

Bigger than enron
essay sample



**ASSIGN
BUSTER**

There were a number of actions in the film " Bigger than Enron" that led to the changes in the Sarbanes-Oxley bill. The companies that were much of the reason for these reforms were Enron, Sunbeam, and Anderson, and companies connected with them.

Enron did a number of things that had a part in the reform of the Sarbanes - Oxley bill. Enron would hide or modify information in order to make it look as though their profits were growing year after year. One way they did this was create an entire company that didn't actually exist and start dumping their debts onto this other company making themselves look far more profitable. Because of actions such as this, the Sarbanes-Oxley section 401 which states " Financial statements are published by issuers are required to be accurate and presented in a manner that does not contain incorrect statements or admit to state material information. These financial statements shall also include all material off-balance sheet liabilities, obligations or transactions."(. soxlaw)

Anderson was working closely with Enron, and aloud for Enrons accounting fraud, and when it got to the point when it could no longer stay hidden, Enrons stock went into a downward spiral. When this started David Duncan, one of the leaders on the Enron account at Anderson was having documents destroyed, and according to him on Enrons orders. Destroying documents was something that Sun beam also did when they learned that they were going to be investigated, but no one was charged as a criminal for these actions. Because of this, the Oxley bill needed to be changed so that people who destroyed documents could be charged as a criminal which is in section 802 and states " This section imposes penalties of fines and/or up to 20

years imprisonment for altering, destroying, mutilating, concealing, falsifying records, documents or tangible objects with the intent to obstruct, impede or influence a legal investigation”(soxlaw)

This needed to be done in order to make there be less of an incentive to falsify, or destroy documents. Anderson was sued by the SEC for helping to cover up what they called “ a massive financial fraud motivated by greed.” it involved a garbage company called Waste Management, that just kept expanding, and there executives profits increased exponentially, but when there were not enough garbage companies left to buy, they turned to accounting fraud to make it look as though they were still expanding. due to this law suit, Anderson and Waste Management paid out \$457 million, but no one was sent to prison. This entire scenario is another example of why people who falsify information n order to make there company look better need to be able to be charged as a criminal, rather than just in a civil lawsuit, other wise the laws will seem like more of suggestions than actual rules.

Sources

<http://www.economicpopulist.org/content/friday-movie-night-bigger-enron>

<http://www.soxlaw.com/>