.281	A \$0.0000	I by ESOP	
Common Stock	06/30/94	A 10.570	A \$0.0000	I by ESOP	
Common Stock	09/30/94	A 11.585	A \$0.0000	I by ESOP	
Common Stock	12/30/94	A 12.380	A \$0.0000	6,476.847 I by ESOP	
Common Stock	02/07/94	A 420.000	A \$0.0000	9,820.000 D	
Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly. (Print or Type Responses)					

FORM 5 (continued)

**Table II -- Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)**

1. Title of Derivative Security (Instr. 3)	2. Cover- sion or Exercise Price of Deriv- ative Security	3. Trans- action Date (Month/ Day/ Year)	4. Transac- tion Code (Instr. 8)	5. Number of Deriv- ative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exer- cisable and Ex- piration Date (Month/Day/ Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Price of Deriv- ative Securi- ty (Instr. 5)	9. Number of Deriv- ative Securi- ties Benefi- cially Owned at End of Year (Instr. 4)	10. Owner- ship of Deriv- ative Securi- ties Benefi- cial Own- ership (Instr. 4)	11. Na- ture of In- direct Bene- fitial Own- ership (Instr. 4)
Employee Non-Qualified Stock Option (right to buy)	\$33.5000	02/07/94	A	9,235.000	08/07/94 02/07/95	Common Stock	9,235.000			D
Employee Non-Qualified Stock Option (right to buy)	\$34.0000	02/08/94	A	30,000.000	1/1(2) 1/2/95	Common Stock	30,000.000			D
Employee Non-Qualified Stock Option (right to buy)	\$29.3750	05/02/94	A	100,000.000	1/1(3) 1/5/95	Common Stock	100,000.000			D
Employee Non-Qualified Stock Option (right to buy)	\$30.5000	12/30/94	A	30,000.000	1/1(4) 12/30/94	Common Stock	30,000.000			D
Employee Non-Qualified Stock Option (right to buy)	\$30.5000	12/30/94	A	12,560.000	1/1(5) 1/2/95	Common Stock	12,560.000	-42,560.000		D

Explanation of Responses:

- (1) Statement not available until after filing deadline.
- (2) The option becomes exercisable in 20 percent increments on August 8, 1994, February 8, 1995, 1996, 1997 and 1998, respectively.
- (3) The option becomes exercisable in 20 percent increments on November 2, 1994, May 2, 1995, 1996, 1997, and 1998.
- (4) The option becomes exercisable in 20 percent increments on June 30, 1995, December 30, 1995, 1996, 1997 and 1998, respectively.
- (5) The option becomes exercisable in 20 percent increments on June 30, 1995, 1996, 1997, 1998, and 1999, respectively.

S6 E-83

AMERICAN REEDS INC

Jonathan Reed

1.12.95

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations.
See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
Note: File three copies of this Form, one of which must be manually signed.
If space provided is insufficient, see Instruction 6 for procedure.

**Signature of Reporting Person
Page 2
SEC 2270 (3/91)
Date

FORM 4

U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Check this box if no longer
subject to Section 16. Form 4
or Form 5 obligations may
continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(l) of the Investment Company Act of 1940

1. Name and Address of Reporting Person		2. Issuer Name and Ticker or Trading Symbol ENRON CORP. (ENE)		6. Relationship of Reporting Person to Issuer (Check all applicable)	
DERRICK, JR. <input type="checkbox"/> (First) JAMES V. <input type="checkbox"/> (Middle)		3. IRS or Social Security Number of Reporting Person (Voluntary) 452-80-9246 4. Statement for Month/Year JANUARY 1996		<input checked="" type="checkbox"/> Director _____ <input type="checkbox"/> Officer _____ (give title below) _____ Other (specify below)	
1400 SMITH STREET <input type="checkbox"/> (Street)				5. If Amendment, Date of Original (Month/Year) <i>UP/SR/PAC</i>	
HOUSTON, TEXAS 77002-7369 <input type="checkbox"/> (State)				6. SENIOR VP AND GENERAL COUNSEL	
(City)					
Table I -- Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned					
1. Title of Security (Instr. 3)		2. Transaction Date (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned at End of Month (Instr. 3 and 4)
		Code	V	Amount (A) or (D)	Price
		12/31/94	v (1)	621,362 A	\$0.0000
		03/31/95	v	12,204 A	\$0.0000
		06/30/95	v	11,666 A	\$0.0000
		09/30/95	v	11,927 A	\$0.0000
		12/31/95	v	32,464 A	\$0.0000
					7,166.470
					9,820.000
					b
12/31/95					

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly. (Print or Type Responses)

FORM 5UNITI STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

- Check here if no longer subject to
Section 16. Form 4 (or Form 4A) reporting may continue.
See Instruction 1(a).
- Form 3 Holdings Reported
- Form 4 Transactions Reported

ANNUAL STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(f) of the Investment Company Act of 1940

OMB APPROVAL	
OMB Number:	3235-0362
Expires:	September 30, 1988
Estimated average burden hours per response	1.0

1. Name and Address of Reporting Person*	2. Issuer Name and Ticker or Trading Symbol	4. Relationship of Reporting Person(s) to Issuer (Check all applicable)						
DERRICK, JR., JAMES V.	ENRON CORP. (ENE)	Director <input type="checkbox"/> 10% Owner <input checked="" type="checkbox"/> Officer <input checked="" type="checkbox"/> Other (specify below) SENIOR VICE PRESIDENT AND GENERAL COUNSEL						
(Last) (First) (Middle)	3. IRS or Social Security Number of Reporting Person (Voluntary) 452-80-9245	4. Statement for Month/Year December 31, 1996						
1400 SMITH STREET								
(Street)								
HOUSTON, TEXAS 77002-7369								
(City)	(State)	(Zip)						
Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned								
1. Title of Security (Instr. 3)	2. Trans- action Date (Month/ Day/ Year)	3. Trans- action Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned at End of Issuer's Fiscal Year (Instr. 3 and 4)	6. Owner- ship Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of In- direct Bene- fi- cial Owner- ship (Instr. 4)
			Amount	(A) or (D)	Price			

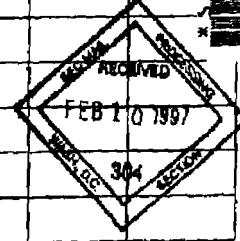
Common Stock

7,192.016 by ESOP

Common Stock

8,830.000

FEB 18 1997

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly
* If the form filed by more than one reporting person, see Instruction 4(b)(v).(Over)
SEC 2270 (7-96)

X X X

FORM 5 (continued)

Table I Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercisability Price of Derivative Security	3. Transac- tion Date (Month/ Day/ Year)	4. Transac- tion Code (Instr. 8)	5. Number of Deriv- ative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exer- cisable and Ex- piration Date (Month/Day/ Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Price of Deriv- ative Securi- ties (Instr. 3)	9. Number of Deriv- ative Securi- ties Benefi- cially Owned at End of Year (Instr. 4)	10. Owner- ship of Deriv- ative Securi- ties: Direct (D) or In- direct (I) (Instr. 4)	11. Na- ture of Indirect Ben- eficial Own- ership (Instr. 4)
						Date Exer- cisable	Expira- tion Date				
Employee Non-Qualified Stock Option (right to buy)	\$59.1250	12/31/96	A	90,000.000	(L1) 12/31/01	Common Stock	10,000.000		30,000.000	D	

Explanation of Responses:

(L1) 25% of shares become exercisable on December 31, 1996, 1997, 1998 and 1999, respectively.

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations.

See 18 U.S.C. 10G and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed.

If space provided is insufficient, See Instruction 6 for procedure.

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays the currently valid OMB Number.

Sweeney, Sweeney G.
**Signature of Reporting Person1-20-93
DatePage 2
SEC 2270 (7-95)

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Check this box if no longer subject to Section 16, Form 4 or Form 5 obligations may continue. See Instruction 1(b).
Print or Type Responses)

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(f) of the Investment Company Act of 1940

1. Name and Address of Reporting Person*

DERRICK, JR. JAMES V.
 (Last) (First) (Middle)
 1400 SMITH STREET
 (Street)
 HOUSTON, TEXAS 77002-7369
 (City) (State) (Zip)

OMB APPROVAL

OMB Number: 3235-0287
 Expires: September 30, 1998
 Estimated average burden hours per response 0.5

2. Issuer Name and Ticker or Trading Symbol ENRON CORP. (ENE)			6. Relationship of Reporting Person(s) to Issuer (Check all applicable)						
			<input type="checkbox"/> Director	<input type="checkbox"/> 10% Owner					
			<input checked="" type="checkbox"/> Officer	<input type="checkbox"/> Other					
			SENIOR VICE PRESIDENT AND GENERAL COUNSEL		(Give title below) (specify below)				
3. IRS or Social Security Number of Reporting Person (Voluntary)			4. Statement for Month/Year						
452 - 80 - 9246			January 1998						
			5. If Amendment, Date of Original (Month/Year)						
			7. Individual or Joint/Group Filing (Check Applicable) <input checked="" type="checkbox"/> Form filed by One Reporting Person <input type="checkbox"/> Form filed by More than One Reporting Person						
Table I – Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned									
1. Title of Security (Instr. 3)		2. Trans- action Code (Instr. 8)		3. Trans- action Date (Month/ Day/ Year)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned at End of Month (Instr. 3 and 4)	6. Owner- ship Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of In- direct Bene- ficial Owner- ship (Instr. 4)
Common Stock		Code	V	Amount	(A) or (D)	Price			
Common Stock		11/18/97	J (1)	V 459.000	A	\$0.0000 (1)	7,192.035	I	by ESOP
Common Stock		01/19/98	A	V \$,449.000	A	\$0.0000	16,724.000	D	
Common Stock							6,180	I	

RECEIVED
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FEB 13 1998

30465408

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.
 * If the form filed by more than one reporting person, see Instruction 4(b)(v).

(Over)
 SEC 1474 (7-96)

FORM 4 (continued)**Table II – Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)**

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Price of Derivative Security	9. Number of Derivative Securities Beneficially Owned at End of Month (Instr. 5)	10. Ownership Form of Derivative Security: Directly; Beneficially Owned (D) or Indirectly (I) (Instr. 4)
					Date Exercisable	Expiration Date	Title	Amount or Number of Shares	
			Code V	(A)	(D)			(Instr. 4)	
Employee Non-Qualified stock option (right to buy)	\$44.5000	01/21/97	A	V 12,560.000	01/21/97	01/21/02	Common Stock	12,560.000	12,560.000 D
Employee Non-Qualified stock option (right to buy)	\$19.7500	05/05/97	A	V 125.000.000	(A)	05/05/07	Common Stock	125,000.000	125,000.000 D
Employee Non-Qualified stock option (right to buy)	\$41.5625	12/31/97	A	V 30,000.000	(A)	12/31/04	Common Stock	30,000.000	30,000.000 D

Explanation of Responses:

- (1) Acquired in an exempt transaction pursuant to Rule 16b-3(d)(1) in exchange for 500 Enron Global Power & Pipelines L.L.C. shares pursuant to a merger agreement.
- (2) The option becomes exercisable in 10 percent increments on grant date and on each of the next four anniversary dates.
- Enron Corp. stock fund is fully invested in shares of Enron Corp. Common Stock (acted as trustee for the 401(k) plan uses unit accounting system which assumes that the Enron Corp. stock fund is fully invested in shares of Enron Corp. Common Preferred Convertible Stock of which each share is presently convertible into 13.652 shares of Enron Corp. Common Stock). Reporting Person is entitled to a distribution of the entire amount in shares of Enron Corp. Common Stock.

* Intentional misstatements or omissions of facts constitute Federal Criminal Violations.
See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed.

If space provided is insufficient, See Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays the currently valid OMB Number.


James D. Denney
Date 2-12-98

Signature of Reporting Person

Page 2
SEC 1474 (7-96)

FORM 5

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Check box if no longer subject to
Series 16 Form 4 or Form 5 delin-
guishes may continue.
See Instruction 1(b).

Form 3 Holdings Reported
 Form 4 Transactions Reported

ANNUAL STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(f) of the Investment Company Act of 1940
See Instructions 1(b).

OMB APPROVAL
OMB Number: 3235-0362
Expires: September 30, 1998
Estimated average burden
hours per response 1.0

30750408

1. Name and Address of Reporting Person*		2. Issuer Name and Ticker or Trading Symbol		6. Relationship of Reporting Person(s) to Issuer (Check all applicable)	
DERRICK, JR.	JAMES V.	ENRON CORP. (ENE)		Director	10% Owner
(Last)	(First)	(Middle)		Officer	Other
1400 SMITH STREET		3. IRS or Social Security Number of Reporting Person (Voluntary)	4. Statement for Month/Year	(Give title below) SENIOR VICE PRESIDENT AND GENERAL COUNSEL	
		452-80-9246	December 31, 1998		
			5. If Amendment, Date of Original (Month/Year)	7. Individual or Joint/Group Filing (Check Applicable) <input checked="" type="checkbox"/> Form filed by One Reporting Person <input type="checkbox"/> Form filed by More than One Reporting Person	
HOUSTON, TEXAS 77002-7369		(Street)			
(City)		(State)	(Zip)		
Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned					
1. Title of Security (Instr. 3)		2. Trans- action Date (Month/ Day/ Year)	3. Trans- action Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned at End of Issuer's Fiscal Year (Instr. 3 and 4)
		Amount	(A) or (D)	Price	6. Owner- ship Form: Direct (D) or Indirect (I) (Instr. 4)
Common Stock		12/31/98	A	\$0.0000	7,221.13
Common Stock				27,243.00	I BY NSOP
Common Stock				5.82	BY 401(k) PLA
<i>RECEIVED 12/31/98 SECURITIES EXCHANGING 12/31/98 12/31/98</i>					

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.
* If the form filed by more than one reporting person, see Instruction 4(i)(v).

FORM 5 (continued)
**Table II -- Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)**

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transac- tion Date (Month/ Day/ Year)	4. Transac- tion Code (Instr. 8)	5. Number of Deriv- ative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exer- cisable and Ex- piration Date (Month/Day/ Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Price of Deriv- ative Securi- ty (Instr. 5)	9. Number of Deriv- ative Securi- ties Benefi- cially Owned at End of Year (Instr. 4)	10. Owner- ship of Deriv- ative Securi- ties Benefi- cial Own- ership (Instr. 4)	11. Na- ture of In- direct Benefi- cial Own- ership (Instr. 4)
Employee Non-Qualified Stock Option (right to buy)	\$57.0625 12/31/98 A			45,630.00	(1)	12/31/05 Common Stock	45,630.00	45,630.00	b	

Explanation of Responses:

- (1) The option becomes exercisable in 25 percent increments on grant date and on each of the next three anniversary dates.
- 401(k) plan uses unit accounting system which assumes that the Baron Corp. stock fund is fully invested in shares of Baron Corp. Common Stock (notwithstanding that the fund may hold some uninvested cash or shares of Baron Corp. Cumulative Second Preferred Convertible Stock of which each share is presently convertible into 13.652 shares of Common Stock). Reporting person is entitled to a distribution of the entire amount in shares of Baron Corp. Common Stock.

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations.
See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed.
If space provided is insufficient, See Instruction 6 for procedure.

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays the currently valid OMB Number.

Baron Corp.

**Signature of Reporting Person

Date

FORM 4UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

(Print or Type Response)

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utilities Holding Company Act of 1935 or Section 30(f) of the Investment Company Act of 1940.

1. Name and Address of Reporting Person*

DERRICK, JR. JAMES V.
(Last) (First)
1400 SMITH STREET (Middle)
HOUSTON, TEXAS 77002-7369
(Street)
(City) (State)
 (Zip)

2. Issuer Name and Ticker or Trading Symbol
ENRON CORP. (ENE)

3. IRS or Social Security Number of Reporting Person (Voluntary)	4. Statement for Month/Year	5. If Amendment, Date of Original (Month/Year)	6. Relationship of Reporting Person(s) to Issuer (Check all applicable)
452-80-9246	February 1999		Director 10% Owner Officer Other (Give title below) SENIOR VICE PRESIDENT AND GENERAL COUNSEL
			7. Individual or Joint/Group Filing (Check Applicable) <input checked="" type="checkbox"/> Form filed by One Reporting Person <input type="checkbox"/> Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Trans-action Date (Month/ Day/ Year)	3. Trans-action Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Beneficially Owned at End of Month (Instr. 3 and 4)	6. Owner- ship Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of In- direct Ben- efi- cial Own- ership (Instr. 4)
Common Stock	01/05/99	X	9,235.00 A	\$33,5000		7,221.13 I by ESOP
Common Stock	02/05/99	S	9,235.00 D	\$62,0000		27,243.00 D by 401(K) Plan
Common Stock					5.70	I a
						30676467

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.
* If the form filed by more than one reporting person, see Instruction 4(b)(v).

(Over)
SEC 1474 (7-96)

FORM 4 (continued)

**Table II – Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)**

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/ Day/ Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/ Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Beneficially Owned at End of Month (Instr. 4)	10. Ownership Form of Derivative Security: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code V	(A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares		
Employee Non-Qualified Stock Option (right to buy)	\$33.5000	02/05/99	X		9,235.00	08/07/94 02/07/99	Common Stock	9,235.00	0	D

Explanation of Responses:

- 401(k) plan uses unit accounting system which assumes that the Enron Corp. stock fund is fully invested in shares of Enron Corp. Common Stock (notwithstanding that the Fund may hold some uninvested cash or shares of Enron Corp. Cumulative Second Preferred Convertible Stock of which each share is presently convertible into 13.652 shares of Common Stock). Reporting person is entitled to a distribution of the entire amount in shares of Enron Corp. Common Stock.

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations.
See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed.
If space provided is insufficient, See Instruction 6 for procedure.

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays the currently valid OMB Number.

Somers, Sean D.
**Signature of Reporting Person

3.2.99
Date

FORM 4UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Check this box if no longer
subject to Section 16. Form 4
or Form 5 obligations may
continue. See Instruction 1(b).
(Print or Type Responses)

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(f) of the Investment Company Act of 1940

1. Name and Address of Reporting Person*		2. Issuer Name and Ticker or Trading Symbol ENRON CORP. (ENE)		6. Relationship of Reporting Person(s) to Issuer (Check all applicable) <input checked="" type="checkbox"/> Director _____ 10% Owner <input checked="" type="checkbox"/> Officer _____ Other _____ (give title below) _____ EXECUTIVE VICE PRESIDENT AND GENERAL COUNSEL	
(Last)	JAMES V.	(Middle)	3. IRS or Social Security Number of Reporting Person (Voluntary) 452-80-9246	4. Statement for Month/Year January 2000	
1400 SMITH STREET (Street)		5. If Amendment, Date of Original (Month/Year) _____ January 1998		7. Individual or Joint/Group Filing (Check Applicable) <input checked="" type="checkbox"/> Form filed by One Reporting Person <input type="checkbox"/> Form filed by More than One Reporting Person	
HOUSTON, TEXAS 77002-7369 (State)		(Zip)			
Table I – Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned					
1. Title of Security (Instr. 3)	2. Transaction Date (Month/ Day/ Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned at End of Month (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)
	Code	V	Amount (A) or (D)	Price	
Common Stock	01/10/00	A	V 17,438.00	A \$0.00	I 14,516.43
Common Stock	01/24/00	S	10,710.00	D \$65.25	I by ESOP
Common Stock	01/24/00	N	10,710.00	A \$14.75	D
Common Stock	01/25/00	S	10,710.00	D \$64.00	D
Common Stock	01/25/00	N	10,710.00	A \$14.75	D
Common Stock	01/31/00	R	V 2,028.00	D \$67.87	I by 401(k) Plan
Common Stock				56,998.00	D
				10.80	I

31018446

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SECURITY
EXCHANGE
COMMISSION
358

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.
* If the form filed by more than one reporting person, see Instruction 4(b)(v).

(Over)
SEC 1474 (7-96)

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).
(Print or Type Responses)

1. Name and Address of Reporting Person*

DERRICK, JR. JAMES V.
(Last) (First) (Middle)
1400 SMITH STREET
(Street)
HOUSTON, TEXAS 77002-7369
(City) (State) (Zip)

OMB APPROVAL	
OMB Number:	3235-0287
Expires: September 30, 1998	
Estimated average burden hours per response 0.5	

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(f) of the Investment Company Act of 1940

1. Name and Address of Reporting Person	2. Issuer Name and Ticker or Trading Symbol ENRON CORP. (ENE)	3. IRS or Social Security Number of Reporting Person (Voluntary) 452-80-9246	4. Statement for Month/Year December 2000	5. If Amendment, Date of Original (Month/Year)	6. Relationship of Reporting Person(s) to Issuer (Check all applicable)
					<input checked="" type="checkbox"/> Director
					<input type="checkbox"/> Officer (give title below) EXECUTIVE VICE PRESIDENT AND GENERAL COUNSEL
					<input type="checkbox"/> Other (specify below)

Table I -- Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/ Year)	3. Trans- action Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)		5. Amount of Securities Beneficially Owned at End of Month (Instr. 3 and 4)	6. Owner- ship Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of In- direct Ben- efi- cial Own- er- ship (Instr. 4)
		Code	V	Amount	(A) or (D)			
Common Stock	12/28/00 X					\$18.38		
Common Stock	12/28/00 X						14,606.19	I by ESOP
Common Stock	12/28/00 S							
Common Stock								
Common Stock								
Common Stock								
Common Stock								
Common Stock								
Common Stock								
Common Stock								

31293555

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.
* If the form filed by more than one reporting person, see Instruction 4(b)(v).

DATE : 01/02/01 TIME : 10:55:09
SEC 1474 (7-96) (Over)

FORM 4UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
 Check this box if no longer subject to Section 16, Form 4 or Form 5 obligations may continue. See Instruction 1(b).
 (Print or Type Responses)

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP
 Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(f) of the Investment Company Act of 1940

1. Name and Address of Reporting Person*

DERRICK, JR.	JAMES V.	2. Issuer Name and Ticker or Trading Symbol ENRON CORP. (ENE)			6. Relationship of Reporting Person(s) to Issuer (Check all applicable) ____ Director <input checked="" type="checkbox"/> 10% Owner ____ Officer <input type="checkbox"/> Other (give title below) _____ EXECUTIVE VICE PRESIDENT AND GENERAL COUNSEL		
(Last)	(First)	3. IRS or Social Security Number of Reporting Person (Voluntary) 452-80-9246	4. Statement for Month/Year January 2001	5. If Amendment, Date of Original (Month/Year) FFB 12 2001	7. Individual or Joint/Group Filing (Check Applicable) ____ Form filed by One Reporting Person ____ Form filed by More than One Reporting Person		
1400 SMITH STREET	HOUSTON, TEXAS 77002-7369	(Street)	(City)	(State)			

Table I -- Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Trans- action Code (Instr. 8)	3. Trans- action Date (Month/ Day/ Year)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned at End of Month (Instr. 3 and 4)	6. Owner- ship Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of In- direct Benefi- cial Owner- ship (Instr. 4)
Code	V	Amount	(A) or (D)	Price		
Common Stock						
01/22/01	A	v 11,657.00	A \$0.00			
01/31/01	P	v 87.00	D \$80.00	81,873.08	D	
Common Stock						by 401(k) Plan
						n
Common Stock						
Common Stock						

 Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.
 * If the form filed by more than one reporting person, see Instruction 4(b)(v).
(Over)
SEC 1474 (7-96)

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FORM 4UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Check this box if no longer subject to Section 16, Form 4 or Form 5 obligations may continue. See Instruction 1(b).
(Print or Type Responses)

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(f) of the Investment Company Act of 1940

OMB APPROVAL
OMB Number: 3235-0287
Expires: September 30, 1998
Estimated average burden hours per response 0.5RECEIVED
PROCESSING

1. Name and Address of Reporting Person*		2. Issuer Name and Ticker or Trading Symbol		6. Relationship of Reporting Person(s) to Issuer	
DERRICK, JR.	JAMES V.	ENRON CORP. (ENE)		10% Owner	
(Last)	(First)	(Middle)		Officer	
1400 SMITH STREET		3. IRS or Social Security Number of Reporting Person (Voluntary)	4. Statement for Month/Year	Other (specify below)	
(Street)		452-80-9246	JUNE 2001	EXECUTIVE VICE PRESIDENT AND GENERAL COUNSEL	
HOUSTON, TEXAS 77002-7369	(City)	5. If Amendment, Date of Original (Month/Year)		7. Individual or Group Filing (Check Applicable)	
	(State)			X Form filed by One Reporting Person	
	(Zip)			— Form filed by More than One Reporting Person	

Table I -- Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Trans- action Date (Month/ Day/ Year)	3. Trans- action Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned at End of Month (Instr. 3 and 4)	6. Owner- ship Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of In- direct Bene- fit- cial Owner- ship (Instr. 4)
Common Stock						14,727.52
Common Stock	06/06/01	K	10,000.00 A	\$7.56	I	by ESOP
Common Stock	06/06/01	S	10,000.00 D	\$53.20	D	
Common Stock	06/07/01	M	60,000.00 A	\$7.56	D	
Common Stock	06/07/01	S	60,000.00 D	\$50.92	D	
Common Stock	06/11/01	M	18,000.00 A	\$7.56	D	
Common Stock	06/11/01	S	18,000.00 D	\$50.88	D	
Common Stock	06/12/01	M	18,000.00 A	\$7.56	D	
Common Stock	06/12/01	S	18,000.00 D	\$50.56	D	
Common Stock	06/13/01	M	18,000.00 A	\$7.56	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly
* If the form filed by more than one reporting person, see Instruction 4(b)(v).(Over)
SEC 1474 (7-96)

FORM 4 (continued)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/ Day/ Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/ Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Price of Derivative Security	9. Number of Derivative Securities	10. Ownership Form of Derivative Security
Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares	Beneficially Owned at End of Month	11. Nature of Indirect Beneficial Ownership (Instr. 4)
Employee Non-Qualified Stock Option (right to buy)	\$7.56	06/06/01	N		10,000.00	06/17/91 06/17/01 Common Stock	10,000.00		D
Employee Non-Qualified Stock Option (right to buy)	\$7.56	06/07/01	M		60,000.00	06/17/93 06/17/01 Common Stock	60,000.00		D
Employee Non-Qualified Stock Option (right to buy)	\$7.56	06/11/01	M		18,000.00	06/17/93 06/17/01 Common Stock	18,000.00		D
Employee Non-Qualified Stock Option (right to buy)	\$7.56	06/12/01	N		18,000.00	06/17/94 06/17/01 Common Stock	18,000.00		D
Employee Non-Qualified Stock Option (right to buy)	\$7.56	06/13/01	X		18,000.00	06/17/94 06/17/01 Common Stock	18,000.00		D
Employee Non-Qualified Stock Option (right to buy)	\$7.56	06/14/01	M		18,000.00	06/17/95 06/17/01 Common Stock	18,000.00		D
Employee Non-Qualified Stock Option (right to buy)	\$7.56	06/15/01	N		18,000.00	06/17/95 06/17/01 Common Stock	18,000.00	0.00	D

Explanation of Responses:

* 401(k) plan uses unit accounting system which assumes that the Enron Corp. stock fund is fully invested in shares of Enron Corp. Common Stock (notwithstanding that the fund may hold some uninvested cash or shares of Enron Corp. Cumulative Second Preferred Convertible Stock of which each share is presently convertible into 27.304 shares of Common Stock). Reporting person is entitled to a distribution of the entire amount in shares of Enron Corp. Common Stock.

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations.
See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed.
If space provided is insufficient, See Instruction 6 for procedure.

Potential persons who are to respond to the collection of information contained in this form are not required to respond if they do not fall within the definition of "Reporting Person".

Date

Signature: Q. SOLO

**Signature of Reporting Person

Page 2
SF-C 1474 (7/96)

FORM 4

continued
UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).
(Print or Type Responses)

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(f) of the Investment Company Act of 1940.

1. Name and Address of Reporting Person*

DERRICK, JR. JAMES V.

(Last) (First) (Middle)

1400 SMITH STREET

(Street)

HOUSTON, TEXAS 77002-7369

(City)

(State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
ENRON CORP. (ENE)

3. IRS or Social Security Number of Reporting Person (Voluntary)

4. Statement for Month/Year
JUNE 2001

5. If Amendment, Date of Original [Month/Year]

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U.S. SECURITIES AND EXCHANGE COMMISSION
MAIL ROOM 10-2001
JUL 1 2001

6. Relationship of Reporting Person(s) to Issuer
(Check all applicable)
Officer Director 10% Owner
Other (specify below) _____

Table I -- Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/ Day/ Year)	3. Trans- action Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount (V)	6. Amount (A) or (D)	7. Price	5. Amount of Securities Beneficially Owned at End of Month (Instr. 3 and 4)	6. Owner- ship Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of In- direct Be- ne- fi- cial Own- ership (Instr. 4)
Common Stock	06/13/01 S		18,000.00 D			\$50.59			D
Common Stock	06/14/01 M		18,000.00 A			\$7.56			D
Common Stock	06/14/01 S		18,000.00 D			\$49.00			D
Common Stock	06/15/01 M		18,000.00 A			\$7.56			D
Common Stock	06/15/01 S		18,000.00 D			\$47.08	81,873.08	D	
Common Stock							10,34	I	by 401(k) plan

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly
* If the form filed by more than one reporting person, see Instruction 4(b)(v).

(Over)
SEC 1474 (7-96)

Paragraph	Text (emphasis added)
17	"Defendants' scheme was accomplished by Enron, Enron's insiders, Enron's accounting firm Andersen, <i>Enron's general counsel</i> , Vinson & Elkins and Kirkland & Ellis, law firms picked by Enron to help structure and manipulate financial transactions and provide purportedly independent representation to the SPEs and several banks, including JP Morgan Chase & Co. ("JP Morgan"), Citigroup, Inc. ("Citigroup"), Credit Suisse First Boston ("CS First Boston"), Merrill Lynch & Co. ("Merrill Lynch"), Canadian Imperial Bank of Commerce ("CIBC"), Deutsch Bank A.G. ("Deutsch Bank"), Bank of America Corp. ("Bank America"), Barclays PLC ("Barclays"), and Lehman Brothers Holdings, Inc. ("Lehman Brothers") who collectively pocketed hundreds of millions of dollars a year from Enron--which by 97-98 had become the golden goose of Wall Street--while Enron's insiders pocketed over 2 billion dollars from sales of their Enron stock and bonuses due to Enron's reported record earnings and its strong stock performance."
70	"The scheme to defraud Enron investors was extraordinary in its scope, duration and size. . .[I]t was designed and/or perpetrated only via the active and knowing involvement of <i>Enron's general counsel</i> , Vinson & Elkins, the law firm for the LJM2 entity and its SPEs, Kirkland & Ellis, Enron's accounting firm, Andersen, and Enron's banks, including JPMorgan, Citigroup, CS First Boston, Merrill Lynch, Deutsch Bank, Barclays, Lehman Brothers, and Bank America. Each of these actors directly violated the securities laws and played an important role in the fraudulent scheme and wrongful course of business complained of."
83(e)	"Defendant <i>James V. Derrick, Jr.</i> was Executive Vice President and General Counsel of Enron since 7/99, and prior to that was Senior Vice President and General Counsel. During the Class Period, while in possession of adverse undisclosed information about the company, Derrick sold 230,660 shares of Enron stock for \$12,563,928 in illegal insider trading proceeds. <i>Derrick</i> also received bonus payments of over \$1.2 million, in addition to his salary, for 97, 98, 99 and 00 based on Enron's false financial reports and because Enron stock hit certain performance targets." A Graph of Derrick's alleged quarterly shares sold and their values from June 1996 to November 2001 is provided.
83(hh)	"Defendants Lay, Pai, <i>Derrick</i> and Causey served as officers and/or directors of New Power, a company related to Enron and was involved in the alleged wrongdoing. These defendants, in committing the wrongs alleged herein, were acting not only in their capacity as officers and/or directors of Enron, but also in their capacities as officers or directors of New Power."
84	Derrick's name is mentioned in a chart: Summary of Class Insider Sales (all share amounts are adjusted for the company's 8/13/99 2-for-1 stock split.) A graph depicts Derrick having sold 230,660 shares for \$12,563,928.
88	Derrick is identified as a member of Enron's Management Committee from 1997-2000.

Paragraph	Text (emphasis added)
393	"The scheme to defraud Enron investors complained of was extraordinary in scope, duration and size...designed and/or perpetrated only via the active and knowing participation of <i>Enron's general counsel</i> , Vinson & Elkins, the law firm for the LJM2 entity and its SPEs, Kirkland & Ellis, Enron's accounting firm Andersen, and Enron's banks, including JPMorgan, Citigroup, CS First Boston, Merrill Lynch, Deutsch Bank, Barclays, Lehman Brothers and Bank America. Each of these actors directly violated the securities laws and played an important role in the fraudulent scheme, conspiracy and wrongful course of business complained of herein."
401	"The scienter of the Enron defendants for fraud is further evidenced by the large amount of insider selling." The Consolidated Complaint states that <i>Derrick</i> sold 230,660 shares of stock for \$12,563,928 in a graph entitled Enron Corp. Summary of Class, Insider Sales (all share amounts are adjusted for the company's 8/13/99 2 for 1 stock split).
402	<i>Derrick's</i> name appears in a chart used to demonstrate certain stock sales with large percentages of Enron's insider holdings of Enron stock plus vested options. Specifically, the chart states that <i>Derrick</i> allegedly sold 73.8% totaling 230,660 shares sold prior to the report date of his available holdings of 312,533 for \$12,563,928.
415	A chart summarizing Plaintiffs' expert's statistical analysis alleges that it was "more probable than not" that <i>Derrick</i> traded on inside information as opposed to a 90%, 95% or 99% probability for other defendants.
800	"Ties between the firm and Enron were close, and the link was cemented as about 20 Vinson & Elkins lawyers, including recently retired general counsel <i>James V. Derrick</i> , left the firm over the years and accepted jobs in Enron's legal department." <i>The Recorder</i> , 3/14/02.
800	"Enron did tap Houston-based V&E to handle the investigation. The result was a nine-page letter to Enron's general counsel (a former V&E partner) <i>James Derrick, Jr.</i> on October 15, from partner Max Hendrick that, in effect, brushed Watkins' concerns aside." <i>Daily Deal</i> , 2/11/02.
848	"The decision to disclose nothing more than what was stated above in both the 00 and 01 proxies was a consensus between Vinson & Elkins, Fastow, Jordan Mintz, <i>Derrick</i> and others at Enron, and was discussed in a memo written by Mintz."
993	Derrick is listed as a defendant under Plaintiffs' First Claim for Relief for Violation of Sections 10(b) and 20(a) of the 1934 Act and Rule 10b-5.
999	Derrick is identified in Exhibit A of the Appendix as an Enron Defendant that sold stock for the purposes of Plaintiffs Second Claim for Relief for Violations of section 20A of the 1934 Act.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

MARK NEWBY, et al, Individually §
and On Behalf of All Others Similarly §
Situated §
§ Civil Action No. H-01-3624
v. § (Consolidated)
§
ENRON CORP., et al. § CLASS ACTION
§

**ORDER ON DEFENDANT JAMES V. DERRICK'S MOTION TO
DISMISS CONSOLIDATED COMPLAINT**

On this day, the Court considered the Defendant James V. Derrick's Motion to Dismiss Consolidated Complaint. Having considered the Motion, the Court is of the opinion that the Motion should be GRANTED.

It is therefore, ORDERED that Defendant James V. Derrick's Motion to Dismiss Consolidated Complaint is GRANTED. James V. Derrick is hereby dismissed from this case with Prejudice.

Signed this _____ day of _____, 2002.

Judge Melinda Harmon