

# My Life in the Very Real World: A Juniata Alum's Life with Enron and Other Strange Events

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In October 2002, I had given a campus-wide presentation to the Juniata community about the collapse of Enron specifically, and corporate ethics in general. It was big news at that time and I had been employed at Enron in 1996 and 1997 as Director of Corporate Finance. I worked with the CFO and others who, in 2002, were looking to be charged with various felonies. Since then, many of the people I worked with went to jail.

In that campus-wide presentation, I not only talked about the ethical problems at Enron, but also the ethical problems throughout society. And, I stated, those who live in glass houses should be careful about throwing stones. Student cheating across the nation was and is rampant.

Well, the last two years have shown that these society-wide ethical problems have metastasized. When asked to present to the campus about Enron again this past March, I thought that enough time had passed that the current student body may better appreciate my life since graduating from Juniata in 1980 and all the ethical issues I encountered in that time – not just Enron. The presentation includes corruption, malfeasance, and, murder! In addition, I want to show that what I learned at Juniata, and what I learned from my many varied experiences, taught me about surviving the rough and tumble of the “real” world outside the campus.

My first experience with corporate “management” in the early 1980s came at First City Bank, a now defunct Texas bank that, at the time, was one of the country’s largest banks. The bank had just lost hundreds of millions of dollars in one three month period in 1983, and yet senior management was awarded bonuses. When I asked why, I was told management had achieved its goals. Really? I wish I had asked what would have happened if they had not achieved their goals – would the bonuses have been larger? Does this sound similar to what we are experiencing today?

I eventually left First City for graduate school. When returning to work in 1990 following graduation, I went back to First City since they had a complete change of management. But, yet again, there were ethical problems! The bank collapsed and was taken over by the government. The vice chairman of the bank was eventually convicted of fraud. He had been taking kick-backs on consultant contracts. In addition, he had been making some very bad and suspect loans in order to generate income for the bank. Does that, again, sound familiar?

One of the suspect loans the vice chairman made was to a quite shady individual, the then owner of the world-famous Calumet Farms in Kentucky. Calumet was where many famous race horses had been raised, including Alydar, the only horse to finish second in every race of the Triple Crown in 1978. The horse had lost to the world-famous Affirmed by less than a total of two-horse lengths over the three Triple Crown races. After these races, the horse was then kept for breeding purposes at Calumet.

Calumet was failing due to the excessive spending of the owner and was deep in debt. The loans to Calumet, in part, were fraudulently obtained. In 1990 evidence indicated that the owner of Calumet had Alydar killed in order to collect the \$32 million for which the horse had been insured, in order to cover financial problems. While not convicted of the murder, he was eventually convicted of various other felonies and sent to jail. I was learning first-hand the very strange and horrifying lengths people will go to be “successful.”

I left First City, again disgusted with its behavior, to go work for Credit Lyonnais, which at the time was the world’s ninth largest bank. Within sixteen months of my arrival, this bank went from one of the world’s premiere banks to near financial collapse. Like First City, it too had made fraudulent loans to shady characters. In fact, the French government had to bail out the bank with a \$25 billion takeover. When investigations into the collapse started, a fire mysteriously broke out in the Paris headquarters, destroying the headquarters and all records pertinent to the collapse.

In 1996 I went to work at Enron where I saw some quite bizarre behavior and actions. I am still astounded that I personally worked with several people who are felons and went to jail. I left Enron after only nine months as I had a very difficult time working in an atmosphere where everyone thought they were, as the famous book about Enron was titled, “The Smartest Guy in the Room.” They also would not answer questions directly and did not appreciate questions. We all know what happened four years later, in 2001, as the problems and lies were finally exposed to daylight and Enron collapsed. They were not so smart, just very dishonest.

I went through a succession of additional firms. Some were quite ethical, some not so much. One very large, global company fired me Christmas Eve 1999 and re-hired me New Year’s Eve! This was after I had arguments with the CEO and board over the poor and shoddy management of the company. I was asking too many questions and pointing out the truth of the situation. That was not appreciated.

It is not just corporations that are at fault. Our society itself is the problem and we are still not getting it right. We have massive deficits, a housing collapse, and a health crisis highly correlated to obesity. They are all related. We blame others and ask others to fix it, rather than looking at our own actions. Obesity, for instance, has doubled in the past 20 or so years. If our society had the same rates of

obesity as it had in 1986, the U.S. would save approximately \$150 billion per year – more than enough to help provide medical coverage to those who cannot afford it!

What I really want to stress overall in this presentation is that we all personally go through emotional, financial, and work crises and have to deal, at times, with less than honest people. I want the students to know what I believe will help them in their post-college life and what to avoid. You need to take care of yourself, your health, and your finances. The “platitudes” we learned all our life are true:

- Live, not within your means, but below your means – minimize debt
- Save, and then save some more
- Diversify your assets
- Stay healthy – exercise and eat properly
- Ask questions when you don’t understand
- If the answers to your questions do not make sense, then know there is a problem and take action – walk away if necessary
- Take risks, live to the fullest
- Chase your passion, not the money
- Take responsibility for your actions

By following these ideals I was able to readily survive some terrible recessions, terrible jobs, and ethically challenged companies.

I also want you to know that what I learned at Juniata, oh so long ago, helped me tremendously. It all derives from the college motto – *Veritas Liberat*. The professors I had at Juniata – Cherry, Lakso, Lewis, Hochberg, Williams – still hold sway over me, because in one way another, that motto came through. I still hear their admonitions, encouragement, and wisdom - as well as their wicked humor. And I will never let go of these memories and ideals.