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**HEADLINE:** Former Enron workers glad to see Labor suit

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**BODY:**

Former employees and lawyers already suing Enron and its former officers for the devastating losses in company retirement plans welcomed the filing of a lawsuit Thursday by the U.S. Department of Labor.

Although it has been more than 18 months since Enron's stock became worthless, former workers said the legal action was better late than never.

And lawyers for the former employees in a class-action suit said having a government agency endorse many of the same legal theories will only bolster their case.

"We think that it's helpful the Labor Department is asserting many of the same claims we are," said lawyer Robin Harrison, who is trying to get the suit certified as a class action.

The Labor action mirrors the lawsuit in charging that former Enron Chairman Ken Lay and former CEO Jeff Skilling misled employees about the value of Enron's stock and did not properly monitor the committee appointed to manage Enron's retirement plans.

The lawsuit also targets the administrative committee for imprudently investing two-thirds of plan assets in Enron stock and not heeding warning signs as the value plummeted. Finally, the lawsuit says Enron's board of directors failed to appoint a trustee independent of Enron to manage the retirement plans.

"We're delighted that the department has endorsed our suit with their own and look forward to their assistance in helping to recover as much as we can for the Enron workers," said Eli Gottesdiener, another plaintiffs' lawyer.

The Labor Department has been investigating Enron's retirement plans since Nov. 16, 2001, about two weeks before the energy company filed for bankruptcy.

At issue are Enron's 401(k) plan, which had more than 20,000 members, and an employee stock ownership plan with more than 7,600. The plans held $ 2.1 billion worth of Enron stock in early 2001. The stock's value was $ 10 million a year later. Worth more than $ 90 a share at its peak in August 2000, the stock now sells for about 5 cents.

The lawsuit seeks to recover cash from the officers and directors for allowing the retirement plans to continue investing in Enron stock although they knew it was overvalued.

"Mr. Lay went so far as to tout Enron stock as a good investment for employees even after he had information on the accounting scandals," said Labor Secretary Elaine Chao at a news conference Thursday.

Lay's lawyers say the government is trying to suggest that he was responsible for decisions by the plan committee even though that responsibility lay expressly with the committee.

"The Department of Labor, for the first time in its history, is requiring a company to apply a new standard for evaluation of its own stock when held in a retirement plan," said Michael Birrer, a Dallas-based lawyer for Lay.

And a lawyer for the former directors, W. Neil Eggleston, disputes the charge that the board failed to appoint a trustee, noting that Enron had entered into an agreement with Northern Trust Co. to act as trustee for the plan.

The government lawsuit was filed in U.S. district court in Houston, where class-action lawsuits by the former employees and shareholders are already pending before Judge Melinda Harmon.

Lawyers in those cases expect the Labor Department lawsuit to also fall to Harmon, and to be attached to the current schedule of litigation, which is moving glacially. If the former employees' class-action suit, which has also targeted the large investment banks that worked closely with Enron, goes to trial, it would not begin until late 2004 at the earliest.

The biggest pot of money available is probably $ 85 million in liability insurance Enron had purchased for those responsible for Enron's retirement plans.

Elisa Hollis, a former software manager for Enron who has found a new job with a startup company, said any money would be nice, both from a financial and justice standpoint.

"I tend to be an optimist in general," she said. "I do hope someday to recover something. I don't realistically think it will be anything soon or all that much. But anything would be welcome."

Others said the action by the Labor Department, while appreciated, was overdue.

"Everything's been slow," said Rod Jordan, chairman of the Severed Enron Employees Coalition. "Is there a political reason behind it coming now? There may be. But all in all it's a good thing."

The Labor Department was poised to sue Enron in March 2002 but held off when the company agreed to hire an independent manager, State Street, for its retirement funds. But at a bankruptcy hearing the next month, Enron's creditors objected to paying the firm's fees, saying it was not a legitimate business expense.

After a year of argument and failed negotiations, a judge ruled in March that Enron could not be held responsible for State Street's $ 4 million annual fee.

In a statement, the AFL-CIO, which has supported former Enron workers, said the lawsuit should have been filed much earlier.

"The delay points out the inadequacies of a system that fails to seek immediate remedies for working families who are the victims of corporate abuse," AFL-CIO President John Sweeney said.

The Labor Department maintains evidence for a lawsuit has only now become "compelling." The agency said it is the result of a review of more than 2.5 million pages of documents and interviews with 110 witnesses.

**GRAPHIC:** Mug: Elaine Chao (color)