A Whistleblower’s Case Study
Blowing the Whistle on Fraud at the University

Background
University of California
- Faculty Member
- Director of USDA Program
- 32 Year Employee
Mistake!
Error on Spreadsheet
- $60K Budget
- Increased by $150K
- Hand-Written Note

ALARM!
Is this Embezzlement?
- Response About “Mistake”
- Files Locked
- No Key
Warning!
Purchase Order Has Red Flags

- Price (Expensive)
- Description (Vague)
- Separation of Duties (Missing)
- Vendor Instructions (“Pickup”)

Moral Dilemma
Many Questions Arise

- Who to Tell?
- Responsibility?
- Process?
Internal Reporting

Hitting a Brick Wall

- Supervisor’s Response
- Threats
- Intimidation

Moral Distress

- Discomfort
- Can’t Sleep
- Stress
Travel Fraud
$20,000!

- Monthly Reimbursements
- Fictitious Trips
- Approved Certification

What to do?
Who to tell?

- Forms for Whistleblower Report
- Improper Activities Report
- Protection from Retaliation
Putting the Puzzle Together

Investigation
- Meet with Internal Auditors
- Meet with Police
- Meet with Investigators
- Inform USDA

Retaliation!
Embezzler Files Whistle Blower Report Against Me!
- Whistleblower Protections
- Silence
- Consequences

Investigation: Initial Outcomes

- Federal Agents Supervise
- Evidence Collected
- Warrant Served
- Equipment Found
- Employee Resigns

Retaliation!

Deception & Betrayal

- Intimidation
- Harassment
- Malicious gossip
- Threats

Sources:


Consequences

- Isolation & Fear
- Job Loss or Demotion
- Career Risk
- Reputation Risk
- Health Concerns
- Financial Consequences


Turning Point

Advice from Daniel Ellsberg, a Famous Whistleblower

- Consequences of Truth Telling
- Issues of Moral Courage
- Steps to Healing

$2.3 Million Fraud
Final Amount Returned to Federal Agency

- Four Years of Investigations
- Embezzlement
- Travel Fraud
- Misappropriation

Whistleblower’s Credo

“In theory, anyone who speaks out in the name of the public good within an organization is a whistleblower.”
Responsibility
Who is Responsible?

- Institution?
- Employees?
- How can employees be held responsible if they are not educated in the institute's expectations?

Warning Signs
If someone tells you…

- “Well, maybe just this once…”
- “No one will ever know…”
- “It doesn’t matter how it gets done as long as it gets done.”
- “It sounds too good to be true.”
- “Everyone does it.”
- “Shred the document.”
- “We can hide it.”
- “No one will get hurt.”
- “We didn’t have this conversation.”
Whistleblowing Benefits

- Stopping Fraud Saves $$
- Faith in the Justice System
- Concern for Public Safety
- Faith in Institution
- Ethical Standards

Whistleblowing Is Effective!

- The workforce is a powerful ally
- Encourage comfort in raising issues
- Protection is essential
- Credibility: respond quickly!
- Marketing—post statistics!

Source: N. Baker, “See no evil, hear no evil, speak no evil: Effective whistleblower programs encourage employees who witness company wrongdoing to speak out rather than look the other way,” Internal Auditor, April 2008.
Institutional Response

Media Issues

- Institution in the Limelight
- Public's Reaction to Fraud
- Transparency Concerns

Thank you!

abjoy@ucdavis.edu

Acknowledgements: Power Point Presentation by Computer Courage, Berkeley, CA.
www.computercourage.com. Template inspired by "Clean White Keynote Presentation" by graphicriver