

Information Retrieval

María Carrasco Rodríguez (16874129)
Fabian Lindenberg (74076658)
Lea Voget (45869178)

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Context

1.1 Summary

Enron grew from nowhere to be America's seventh largest company in just 15 years. The energy company company employed 21,000 staff in more than 40 countries and had affiliations that included The White House. But the firm's success turned out to have involved an elaborate scam.

The collapse of Enron was revealed in october 2001. *Enron Corporation* went bankrupt as a result of committing institutionalized, systematic and well-planned accounting fraud. This also led to the dissolution of one of the largest accounting firms, *Arthur Andersen*. Not only has it been the largest bankruptcy reorganization in American history, but also the biggest audit failure.

1.2 Timeline of the main events

<http://www.chron.com/news/specials/enron/timeline.html>

1.3 Year of the main events

Major events were developed in 2001.

1.4 Players

Kenneth Lay

- Former CEO of Enron, helped start the company.

- Enron extended to him \$7.5 million revolving credit line, which he reportedly used and repaid with Enron stock 15 times within a period of just several months
- He quit as CEO in February 2001
- He returned as CEO in August 2001 until he resigned on Jan. 23, 2002
- He quit the Enron board altogether on Feb. 4.
- Sherron Watkins said Lay was "duped" by top executives

Jeffrey Skilling

- Enron's chief executive in the first half of 2001
- Since joining the company in 1990, Skilling helped transform Enron from a natural-gas pipeline company into an energy-trading powerhouse.
- Between January and August 2001 he sold off about \$20 million in Enron stock
- Resigned after the close of markets on Aug. 14 2001
- Being charged with conspiracy, fraud and insider trading

David Duncan

- Enron's chief auditor at Anderson
- His job was to check Enron's accounts
- He is accused of ordering the shredding of thousands of Enron-related documents in an effort to hide them from Securities and Exchange Commission investigators

Andrew Fastow

- Former Chief Financial Officer of Enron
- The mastermind behind the deceptive accounting practices
- Lea Fastow (his wife) also plead guilty to signing and filing a tax return that did not include income the Fastow's had received from Mike Kopper

Sherron Watkins

- Known as the "Enron whistle-blower"
- Was Enron's vice president of corporate development
- Wrote a letter to Kenneth Lay about "suspicions of accounting improprieties"
- Not really a "whistle-blower" because she never went public with her suspicions

Bibliography

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