

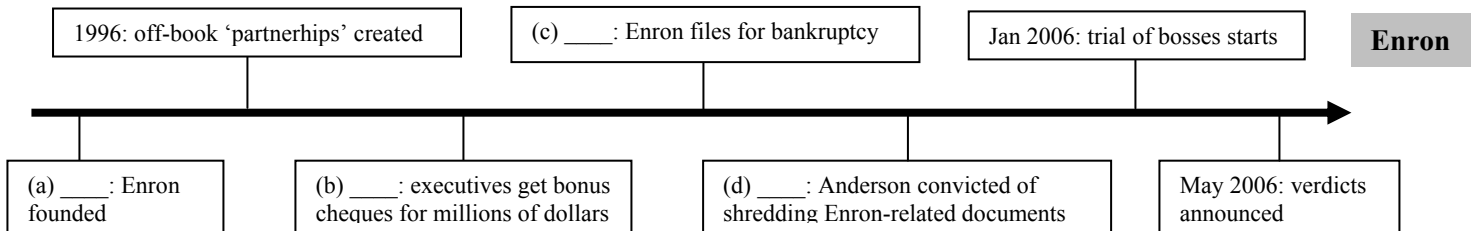
Enron

Two former bosses at Enron are found guilty of fraud; is this a warning shot to those involved in corporate corruption?

1 Check you know the meaning of the following words and expressions. Give example sentences for each of them.

fraud conspiracy insider trading bankruptcy (to) shred documents auditors

2 Complete the dates on the Enron timeline by scanning the article for the missing information.



Corporate scandal

Fraud. Conspiracy. Insider trading. Enron is the biggest scandal to have rocked corporate America. Many felt justice had been done when two former bosses of Enron were found guilty last month. Both claimed ignorance; a key moment in the trial was when the judge reminded jurors that 'deliberate ignorance of fraud is no excuse'. The court result carries a clear message to others: don't try to fool investors into believing your company is healthier than it really is.

The Enron story is full of drama. The company, founded in 1985, owned power plants and gas distributors. It then became an energy trader, and was named 'America's most innovative company' for six years in a row by Fortune magazine. However, the company was losing money and it created partnerships in order to keep debts off the balance

sheet, and to avoid paying taxes. These partnerships, set up by company executives, often benefited friends and family. Profits were kept high and investors happy – but reality was very different: the company was bleeding money.

2001 was the year of Enron's downfall. In that year, soon after executives received bonus cheques for millions of dollars, the company finally announced huge losses. In December, Enron declared itself bankrupt. In 2002, its auditors Arthur Anderson were convicted over the shredding of Enron-related documents. The collapse of Enron left £18 million of debts and 21,000 workers worldwide lost their jobs. Will things ever change? Scandal and corporate greed can be found everywhere. As we await the sentences, many feel that the company directors are guilty and hope they get what they deserve: a long time in jail.

3 Read the whole article and summarise the key points.

4 Match the words in the first boxes to the words in the second boxes to create collocations from the article.

innovative	corporate	greed	cheques
balance	bonus	company	sheet

to claim	to shred	partnerships	huge losses
to announce	to create	ignorance	documents

5 Rank the following in order of seriousness. Which do you consider crimes? Decide on an appropriate fine or prison sentence for these crimes. Compare your decisions with a partner.

(A) A director creates a fictitious company in order to avoid taxation	(B) An auditor suggests creating an off-shore account to avoid paying taxes	(C) A company gives money to charity in order to avoid paying tax	(D) A CEO pays herself a large end-of-year bonus	(E) A CEO paints a rosy picture of company finances to investors	(F) A CEO buys his wife a new car from company profits
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