

Answer questions



**ASSIGN
BUSTER**

After watching the movie, Enron: The Smartest Guys in the Room, it is my opinion that at Enron Corporation the upper management team was composed of bad apples and the entire barrel at the top was fulfilled with a rotten product. The conspiracy in this case traveled from the accountants, lawyers, even the bankers wanted the dream to be truth when in reality the entire scheme was nothing more than a ponzi scheme. The revenues numbers the company was reporting was full of lies. The company was depending on future earnings that would never materialize. The leadership team was made up of a bunch of opportunistic liars that liquidated million of dollars in stock before the ship when down fully knowing that their actions were considered insider trading. 2. The movies exposed the dark side of human beings. Capitalism was not the root of the problem at Enron Corporation. The unethical managers created a culture of greed at Enron. Everyone was fouled by the company due to the fact the investors which included thousands of employees thought the financial numbers of the company were legitimate. The upper managers created fake revenues in order to cook up the numbers. A company with ethically responsible upper management would not have suffered through the financial scandal Enron was exposed too. 3. One of the best ways to change the mentality of putting fast profits ahead of ethical behavior is by speaking out against unethical behavior and not supporting companies that are involved in unethical behavior. In the aftermath of the Enron scandal a law that helped bring back confidence in the marketplace was the Sarbanes and Oxley Act of 2002. 4. I believe energy prices should be regulated in order to ensure the customer gets the lowest possible price. In the open market companies are going to be looking to earn a reasonable profit. In government controlled regulation the

state owned company can operate basically at cost. This helps lower the price of the electricity bill. 5. The values that were supported at Enron were individualism, greed, decisions based solely on money, deception, lies, and mistrust. The top executives lied about the state of the company in order to inflate revenues and hide the debt. The fake financial statements helped maintain the prices of the Enron stock high. When the scandal was revealed the price of the Enron stock plummeted to virtually nothing in a matter of weeks. The corporate culture contributed to the unethical behavior because the employees involved in the cover-up were acting in order to continue the money coming in. To them their actions were helping everyone get rich. 6. Enron Corporation had over 30, 000 employees working for the firm the majority of who were honest hard working people. The whistleblower should be considered a business hero because she put everything on the line to reveal the truth. She demonstrated valor and honesty. A few people can sometimes make a huge difference. The reporter opened up the public debate over the validity of the Enron business concept. 7. Mark to market accounting occurs when a business recognizes the revenues based on speculation that output will occur. In the Enron case the company used mark to market accounting to recognize revenues on bad project which ended up leading to losses instead of revenues. I believe the practice of mark to market to be unethical.