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Building Ethical Leaders from the inside out

James Wanserski: A real-life fraud-buster

by Karen Pressley

Images of crime scene investigations, armed thugs and smoking guns are more likely to stir up ideas about CSI television shows than computer forensics or blowing the whistle on accounting fraud. But with white-collar criminal conduct making nightly headlines since the MCI, Enron, and WorldCom corporate scandals, the role of the whistleblower and forensic accountant has moved from obscurity to front-page news. On November 15, MCI fraud whistleblower James Wanserski will share his story at Kennesaw State University on how he found the smoking gun that cracked open the \$50 million accounting fraud of telecom giant MCI which led to MCI exec Walt Pavlo's felony conviction and sentencing to 41 months in prison.

The Siegel Institute for Leadership, Ethics & Character has invited Wanserski to the "Why Leadership and Ethics Matter" speaker series to discuss "Real Life Fraud-busting: Facts, Behavior and Role Models." His story is for all, but will especially appeal to academic leaders, Business and Business Law majors, and Communication majors of all concentrations. Wanserski's MBA in Finance/Management, 20 years in telecommunications and 10 years in accounting and consulting at national corporations including Sprint, MCI, and Telecom USA, has equipped him with a wealth of experience that students and faculty can access during a question and answer time following his lecture.

Wanserski's story spans more than the accounting expertise required to expose the cooked books at MCI. Other repercussions reverberate in his life—

from challenging media relations, to attacks on his reputation and threats to his family and career, to countering Pavlo's version of this scandal in the *Forbes Magazine* story, "Ring of Thieves," by journalist Neil Weinberg. Wanserski will discuss controversy relevant to media coverage of corporate crime, and the role of computer forensics in exposing fraud.

Wanserski believes accountability for ethical choices belongs to managers and staff at all levels. "People who should be detecting fraud are not the government, the police department, or even the CEOs. It's the front line managers who see it first." He sees a trend of focusing on the "tone at the top" where executives choose to hold a significant ethical position in the culture that puts their integrity on the line and filters the ethical tone through all levels of staff. Wanserski says anyone can embrace the characteristics of a fraud-buster as a matter of choice. Fraud-busters must know the accounting numbers of the company, know the business enough to observe unusual behavioral changes, be willing to dig into questionable actions, and collect and look at

data. Developing this ability requires a good education, building a variety of experiences and roles that broaden your perspective, and then learning how to trust your gut reactions and integrity when you see something that doesn't add up. "Underlying these basics must be a personal foundation of core values,

part of your very being, which enable you to see when something is awry and act on it."

Financial Executive Magazine published Wanserski's article, "By Any True Accounting, the Deed Was Fraud," which responds to

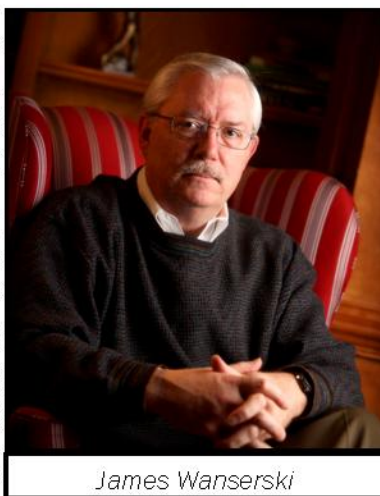
the MCI fraud case and offers advice about how to deal with fraud and ensuing litigation. "My biggest motivation to write that article was the fabrication spewing out of the fraudster convicted in the MCI case now making a living on a speaking tour talking about ethics." Wanserski hopes to influence academic institutions and other groups away from inviting convicted fraudsters into the classrooms to talk about ethics, since that's an issue of the wrong role model being given a platform from which to speak to future leaders. He hopes to see a shift from the perverse appeal about "good people gone

bad" to an emphasis on people who have built a platform of doing things right from which to contribute ideas about success through ethical choices. He also wants to see a shift in media exposure of fraud, proving that journalists have done due diligence to fair and thorough investigative reporting which brings truth rather than covering an angle to fit a preconceived agenda.

Do kids grow up dreaming of becoming a whistleblower, like they might dream of becoming a teacher or an astronaut? Wanserski's perspective was shaped by a significant role model who set the standards for him at an impressionable age, whom he will talk about at the KSU event.

When Wanserski was asked to reflect on his decision to follow the path of fraud-busting and evaluate if it was worth the sacrifice, he replied, "The examples in the press—from MCI to Enron to WorldCom who filed Chapter 11 with a loss of nearly \$200 billion of market value that was destroyed—have proven that the economic costs are far greater than the gains. Most of all, you have to look at yourself in the mirror every day and think, what's the cost to your personal integrity?"

The "Why Leadership and Ethics Matter" Speaker Series is co-sponsored by the KSU Coles College of Business, College of Humanities and Social Sciences, Graduate Studies, Elesys North America Inc., United Parcel Service Inc., and WellStar Health Systems.



James Wanserski