

EXHIBIT B-1

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 11/04/2002

GARY CLARK DOLAN, date of birth [REDACTED], social security number [REDACTED], home address [REDACTED], was interviewed at the Bond building in Washington, D.C. DOLAN was represented by RICHARD WEINBERG, FELICIA GROSS, and MARJORIE J. PIERCE. Also present during the interview was Assistant United States Attorney (AUSA) Andrew Weissmann and Securities and Exchange Commission (SEC) attorney Kevin Loftus. After being advised of the identity of the interviewing agent and the nature of the interview, DOLAN provided the following information:

DOLAN received a B.A. from University of Michigan in 1976 and a J.D. from Wayne State University in 1980. In September 1980, DOLAN worked at Merrill Lynch (ML) as an attorney in their Corporate Law department for eight years. DOLAN then transferred to ML's Municipal Markets department and worked there for two to three years. Then, DOLAN transferred to ML's Emerging Markets department where he worked for approximately three years. From April 1999 to present, DOLAN has worked at ML's Investment Banking (IB) department.

DOLAN's responsibilities in the IB department include providing legal advice to ML's private equity placement group, structured leasing finance group, and IB department. Specifically, DOLAN drafted private placement agreements, drafted engagement letters, drafted deal documents, and attended equity committee (ECC) meetings for the Private Equity Placement group. DOLAN attended Structured Leasing Committee meetings as well as drafted deal documents for the Structured Leasing group. Among other things, he drafted engagement letters for the IB department.

The first time DOLAN ever performed any work related to Enron was in the summer of 1999. The Enron work related to ML's Private Equity Placement group and an investment vehicle called LJM2. ML was hired as an underwriter by LJM2 to help place the fund. Regarding LJM2, DOLAN reviewed the engagement letter, drafted deal documents related to the formation of a feeder fund for ML employees which enabled them to invest in LJM2, reviewed the

Investigation on 10/24/2002 at Washington, D.C.

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private placement memorandum (PPM), and attended the ECC review meeting related to LJM2.

DOLAN organized a conference call (sometime between the summer of 1999 and the spring of 2000) between Enron and potential ML employees who were eligible to invest in LJM2. DAVID SULLIVAN, a ML banker, helped DOLAN organize the conference call. The call lasted less than one hour but more than five minutes. ML possibly recorded the conference call for potential ML investors who could not attend the call. If a tape was made, it would have been kept for only one week. FASTOW and someone else who DOLAN does not recall spoke on behalf of LJM2. The purpose of the conference call was to make a presentation to the potential ML investors about LJM2. DOLAN does not recall if there were any conversations about the possible conflict of interest related to FASTOW being the General Partner of LJM2 and Enron's CFO.

KATHY ZRIKE, DON SCHNEIDER (head of Human Resources for ML Investment Banking), and a couple of senior business people at ML decided who at ML could invest in LJM2. DOLAN's role was to prepare and review drafts of documents and E-mails related to ML's solicitation/indication of interest for the LJM2 investment. After the LJM2 investment closed, DOLAN received update letters from LJM2's General Partner and DOLAN forwarded these letters to the ML investors in LJM2. DOLAN worked on LJM2 issues at ML until approximately August 2002. EILEEN PORTER subsequently took over these functions from DOLAN.

In November 2001, various ML investors in LJM2 expressed concerns they had about LJM2 to DOLAN. DOLAN contacted a female employee (does not remember her name) at LJM2 a couple of times and she told DOLAN that the ML LJM2 investors are more nervous than they should be. DOLAN does not remember if this conversation happened before or after Enron declared bankruptcy.

In November or December 2001, MICHAEL KOPPER held a conference call for the ML LJM2 investors. This conference call was initiated because ML's LJM2 investors were concerned about LJM2's future prospects based on the collapse of Enron. KOPPER described what investments were being held in the LJM2 portfolio. KOPPER discussed the valuations of the assets being maintained in LJM2 and there was discussion about the prospect of the banks accelerating LJM2's loan obligations.

Nigerian Barge:

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DOLAN first became aware of the prospect of ML investing in an Enron project in Nigeria sometime before Christmas 1999 when he attended a conference call. This conference call was held in ZRIKE's office and JIM BROWN was also present during the conference call. DOLAN took notes during this meeting and still maintains a copy of the notes. BROWN described the Nigerian Barge transaction to the group. BROWN stated that Enron approached ML about purchasing an interest in the Nigerian Barges and described the project as a floating power source for Nigeria. BROWN stated that Enron initially planned to sell an interest in the Nigerian Barges to a company called Marubeni, but Marubeni was not ready to purchase it until early 2000. Enron wanted to sell an interest in the Nigerian Barges by year end 1999 so they could generate earnings for the fourth quarter of 1999. Enron proposed that ML purchase an interest in the Nigerian Barges and that ML would only have to hold it for a short period of time. BROWN stated that the purchase price for ML would be small and that ML would earn a fee from Enron for entering into the transaction.

BROWN stated that there was going to be a conversation between ML executives (DAN BAYLY and ZRIKE) and Enron executives whereby ML was going to seek assurances from a senior officer at Enron that if ML purchased an interest in the Nigerian Barges, Enron would help ML find a buyer for their interest if Marubeni did not purchase ML's interest. Enron had told ML that Marubeni was going to purchase ML's interest in the Nigerian Barges by February 2000.

DOLAN stated that Enron was merely providing a "moral undertaking" to find a buyer for ML's interest in the Nigerian Barges. DOLAN stated that the agreement could not be in writing and it was an oral agreement that had no formal legal significance. DOLAN understood that ML would hold their investment in the Nigerian Barges for up to six month. Dolan had a sense that Enron would not give ML any assurances in writing and ML would not ask Enron for such a request.

DOLAN had a subsequent conversation with BROWN in which BROWN conveyed that he was concerned with the commercial risk ML was taking on the Nigerian Barge transaction. BROWN was worried about the potential environmental risk associated with owning power plants and ML's liability issues. BROWN wanted to ensure that the deal documents addressed these environmental and liability risks.

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BROWN complained about the Nigerian Barge transaction. BROWN stated that it was not his transaction and he was being stuck with handling it because the transaction fit into the type of work his group handled. The Nigerian Barge transaction was a deal which was initiated by ML's bankers in Texas. BROWN also complained because his group was not earning any fees for handling the transaction and that the deal was being consummated close to the end of the year.

DOLAN stated that ML was not in the business of purchasing power plant barges in Nigeria and that is why they originally decided to place the deal in ML's leasing unit. DOLAN was not involved in ML's approval process or what internal ML committee should review this transaction.

DOLAN does not remember when he learned that ML's Debt Markets Committee (DMCC) either reviewed or was going to review the Nigerian Barge transaction. DOLAN did not attend the DMCC meeting and he does not know why it was being reviewed by the DMCC. Typically, BROWN took transactions he worked on to the Lease Advisory Committee. However, the Nigerian Barge transaction was taken to the DMCC.

DOLAN was shown a copy of notes (bate stamped MD037405) which DOLAN acknowledged was his notes. DOLAN read his notes to the agents as follows:

"Enron owns Nigerian Barge Co. has oil barges they will build power plants on top and would sell power to Nigeria. Enron wants to sell equity in project to book accounting gain. ML Houston to put \$7 million into. \$40 million in fees last year and this. ML to buy stock in BargeCo for \$7 million and if goes into service earns 22% return. Approved by executive committee. Dan BAYLY, Kevin Cox, Kathy Z, and EVP (executive vice president) who promises we will be taken out within 6 month. Did LLC to be owned MLMLM. \$7 million to buy stock in. LLC will borrow \$21 million from different Enron subsidiary. No recourse. We to buy \$28 million in stock. Pref A, Pref B, common - we buy 20% of voting rights (2/10). We get next 3 years cash flow from Barge operation. Book \$12 million gain at year on the stock. Nigerian Co. is in existence. DMCC @ 12:00 today 12/22. 10:30 am (ML suggestion). Dan BAYLY business group at Enron. Cookies for Santa. \$250 advisory fee."

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The name "Cox" in DOLAN's notes refers to a ML employee who was a senior person at ML who dealt with commitment issues. The name "Cox" references that either Cox was on the call or that Cox was supposed to be on the call with Enron. The reference "EVP" refers to Executive Vice President at Enron. The word "promises" refers to the assurances made by Enron regarding finding a buyer for ML's interest in the Nigerian Barges. DOLAN explained that "promise" could mean that the conversation where Enron made assurances to ML already happened; not that it was going to happen in the future. "40M in fees" is a reference to the fees earned by ML from Enron.

DOLAN has no reason to believe that "DMCC @ 12:00 today 12/22" on bates stamp page ML037406 is not accurate with respect to the date the DMCC meeting was held. DOLAN is not sure if "Book \$12M @ year on the stock" refers to the amount Enron was able to book due to ML's investment in the Nigerian Barges.

Sometime close to the end of the fourth quarter 1999, DOLAN reviewed and made comments to a draft of the Nigerian Barge engagement letter between ML and Enron. The purpose of the engagement letter was to memorialize the agreement between ML and Enron so if there were any questions about the deal in the future, it would be in writing. The engagement letter also insured that ML would receive their fee for entering into the Nigerian Barge transaction.

DOLAN also had a conversation with JEFF WILSON about the engagement letter. DOLAN believes WILSON helped draft the engagement letter. DOLAN requested that WILSON delete some of the language in the engagement letter. Generally, ML engagement letters use general terms to describe a deal because the deal terms can subsequently change. The Nigerian Barge engagement letter was too specific and DOLAN wanted the letter to be more general.

Furthermore, DOLAN made changes to some of the terms related to the deal that were provided in the engagement letter because DOLAN did not believe that those were the actual terms. DOLAN stated that the original draft of the engagement letter obligated Enron to eventually take ML out of the Nigerian Barge transaction. This was contrary to DOLAN's understanding of the transaction and DOLAN believed that such an agreement would be improper because such a transaction could be viewed as a "parking" transaction.

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DOLAN's understanding was that ML purchased an interest in the Nigerian Barges with the expectation that Enron would help ML find a buyer for ML's interest in the Nigerian Barges. DOLAN stated that there was no obligation or commitment that Enron would find a buyer or that Enron purchase ML's interest if a buyer could not be found. This was merely an oral understanding between ML and Enron that if Marubeni did not purchase ML's interest then Enron would help ML find another buyer.

DOLAN was shown a copy of an E-mail from WILSON to DOLAN dated 12/23/1999 (bate stamped ML034707). This E-mail contained a copy of the proposed changes to the engagement letter made by DOLAN. DOLAN acknowledged that the handwriting on the page is his. DOLAN does not remember talking to anyone at Enron about the changes he made to the engagement letter. However, DOLAN did receive handwritten comments from someone from Enron. Enron did not object to the language in the original draft of the engagement letter which stated that "Enron will buy or find affiliate to buy. . ." However, DOLAN did object to this language and made the necessary changes.

DOLAN acknowledged that he had seen the interoffice memorandum bate stamped MD037390 through MD037395 at the time the Nigerian Barge transaction was being consummated. DOLAN does not remember seeing the appropriation request bate stamped MD037396 until he prepared for his interview with the FBI.

DOLAN did not remember what ML's rate of return was for the Nigerian Barge transaction. ML was also paid a fee by Enron for entering into the transaction. DOLAN did not believe there was a cap on how much money ML could make on their investment in the Nigerian Barges.

Sometime in January or February 2000, DOLAN had a meeting with ALLAN HOFFMAN, an attorney not from ML, where they discussed the formation of a ML entity which would house the Nigerian Barges. ML formed a Cayman company for tax purposes. DOLAN was in charge of forming the Cayman company for ML.

In June 2000, DOLAN was contacted by JOE VALENTI, or someone who worked for VALENTI, who told DOLAN that ML was selling their interest in the Nigerian Barges. DOLAN was asked to review the documentation and draft the resolutions. DOLAN does not remember if he knew that the purchaser was LJM2.

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DOLAN does not know if ML performed any due diligence or analyzed any valuations with respect to the Nigerian Barge transaction.

DOLAN was shown a copy of documents bate stamped MD037412-037417. DOLAN does not remember seeing these E-mails. DOLAN was shown a copy of hand written notes bate stamped MD037424 which he did not recognize. DOLAN was shown a copy of document related to a special meeting of the ML Board of Directors dated 12/29/99 (bate stamped MD037482-037483). DOLAN does not remember seeing this document. DOLAN does not remember this meeting and he does not remember working on 12/29/1999. MARK MCANDREWS was the Chief Administrative Officer at ML. DOUGLAS P. MADDEN was a paralegal at ML.

In early 2002, ZRIKE asked DOLAN what he recalled from the Nigerian Barge transaction. DOLAN does not recall anything else from this conversation.

DOLAN did not work on drafting a ML demand letter to Enron regarding being taken out of the Nigerian Barge transaction.

DOLAN did not work on an energy swap deal between Enron and ML.



U.S. Department of Justice

Enron Task Force

1400 New York Avenue
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July 30, 2004

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Re: United States v. Daniel Bayly, et al., Cr. No. H-03-363 (Werlein, J.)

Dear Counsel:

The following summary is provided to you in compliance with the Court's Order of July 14th, 2004.

As you know, in April of 2004, the Enron Task Force provided you with the names of

Mark Devito

Furst phoned Devito to say that Enron had an equity opportunity, equity bridge need, regarding a Nigerian electricity barge. Enron was looking to see if Merrill would have an interest in purchasing that equity for \$7 million. Devito did not recall the term handshake, as referenced in a Merrill document, and recalls that Enron would assist with finding a third-party equity investor for the NBD. When asked about Bayly confirming with Enron a guaranty, as referenced in another Merrill document, he said he did not recall such a conversation.

Bowen Diehl

Diehl indicated that he was asked by someone whether he recalled Furst saying in 2000, words to the effect: they are not going to get us out of the barges, and that he might have replied affirmatively.

Vincent Dimassimo

Jencks material as to Dimassimo was provided to the defense in early June, 2004, as part of pre-trial discovery of government witnesses.

Gary Dolan

Dolan stated that he understood Enron was providing a moral undertaking to find a buyer for Merrill's interest in the NBD. Dolan stated that the agreement could not be in writing and that he believed it was an oral agreement that had no legal significance. Dolan had a sense that Enron would not give Merrill any assurances in writing and that Merrill would not ask Enron for such a request.

Dolan was asked about a handwritten Merrill document in which he wrote "Dan Bayly & Kevin Cox & Kathy Z [Zrike] & EVP [Executive Vice President] who promises we will be taken out w/in 6 mos." Dolan stated that the word "promises" refers to the assurances made by Enron regarding finding a buyer for Merrill's interest in the NBD. Dolan said that "EVP" refers to Executive Vice President at Enron. Dolan said that promise could mean that the conversation already happened, not that it was going to happen.

Dolan had a conversation with Brown in which Brown conveyed that he was concerned with the commercial risk Merrill was taking on the NBD. Brown wanted to ensure that the deal documents addressed the potential environmental risk associated with owning power plants and Merrill's liability issues.

Brown stated that the NBD was not his transaction and he was being stuck with

handling it because the transaction fit into the type of work his group handled. The NBD was initiated by Merrill's bankers in Texas. Brown also complained because his group was not earning any fees for handling the transaction and that the deal was being consummated close to the end of the year.

The NBD engagement letter was too specific and Dolan wanted the letter to be more general. As to a draft engagement letter in his files, Dolan made changes to some of the engagement letter terms related to the deal because Dolan did not believe that those were the actual terms. Dolan stated that the original draft of the engagement letter obligated Enron to take Merrill out of the NBD eventually. This was contrary to Dolan's understanding of the transaction. Dolan stated that he believed there was no obligation or commitment that Enron would find a buyer or that Enron purchase Merrill's interest if a buyer could not be found. Dolan expressed the view that this was merely an oral understanding between Merrill and Enron that if Marubeni did not purchase Merrill's interest then Enron would help Merrill find another buyer.

Dolan did not believe there was a cap on how much money Merrill could make on their investment in the NBD.

Gerald Haugh

There was an expected rate of return of 13% to 15% for the NBD. Haugh had no knowledge of an agreement between Enron and any Merrill employees to buy back Merrill's position or of a guaranty given by Enron.

James A. Hughes

Hughes did not remember giving Colpean a bad review. Later in 2000, Colpean's function at Enron International disappeared. Hughes recalled going to lunch with someone from Enron North America and giving that person a good recommendation of Colpean.

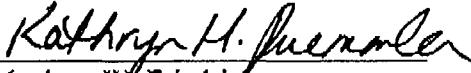
Hughes was asked why Enron would "inherit" Merrill's interest in the NBD if a buyer could not be found by Enron for the NBD, as has been written by Hughes to Glisan in an Enron email in May 2000. Hughes stated his group would inherit the barges because of assurances Hughes understood Fastow gave to Merrill. Hughes always understood that Fastow gave assurances to Merrill that they would be out of the Nigerian barge deal by June 30th. Hughes thought that Fastow was telling Merrill that Enron would do everything it could to take Merrill out. Hughes did not understand initially that his group would have to buy the barges back if no buyer was found. When Hughes responded to the Glisan email, Hughes stated that he understood that Fastow made assurances to Merrill. Hughes did not

Zrike recalled a meeting in Davis' office attended by herself, Davis, Bayly, and others. Tilney and Furst joined by phone. The participants in this discussion walked through various risks of owning the NBD. There was a discussion about materiality and the year-end nature of the trade. Zrike said that she was comfortable this was not a made-up transaction. Either Tilney or Furst said that the NBD was not being done to meet earnings expectations. Zrike, when asked about her handwritten notation concerning the NBD to the effect of "relationship loan that looks like equity" initially said it was just her jotting down her internal concerns.

Very truly yours,

ANDREW WEISSMANN
Director, Enron Task Force

By:


Matthew W. Friedrich
John Hemann
Kathryn H. Ruemmler
Enron Task Force