Lay's Death Yields Lesson For Skilling

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Ken Lay, the former Enron chairman, died of a heart attack Wednesday morning.

Like many of us, Lay

Lay wanted to change the world. He grew up in rural poverty, graduated from college and followed his mentor, an economics professor, to a high-level federal job. Lay leveraged his political contacts into an executive position at a regulated company where he could do something about the U.S. addiction to Middle East oil.

In 1985, Lay helped to create Enron, the nation's largest natural gas company. The United States could rely on domestic energy reserves rather than the whims of OPEC leaders and corrupt foreign dictators. Sixteen years later Enron evolved into the world's largest energy company. Enron brought energy to developing nations, including a facility in Palestine that Lay hoped would help alleviate Arab-Israeli tensions.

But Lay achieved these goals by overseeing the most notorious corporate scandal in U.S. history. Sort of.

Lay didn't like confrontation. He hid his head in the ground and grew phenomenally wealthy, while his executive team falsely reported revenue and his energy traders wrecked havoc on California.

All that came to an end during the fall of 2001 when, shortly after Jeff Skilling resigned as Enron chief executive, he was informed that Enron had $7 billion in hidden losses. Lay chose to lie to the public about Enron's financial situation. People didn't believe him and, six weeks later, Enron was bankrupt.

In May 2006, Lay was found guilty of fraud and conspiracy. In a separate trial he was also found guilty of bank fraud. At the age of 64, rather than making millions sitting on corporate boards and as a business consultant, Lay faced an October sentencing of 25 to 40 years in jail.

Everyone has a second chance, even the most egregious criminals. Lay now had another opportunity to change the world, one that he hadn't originally planned on. He could confess his crimes and counsel the government on how to create regulations that would prevent another Enron from occurring.

Instead, despite the overwhelming evidence, Lay maintained his innocence.

Then his heart burst and his life ended.

Lay's partner in crime, Skilling, is still awaiting sentencing. One should not underestimate the psychological price associated with business crime, for both the victim and the perpetrator. Skilling has already admitted having contemplated suicide during a two-year depression triggered by the Enron collapse.

We can hope that Skilling will exhibit the courage required to admit his guilt. He could then take a leadership role in the next round of corporate reform, for the sake of employees, investors and himself, even if from within a federal prison.

Return to story