

Opening Statement of James Reilly
Before the Senate Permanent Subcommittee on Investigations
July 23, 2002

Thank you Mr. Chairman and members of the Committee.

My name is Jim Reilly. I am a Managing Director at Salomon Smith Barney in the Global Power and Energy Group. I have spent more than twenty-five years as a banker covering the energy industry. I began my career at Bankers Trust, where I spent nearly fifteen years. I then spent nearly ten years at Citibank and, after a brief stint at Donaldson Lufkin & Jenrette, re-joined the Company. I have spent virtually my entire banking career in Houston.

My responsibilities at Bankers Trust, Citibank, DLJ, and Salomon Smith Barney have largely remained the same. At each firm, I served as the “relationship manager” for a number of companies in the energy sector. In fact, many of the clients I serviced remained my clients even as I switched firms. Enron is one such example. I was the “relationship manager” for Enron (and its predecessor companies) since the 1980s, first at Bankers Trust, then at Citibank, and finally at Salomon Smith Barney.

Relationship managers work closely with a particular group of clients in order to understand their needs and to help them access the full range of resources and expertise available at the firm. Thus, if a client came to me with a particular financing objective, I would put it in touch with the appropriate group at

Citibank or SSB that was best positioned to help accomplish its goal. While in most cases I have a general familiarity with the transactions that my firm arranges for my clients, I do not structure these transactions and typically am not close to the details.

Clients approach me in very different ways about addressing their financial needs. In some cases, a client will come to us with a particular need or problem, but without a concrete idea about how to structure a solution. In those circumstances, I will introduce the client to the appropriate group within Citi, which will then work with the client to devise a solution. In other cases, a client will come to us with a financial need and a very specific idea about how it wants to meet that need. In those cases, I will involve the appropriate groups within Citi to review and, if appropriate, to implement the client's preferred solution.

My dealings with Enron were of both types, but generally followed this latter course. Enron was unique among my clients in terms of both the size and the sophistication of its in-house finance group. Enron's finance department in many ways resembled a small investment bank. While comparable companies employed a handful of finance professionals, Enron reportedly employed approximately one hundred professionals – many of whom were experienced bankers and graduates of the nation's top business schools. Beyond its size, Enron's finance department also was structured like an investment bank, with a number of subgroups that focused on different types of financial structures and products.

Mr. Chairman and members of the Committee, I would like to end my opening remarks on a more personal note. I have lived and worked in Houston for most of my life. Every day, I see the tragedy that Enron's demise has wrought on my hometown, and it saddens me greatly: the thousands of honest workers without jobs, their retirement savings wiped out, our city's economy in a tailspin. I want to thank this Committee for the thorough and detailed investigation it is conducting, in the hopes that we will see our way through this difficult period and emerge to find a stronger economy fueled by honest and hardworking companies.

Thank you, and I look forward to answering your questions.