

MANAGING THE FUTURE

OR

THE SIXTY-MINUTE M.B.A.

**EEN 415/EEN 418
OCTOBER 27, 2006**

NORMAN G. EINSPRUCH

MANAGING THE FUTURE

- **WHY DOES THE CORPORATION EXIST?**
- **CORPORATE STRATEGIC PLANNING**
- **ECONOMICS**
- **FINANCE**
- **ACCOUNTING**
- **TAXATION**
- **ETHICS**
- **ENRON**
- **ANDERSEN**

WHY DOES THE CORPORATION EXIST?

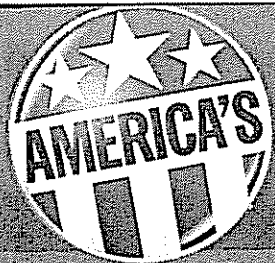
THE CORPORATION EXISTS TO

- **CREATE**
- **MAKE**
- **MARKET**

GOODS AND SERVICES FOR THE BENEFIT OF MANKIND

THE INCENTIVE TO DO SO IS THE OPPORTUNITY TO MAKE A PROFIT

HOW MUCH PROFIT YOU MAKE IS A MEASURE OF HOW WELL THE GOODS AND SERVICES ARE PROVIDED



MOST ADMIRED COMPANIES

THE TOP 5: GE, FEDEX, SOUTHWEST, P&G, AND STARBUCKS

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| 4. Procter & Gamble | 13.* Home Depot |
| 5. Starbucks | 15.* PepsiCo |
| 6. Johnson & Johnson | 15.* Costco Wholesale |
| 7. Berkshire Hathaway | 17. American Express |
| 8. Dell | 18. Goldman Sachs |
| 9. Toyota Motor | 19. IBM |
| 10. Microsoft | 20. 3M |

**CEO
Jeff Immelt
Back at
No. 1**



THE INSTITUTE OF ELECTRICAL AND ELECTRONICS ENGINEERS, INC.

Code of Ethics

*We, the members of
the IEEE, in recognition
of the importance of our
technologies in affecting
the quality of life
throughout the world,
and in accepting a
personal obligation to
our profession, its
members and the
communities we serve,
do hereby commit
ourselves to the highest
ethical and professional
conduct and agree:*

1. to accept responsibility in making engineering decisions consistent with the safety, health, and welfare of the public, and to disclose promptly factors that might endanger the public or the environment;
2. to avoid real or perceived conflicts of interest whenever possible, and to disclose them to affected parties when they do exist;
3. to be honest and realistic in stating claims or estimates based on available data;
4. to reject bribery in all its forms;
5. to improve the understanding of technology, its appropriate application, and potential consequences;
6. to maintain and improve our technical competence and to undertake technological tasks for others only if qualified by training or experience, or after full disclosure of pertinent limitations;
7. to seek, accept, and offer honest criticism of technical work, to acknowledge and correct errors, and to credit properly the contributions of others;
8. to treat fairly all persons regardless of such factors as race, religion, gender, disability, age, or national origin;
9. to avoid injuring others, their property, reputation, or employment by false or malicious action;
10. to assist colleagues and co-workers in their professional development and to support them in following this code of ethics.

Enron's Former Chief Executive Is Indicted

A Widening Net

With the indictment of Jeffrey K. Skilling, the former president of Enron, most of the company's former top executives have now been indicted or pleaded guilty to various financial crimes. A number of lower-level executives have also been swept up in the investigation.

CORPORATE EXECUTIVES	FORMER POSITION	STATUS	ACCUSATION
Jeffrey K. Skilling	Chief executive	<i>Indicted</i>	Conspired to manipulate Enron's financial statements
Richard A. Causey	Chief accounting officer	<i>Indicted</i>	Conspired with Mr. Fastow to manipulate Enron's financial statements
Andrew S. Fastow	Chief financial officer	<i>Pleaded guilty</i>	Created partnerships to hide Enron's debt and enriched himself in deals between the partnerships and Enron
Lea Fastow	Assistant treasurer	<i>Pleaded guilty</i>	Aided her husband in hiding kickbacks related to the partnerships
Ben F. Glisan Jr.	Treasurer	<i>Pleaded guilty</i>	Manipulated Enron's financial statements to aid Mr. Fastow in the conspiracy
David W. DeLaune	Chief executive, energy divisions	<i>Pleaded guilty</i>	Sold stock when he knew Enron's financial statements were false
Michael J. Kopper	Finance executive	<i>Pleaded guilty</i>	Aided Mr. Fastow in his conspiracy
Lawrence M. Lawyer	Finance executive	<i>Pleaded guilty</i>	Evaded taxes by failing to report income from one of the Fastow partnerships
Dan Boyle	Finance executive	<i>Indicted</i>	Helped disguise a loan by Merrill Lynch as a sale of power barges in Nigeria
Shella K. Kahanek	Accountant	<i>Indicted</i>	Helped disguise the Nigerian barge deal

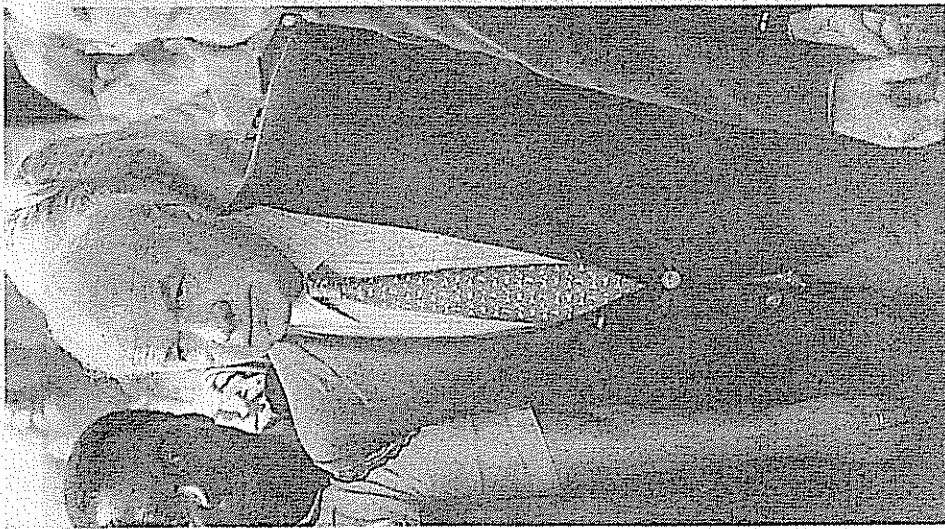
EXECUTIVES AT ENRON'S BROADBAND DIVISION

Joseph M. Hirko	Chief executive	<i>Indicted</i>	Intentionally misled investors about the division's prospects and performance
Kenneth D. Rice	Chief executive	<i>Indicted</i>	to drive up Enron's stock price and then sold stock knowing that its value was inflated. All have been charged with insider trading, fraud and conspiracy
Kevin A. Howard	Chief financial officer	<i>Indicted</i>	
Kevin P. Hannon	Chief operating officer	<i>Indicted</i>	
Rex Shelby	Senior vice president	<i>Indicted</i>	
F. Scott Yeager	Senior vice president	<i>Indicted</i>	
Michael W. Krautz	Accounting director	<i>Indicted</i>	

ENERGY TRADERS

Timothy N. Belden	Managing director	<i>Pleaded guilty</i>	Manipulated the California energy market during the energy crisis in 2000 and 2001 to drive up prices and reap profits for Enron
Jeffrey S. Richter	Senior trader	<i>Pleaded guilty</i>	
John M. Forney	Senior trader	<i>Indicted</i>	

Skilling to Face Sentencing Today Under Tougher Federal Guidelines



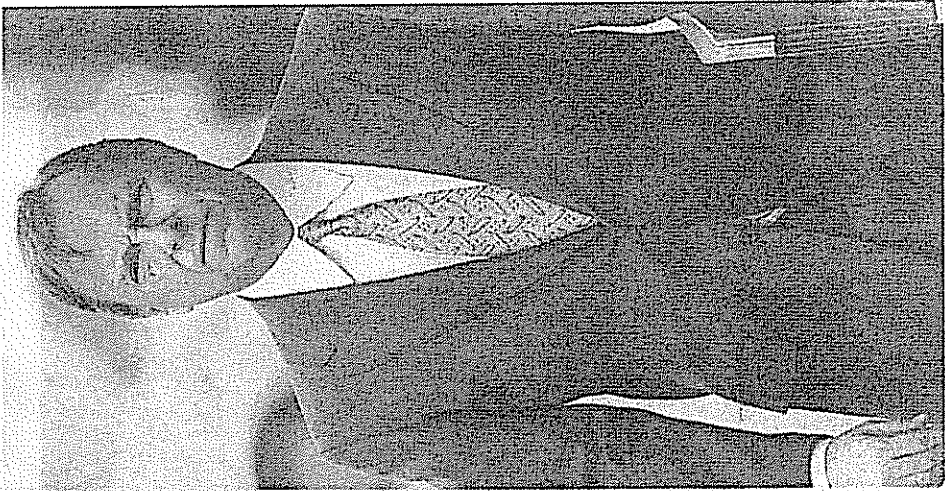
Dave Einsel/Getty Images

Kenneth L. Lay, Enron's co-founder, died of heart problems. His conviction was vacated.



EPA/Aaron M. Sprecher

Andrew S. Fastow, former chief financial officer, cooperated and was sentenced to six years.



Richard Carson/Ret

Jeffrey K. Skilling will face a federal district judge in Houston for sentencing today.

LESSONS TO LEARN

- **EXECUTIVES SOLD STOCK WHILE EMPLOYEES WERE BLOCKED**
- **EXECUTIVES PROFITED FROM LUCRATIVE SIDE DEALS WITH THE COMPANY**
- **BOARD OF DIRECTORS SUSPENDED CORPORATE ETHICS CODE TO PERMIT SIDE DEALS**
- **AUDITORS SHREDDDED RECORDS THAT FEDERAL INVESTIGATORS WERE SEEKING**
- **INVESTMENT BANKS WERE SELLING BONDS WHILE KNOWING OF FINANCIAL INSTABILITY**

MISSION STATEMENT

Baptist - South Miami Home Care is dedicated to providing excellent health care to individuals in their place of residence through its commitment to clinical and service excellence and fiscal responsibility. These home health services are designed to restore acutely ill, convalescing and disabled persons to their maximum potential for good health and independent functioning.

Baptist - South Miami Home Care seeks to promote the understanding of good health practices; to promote physical, emotional, and psychological care to all patients, including the terminally ill and their families; to prevent unnecessary institutionalization; and to facilitate early hospital discharge by providing technically feasible treatment in a therapeutic home environment.

Baptist - South Miami Home Care aims to provide counseling and guidance, utilizing the home care team personnel and community resources to cope with problems affecting a patient's health and well-being. Baptist - South Miami Home Care believes that quality patient care is the result of the combined efforts of each individual; thus the home care team collaborated with patients, care givers, physicians, and others to coordinate and provide quality holistic care.

Baptist - South Miami Home Care is a vital link in South Miami Hospital's comprehensive network of services striving to meet the health care needs of the community of Dade and Monroe Counties without regard to sex, race, color, national origin, age, creed or handicap.

SITUATION ANALYSIS

INTERNAL

- **STRENGTHS**
- **WEAKNESSES**

EXTERNAL

- **OPPORTUNITIES**
- **THREATS**

CORPORATE STRATEGIC PLANNING

- **OBJECTIVES**

- **STRATEGIES**

- **TACTICS**

economics

social science that seeks to analyze and describe the production, distribution, and consumption of wealth.

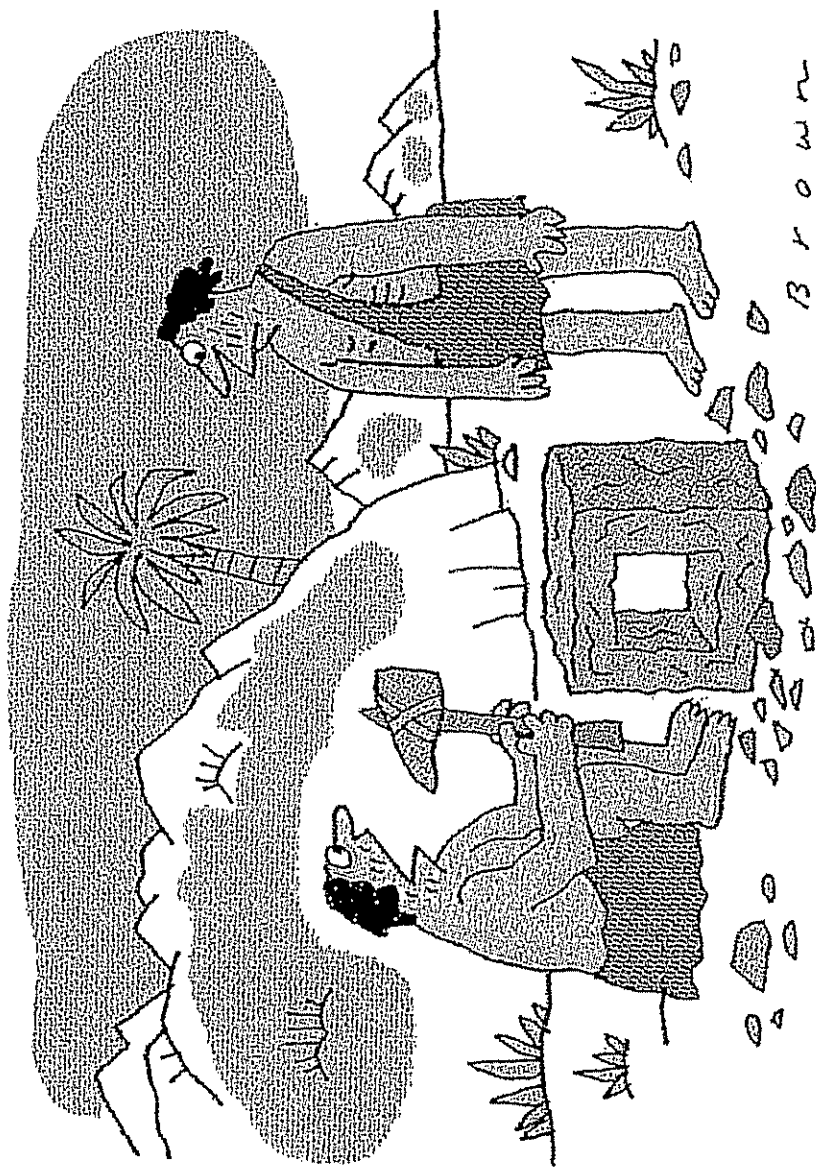
The major divisions of economics include microeconomics, which deals with the behaviour of individual consumers, companies, traders, and farmers; and macroeconomics, which focuses on aggregates such as the level of income in an economy, the volume of total employment, and the flow of investment. Another branch, development economics, investigates the history and changes of economic activity and organization over a period of time, as well as their relation to other activities and institutions. Within these three major divisions there are specialized areas of study that attempt to answer questions on a broad spectrum of human economic activity, including public finance, money supply and banking, international trade, labour, industrial organization, and agriculture. The areas of investigation in economics overlap with other social sciences, particularly political science, but economics is primarily concerned with relations between buyer and seller.

finance

the process of raising funds or capital for any kind of expenditure. Consumers, business firms, and governments often do not have the funds available to make expenditures, pay their debts, or complete other transactions and must borrow or sell equity to obtain the money they need to conduct their operations. Savers and investors, on the other hand, accumulate funds which could earn interest or dividends if put to productive use. These savings may accumulate in the form of savings deposits, savings and loan shares, or pension and insurance claims; when loaned out at interest or invested in equity shares, they provide a source of investment funds. **Finance** is the process of channeling these funds in the form of credit, loans, or invested capital to those economic entities that most need them or can put them to the most productive use. The institutions that channel funds from savers to users are called financial intermediaries. They include commercial banks, savings banks, savings and loan associations, and such nonbank institutions as credit unions, insurance companies, pension funds, investment companies, and **finance** companies.

accounting

the systematic development and analysis of information about the economic affairs of an organization. This information may be used in a number of ways: by the organization's managers to help them plan and control the organization's operations; by owners and legislative or regulatory bodies to help them appraise the organization's performance and make decisions as to its future; by owners, lenders, suppliers, employees, and others to help them decide how much time or money to devote to the organization; by governmental bodies to determine how much tax the organization must pay; and occasionally by customers to determine the price to be paid when contracts call for cost-based payments.



*“I call my invention ‘The Wheel,’ but so far I’ve
been unable to attract any venture capital.”*

Income Statement

Stock investors like to look at the income statement (a.k.a. "earnings statement" or "statement of operations") because it shows the company's "bottom line": its earnings, or profit. Most of the income statement details the company's operations: the yellow zone back in the [diagram](#).

Article
Introduction
Income Statement
Cash Flow Statement
Balance Sheet
For More Information

Consolidated Financial Statements

Income Statement

(click on highlighted text for more information)

(dollar figures are in thousands)	1997	1996
Sales Revenue		
Widget Sales	\$ 12,347	\$ 9,746
Services	6,912	5,688
Total Sales Revenue	19,259	15,434
Sales Costs		
Widget Sales	5,649	4,688
Services	3,166	2,712
Total Sales Costs	8,815	7,400
Gross Profit	10,444	8,034
Gross Margin Percent	54 %	52 %
Operating Expenses		
Sales & Marketing	4,078	3,132
General & Administrative	916	705
Research & Development	2,364	1,831
Total Operating Expenses	7,358	5,668
Operating Income	3,086	2,366
Interest Payments to Bondholders	147	253
Earnings Before Taxes	2,939	2,113
Provision for Taxes	1,028	739

Earnings ("net income")	1,911	1,374
Dividends paid to Shareholders	10	-
Earnings available to Shareholders	1,901	1,374

Consolidated Financial Statements

Balance Sheet

(click on highlighted text for more information)

Article
Introduction
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Cash Flow Statement
Balance Sheet
For More Information

(dollar figures are in thousands) 1997 1996

Assets

Current Assets		
Cash and Equivalents	\$ 2,738	\$ 2,260
Accounts Receivable	1,175	996
Inventory	1,034	897
Total Current Assets	4,947	4,153
Real Estate (purchase price)	31,677	29,847
Equipment (depreciated value)	13,448	12,958
Goodwill (depreciated value)	3,167	3,334
Total Assets	53,229	50,292

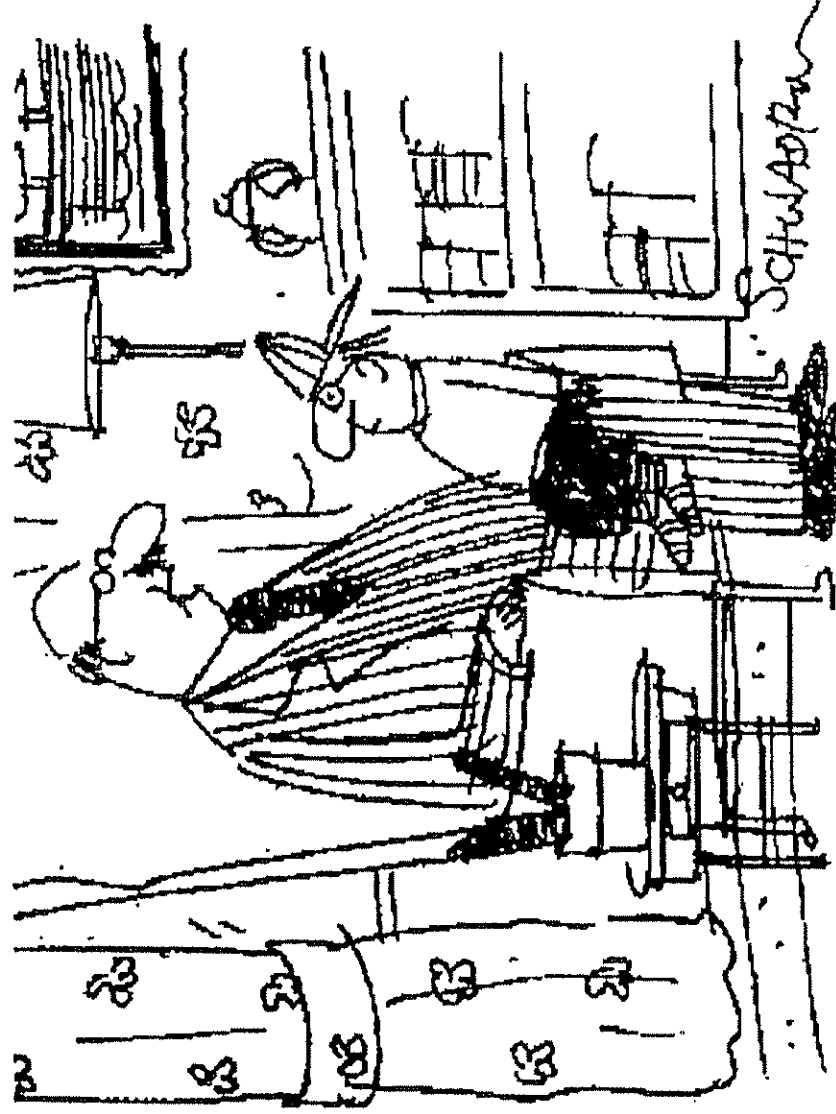
Liabilities

Current Liabilities		
Accounts Payable	1,488	1,092
Short-term Debt	123	147
Total Current Liabilities	1,611	1,239
Long-term Debt	245	267
Other Liabilities	122	101
Total Liabilities	1,978	1,607

Total Shareholders' Equity	51,251	48,685
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Pepper . . . and Salt ^{12/20/60}

THE WALL STREET JOURNAL



“Feelings of self-worth are important, but never confuse them with *net* worth.”

FAMOUS INTERVIEW

STUDENT: *Dr. Einstein, what is the most important invention in the history of mankind?*

DR. EINSTEIN: **COMPOUND INTEREST!**

RULE OF SEVENTY

$$(N) \times (r) = 70$$

Where:

r = annual percentage interest rate

N = number of years required for principal to
double

Examples:

If $r = 7\%$, then 10 years are required to double

If doubling time is 7 years, the interest rate is

10%

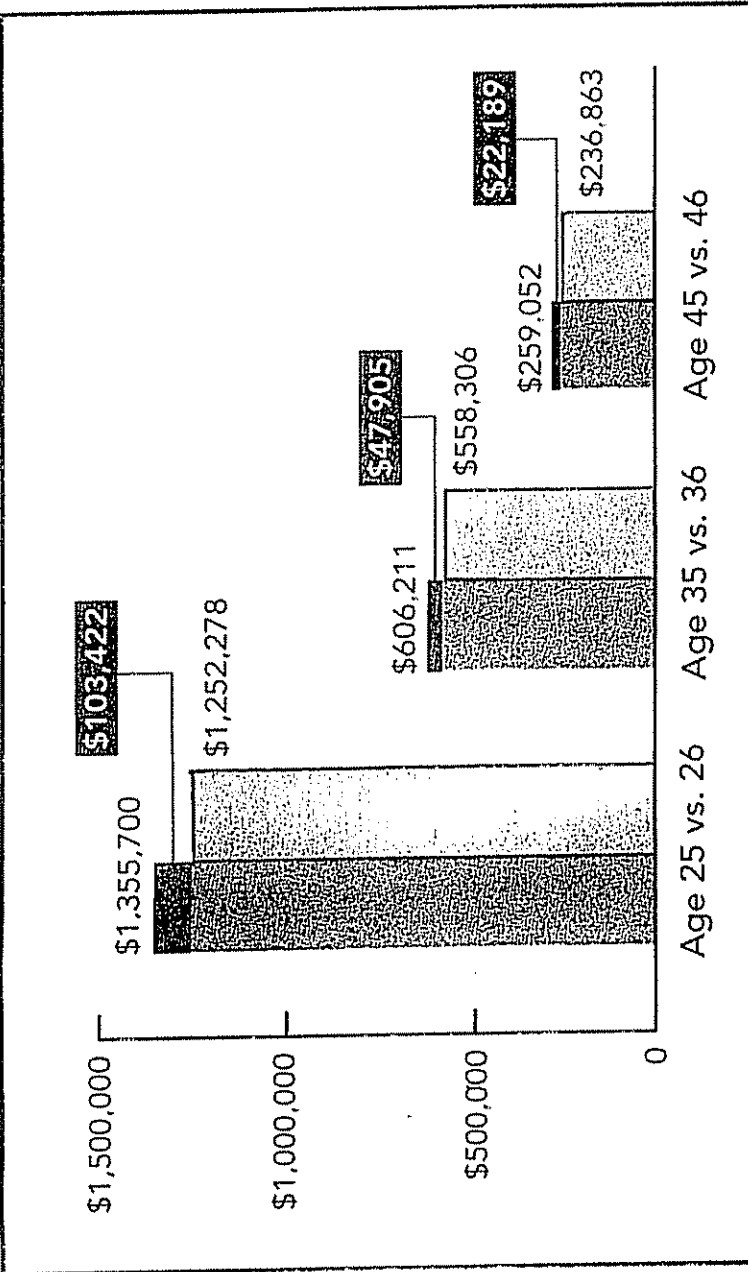
Frequently see 72, since it has more factors than 70 does

THE POWER OF COMPOUNDING

- Scenario: Put \$2k each year on your birthday into a tax-deferred account (annuity, IRA, Keogh, 401(k), 403(b),)
- S & P 500 Compound Annual Growth Rate (CAGR) for 75 years is 11%
- CAGR of 10% gives a doubling every seven years

Year 1		Year 2		Year 3		Year 4		xxxxxx		Year 27	
Age		Age		Age		Age				Age	
22	\$2k	23	\$2k	24	\$2k	25	\$2k	x	x	48	\$2k
29	4	30	4	31	4	32	x	x	x	55	x
36	8	37	8	38	8	39	x	x	x	62	x
43	16	44	16	45	16	x	x	x	x	69	x
50	32	51	32	52	32	x	x	x	x	76	x
57	64	58	64	59	64	x	x	x	x	83	x
64	\$128k	65	\$128k	66	\$128k	67	\$128k	x	x	90	\$128k

Hypothetical Cost of Skipping a One-Time Annual IRA Contribution



This hypothetical example is for illustrative purposes only and does not represent the performance of any security. Chart assumes annual \$3,000 IRA contributions made on January 1 each year beginning at the specified age and continuing through age 70. Assumes annual rate of return of 8% and tax-deferred compounding in an IRA. Final account balances are prior to any distributions, and taxes may be due upon distribution. Investing in this manner does not ensure a profit or guarantee against loss.



2005 Tax Rate Schedules

Schedule Y-1—If your filing status is Married filing jointly or Qualifying widow(er)

If your taxable income is:		The tax is:	
Over—	But not over—		of the amount over—
\$0	\$14,600	 10%	\$0
14,600	59,400	\$1,460.00 + 15%	14,600
59,400	119,950	8,180.00 + 25%	59,400
119,950	182,800	23,317.50 + 28%	119,950
182,800	326,450	40,915.50 + 33%	182,800
326,450		88,320.00 + 35%	326,450

TAXATION

- **FEDERAL INCOME TAX – 35% MAX IN 2005**
- **SOCIAL SECURITY – 6.20% ON \$94,200 (DOUBLED)**
- **MEDICARE – 1.45% (DOUBLED/NO LIMIT)**
- **STATE/LOCAL SALES TAX – 7%**
- **LOCAL REAL ESTATE TAXES - \$5K ON \$300K CORAL GABLES HOME**
- **GASOLINE, CIGARETTES, ALCOHOL,**

ESTATE (DEATH) TAXES

Exclusion		Maximum	Tax Rate
<u>Year</u>	<u>Amount</u>		
2002 and 2003	\$1,000,000	2002	50%
2004 and 2005	1,500,000	2003	49%
2006, 2007, and 2008	2,000,000	2004	48%
2009	3,500,000	2005	47%
		2006	46%
		2007, 2008, and 2009	45%

estate tax falls not on those who have been lucky throughout life but rather on those who have been frugal. When the government levies a tax on what we leave when we die, it is literally taxing our patience. If the nation were suffering from a surfeit of patience, if national saving were too high, if we were doing too much to ensure our children's economic prosperity, the estate tax would serve second careers in Congress. No one would call that change unfair.

MOST OF THE BURDEN OF THE ESTATE TAX FALLS ON THOSE WHO HAVE BEEN FRUGAL.

result of patience than of good luck. Recent research from the National Bureau of Economic Research by economists Steven Ventri and David Wise confirms this conclusion. According to Ventri and Wise, whether a person reaches old age wealthy or penniless mostly depends on the percentage of his earnings he saved—not on the total amount he made in his lifetime. This means that most of the burden of the

N. GREGORY MANKIW is an economics professor at Harvard and the author of *Principles of Economics*.

FIRST PRINCIPLES

The Estate Tax Is One Death Penalty Too Many

BY N. GREGORY MANKIW ■ When the Republican-led Congress recently voted to repeal the estate tax, many Democrats called the move unfair; President Clinton threatened a veto. Without doubt, the heirs of millionaires—not exactly society's neediest group—would benefit most directly from the repeal. But the concept of tax fairness means more than merely soaking the rich and protecting the poor. The more you think about the estate tax, the less fair it looks.

Consider a story of two millionaires—Sam Spendthrift and Frank Frugal. Each starts a dot-com after college and sells the business a few years later, accumulating a \$20 million nest egg. Sam then enjoys the high life, buying expensive cars, boats, planes, and vacation homes. When all that gets boring, he blows millions financing his own campaign for Senate, leaving little for his heirs. Frank, meanwhile, chooses a more middle-class lifestyle. He keeps his fortune invested in the economy, where it finances capital accumulation, new technologies, and economic growth. He leaves most of it to his children, grandchildren, nephews, and nieces.

Now, here's the policy question: Which millionaire should pay higher taxes?

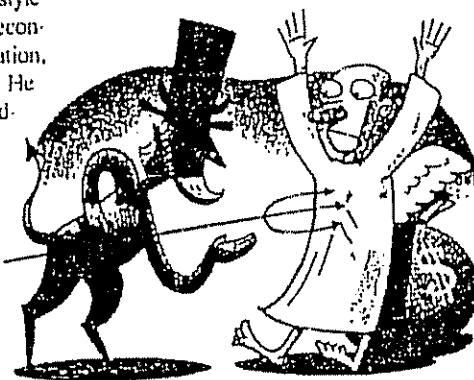
It is easy to argue that they should face the same tax burden. They both start life with the same resources. One person's extravagant tastes aren't the government's business. Equalizing their tax burdens would mean taxing their earnings but not their estates.

It is also easy to argue that Sam should face higher taxes. Sam is taking more from the economy than Frank, so shouldn't he pay for the privilege? If the nation's millionaires were less like Sam and more like Frank, the economy would be more prosperous, and the country would be better off. Many economists have advocated encouraging behavior like Frank's by replacing the income tax with a progressive consumption tax; people would

pay taxes based on how much they spent rather than how much they earned. Again, an estate tax wouldn't be necessary.

What is hard to argue, however, is that Sam should pay less in taxes than Frank. But that is precisely the tax policy we have now. Under current law, Frank's estate is taxed at a rate of about 50%, while Sam avoids the tax by blowing his wad during his lifetime. This, according to many Democrats, is what fairness requires.

Of course, proponents of the estate tax are moved not by such comparisons between rich guys but by comparisons between the rich and the poor. In their view, the estate tax helps ensure that the rich pay their fair share. But if the rich are the target, the estate tax is the wrong weapon. The right one is a progressive income or consumption tax. If advocates of greater



redistribution think that the current top income-tax rate of 39.6% is too low, they should argue for an increase. If they think there are too many loopholes, they should try to close them. But once we have taxed the successful for their success, we shouldn't go further and tax the frugal more than the spendthrift.

Several years ago the book *The Millionaire Next Door* made bestseller lists with the message that getting rich is more often the

FORTUNE

Business FORTUNE

\$4.99

**It's time
to stop
coddling
white-collar
crooks.**



crooks.

Send
them
to jail

SEND THEM TO JAIL

VOL. 145, NO. 6 MARCH 18, 2002

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Schemers and scams

• FORTUNE March 18, 2002



1920: The Ponzi scheme
Charles Ponzi planned to arbitrage postal coupons—buying them from Spain and selling them to the U.S. Postal Service at a profit. To raise capital, he outlandishly promised investors a 50% return in 90 days. They naturally swarmed in, and he paid the first with cash collected from those coming later. He was imprisoned for defrauding 40,000 people of \$15 million.



1930: Ivar Krueger, the Match King
Heading companies that made two-thirds of the world's matches, Krueger ruled—until the Depression. To keep going, he employed 400 off-the-books vehicles that only he understood, scammed his bankers, and forged signatures. His empire collapsed when he had a stroke.

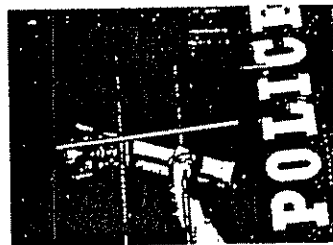


1983: Marc Rich
Fraudulent oil trades in 1980–81 netted Rich and his partner, Pincus Green, \$105 million, which they moved to offshore subsidiaries. Expecting to be indicted by U.S. Attorney Rudy Giuliani for evading taxes, they fled to Switzerland, where tax evasion is not an extraditable crime. Clinton pardoned Rich in 2001.

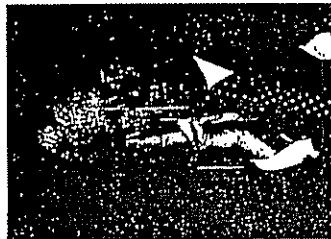


1989: Charles Keating and the collapse of Lincoln S&L
Keating was convicted of fraudulently marketing junk bonds and making sham deals to manufacture profits. Sentenced to 12½ years, he served less than five. Cost to taxpayers: \$3.4 billion, a sum making this the most expensive S&L failure.

1995: Nick Leeson and Barings Bank
A 28-year-old derivatives trader based in Singapore, Leeson brought down 233-year-old Barings by betting Japanese stocks would rise. He hid his losses—\$1.4 billion—for a while but eventually served more than three years in jail.



1998: Waste Management
Fighting to keep its reputation as a fast grower, the company engaged in aggressive accounting for years and then tried straight-out books cooking. In 1998 it took a massive charge, restating years of earnings.



1998: Al Dunlap
He became famous as "Chainsaw Al" by firing people. But he was then axed at Sunbeam for illicitly manufacturing earnings. He loved overstating revenues—booking sales, for example, on grills neither paid for nor shipped.

1999: Martin Frankel
A financier who siphoned off at least \$200 million from a series of insurance companies he controlled, Frankel was arrested in Germany four months after going on the lam. Now jailed in Rhode Island—no bail for this guy—he awaits trial on charges of fraud and conspiracy.

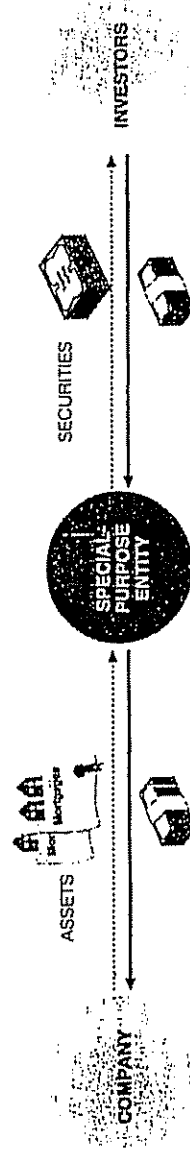


Enron

Tools From Wall Street's Workbench ...

Structured finance is used by companies to raise cash and reduce risk. In the form it most frequently takes, structured finance allows a company to sell an asset to a special-purpose entity created to buy it, thereby spreading the risks associated with the asset among the investors who finance the entity.

- 1 A company sells financial assets to an entity created by the company to buy them.
- 2 The entity is financed by investors who buy debt securities issued by the entity and backed by the assets bought from the company.



Using similar structured finance tools, Enron created elaborate arrangements for selling assets and raising cash. Here is one example, the Marlin Water Trust I, set up to purchase Azurix, a water and waste treatment company, from Enron.



MONEY & INVESTING

Murky Waters: A Primer on Enron Partnerships

*As Details Surface,
They Appear Central
In Firm's Collapse*

By JOHN R. EMSHWILLER
AND REBECCA SMITH

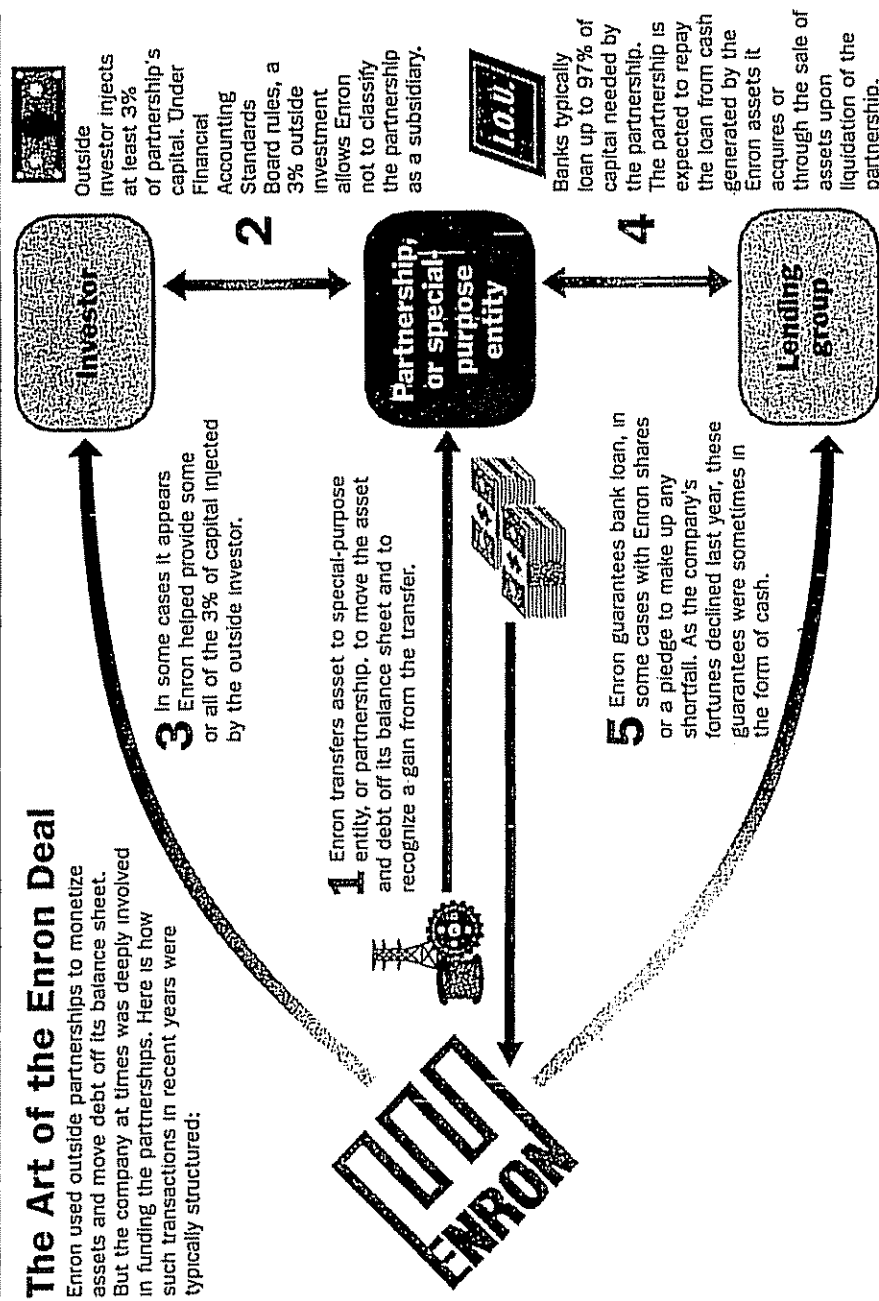
Staff Reporters of THE WALL STREET JOURNAL
With names such as Marlin and Rawhide, Braveheart and Raptor, they sound like fancy bar drinks or maybe top-secret military missions.

They are, in fact, a few of the myriad entities that Enron Corp. helped set up over the past decade and that now find themselves at the heart of one of the biggest corporate scandals in history. Government investigators are still sifting through the complex financial structures of these partnerships, limited-liability companies and other affiliates—domestic and foreign—trying to determine what, if any, accounting rules and laws may have been violated.

At this stage, many details remain murky. But one thing is certain: The partnerships—which Enron often told investors little or nothing about—hid hundreds of millions of dollars of losses and debt from public view. As information about the partnerships began surfacing, they were a major factor in the company's filing for bankruptcy-court protection in December.

The Art of the Enron Deal

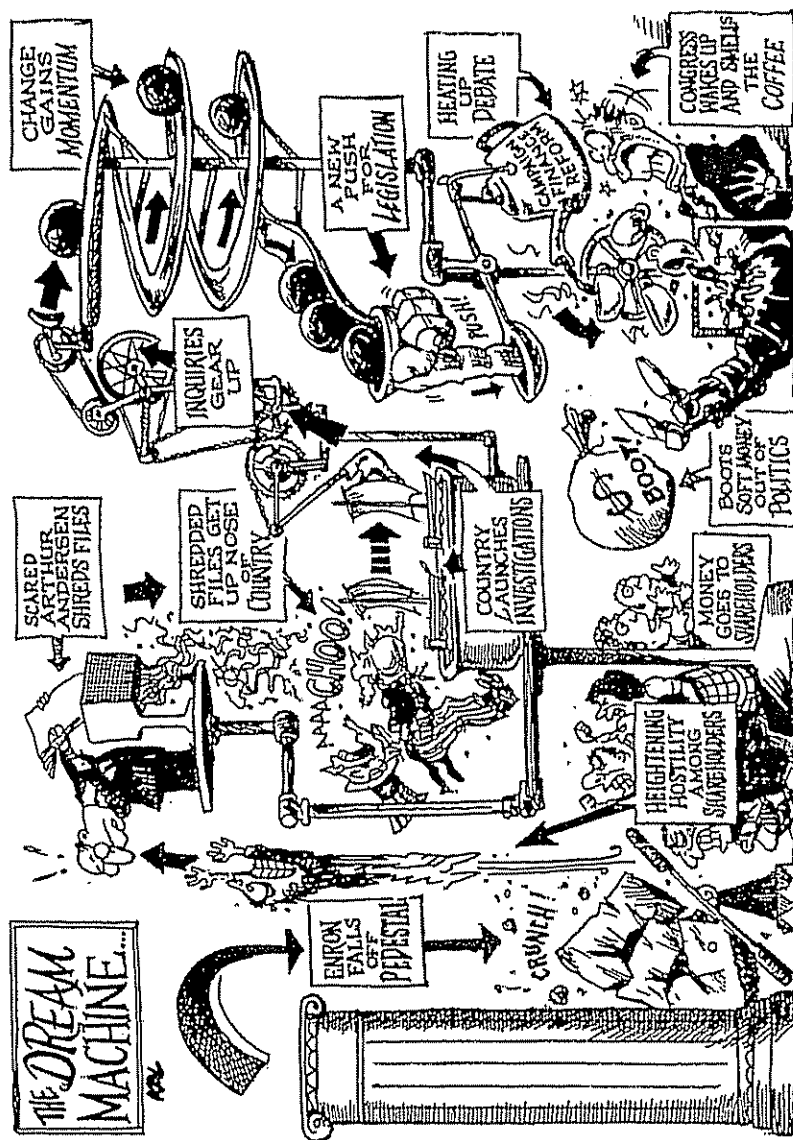
Enron used outside partnerships to monetize assets and move debt off its balance sheet. But the company at times was deeply involved in funding the partnerships. Here is how such transactions in recent years were typically structured:



Enron: The Tale Less Trumpeted

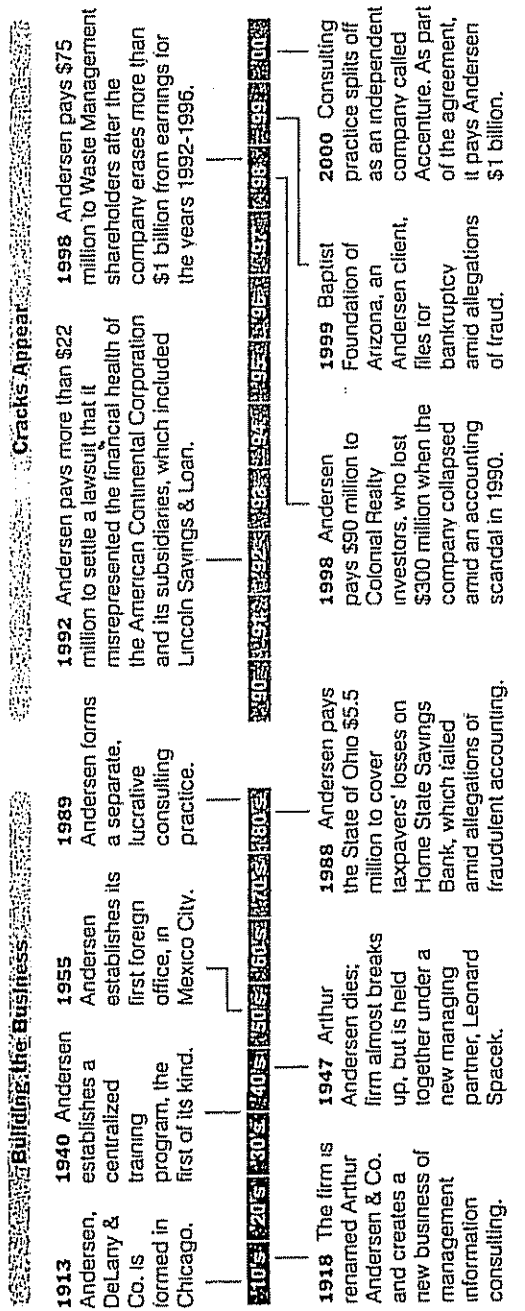
The blame falls not just on faulty bookkeeping and inflated expectations, but also on a fashionable but questionable model of stewardship

IEEE SPECTRUM • MARCH 2002



ENRON'S MANY STRANDS: An Auditor's Troubles

Andersen: A Firm That Grew, Then Faltered



Yesterday's federal indictment of Arthur Andersen for obstruction of justice could lead to the demise of one of the country's oldest and biggest accounting firms.

It All Unravels

APRIL 2001 Andersen agrees to pay \$110 million to shareholders of Sunbeam because of accounting misstatements.

OCT. 16 Enron reduces shareholder equity by about \$1 billion because of undisclosed liabilities on off-balance-sheet entities.

NOV. 5 Andersen receive a subpoena from the S.E.C. Foundation, which plaintiffs say was a giant Ponzi scheme.

MAR. 1, 2002 Andersen agrees to pay \$217 million to settle lawsuits stemming from the failure of the Baptist Foundation, which plaintiffs say was a giant Ponzi scheme.

JUNE Andersen pays \$7 million to settle a fraud complaint by the Securities and Exchange Commission for issuing false and misleading audit reports on Waste Management's annual financial statements from 1992 to 1996.

OCT. 22 Enron says that the Securities and Exchange Commission has opened an inquiry into the company.

OCT. 23 According to eyewitnesses, auditors in Andersen's Houston office begin shredding Enron-related documents.

NOV. 29 The S.E.C. investigation is expanded to include Andersen.

YESTERDAY Andersen is indicted.