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The Shadow of Enron Still Lingers

By JEAN EAGLESHAM



Scott Dalton for The Wall Street Journal

Sherron Watkins sounded the alarms about Enron, and prosecutors gained more than a dozen guilty pleas in the case. Critics say regulatory efforts to find wrongdoing in the financial crisis haven't been as vigorous.

than two months later, Enron was bankrupt, and the scandal led to 42 civil enforcement actions by securities regulators and criminal charges against 33 people and the company's auditor, according to a tally by law firm Davis Polk & Wardwell LLP.

More than a dozen people pleaded guilty. Former Enron President [Jeffrey Skilling](#), now 57 years old, is serving a 24-year sentence in a Colorado federal prison following his 2006 fraud conviction.

Some people who helped untangle the Enron mess say the results show how regulators and prosecutors are coming up short as they work on cases tied to the financial crisis. So far, no high-profile executive has been sent to prison for crisis-related wrongdoing.

The beginning of the end for Enron Corp. came exactly a decade ago. Yet the energy giant's colossal collapse casts a long shadow over the government's efforts to punish wrongdoing during the financial crisis.

In October 2001, the highflying Houston company jolted investors with a big loss. Less

"There simply has not been the all-out, focused effort the Justice Department mounted to address the savings-and-loan crisis and corporate-fraud epidemic led by Enron, WorldCom



Associated Press

About 7,500 Enron employees in Houston lost their jobs.

wherever we find it," the spokeswoman said.

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be surprised that it is taking a long time for federal prosecutors to piece together headline-grabbing criminal cases.

"We dug deep to show the underlying lies and self-dealing, working from the bottom up," said Mr. Hueston, now a partner at law firm Irell & Manella LLP. "What we found with Enron, and I'm not sure the lesson's been learned with this crisis, is there are no easy shortcuts in developing cases involving complex financial circumstances."

Mr. Lay was convicted but soon after died of a heart attack. His conviction was vacated.

Just seven of the 13 people who went on trial over Enron were convicted, and four of the convictions were reversed on appeal, according to Davis Polk.

As a result, the government's overall results are "mixed," said Linda Thomsen, a former SEC enforcement chief who now is a Davis Polk partner.

In March, former Enron executive Rex Shelby pleaded guilty to one count of insider trading related to alleged exaggeration about Enron's telecommunications unit in 2000.

Mr. Shelby, indicted in 2003, was sentenced to two years of probation.

"His life was put on hold for eight years," said Ed Tomko, Mr. Shelby's lawyer.

and the hundreds of cases that followed," said Chris Swecker, a former Federal Bureau of Investigation assistant director who now runs a security-consulting firm in Charlotte, N.C.

Phil Angelides, chairman of the Financial Crisis Inquiry Commission, created by Congress to investigate the financial crisis, complains that the "lessons of the scandals of the early 2000s were quickly unlearned."

A Justice Department spokeswoman says it is unfair to compare Enron to companies snared by the crisis. "Our response to the recent financial crisis has involved aggressive, thorough investigations—on Wall Street and throughout the country—and we will continue to pursue criminal conduct

The agency has "held hundreds of people criminally responsible for their conduct during the financial crisis," she added.

John Hueston, the lead prosecutor at the trial of Mr. Skilling and former Enron Chairman Kenneth Lay, says no one should

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