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## Enron fallout in the pipeline

I read with interest the Jan. 7 story "NY banks face up to \$3 billion in loan defaults."

The fallout from Enron's bankruptcy could be a disaster for small and midsize businesses. As a turnaround and crisis professional, I already see signs that lenders, venture capitalists and government assistance agencies are tightening up on their reporting, accounting and

documentation requirements in a way that has not been seen since the savings and loan industry scandals about a decade ago.

Now, probably to an unnecessary extreme, the price of getting and maintaining capital and credit for a midmarket company means strict oversight and rigorous outside monitoring from a variety of sources. Obviously, these checks and

balances in the form of auditors, valuation experts and appraisers are going to demand a great deal of extra time and expense from business owners, and will drive up operating costs.

Small and midsize businesses should get ready to pay for the sins of the Enron financial tragedy.

### About the Author



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