

September 15

- 5:00 – 5:15
 - 5:15 – 6:00
 - 6:15-7:00
 - 7:00 – 7:15
 - 7:15
- Housekeeping, on the spot
 - Exposition
 - Limits in our explanations
 - Your reactions, wrapping up
 - Look ahead: Weisburd

Talking & Listening norms



Example: ENRON

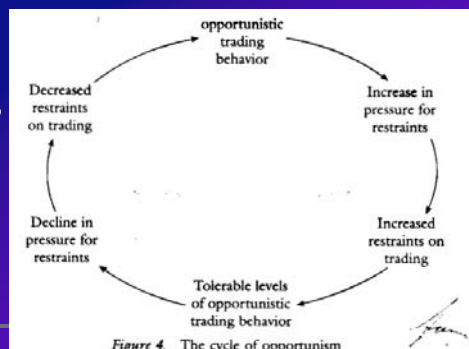


As you read you want to be asking:

Markets: self interest vs. regulation

Inherent dynamic
Balance shifts over time

Where we
We when
ENRON happened?



Restraints on trading: What happened?

- SEC
 - 1991 pushback on M2m (41)
 - 1/1992 – SEC caved on M2m
 - 1997 – last SEC review of filings
 - 2000 – SEC wants AA to separate consulting vs. investment (146)

Restraints on trading: What happened?

- CFTC
 - Wendy Gramm
 - Starts process to exempt certain Enron processes from regulatory review (96)
 - Left CFTC
 - Placed on board

Restraints on trading: What happened?

- Arthur Anderson
 - 1991 – says M2m preferable (41)
 - 1997 – last SEC review of filings
 - 1997 – David Duncan in charge for AA at E
 - AA making \$1M / week consulting
 - 2000 – SEC wants AA to separate consulting vs. investment (146)
 - How did AA view transactions?

Restraints on trading: What happened?

- Board of Directors
 - Response to M2M?
 - In Lay's "pocket"



Restraints on trading: What happened?

- Independent Wall Street Analysts
 - New biz fog
 - Wanted investment biz w/ new offerings
 - "too much investment banking business at stake not to have a screaming buy on the stock" (233)
 - John Olson case (233-235)



"Regulatory capture" anyone?



Describe "organizational culture"

- Dysfunctional
- Self-destructive
- Criminogenic



To what extent were personalities or personal failings responsible?

Patrician or
Populist perspective
On
Enron?



Table 1 Summary of Populist and Patrician perspectives on white-collar crime

Issue	Populist	Patrician
Basis of definition of white-collar crime	Focus on the status of the criminal	Focus on the nature of the crime
Keen focus on hierarchy and power	Yes	No
Make moral/legal distinction between white-collar crime and street crime	No—see both types of offenses as serious	Yes—depress the seriousness of white-collar crimes
Include regulatory offenses as white-collar "crimes"	Yes—the acts are seen as illegal and criminal	No—the acts are seen as illegal but not criminal
Moral condemnation of white-collar offenders	Strong	Weak
Focus on costs of white-collar crime to victims	Strong—emphasize case studies showing large and damaging effects of white-collar crime to victims	Weak
Criminalization	Many harms of white-collar offenders are not criminalized whereas those of the poor are	Little interest in criminalizing white-collar harms; tend to prefer civil and regulatory penalties to criminal sanctions
Explanation of criminal decision-making	See criminal decision-making of white-collar and street offenders as similar (although unequally applied)	Do not compare the decision-making of white-collar and street criminals
Critical perspective on causes of white-collar crime	Yes—emphasis on structural roots of white-collar crime	No
Academic/intellectual roots	Sociology and criminal justice	Business and elite institutions

Enron Timeline

- http://www.nytimes.com/ref/business/20060201_ENRON_GRAPHIC.html

<http://www.washingtonpost.com/wp-srv/business/enron/front.html>

