

May 14, 2007

The Honorable Christopher Dodd
Chairman, Committee on Banking,
Housing and Urban Affairs
U.S. Senate
Washington, D.C. 20510

The Honorable Richard Shelby
Ranking Member, Committee on Banking,
Housing and Urban Affairs
U.S. Senate
Washington, D.C. 20510

Dear Chairman Dodd and Ranking Member Shelby:

As victims of the Enron fraud, we respectfully ask for your support at a critical moment in our pursuit of justice. We would like you to join us in urging the Securities and Exchange Commission (SEC) to weigh in with the Supreme Court on our behalf

As you may know, internal documents and testimony revealed that several large Wall Street banks engineered sham transactions for Enron to fake profits and hide billions in debt, while simultaneously selling Enron securities to the public via false prospectuses and issuing misleading analyst reports recommending Enron stock. As a result of this fraud – the worst in American history – tens of thousands of us were robbed of our careers, our savings, our retirement, our homes, and our peace of mind. We subsequently filed a class-action suit against the banks who orchestrated the fraud. Earlier this year, weeks away from trial, the 5th Circuit Court of Appeals issued a 2-1 decision that immunized the banks from liability. We have petitioned the U.S. Supreme Court to take our case and we are awaiting their response.

Whether or not the Court takes our case, however, the Supreme Court will decide our fate next term. The Court will hear another case, *Stoneridge Investment Partners, LLC v. Scientific-Atlanta, Inc.*, No. 06-43, that poses the same question we face – whether secondary actors that knowingly participate in defrauding investors can be held liable for their actions. The decision on what is known as “scheme liability” will determine whether or not we are allowed our day in court.

A group of us traveled to Washington, DC last week to make our case to the public and to the SEC. We had an opportunity to meet with SEC Chairman Christopher Cox. We told the Chairman how our lives were devastated by the Wall Street banks that orchestrated the Enron fraud. We encouraged Chairman Cox to once again embrace the Agency's mission of protecting investors by weighing in on behalf of Main Street instead of Wall Street. We asked Commissioner Cox to support all investors, taxpayers and victims of corporate fraud by immediately reaffirming the SEC's longstanding support for the existence of scheme liability. Unfortunately, Chairman Cox did not give us the assurance we were seeking that the SEC will, once again, stand with defrauded investors against the perpetrators.

We believe that the evidence in our case clearly proves that the investment banks were active, knowing and critical participants in the Enron fraud, not innocent bystanders. But we are not asking you, or the SEC, to take our side. We are only asking for the opportunity to have our day in court. Financial institutions that intentionally engage in deceptive conduct with the purpose of misleading investors should not be immune from accountability to their victims just because they didn't make public statements to the market.

The SEC is currently reevaluating their long history of supporting scheme liability (including previously supporting it in our case). **We respectfully ask that you weigh in with the SEC, and ask the Commission to support all investors, taxpayers and victims of corporate fraud by immediately reaffirming the SEC's longstanding support for the existence of scheme liability.**

We plan to come back to DC on or before June 12th, the day after briefs are due to the Supreme Court. At that time, we will either be standing side-by-side with the SEC urging the Court to side with fraud victims,

or we will stand without the SEC, explaining to the public how the investor protection agency has let them down.

We have enclosed a copy of an editorial that appeared yesterday in the *New York Times*. We would be happy to provide any additional information you may need. If you would like to talk to us, please call our representative, Pamela Gilbert, at 202-789-3960.

Thank you for your consideration.

Sincerely,

Michael J. Bessire
Midland, Texas

Charles Prestwood
Conroe, Texas

Stephen and Alice Smith
Houston, Texas

Mervin "Buddy" and Louis Schwartz
Jonestown, Pennsylvania