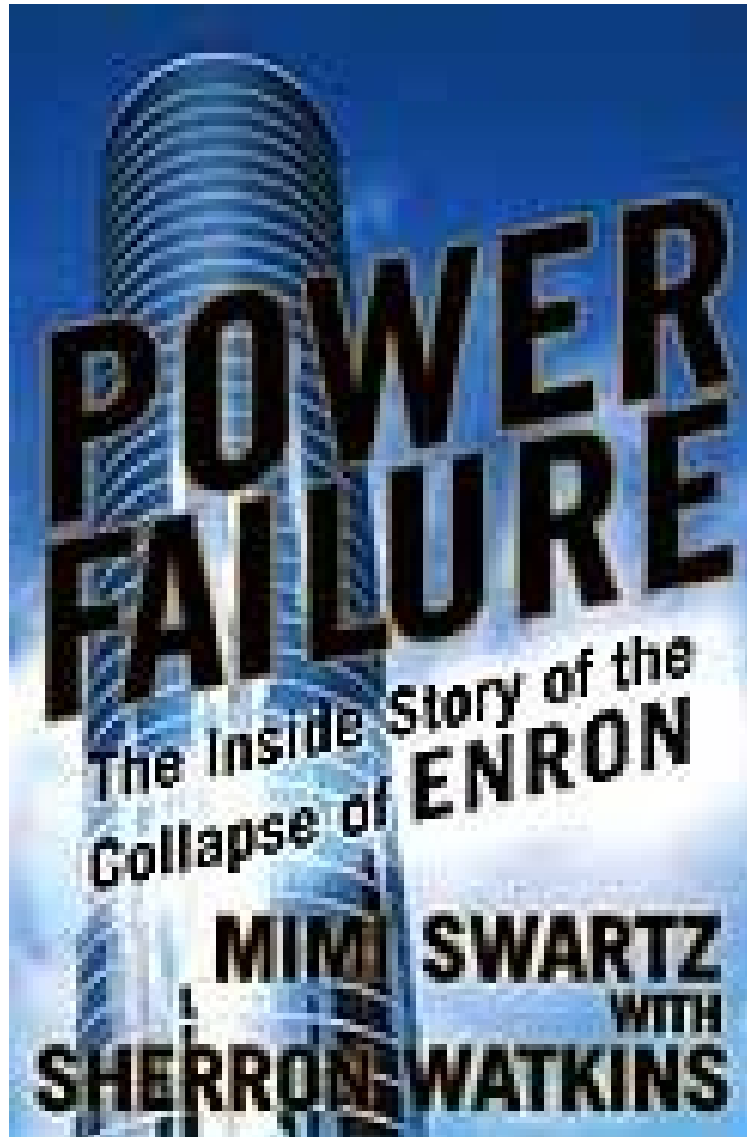


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Power Failure: The Inside Story of The Collapse of Enron

Mimi Swartz, Sherron Watkins
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Mimi Swartz, Sherron Watkins : Power Failure: The Inside Story of The Collapse of Enron before purchasing it in order to gage whether or not it would be worth my time, and all praised Power Failure: The Inside Story of The Collapse of Enron:

4 of 5 people found the following review helpful. A book with good utility.By Winston KotzanEveryone is familiar with the story of Enron Corporation, but do they really know what factors initiated the destruction of this world-respected company? While the outcome is obvious, few people are knowledgeable about the cause of this atrocity. The media spun this news event into a tale of good guys versus bad guys - the powerful executives hurting the weaker, low

ranking employees. But the profoundness of this case is that such a scandal can occur at any corporation. As effectively illustrated in *Power Failure*, the handiwork of CFO Andy Fastow blurred the lines of legality so indistinctly, that it was difficult for several renowned legal firms and accounting firms to recognize as unethical. It was not an obvious shuffling of numbers that inflated earnings over \$4 billion dollars, but gray areas that bordered fair accounting and federal crime. The discreetness of the financial operations is what hid billions of dollars in debt from investors, other executives, and auditors. After reading the book, it is evident how such a scheme could slip past the CEO without notice. The best aspect of *Power Failure* is that it describes the malignant financial manipulations in detail. It perfectly describes how Enron used accounting practices like FAS 25 to book earnings before they could be earned. It shows how Enron used fair value accounting as an unfair means of shuffling assets and making profits. It shows Andy Fastow's the gradual chipping to create a complex network of special purpose entities, which turned into a recipe for disaster. *Power Failure* does a good job debunking many of the misunderstandings that surround the Enron case. Despite the media glamour as a hero, the "whistleblower" Sherron Watkins actually played a minor role in exposing the scandal. The mysterious suicide of accountant Cliff Baxter really had no hidden agendas. Questions can also be raised as to Ken Lay's participation in the event, despite his insider trading of stock. Perhaps the greatest strength of *Power Failure* is that it can show executives of other companies what to watch out for. Students and accounting buffs will also find this a worthwhile read. Being knowledgeable about the Enron story may even prevent such an incident at your company.

0 of 0 people found the following review helpful. Great read! I didn't know much about the Enron ...By JackieGreat read! I didn't know much about the Enron Scandal, but got a great understanding of how it all unfolded. Would highly recommend for anyone interested!0 of 0 people found the following review helpful. Good read!By JoshFantastic tale of Enron's greed from the vantage point of key employees and the result effect of this collapse on the rest of the nation.

ldquo;Theyrsquo;re still trying to hide the weenie,rdquo; thought Sherron Watkins as she read a newspaper clipping about Enron two weeks before Christmas, 2001. . . It quoted [CFO] Jeff McMahon addressing the companyrsquo;s creditors and cautioning them against a rash judgment. ldquo;Donrsquo;t assume that there is a smoking gun.rdquo;Sherron knew Enron well enough to know that the company was in extreme spin modehellip;Power Failure is the electrifying behind-the-scenes story of the collapse of Enron, the high-flying gas and energy company touted as the poster child of the New Economy that, in its hubris, had aspired to be ldquo;The Worldrsquo;s Leading Company,rdquo; and had briefly been the seventh largest corporation in America. Written by prizewinning journalist Mimi Swartz, and substantially based on the never-before-published revelations of former Enron vice-president Sherron Watkins, as well as hundreds of other interviews, *Power Failure* shows the human face beyond the greed, arrogance, and raw ambition that fueled the companyrsquo;s meteoric rise in the late 1990s. At the dawn of the new century, Ken Layrsquo;s and Jeff Skilling's faces graced the covers of business magazines, and Enronrsquo;s money oiled the political machinery behind George W. Bushrsquo;s election campaign. But as Wall Street analysts sang Enronrsquo;s praises, and its stock spiraled dizzily into the stratosphere, the companyrsquo;s leaders were madly scrambling to manufacture illusory profits, hide its ballooning debt, and bully Wall Street into buying its fictional accounting and off-balance-sheet investment vehicles. The story of Enronrsquo;s fall is a morality tale writ large, performed on a stage with an unforgettable array of props and side plots, from parking lots overflowing with Boxsters and BMWs to hot-house office affairs and executive tantrums. Among the cast of characters Mimi Swartz and Sherron Watkins observe with shrewd Texas eyes and an insiderrquo;s perspective are: CEO Ken Lay, Enronrsquo;s ldquo;outside face,rdquo; who was more interested in playing diplomat and paving the road to a political career than in managing Enronrsquo;s high-testosterone, anything-goes culture; Jeff Skilling, the mastermind behind Enronrsquo;s mercenary trading culture, who transformed himself from a nerdy executive into the personification of millennial cool; Rebecca Mark, the savvy and seductive head of Enronrsquo;s international division, who was Skillingsquo;s sole rival to take over the company; and Andy Fastow, whose childish pranks early in his career gave way to something far more destructive. Desperate to be a player in Enronrsquo;s deal-making, trader-oriented culture, Fastow transformed Enronrsquo;s finance department into a ldquo;profit center,rdquo; creating a honeycomb of financial entities to bolster Enronrsquo;s ldquo;profits,rdquo; while diverting tens of millions of dollars into his own pocketsAn unprecedented chronicle of Enronrsquo;s shocking collapse, *Power Failure* should take its place alongside the classics of previous decades ndash; *Barbarians at the Gate* and *Liarsquo;s Poker* ndash; as one of the cautionary tales of our times. From the Hardcover edition.