

Preparing to Meet with Lay about Fastow's Raptors: August 2001

... The second in-house lawyer was already familiar with Watkins's anonymous letter and advised Watkins not to raise the issue again with Lay. He wondered why Watkins questioned the informed decisions of Fastow and Causey, particularly since Arthur Andersen auditors and Vinson & Elkins lawyers had signed off on the SPE transactions. He promised to contact Enron's chief legal counsel about the issues Watkins highlighted.¹

DECISION CHOICE. *If you were Sherron Watkins would you:*

- (1) cancel your meeting with Lay and wait until hearing back from Enron's in-house lawyers,*
- (2) continue your own investigation and meet with Lay at the already scheduled time,*
- (3) inform your contacts at Arthur Andersen,*
- (4) inform the SEC, and/or*
- (5) confidentially notify the Wall Street Journal? Why?*

¹ Swartz and Watkins, *Power Failure*, 281-283.