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Assignment 4: Part 1

In 2001, Enron, an energy company and a Wall Street darling, led by Kenneth Lay and Jeff Skillings, shocked the United States and the world when it was revealed that Enron used “Mark to Market” accounting and other fraudulent methods to steal from the American public, investors, and its employees of billions of dollars.

There were quite a number of people who played a big part in cheating the American public, but the main architects were Kenneth Lay (Founder/Chairman/CEO); Jeff Skillings (President/CEO); Andy Fastow (CFO); and Arthur Anderson (a famous accounting firm)

Kenneth Lay is the founder of Enron, he was guilty of going along with fraudulent methods as long as it was bringing in the money for Enron and himself.

Jeff Skillings was known as the “Big Idea Guy”. Stories had it that when he applied for Harvard Business School, they asked if he was a smart, and he replied, “I am fucking smart”. He was the one that insisted on Mark-to-Market accounting---an accounting method that place hypothetical value on an idea even if it has not made any money.

Andy Fastow was the CFO, and he was known for creating fake entities that interacted with Enron to absorb its debt and recycle that number back to make it looks like Enron was making money.

Arthur Anderson was a powerful Big Four Accounting Firm. Their complacency and greed allowed Enron to get away with this fraud as long as they did. During the discovery of the fraud, Arthur Anderson tried to covered their trail by shredding tons of Enron documents. The scandal destroyed Arthur Anderson’s credibility and business.