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When the stakes are raised during an ethics investigation

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An ethics investigations team is in the process of compiling documentation and drafting the final report. It appears that they had covered all angles, identified the “perpetrators,” obtained admissions, and formulated recommendations. However, everyone is caught by surprise when they learn that one of the perpetrators had been meeting with members of executive management, providing his version of events, and as a result, this individual not only kept their job but also was financially compensated for the “hardship” caused by the investigation.

This scenario, which is based on an actual case, highlights how an investigation that might have seemed diligent can enter a phase that ends up changing its course—and eventually the outcome. Don’t let this happen to you.

This article presents examples of three situations that can seriously affect ethics investigations: The Reversal, The Scandal, and The Transformation.

The Reversal

As in the example illustrated above, the risk of being preempted by one of the subjects of the investigation may significantly affect the outcome. I am aware of a specific case in which “Ken,” one of the perpetrators, proceeded to contact a very senior and well-respected member of the company’s executive team after he was met during an investigative interview. Unbeknownst to investigators, Ken provided his version of events, denying involvement in a shell company (the focus of the investigation) and expressing concern over the “heavy tactics” of the investigators.

This provided temporary relief to Ken, who was initially absolved, received an apology, and was even financially compensated! Members of executive management wrote messages to the chief compliance officer in the organization, which included comments criticizing the investigators.

The investigators debriefed with the chief compliance officer and had to defend their findings. Not taking anything personally, they continued documenting the case. They summarized all facts: payments made to the shell company, dates, and amounts. This time, however, in a tactical move, they omitted Ken’s name in the final report.

The report did include a document, obtained by the investigators, confirming incorporation of the shell company in question. One of the registered founders was...Ken. When executive leadership was debriefed on the findings, the evidence spoke for itself. Ken had to be dismissed.

Lesson learned

The investigators failed to appreciate two elements: how manipulative Ken was and the fact that he had friends in high places. Like many fraudsters, Ken was very well spoken and articulate. His move to preempt the results of the investigation was not seen as an attempt to block the investigators. Initially, some people thought that Ken had been treated unfairly.

When you review evidence suggesting misconduct by someone that is well liked in your organization, make sure to map the connections the individual has and never underestimate their people skills. It also helps if the investigative team can remain focused, even while their work is being criticized.

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