

Enron

Former Enron CEO Jeffrey Skilling will serve his sentence at a low-security federal prison in Waseca, Minn.
 FEDERAL BUREAU OF PRISONS



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A dramatic shift for Skilling

Five years after Enron's fall, its former CEO will trade a life of power for a modest federal lockup

By **KRISTEN HAYS**
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Jeff Skilling is about to get a new identity: federal inmate No. 29296-179.

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Five years after Enron's crash left thousands jobless and sparked shareholder distrust as well as congressional outrage, the company's former CEO is slated to leave his Houston mansion this month to become an incarcerated felon.

His new home, as determined by the U.S. Bureau of Prisons, will be more than a thousand miles north at a former college campus-turned-prison in Waseca, a small southern Minnesota town of 10,000.

His pending arrival has generated some coffee-shop talk.

"There's some buzz about him coming, sure," said Waseca Mayor Roy Srp. "His story is quite prevalent and he is infamous, so he's the most infamous person we have out there that the citizens will know about.

"We welcome anybody that comes to our community, including Mr. Skilling," Srp said.

The ex-CEO has until the afternoon of Dec. 12 to surrender at the low-security lockup and begin serving a 24-year, four-month sentence.

He was convicted in May on 19 counts of fraud, conspiracy, insider trading and lying to auditors, and faces by far the harshest punishment of anyone convicted of Enron-related crimes.

The second-harshest is the six-year term being served by former Enron finance chief Andrew Fastow, who admitted to engineering schemes to cook the company's books while skimming millions of dollars for himself.

Confined to his house

Since his October sentencing, Skilling has been confined at home, wearing an electronic monitoring anklet so federal officials can track his movements.

Through his attorney, Daniel Petrocelli, Skilling declined to be interviewed before his surrender. Petrocelli also declined comment about Skilling's next step or his state of mind.

Skilling all along has maintained his innocence of any wrongdoing and aims to appeal.

He also is challenging U.S. District Judge Sim Lake's refusal to let him remain free on bond while appealing his convictions. If the 5th U.S. Circuit Court of Appeals sides with him, Skilling could pursue his appeal unfettered by prison.

If not, he faces a regimented existence.

He'll be told what to wear and when to sleep, eat and shower. He'll share a cubicle or a room with one to three other men in one of five dormitory-style units.

He can shop one day a week at the commissary. Phone calls are limited to 15 minutes. If he needs medication, he has to stand in line.

"It's the ultimate lack of control in day-to-day things that is really the biggest challenge they

have," David Novak, a Salt Lake City consultant, said of former high-powered executives who end up in prison.

Novak, a former Microsoft consultant, served a year in a federal prison in Florida for mail fraud a decade ago and now advises felons on how to handle life on the inside. Skilling did not seek his advice.

He said Skilling, a Harvard MBA who was a star consultant with McKinsey & Co. before rising to the top of Enron, will ease his adjustment if he tries to blend in.

Former WorldCom CEO Bernard Ebbers, who is serving a 25-year prison term at the same Oakdale, La., prison as Fastow for orchestrating that company's \$11 billion fraud, faced the same challenge when he surrendered in September.

"People who successfully transition are those who fight their instinct to be an individual and remain in the center of the herd," Novak said.

The bureau of prisons requires all inmates to work if medically able, so Skilling will work. Most earn 12 cents to 40 cents an hour doing such jobs as preparing food, washing dishes, cleaning bathrooms or keeping grounds.

But some facilities, including the Waseca lockup, also have Federal Prison Industries factories, known as UNICOR. Those jobs pay 23 cents to \$1.15 per hour to inmates who make office furniture, electrical components, license plates, signs and police and military uniforms.

About 200 of Waseca's 1,000 inmates work in the facility's textile factory making uniforms, curtains, mattresses and bedding.

Alcohol abuse program

The Waseca facility, like others in the federal system, also offers activities for inmates during nonworking hours, according to the bureau of prisons.

Those include a course in horticulture, which is reminiscent of the property's former life as a University of Minnesota satellite campus that focused on agriculture programs.

A recreation department has aerobics, stationary bicycles, stair steppers and rowing machines. Inmates can play pool and pingpong, and can work with leathercraft or ceramics in a hobby center.

And the prison offers a nine-month, 500-hour alcohol and drug abuse treatment program that Skilling plans to enter. If he completes the program, he can shave up to a year off his term.

Traci Billingsley, a spokeswoman for the bureau of prisons, said the Waseca facility's population reflects that of the entire system, where more than half committed drug crimes. The rest could include a mix of bank robbers, immigration lawbreakers, burglars, some white-collar offenders convicted of fraud, extortion or bribery, and other types of offenders.

kristen.hays@chron.com



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