

Entering California's Electricity Market: 1996 and 1997

... Yet Fastow wanted a piece of the action. He approached Michael Kopper, his assistant and protégé, with a scheme that would take advantage of a potential loophole in Enron's Code of Ethics. Kopper could serve as the SPE's outside partner because Enron's Code of Ethics mentioned only senior executives in its prohibitions, not their assistants or any other employee. Fastow could loan Kopper the money, and Kopper, in turn, could pay him back from profits generated by RADR's deals with Enron.

DECISION CHOICE. *If you were Michael Kopper and your boss, a senior executive, requested that you invest in an organization conducting business with your company would you:*

- (1) support the plan,*
- (2) risk getting fired for refusing to participate,*
- (3) inform the CEO about the scheme,*
- (4) notify the auditors about the scheme, and/or*
- (5) notify the SEC about the scheme? Why?*