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The two most senior executives in Enron finally enter court today charged with securities fraud. Justin O'Brien reports from New York on what has been billed the corporate trial of the century.

As jury selection begins at the single most important corporate criminal trial in the United States since the collapse of Enron, its former chairman is preparing for the pitch of his life. Ken Lay, a consummate salesman, is accused along with Jeffrey Skilling of fraud and conspiracy to defraud the markets by failing to disclose the parlous state of the corporation's finances prior to its meltdown in December 2001. Skilling, the former chief executive, faces additional insider trading charges.

They are being held directly accountable for Enron's spectacular implosion. Its failure destroyed thousands of jobs, prompted a political and economic crisis that led to a fundamental questioning of the integrity of corporate America and the biggest redesign of corporate governance since the 1930s.

Both Enron executives maintain their innocence. They claim that an essentially viable firm was the victim of a panicked market that temporarily lost faith in an inherently sound, if complex, business model.

The prosecution's emphasis on Enron as a proxy for corporate malfeasance provides, for Lay, confirming evidence that he is subject to a politically-inspired show trial.

It is certainly an audacious defence strategy. If even partially successful it could serve to undermine the credibility of the reform process.

The US Department of Justice has spent much of the past four years preparing this case. An Enron taskforce was established with lawyers, auditors and forensic accountants drafted in from across the country.

The strategy was designed to secure guilty pleas from executives at each rung of corporate authority. In exchange for leniency, these executives pledged to co-operate with the federal authorities in the prosecution of the next level up.

The campaign was ruthlessly efficient. It secured no less than 16 convictions, progressively isolating the most senior executives.

When the taskforce announced it had reached a plea agreement with Andrew Fastow, Enron's former chief financial officer, the strategic priorities came into sharper focus. Fastow designed, executed and managed the transactions that shifted billions of dollars in liabilities off the balance sheet. The belated full disclosure of their purpose was instrumental in hastening the demise of Enron and its auditors, Arthur Andersen.

Rather than risk acquittal or a hung jury and jeopardize the indictment and trial of Lay and Skilling, the taskforce opted for a guilty plea and co-operation agreement.

Fastow now provides crucial, if tainted, evidence that both Lay and Skilling approved not only the transactions, but also the rationale for establishing them.

It is the failure to communicate the information to the market, rather than the legality of the transaction, that drives the government's case. Not only is this a much easier case to prosecute, it also has the advantage of placing the chief executive and chairman in the defendant's box.

Ken Lay faces seven specific charges relating to securities and wire fraud. It is alleged that he lied to the external auditors, Arthur Andersen. In addition, he is charged with deliberately misleading the rating agencies and investment bank analysts about the state of the financial black hole on four separate occasions. The wire fraud charges relate to his use of internal e-mail missives to all staff that Enron would have no difficulty meeting its quarterly profit estimates set by Wall Street.

Some of the more egregious allegations against Lay, such as his personal dumping of stock, are not explicitly stated. The issue is implied, however, in the charge that Lay provided false reassurances to staff. This will allow the prosecution to introduce damaging inferences about the Lay share sale.

Skilling faces a wider array of charges, including filing inaccurate returns to the Securities and Exchange Commission. He is also accused of misleading the auditors and investment analyst community in a number of presentations. Skilling also faces damaging insider-trading allegations that he made more than $60 million in selling stock while in possession of non-disclosed information.

For the current director of the Enron taskforce, Sean Berkowitz, the trial has much deeper resonance than the prosecution of individually corrupt executives. On his appointment - the third director to date - Berkowitz declared: "Enron defines the age of corporate fraud."

It is this dynamic that has provided the opening for the Lay counterattack. In a series of speeches and newspaper articles, the avuncular executive has accused the Department of Justice of waging a political campaign that amounts to an abuse of process. It is a remarkable turnaround for a high profile donor who once counted President Bush as a friend and vice-president Cheney as a political ally in the energy deregulation policies that facilitated Enron's rise.

"It's ugly when there is the appearance of political influence on criminal prosecutions - and, of course, even uglier when the reality exists. The legal case against me, standing alone, is a flimsy, hollow shell and reeks of politics," he wrote in The Washington Post in 2004. Since then, the debate has become even more polarized. Lay has launched a website and appeared on major current affairs programmes. Each was timed to provide

distance from the other titans of corporate America on trial in courthouses from Alabama to New York.

Typical was an interview in March 2005 with the CBS current affairs programme 60 Minutes. The interview was broadcast as the trial of Bernie Ebbers, the disgraced chief executive of WorldCom, was reaching its conclusion. The interview road tested a defence remarkably similar to that used by Ebbers. Lay claimed that he was unaware of the detail. He argued responsibility for criminal acts lay with underlings, such as Fastow, who defrauded the corporation and betrayed its trust. Unfortunately for Lay, the Ebbers's jury found ignorance an insufficient justification. He was jailed for 25 years.

This opens the second and more controversial line of defence. Lay's legal team is likely to claim that all of Enron's related party-transactions were legal and accepted as such by both external auditors and lawyers. Here Lay is on potentially stronger ground.

US prosecutors have, at best, a mixed record in securing convictions on cases involving alleged accounting manipulation.

The shell of Arthur Andersen still maintains that its accounting mechanisms for Enron were "perfectly legal". Its conviction in 2002 was based on obstructing a US federal investigation and was subsequently overturned by the Supreme Court.

For Lay, the trial can be traced to over-zealous prosecutors who have submerged "the rock of truth in a wave of terror".

In a high-profile speech in Houston last month, Lay attributed the delaying in bringing the case not to complexity, but because "it is complicated to find crimes that do not exist". The trial, which is expected to last more than four months, will deliver a verdict on a business culture that led to the demise of a corporation once deemed the most innovative in the country, but now indelibly associated with corporate excess, hubris and corporate corruption.