

## **Casefiles: The Sympathizer**

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**TRUE STORY.** This case recounts an incident where friendship very nearly caused the closure of a successful industrial establishment, and with it the loss of a multitude of both employee and subcontractor jobs.

The client was a preeminent manufacturing company specializing in the design and construction of specialized equipment for other industrial firms. This was by all measure a successful and growing company, with a client base that was even branching out to include international trade. Hiring was up due to their growing clientele base and steady stream of orders for their products. It was during one of these hiring periods that the “wrong” person was admitted into their firm as a trusted employee. In a perfect example of the need for proper and comprehensive pre-employment background screenings, we will detail how one employee with a penchant for less than ethical behavior, and one with less than fully functioning thought processes - teamed up to very nearly become the perfect criminal enterprise.

**WARNING SIGNS.** The first indication of trouble in paradise became evident one day when management finally detected an unusual ratio of purchased manufacturing supplies – versus finished product. In other words, two plus two was equaling two! The finished product totals were far less than should have been for the amount of supplies that were being purchased. (Note: This is a very common scenario, usually attributable to internal theft. It is not often detected promptly by most management, and sometimes completely missed!)

This company operated three shifts, thus they operated on a 24 hour a day basis though with a reduced employee and supervisory staff during the second and third shifts (the 5PM to 9AM periods). These shifts were the ones where the less than ethical employee who we will call Joe – could always be found. Joe resisted attempts to reschedule him into the day shift, stating that he needed his days free to baby sit until his working wife returned home in the evening to take over. Management compassionately obliged.

The real reason that Joe preferred working the second and third shifts (as management would eventually learn!), was that the skeleton crew and reduced supervision during these two shifts, allowed Joe to use the company trucks to spirit away production supplies – theft. Joe would pay his “assistants” (fellow employees) well for their help in loading the truck and keeping quiet about anything they saw. The “assistants” were making regular extra income and Joe was making off with large, expensive amounts of company supplies. Everyone was happy! Had Joe not been so greedy, management may not have even detected the unusual losses – but Joe had an agenda.

**INVESTIGATIONS.** Unable to determine exactly where the losses were occurring, management retained the services of an investigative agency to help find and stop the source of the problem. By this time, management suspected that there was some involvement by their employees in the losses – and they urgently wanted to know which ones!

Using a series of concealed closed-circuit television (CCTV) cameras installed during a convenient holiday – one of the few times when the company actually closed, the investigation soon disclosed the cause of the missing supplies. The surveillance video tapes quickly provided solid evidence of all those involved in the thefts, and exactly what was being taken, how and when. The “party” was over for Joe and his assistants – almost!

While Joe and his crew were quickly dismissed for their stealing, the company was not to learn until much later the real extent of Joe's nefarious plans. Joe was stealing supplies not for the "street money" they would bring as hot merchandise – the story he gave when he was finally caught, but in preparation to compete with his employer in his own small but effective start-up competitive firm! Joe had figured out a less than honest but still successful way to become a serious competitor to his then employer, and was going full steam ahead with his plans.

Within a year of being fired from his job, Joe had started his own company and began competing with his old employer – successfully competing. The stolen supplies and money he had amassed (how and from where was never determined) for his pet project, allowed him to launch his company in a nearby town. As intriguing as his activities were thus far, the most serious of his affronts against his old employer, were still to come.

Once again Joe's old employer began experiencing serious losses, but this time they were in their sales department. They just could not stop or even explain the tremendous loss of new business, that was now seriously threatening the very existence of the firm. Their suspicions turned again to their former employee Joe, since they knew that he was the one they were losing sales to. Once again the company contacted their old friends at the investigative agency (the same one that helped stop the employee theft Joe had instigated), hoping they could determine what was suddenly going wrong. Once again the investigators came through. Their subsequent findings were nothing less than shocking.

Joe had made key friends while he had been at his former employer, friends that he would insure would be of good use to him in his future grand plans. One of his more vital friends worked in the company's computer department, and had full access to company information and files. We'll call this friend "Bruce". Bruce always felt that Joe had somehow been framed and wrongfully fired (Joe helped to paint this picture, and played the part of an innocent victim well!). Bruce's continued friendship with Joe even after his dismissal from the company – along with his firm belief that Joe had been wronged, helped to make Joe's plea for help from Bruce a sure thing.

Joe asked Bruce if he could help him get his new company "rolling" by giving him a list of the company's bid contracts, so he could have at least a fair chance at competing. Bruce fell for it as predicted by Joe, and was soon providing Joe with the company's new contract bids! Bruce had no problem at all getting a copy of all of the bids, as he had total access to the computer files. Bruce and Joe were soon meeting once a week either at one or the others home – or at their favorite bar (they had also become good drinking buddies), where Bruce would hand over a computer disk to Joe bearing a complete list of the weeks latest contract bids. This is what allowed Joe to regularly bid against his former employer, and to come well under their bid – every time! Joe was thus making fast, steady money – while his old employer was quickly going broke.

A combination of physical surveillance techniques, concealed CCTV cameras and subsequent computer activity audits soon revealed the complete scenario of just what was happening to their lost bids – and why Joe seemed to always be able to underbid them just enough to win the contracts. The owner of the company and his staff were flabbergasted at the findings. Not only were they still being victimized by an ex-employee, but Bruce who was Joe's "inside man" was a very trusted employee who had been with the company almost since it was founded. The betrayal by Bruce was the turning point of the company.

**LESSONS LEARNED.** Bruce and Joe were left to the legal system and the company attorneys to deal with, as the company decided to use every possible option available to them to fully prosecute the pair for their actions. Having dramatically seen how loyalty and trust can be so easily discarded, the company decided that it was time to institute new security measures and employee policies to help protect the company's assets and future well being. Running the company like a family (as it had been before Joe and Bruce made their debut) may have been quaint and comfortable – but it was very evident that it also exposed the firm to serious vulnerabilities that had almost brought them to total collapse. Knowing that this and other similar situations could happen again, management changed the firm into an efficient, protected corporation with greatly minimized exposures, and tremendously improved Intelligence Security programs and procedures including specific protocols for the protection of their proprietary information and assets.

Not only have the new improvements provided the company with the type of protection they should have had all along, but by safeguarding their operations and their future - they have also helped protect their employees futures by greatly reducing the potential that their jobs would all suddenly disappear one day.

What was especially interesting to note in this case file, is that this act of espionage as perpetrated by Bruce – was not committed for any financial gain. Unlike the typical espionage affront especially by professional operatives who are always motivated by the tremendous profits they will earn for their services, Bruce acted solely due to his feelings of friendship and comradely towards Joe. Bruce never received any payment for his efforts.

We can only presume that Bruce expected that Joe would hire him to come work at Joe's company, if and when his current employer eventually closed due to the serious loss of sales they were experiencing as a result of Bruce's actions. That we will never know for sure. What is important to note is that money alone is not always the driving force behind every individuals decision to commit acts of espionage against their employer. In addition, as was so well demonstrated in this situation - employers must always insure that their protective protocols are effective, up to date, and always in force. Amateurs like the professional operative, can and do inflict serious damage to unprotected companies.

What operations profile is YOUR firm currently performing under – Pre or Post “Joe and Bruce”?

**FINAL THOUGHT.** It is essential that small, minority - and women-owned businesses have appropriate controls in place, to prevent similar situations as the one in this article from occurring at their own firm. Smaller firms may be vulnerable to greater damage and more serious losses than larger well-established companies, and may be less able to recover from such extensive acts of business fraud. It is therefore vital that they insure that their operating plans include the proper protection from these serious and costly forms of deception.

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