

Week 2 Assignment

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Enron, one of the most notorious companies and the nation's largest bankruptcy. It was a company that went from 65 billion dollars, on paper to zero in 24 days. The 7th largest investment firm in the world at the time and employed over 20,000 people. The fall of Enron would be a multi-layer scenario that would involve hiding losses from investors through factious companies while working with big banks to secure those losses and in return turn them in profit. In the end, Enron would implode, loosing employees \$1.2 billion in retirement funds, \$2 billion in 401K and pension funds. All along while top executives such Ken Lay and Jeff Skilling sold their Enron stock worth \$116 million.

Enron controlled the California power grid and found ways through pushing to deregulation of power sources to take advantage. For example, shortly after the power outages of 2000, Enron realized the impact on pricing. Where what would normally cost 26 per watt on a low end or close to 50 on a high day we're now going for 1,000 due to demand as a result of the intentional supply. Enron would create a forced black out by shutting down power plants, thus creating a supply shortage which provided the opportunity to raise the price. As a result of this practice Enron made 30 billion from the state of California. Another example of unethical practices were the Mark to Market account info system which was used to "pad the books". By using this system, Enron was able to sale future commodities ten years out and hide many of the company losses in made up companies ran by executives of Enron. The Mark to market system evaded presenting factual accounting books.

In 2008 Enron close its doors leaving many of its 20,000 employees with only 30 minutes to clean out there desk. If I could provide advice to Enron it would be;

Dream big but do not let greed cloud your judgement. I feel much of what happen in the matter of Enron was about Dreaming big and stepping into unchartered territory, however once the money started rolling in people lost there since of judgement of right and wrong. All the way down to the traders who saw no connection between their actions and the lives of the people they were servicing. I would also advice them to have accountability systems in place to ensure the longevity of their company. It should have never gotten to a point to where the accountability system was a “whistleblower”.

References

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Watch Enron: The Smartest Guys in the Room | Prime Video. (n.d.). [Www.amazon.com](http://www.amazon.com).

Retrieved November 28, 2021, from [https://www.amazon.com/Enron-Smartest-Guys-](https://www.amazon.com/Enron-Smartest-Guys-Peter-Coyote/dp/B001AMTTVS)

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