

### **Meeting with Lay: August 2001**

... Watkins met with Lay after lunch on Wednesday, August 22. Lay didn't seem to grasp the depth of the accounting problems she described. He put greater credence on the fact that Arthur Andersen auditors and Vinson & Elkins lawyers signed off on them. Lay charmed Watkins to such a degree during their meeting that when he directly asked Watkins if Fastow was doing a good job as CFO, she agreed. Lay also asked Watkins if she had informed anyone outside Enron of her concerns.

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

*(1) tell Lay that you informed someone at Arthur Andersen, or*

*(2) lie and say you didn't inform anyone else? Why?*