



From the Ethics Case Files

“From the Ethics Case Files” columns in the Bechtel Globe, our internal magazine, discuss actual cases -- the full cycle of a case, including the initial report of misconduct, how the allegation was investigated and substantiated, and the consequences applied --so that our colleagues understand how the Ethics and Compliance process works. These articles also give colleagues practical guidance on where they can find information about what to do should they encounter similar situations.

Here are a few examples of the cases shared with colleagues. >>

Thumbs Down for the Thumb Drive Thieves

The Case

Concerned employees advised an IS&T manager that they suspected a former colleague of using removable USB drives to download data concerning a project and a customer. The colleague was seen using an office computer late at night in the days and weeks leading up to his sudden resignation to work for Company X, a Bechtel competitor. The IS&T manager contacted Ethics & Compliance to report this suspected violation of company policy and the Code of Conduct.

The suspicions were confirmed by IS&T's Information Security group through a review of computer and network records, which track the details of every download from company systems. In the meantime, project managers had also grown concerned about another colleague who resigned at about the same time - also to work for Company X. Both employees had, in fact, downloaded to multiple USB drives thousands of electronic files containing confidential information proprietary to Bechtel and its customers, partners, and suppliers.

The Legal Department contacted the former colleagues by mail and reached out to the legal counsel of Company X, which agreed to help resolve the situation.

When interviewed by Company X's counsel, both employees denied having downloaded Bechtel confidential or proprietary information and claimed they had reformatted their USB drives before leaving Bechtel to assure they did not contain any proprietary or confidential information. Both agreed to be interviewed by Bechtel investigators and reluctantly surrendered their personal USB drives to Bechtel for forensic analysis.

The Outcome

Forensic analysis revealed that the USB drives contained confidential Bechtel files and that one of the suspected employees had already downloaded Company X files to a personal drive. Once Company X was notified of these violations against both companies, they agreed to destroy any Bechtel proprietary information identified on their network. We don't know what action Company X took with respect to the employees.

The Lesson

Every Bechtel colleague signs a confidentiality agreement when joining the company, and the obligation to protect Bechtel confidential information continues even after you've left. Bechtel's information security systems are designed to log all downloads of data. If suspicious activity is detected or reported, it is investigated thoroughly. In short: Not only is it in violation of Bechtel policy and the Code of Conduct to remove confidential Bechtel information - it's nearly impossible to get away with it.

The Case of the Foreman and the Favors



The Case

A site manager reported to Ethics & Compliance that a construction foreman on his project was suspected of accepting cash, valuable gifts, entertainment, hunting trips, and more from two project vendors.

A Bechtel Ethics & Compliance investigator interviewed the implicated foreman and representatives of the two vendors. The foreman first denied any outside relationship with either vendor. Later, when asked about specific favors, he recalled that he had accepted one lunch and gone hunting once with one vendor.

When pressed, he also stated that he had once gone with a friend to a hunting property owned by the second vendor, staying overnight for free in a cabin there. He admitted further that he and his wife had accepted meals from the second vendor at two restaurants. He denied accepting valuable gifts or cash from either vendor but admitted that he had received other favors of significant value and entered into an undisclosed financial transaction with the father of a vendor representative.

When the investigator interviewed the vendor representatives, he learned that the foreman had accepted additional hunting trips, meals, and favors not previously acknowledged. In a follow-up interview, the foreman offered no explanation for his false statements. However, he said that he didn't think accepting substantial benefits from the two vendors was a conflict of interest. He also denied discussing the investigation with the vendors, although the investigator had already learned that the foreman had coached one vendor on what to say if questioned about his case.

The Outcome

The construction foreman was terminated for engaging in undisclosed conflicts of interest, accepting inappropriate gifts and favors from the suppliers, and failing to be truthful with the ethics investigator. One vendor representative, who was not candid and cooperative during the investigation, was barred from the project.

The Lesson

Every Bechtel colleague is expected to be uncompromising in our integrity, honesty, and fairness [[link to VV&C](#)]. We are also required to disclose and resolve any existing situations that potentially create a conflict of interest or the appearance of a conflict [[link to Code of Conduct](#)], including engaging with vendors outside work and accepting gifts.

The Case of the Phantom Residence

The Case

Under the terms of Bechtel's contract with a customer, colleagues who temporarily relocated to the customer's project location while retaining their existing permanent residence elsewhere were entitled to request a Living Away from Home Allowance (LAHA). The LAHA reimburses colleagues for certain expenses while living away from their permanent residence. Employees who claim a LAHA are obligated to notify the company if their living circumstances change, so the company or customer can reassess eligibility for LAHA.

A Bechtel colleague relocated to the project and filed a LAHA claim, reporting that he was maintaining a permanent residence in his city of origin. Based on the information provided by the employee regarding his permanent residence, his LAHA claim was approved by the customer. Unbeknownst to Bechtel or the customer, however, the employee sold his home and purchased a new house in the project city. He did not report his changed living circumstances and continued to receive LAHA benefits for four and a half years, although the change in his living circumstances made him ineligible for the benefit. This was a clear violation of the LAHA rules, as well as any commonsense understanding of ethics. Acting on a tip, law enforcement investigators began checking on the employee. They talked with current and former neighbors and local delivery providers. They learned that he had not been seen in the original home for years. They subsequently obtained driving license, auto registration, and tax records to confirm that the employee no longer maintained a permanent residence at that location.

The Outcome

The employee is no longer working for Bechtel. As a result of his misrepresentations, he became the subject of criminal investigation and prosecution. He eventually pled guilty to criminal charges of fraud. He was sentenced to three years of probation, to include 150 hours of community service, and ordered to make full restitution of more than \$110,000 to the customer.

The Lesson

An act of omission can be the same as an intentional act of fraud. By failing to report his changed circumstances, the employee received significant compensation under the LAHA program to which he was not entitled. He treated his failure to report his changed living situation as a windfall, like a "Bank Error in Your Favor" in a boardgame. The employee was not entitled to profit at the customer's expense.

Bechtel's reputation and performance quality depend in part on every colleague's commitment to our Vision, Values & Covenants, and our integrity, honesty, and fairness. Fortunately, most of our colleagues—including those who monitor coworkers' expense reports and requests for reimbursement—share this commitment and work hard to protect our reputation. It is essential to speak up if you think you've witnessed others doing something ethically suspect. Notify your supervisor or contact Ethics & Compliance directly (anonymously if you prefer). You don't need all of the details; often your instinct alone is enough. Ethics & Compliance will investigate and determine if rules have been violated.

PCard Abuse



The Case

John worked in a permanent Bechtel office and was responsible for purchasing various goods and services for several groups and departments. He placed orders for items such as technology equipment, office supplies, and furniture on Amazon.com using his company purchase card (“PCard”), a company-issued credit card account. Charges to PCards are paid directly by the company and reconciled against expense reports submitted by the cardholder.

When the Card Service manager conducted a reconciliation of PCards to expense accounts, he noticed John had not submitted expense reports for PCard charges made almost two years earlier. He contacted John’s manager about the delinquency. The failure to submit expense reports had gone unnoticed due to multiple changes in John’s supervision over the past two years.

John’s current supervisor asked about the delinquent expense reports and directed him to bring them current. When John failed to do so after repeated requests, the supervisor became suspicious and contacted Ethics & Compliance.

The investigation

Ethics investigators reviewed the non-submitted charges and discovered that one company – “IT Sales” – had the highest volume of transactions. Investigators could not verify the legitimacy of the company and determined IT Sales had been created on an online marketplace and e-commerce website builder called eMarket. It was no longer active on the site. No record of IT Sales could be found in state business records.

Their review of the items purchased revealed a pattern of monthly recurring orders placed to IT Sales while additional monthly recurring orders for identical items were placed with Amazon. Further, the PCard payments to IT Sales were made through Google Wallet and PayPal, unlike the payments to Amazon.

John was interviewed by investigators and asked about his delinquent expense reports. He said he was overwhelmed by his other tasks and hadn’t had time to complete them. When he could not produce receipts, packing slips, or other documentation relating to IT Sales, he claimed they were misplaced or discarded. He also stated that all items received were placed in the office supply room; no inventory was kept because they were considered “consumables”.

When John was presented with forensic evidence, he admitted he created IT Sales as a “store front”. He confessed the PCard payments to Google Wallet and PayPal for purported purchases from IT Sales were transferred to his personal bank account. The total estimated amount paid by Bechtel to IT Sales during a four-year period exceeded \$140,000.

Investigators also discovered and confronted John with evidence that he had been selling Bechtel property on eBay. He admitted taking Bechtel-paid merchandise out of the supply room, packaging it in his office, using his home address as the return address on the packages, and mailing them through the Bechtel mailroom.

The Outcome

At the end of the interview, John was terminated from the company and escorted off site by Security. Bechtel reported its findings to local law enforcement and criminal charges were filed against John. Ultimately, he pleaded guilty to the charges and was sentenced to one-and-a-half years in county prison, \$145,000 in restitution to Bechtel, five years supervised probation, and, upon employment, a 10-percent wage garnishment to Bechtel.

The Lesson

If you find yourself in a situation where you are unsure of the proper business practice or are confused about any Bechtel policy, consult Corporate Policy 102, Ethical Business Conduct. If you still have questions, ask for help. Consult your supervisor or manager, Human Resources, the Legal Department, your organization’s Ethics & Compliance Officer, or the Bechtel Ethics HelpLine for guidance.