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Dec. 17, 2002, 12:34PM

## Enron Broadband pays off \$1 million in back taxes

By LISA TEACHEY and TOM FOWLER

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An attorney for Enron Broadband Services, a division of Enron, handed over a \$1,077,572.87 check to county officials today to pay off local back taxes.

The company pleaded no contest before visiting Judge Shelly Hancock to a misdemeanor charge of tampering with a government record before giving the check to Harris County Tax Assessor-Collector Paul Bettencourt.

A Harris County grand jury indicted Enron Broadband Services on Monday for claiming that a North Shepherd warehouse contained furniture and fixtures worth about \$500, rather than more than \$20 million in computer and telecommunications equipment.

The check was made payable to the Harris County Appraisal District. Chief appraiser Jim Robinson immediately endorsed the check to Bettencourt.

"This was greatly facilitated by citizens, who came forward to him (Bettencourt) early on and reported these assets were there and had not been reported to the district," Robinson said.

Bettencourt said the new management at EBS was cooperative in the year-long investigation.

"This is a significant payment from a company in bankruptcy," Bettencourt said. "It goes to the simple point that fairness dictates that companies should render a rational value so that they pay their fair share of property taxes. . .

"I hope that other businesses understand that the tax code has to function fairly and that the authorities in Harris County will, if necessary, take action to make sure that the public is paid their fair due."

Enron attorney Ross Rommel said the company was "pleased to get this matter resolved."

A bankruptcy judge approved Enron's request to pay the taxes last week.

Under Texas law, owners of tangible property used to generate revenue -- computers, office equipment and work vehicles -- are required to annually provide lists of that property and its value to the tax appraisal district. Appraisers use the lists to determine how much property tax a business owes, said Jim Robinson, Harris County Appraisal District's chief appraiser.

But it's estimated that nearly 60 percent of the 160,000 or so businesses required to fully divulge their property on the lists do



Buster Dean/Chronicle

As Chief Appraiser Jim Robinson looks on, Harris County Tax Assessor/Collector Paul Bettencourt shows the \$1 million check he received from Enron Broadband Services today.

not. Many companies and the tax consultants they hire to file renderings interpret the language of the law to mean the reports are optional, said Assistant County District Attorney Lester Blizzard.

The investigation into Enron's renderings was aided by former Enron employees who were familiar with the contents of the warehouse and the company's broadband network. They helped investigators learn that the company didn't report about \$25 million in equipment in a January 2001 rendering and about \$5 million in assets in a 2000 report.

The warehouse and its contents were hardly a secret. It was the staging area for the equipment Enron used when rolling out its broadband network across the country. Enron would also use a visit to the warehouse as a way to woo job candidates by impressing upon them the scale of the company's plans for broadband.

Most of the equipment was never deployed, however, as the company's lofty plans for its broadband business failed to materialize. The broadband equipment, furniture and other assets in the warehouse were sold at an auction that was held at the warehouse.

The Justice Department's Enron Task Force is conducting a separate investigation into EBS. A federal grand jury in Houston has heard testimony concerning a number of topics, including the financial reporting of the division and the technical capabilities of EBS versus the claims company officials made to the investing public. More broadband-related testimony is expected before the grand jury shortly.

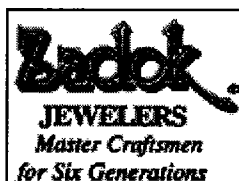
The Harris County District Attorney's Office is expected soon to file more than 60 lawsuits on behalf of the appraisal district against companies that did not file renderings during 2002, Robinson said, and it is considering seeking further criminal indictments.



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