

■ An exposé of trickery, venomous subtlety and complete lack of ethics at the top — shades of Stonehill?

BUSINESS VERSUS BUSINESS

The collapse of ethics in our time nowhere is more devastatingly expressed than in the utter lack of principle at the top. The knifing and in-fighting among Organization Men would have done credit to the conspirators at the court of Caligula. A business magazine, *Modern Office Procedures*, asked its readers: "Is it possible for a man to move up through the ranks of management solely by honest, decent methods?" An overwhelming majority answer: "No!"

The nature of this internecine war of businessmen ranges from almost wholesale throat-cutting in the scramble up the ladder to the executive suite to all kinds of espionage, bribery and connivery in the attempt to filch a rival's trade secrets. In both areas, in an atmosphere of intense combativeness in which only the end result is important, almost anything and everything goes.

The battle for the heights of corporate power leads to the kind of suave, Organization Man throat-cutting that is as lethal to careers as the lash of a jungle cat's extended claws to a beast of prey. Norman Jaspán has pointed out repeatedly that the atmosphere in the executive suite inevitably seeps down and affects all the lower levels of business. In this connection, probably no conduct has a more widespread or deleterious effect on employee morale than the spectacle of the bosses stabbing each other in the back with gangland professionalism. Yet, as Jaspán has noted, such back-stabbing and throat-cutting comprises "a rite being practiced by thousands of executives in hundreds of businesses."

It is a rite so widely practiced, indeed, that *The Wall Street Journal* last year became concerned about it and conducted a survey to dis-

cover just how prevalent is this ungentlemanly mayhem. In interviews with fifty executives in twelve cities, it discovered an unlovely lot. The trickery ranged from the spiking of a rival's drink just before an important meeting (thus guaranteeing that he would disgrace himself), to more complicated and really Machiavellian plotting against a competitor.

The vice president of one Eastern corporation, facing a rival for power in a rising new executive, went to the trouble of plugging the carburetor of his rival's automobile. This made the new man late for his first executive meeting and started him off under a lowering, black cloud. In another instance, an elevator company executive waited for a colleague's pet project to flop; then he submitted to his boss a file of memos — carefully backdated to indicate he had opposed the venture all along. Almost as telling as these examples was the unconsciously revealing remark of the executive of a Southwest oil company. After faithfully denying that there was any throat-cutting in his business,

he turned around and commented ruefully: "Of course, some people in this company will do just anything to get ahead."

This attitude that a man is justified in doing "just anything to get ahead" spells, of course, the death knell of ethics. Such an atmosphere, as Jaspan has noted, "forms a natural breeding ground for white-collar crime. Its chief elements consist of trickery, venomous subtlety and complete lack of ethics."

The Amorous Executive

All three elements were illustrated by a case that ties together back-stabbings in the executive suite and industrial espionage — a new, multi-million-dollar postwar industry. This case involved three partners who were sharing in the lush profits of a multi-million-dollar business. One of the partners was a fine business executive well liked and capable. The other two had no reason to be dissatisfied with him, except that they began to figure that if they could find a way to eliminate him they could gobble up his share of the profits.

Thus motivated, they adopted a common tactic of today, hiring detectives to "get" something on their partner. They had no idea what they might get; almost anything that could be used for leverage would do. Taking the quickest route to the source of secrets, the hired investigators promptly wire-tapped the unsuspecting victim's home and office phones. The result was a great disappointment. No black and nefarious and usable tidbit of information came over the wires. Desperate, the two partners instructed the detectives to bug their pal's own private office.

Nothing could be easier. A minute gadget — a wall-socket microphone — was installed, and this faithfully monitored every conversation that was held in the office. Included was the chit-chat between the executive and his private secretary. The pair, the wall microphone revealed, were in the habit of staying late several nights each week — and it wasn't just business that kept them.

Armed with the irrefutable records of executive-

suite dalliance the two conniving partners at once dropped their mask of friendship and lowered the boom on their onetime pal. "Resign," they told him bluntly, "or we'll play these records to your wife and children." The indiscreet partner, whose own office walls had concealed the ears that were his undoing, had no choice. He resigned within the week.

The downfall of the amorous executive represents little more than a minor incident in the new and growing field of industrial espionage, or IE, as business calls it. IE itself is Big Business today. It keeps literally thousands of detectives in bread and butter, trying to filch industrial secrets that may be worth millions, and it keeps another army of thousands of counterespionage agents actively trying to thwart their designs. So important and so sensitive has the whole issue become that the protectors have a society, the American Society for Industrial Security, and when it held a convention last fall, some 2,490 members from chapters in fifty-eight cities attended.

In this new war between the forces of IE and counter-IE, no trick is considered too low; nothing that succeeds is beyond the pale of ethics. Time was when such industrial spying was a gentlemanly game played over a cocktail at a Madison Avenue bar. Rivals would try to pump information out of one another; each knew, of course, what the others were trying to do, and the whole affair had a somewhat sporting aspect. But today all the fantantastic gadgets of the twentieth century are used as weapons. The wire tap, the minute microphone planted in the padding of the executive chair, the spying airplane, the searching of waste baskets by hired detectives, the bribing of engineers and key employees, the deliberate baiting of a rival with a seductive Mata Hari — all of these are accepted techniques that are being practiced today on a phenomenal and ever-increasing scale.

Stealing Formulas

The most coveted loot in this game of fraud and deceit consists of the new discoveries, the new processes,

that are being developed constantly by American industry through the expenditure of nearly \$20 billion annually on research. In a typical case last October, a federal grand jury indicted eight men in an international drug pirate ring for the theft of secret formulas from the heavily guarded Lederle Laboratories at Pearl River, N. Y. Two former employees of Lederle, using their passes to get by the protective screen, had entered the labs at night, ostensibly to work, and had stolen research data and bacteriological cultures. Down the drain, according to Lederle, went work on new antibiotics it had taken a decade and more than \$10 million to develop.

When the stakes are so high, no trick is ignored that may lead to financial advantage. On one occasion the board of directors of a multi-million-dollar East Coast corporation held a secret meeting in the president's office to discuss new plans and processes. They were unaware that they were under the constant observation of a little man stationed on the roof of an apart-

ment building half a block away. Through binoculars the observer, an expert lip reader, kept his eyes focused on the president's lips, and as the corporate president talked, the spy dictated into a handy tape recorder every word that he said.

The depths to which businesses will stoop in this anything-goes world of IE are illustrated by some of the cases in the files of Harvey G. Wolfe, of Los Angeles, who heads his own industrial counterespionage firm. Favorite methods Wolfe has uncovered include the planting of agents in sensitive jobs, the purchase of employees already on the payroll, the use of listening and recording devices, the liberal exploitation of sex and, in some extreme cases, the blackmailing of executives.

The Sex Trap

Planning a coup, IE agents study minutely the executive dossier of their target. Wolfe says: "They find out whether he likes blondes or brunettes. What kind of liquor the man drinks. And the agent — blonde or brunette — is told to be sure she has

plenty of it when she entertains him. She's told to be friendly — make herself attractive, and develop this man."

One oil company executive, thoroughly scouted in this fashion, fell all unsuspecting trap. The setting was a lonely road; the props, a racy sports car, a flat tire — and a beautiful girl, fashioned and tailored to the executive's taste, standing helplessly beside it. Before the executive had stopped playing gentleman by changing the tire, he was hooked — and his company's secrets were ready to take wing into the ears of a competitor.

Of all Wolfe's cases, one stands out unforgettably in his mind. The head of a large construction firm was being constantly underbid by a competitor. If he bid \$300,000 on a project, his rival bid \$285,000; if his figure was \$100,000 on a job, his rival bid \$95,000 — and got the contract. This happened so often that the construction executive realized there must be a leak.

Wolfe assigned one of his best agents to the case. The

investigator worked diligently for weeks. Every suspect person and situation in the construction firm's setup was checked and cleared. Baffled, the investigator reported to Wolfe: "We've investigated everybody but our client." Reluctant though he was, Wolfe decided they had no choice but to bug his own client's home. "The client had a beautiful two-story Tudor-type home," Wolfe recalls. "We managed to get four of our miniature broadcasting stations into the house. We found what we wanted."

The electronic eavesdroppers revealed that before every job on which he bid, the construction man's wife asked him, just casually of course, what his bid was going to be. Naturally, he told her:

"We had recording of five such instances, but we wanted more before going to the client," Wolfe says. "We put a tail on the wife — twenty-four hours a day."

It wasn't long before the husband left town on a business trip. The wife dutifully drove him to the airport, kissed him goodbye. Then she drove to a hotel and met a man — her husband's competitor. Watching the pair, Wolfe's detectives established that every time the husband left home, his wife and his competitor spent the time playing house together.

Wolfe hesitated to tell the husband of his sordid discovery, but of course he had to. "We showed him the movies and played the recordings," Wolfe says.

He was, he recalls, prepared for almost any reaction but the one he got. The husband merely watched, grunted and said: "Well, I guess we plugged that leak, didn't we?"

Then he wrote out a check for Wolfe, with a fat bonus. — Fred J. Gook in the *Corrupt Society*, *The Nation*, June 1-8, 1963.