

Enron executives Kenneth Lay and Jeffrey Skilling found guilty

Enron founder Kenneth Lay was convicted May 25 of all six counts against him, including conspiracy to commit securities and wire fraud. Former Enron Chief Executive Jeffrey Skilling also was convicted of conspiracy to commit securities and wire fraud in one of the biggest business scandals in U.S. history.

"I am thrilled, absolutely thrilled! This finally settles things," said Debbie Perrotta on hearing the verdict. Perrotta, along with 21,000 of her co-workers, lost everything when Houston-based Enron went belly-up five years ago in a maze of bogus offshore companies, lies and fraud.

Among the hardest hit were some 1,000 Electrical Workers Local 125 members employed at Portland General Electric, a subsidiary of Enron.

While Enron's top managers sold \$1 billion of their stock before they announced that the company had lied in its financial reports, PGE workers were locked out from changing the stock allocations in their 401(k) pension plans. When they finally were allowed access the stock was at trading at 26 cents a share. Workers lost millions of their pension dollars.

Local 125 filed grievances under the union contract, arguing that PGE had failed to act prudently to protect workers pensions. The grievance got to step

two of the process, but then PGE decided the issue was outside the scope of the grievance process and successfully filed suit against the union, asking a judge to rule that the issue was not subject to arbitration.

During the nearly four-month trial, Lay and Skilling claimed there were no crimes at Enron and blamed investor loss of confidence and media reports for the company's downfall, according to news reports.

Perrotta says she feels vindicated that Lay and Skilling were convicted. "I know they will probably appeal. But let them use all their money on lawyers. I'm so glad the jury didn't believe them. They were so sure of themselves on the stand."

Perrotta has no sympathy for Lay's reported financial problems. Lay said he made more than \$100 million in cash and stock gains in 2000. Since Enron collapsed, Lay said he and his wife sold three houses in Galveston, Texas, and three in Aspen, Colo. Lay, whose defense has cost nearly \$23 million, said he now is worth negative \$250,000—and still owes \$7.5 million to Enron for money he borrowed from a corporate revolving credit account.

"I don't feel sorry for him at all," says Perrotta, who was unable to make mortgage payments after she lost her job at the same time her husband lost

his. She says the Enron disaster bears an important lesson for workers. "I want to tell workers that you have to watch out for yourself and fight for your rights."

AFL-CIO President John Sweeney said, "The collapse of Enron exposed the culture of greed that permeates corporate America, often in wanton disregard of workers' and investors' rights and interests."

Enron's collapse took with it more than \$60 billion in market value, almost \$2.1 billion in pension plans and 5,600 jobs.

"The Enron bankruptcy exposed major vulnerabilities in working families' retirement security and the dangers of privatizing Social Security," Sweeney continued. "Enron also showed the fundamental flaws in CEO pay and how executive stock options can create a strong incentive to fraudulently manipulate company stock prices."

"The conviction of Chairman Kenneth Lay and CEO Jeffrey Skilling shows that executives cannot lie their way out of the mess that they created. However, it must be remembered that the collapse of Enron did irreparable harm to working people, and no amount of jail time can fix that."

(Editor's Note: James Parks, a writer for the national AFL-CIO Now Web blog, contributed to this report.)

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