

FRANCZEK RADELET

ATTORNEYS & COUNSELORS

300 SOUTH WACKER DRIVE, SUITE 3400 | CHICAGO, IL 60606

T: 312.986.0300 | F: 312.986.9192 | WWW.FRANCZEK.COM

Ethics/Privilege Case Scenario:

Chief Financial Officer comes by General Counsel's office to chat late Friday afternoon. He reports that he has learned that the Chief Operating Officer is seeking to improve efficiency by imposing restrictions on work-from-home options available to all employees, which is negatively impacting employees with new children. Even worse, it seems the policy is being enforced more strictly against female employees (including the CFO's daughter, who works in Sales). CFO tried to talk to the COO about this, but they ended up arguing (they've disliked each other for years), and CFO now wants in-house attorney to investigate this situation and correct it.

GC already had plans to have a drink with the COO that evening, so finds a way to mention the topic of work-from-home policies generally to informally gauge the COO's position without disclosing anything. COO stares back at the GC, indicates that what she's about to say must remain completely confidential, and starts talking before the GC can say a word. She explains:

- She has uncovered what appears to be embezzlement and fraud scheme led by the CFO ("at least that high") relating to overcharged expenses billed to and collected by the business as part of a large government contract.
- Phantom expenses and skimmed profits are involved, which seems to have been achieved through excessive payments to a vendor that are billed to the government. COO has heard that company leadership's family members are invested in the vendor to some degree, including at least the CFO and possibly the CEO, though she is not sure.
- COO was trying to learn a bit more informally about the situation before confronting anyone by having her underlings put out some feelers to people they know in the finance function. COO thinks the CFO may have heard about it because she had the oddest discussion with the CFO about work-from-home policy changes within the last week that had previously been unimportant to the CFO. COO thinks the concerns are blown way out of proportion, though she has heard that some employees (particularly some female employees) may be upset by the change.
- COO is unsure if the vendor issue is real or how high it goes, but she does not feel right keeping this to herself.
- COO asks GC if she should file a formal complaint internally, put something in writing, etc., but also expresses concern about getting the institution in trouble with the government agency. COO then leaves abruptly for another engagement.

Peter G. Land
pgl@franczek.com
(312) 786-6522

Scott L. Warner
slw@franczek.com
(312) 786-6523

Michael A. Warner
maw@franczek.com
(312) 786-6118