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Enron Summary

The story begins in 1985, where the merger of Houston Natural Gas Omaha, Nebraska's natural gas company, InterNorth, to form the natural gas pipeline company called Enron. In 1987, there was a Valhalla scandal where two Oil traders betted that Enron Oil Company will either fall or rise. In the world of gambling, it is either you win or lose. However, for Enron, they always win. In addition, the two traders were destroying trading reports, keeping two sets of book, and manipulating accounting to show steady profits that Valhalla was earning. It was clear that they were making too much money. Soon, the two traders ended up on the wrong side of the massive trade. Enron, Executive Mike Muckleroy, bluff the market and reduce the loss from 1 billion dollars to 140 million dollars in which it saved the company. One of the traders was sent to jail for a year and the other received a suspended sentence. By 1989, Enron began trading natural gas commodities, which the company became the largest natural gas merchant in United States and United Kingdom. In 2000, the Eron's stocks rise dramatically and people were shock. The financial statements in Enron were possibly a fraud. Eron was just covering debt after debt to keep the stocks price high. They were able to buried debt and lawsuits. In 2001, Jeff lay off 300 employees and resigns. Then, the stocks started to plummet. In the first six months, Eron's cash flow was negative 1.3 billions dollars. Eron reports a 638 million dollar third quarter loss, which was partly related to structure finance that was run by Andy Fastow. Lay reports that there is 1.2 billion dollar cut in the shareholder equity. Enron files for bankruptcy protection at December 2, 2001. Then Enron is being investigated for criminal investigation by the U.S. Justice Department.

Kenneth Lay – CEO of Eron
Jeff Skilling – Consultant for McKinsey & Co. / COO for Eron
Ken Rice – Saleman of Eron
Lou Pai – Salesman of Eron
John Olson – Merrill Lynch & Co. ; Analaysts
Cliff Baxter – Eron executive
Tome White – Senior Executive of Eron
Andy Fastow – Chief Financial Officer
Tim Belden – Former Enron Energy Services
Jim Chanos – Investor of Eron
Bethany McLean – Reporter of Vanity Fair magazine
Mike Muckleroy – Executive of Eron

The mains event unfold during 2001

Sources:

<http://paulkienitz.net/enron/smartest-guys.html>

http://en.wikipedia.org/wiki/Enron:_The_Smartest_Guys_in_the_Room