

2014

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Recommended Citation

Mark Whitacre, *When Good Leaders Lose Their Way*, 45 Loy. U. Chi. L. J. 525 (2014).
Available at: <http://lawcommons.luc.edu/lucj/vol45/iss3/1>

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When Good Leaders Lose Their Way

*Mark Whitacre, Ph.D.**

Just imagine for a minute . . .

When you go to work today, imagine having a tape recorder attached to your body, a second one in your briefcase, and a third one in a special notebook, knowing that you will be secretly taping your supervisors, coworkers, and in some cases, your friends. Now imagine doing that every day for three years.

That is exactly what I did, from 1992 to 1995, when I was an informant for the Federal Bureau of Investigation (“FBI”) in the largest price-fixing scandal (at the time), in U.S. history.¹ I was, and still am, the highest-ranked Fortune 500 executive ever to become an FBI whistleblower in U.S. history.²

The American Dream

I was informing on Archer Daniels Midland (“ADM”). They were, at that time, approximately the fifty-sixth largest company on the Fortune 500 and one of the largest food additive companies in the world.³ They currently earn over \$90 billion in annual revenues and have over 30,000 employees.⁴

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1. David Greiseing, *Scandal Too Much of a Drain on Power Dwayne*, CHI. TRIB., Oct. 21, 1998, http://articles.chicagotribune.com/1998-10-21/business/9810210320_1_dwayne-andreas-adm-price-fixing-scandal.

2. Roger Ebert, *Reviews: The Informant!*, ROGER EBERT (Sept. 29, 2009), <http://www.rogerebert.com/reviews/the-informant-2009>.

3. *Fortune* 500, CNNMONEY, http://money.cnn.com/magazines/fortune/fortune500_archive/full/1995/ (last visited Feb. 13, 2014).

4. See *ADM Facts*, ADM, <http://origin.adm.com/en-US/company/Facts/Pages/default.aspx> (last visited Feb. 13, 2014) (noting ADM’s 30,000 employees and 2012 net sales of \$90.6 billion).

I started at ADM in 1989 when I was thirty-two as President of the BioProducts Division. I was—and still hold the distinction of being—the youngest Divisional President in the history of ADM.⁵ Within three years (1992), I was promoted to Corporate Vice President and a corporate officer of the company.

From the outside looking in, I had everything. I was living the American Dream—the best the world had to offer. People would drive by our home and say, “Mark Whitacre has it all!” I lived in a huge home, which had an eight car garage filled with eight cars, and indoor horse-riding stables for my children. I also had access to the many corporate jets. But, there was still a huge void in my heart at the time, and success was not filling it.

To a nightmare . . .

My future at ADM was bright. Why did I turn on my own company to become an FBI informant?

The answer to that question is not an easy one. I turned against ADM because of my wife, Ginger. I met Ginger in the school band when she was in seventh grade and I was in eighth grade. We went to a junior high school dance together during that year in 1970. We then became a couple in high school and were the homecoming queen and king in 1975, my senior year. I was also senior class president and she was treasurer of her class. We have always been inseparable and are still married after over thirty-four years.

In 1992, Ginger noticed big changes in me. Work consumed me with eighty-hour weeks. She could sense that I was not happy. I was very greedy and materialism became my focus. With my base salary and stock options combined, my total compensation was in the seven figures. Much of my compensation was in stock options where there was much incentive to increase company earnings in order to drive the stock price upwards as fast as possible. However, no matter how much I earned, it was never enough. Although I was not there for Ginger, she had a strength to draw on—her faith.

On November 5, 1992, Ginger started digging deeper into our conversations. She asked several direct questions. That is when I finally told her about the illegal activity at ADM. I explained how we were getting together with our competitors and fixing the prices of several key ingredients. Some members of the top management of ADM had basically formed an international cartel and were stealing

5. *Career*, OFFICIAL WEBSITE OF MARK WHITACRE, PH.D., <http://www.markwhitacre.com/career.html> (last visited Feb. 13, 2014).

hundreds of millions of dollars from our own customers.

I want to emphasize that ADM was not a bad company and almost all of their 30,000 employees went to work each day doing the right thing morally and ethically. However, some of the very top executives at ADM in the early 1990s, including myself, were conducting illegal activity and we tainted both the company and the town of Decatur, Illinois with our greed.

Ginger did not like what she had heard and said I should turn myself in to the FBI. I told her I could go to prison and that we would lose our home, our cars, and our lifestyle. She said that she would rather be homeless than live in a home paid for by illegal activity. She put her foot down firmly saying, “Either turn yourself into the FBI or I will do it for you.” And she meant it!

An hour later I found myself confessing to an FBI agent about my role in one of the largest white collar crimes in U.S. history. It was Ginger who was the true whistleblower of the ADM case, not me. If it was not for a thirty-four-year-old stay-at-home mom raising three young children at the time, the largest price fixing scheme in U.S. history never would have been exposed.

Think about it for a minute. ***What would you have done in this situation?*** Would you have taken the path that I was planning to take, which was to look the other way and continue to move up the corporate ladder with all the perks and financial security? Or would have you taken the path that my wife demanded? Confess my part in a serious crime and lose everything?

Fast Track to the Top

After finishing high school in 1975, I attended Ohio State University (“OSU”). During my second year at OSU I was offered a place in the Honor’s Combined Program and started my Master’s Degree. In 1979, after finishing my M.S. degree at OSU with the honors *Cum Laude and With Distinction*, I received a full scholarship to Cornell University, an Ivy League university that is very strong in the sciences. I majored in Nutritional Biochemistry (with minors in Biochemistry and International Nutrition). I finished my Ph.D. in December of 1982 and graduated in May 1983 at Cornell’s annual graduation ceremony.

After graduating from Cornell University in my mid-twenties, I told myself, “Boy, I am a really smart guy and I can make millions of dollars with this intellect.” I became hyper-ambitious and could not wait to enter the ranks of Corporate America.

I accepted a position at Ralston Purina in St. Louis, Missouri, and within two years was offered a position “that I could not refuse” by a

multi-billion-dollar company known as Degussa Chemicals (now known as Evonik). Within two years, Degussa moved me to their world headquarters near Frankfurt, Germany to obtain four years of international experience. At age thirty-one, I returned to Degussa USA in New Jersey, fluent in German and promoted to Vice President of one of their key divisions. In 1989, while working for Degussa, I was involved with a joint venture with ADM. Over the next year, I became friends with several of the top executives of ADM and was ultimately offered a top executive position as a Divisional President.

Going Undercover

After confessing my role in this international price-fixing scheme to the FBI, I agreed to work undercover. Working undercover was an extremely stressful life. For example, I acted like a loyal executive and built the company during the day, but tore it down during the evenings when I met with the FBI to turn over the tapes and have debriefings. I would record my supervisors and coworkers during the day, and then meet the FBI at various hotels during the evenings, often from 6:00 PM to midnight.

These illegal price fixing meetings were not just in Decatur, Illinois where ADM's headquarters are located. The illegal cartel meetings were conducted all around the world, from Paris, to Mexico City, to Vancouver, to Hong Kong, to Singapore, to Zurich, and more. Following us around the world was a green lamp that looked like it was purchased at a yard sale. The green lamp made the video feed. The green lamp was created by a special technical group of the FBI. Even though I made all of the audio tapes with the three recorders that I obtained from the FBI, the federal prosecutors wanted video tapes. The prosecutors not only wanted the jury to hear what was going on, they wanted them to see the illegal scheme unfolding. Therefore, I would let the FBI know where and when the meetings would be held and the FBI would make sure that the green lamp was placed strategically in the room prior to the meeting. It is a good thing that all of the co-conspirators were men. A woman would have immediately noticed that this green lamp did not match the five star décor of some of the finest hotels, such as the Four Seasons in Chicago. And a woman would have immediately noticed that this peculiar green lamp was following us around the world. But this is very telling about greed—we had several men in a room stealing hundreds of millions of dollars and it was as if they had blinders on. They did not even notice what was going on only a few feet from them.

Another unique situation occurred in Tokyo. The FBI did not want

the equipment going across customs at the Tokyo Narita Airport because the FBI thought that the Japanese government might try to protect the Japanese companies if they knew they were under a U.S. Federal investigation. Several of the co-conspirator companies were headquartered in Japan. Therefore, for this meeting in Japan I had a very small hand-held tape recorder that was purchased at Radio Shack. The challenge was that this specific recorder used micro-cassette tapes with only forty-five minutes on each side. Our price fixing meetings lasted at least three hours, so I was constantly looking at my watch and running to the restroom every forty-five minutes in order to close myself in a stall where I could quickly turn the tape over to a new, fresh side. I was the only one running to the restroom like clockwork. No one noticed!

Three Paradigms of all White Collar Cases

I believe that three paradigms exist in all white collar cases, whether it be the ADM case, Tyco case, WorldCom, or Enron. They are the following:

- (1) Long term v. Short term
- (2) Individual v. Community
- (3) Greed v. Purpose

Myself and a few other top executives (my supervisors) at ADM were very focused on the short term when we should have been focused on the long term. We were too focused on three months down the road because that is when earnings were reported each quarter and when we had the chance to increase shareholder value and our own stock options.

We were also too focused on ourselves (individual) instead of the community around us, which included our customers whom we were stealing from.

Certainly our focus was too much on greed, and not enough on having Purpose. We should have focused more on how we could have improved the food additive products used by our customers, and how we could assist our customers. We should have also focused more on the community around us (i.e., Decatur, Illinois). Decatur certainly had needs that we could have assisted. ADM was the largest corporation in Decatur and employed thousands of employees from that city. My understanding is that ADM, under new management, has done a remarkable job in that regard.

Decisions Made in Isolation

After two years of wearing the wire, I was spent. I did not know if I worked for the FBI or for ADM. I was totally confused and spiraling

out of control, almost like a nervous breakdown. Once, during a horrific thunderstorm, I took a leaf blower to our driveway at 3:00 AM. I was even in my shirt and tie. Ginger heard the noise from the bedroom window and came out to the driveway under an umbrella.

She yelled to me, “You need to come back into the house. You need to come back to your family. More than anything, you need to have God in your life.”

“Who needs God?” I retorted. “I am going to be the next president of the fifty-sixth largest company in America.”

She looked more confused than I have ever seen her. Like she has said on several television interviews over the years,⁶ “Divorce was never an option, but murder was.” This was one of those moments.

She said, “I am proud of what you are doing, the fact that you are working with the FBI, but you are not going to be president of ADM. You need to get that fact through your mind. You will not be able to stay at ADM after they learn you are the mole. You are bringing the top executives above you down; they are likely to go to jail. You will be fired once they learn what you’ve done. You need to realize that fact.”

She left me in the driveway, and I knew she was right. I could not imagine living without that position and income. It was as though I was addicted to success. I was obsessed with material things. I began to think about how I was going to protect my family financially once I was fired knowing that it could take years to get back on my feet. Whistleblowers were not popular in the 1990s.

I concluded that I would steal my own severance pay, and decided upon \$9.5 million, which amounted to several years of my total compensation. Three ADM executives and I had stolen \$600,000 in 1991 from ADM in order to reimburse ourselves for the loss of that same amount of money on a bad Nigerian investment. We felt that it was safe to do that because our top management was stealing hundreds of millions of dollars from our own customers in the price fixing scheme (international cartel). Therefore, I was in comfortable territory to take even more money in order to build my own severance package. I thought, at the time, that it may take at least three years to get back on

6. Ginger has frequently conveyed this sentiment at speaking events and radio and television interviews. Most recently, Ginger used a similar quote on Monday, January 13, 2014, when she hosted a question and answer session for the New Canaan Society. See NEW CANAAN SOC’Y, <http://www.newcanaansociety.org/> (last visited Feb. 13, 2014). She also made use of this statement in a radio interview on October 31, 2013, for the Paul Ridgeway Radio Show, “On the Way with Paul Ridgeway” on AM980 KKMS in St. Paul, Minnesota. See *On the Way with Paul Ridgeway*, AM980 KKMS TWIN CITIES CHRISTIAN TALK, <http://www.kkms.com/LocalHosts/150/> (last visited Feb. 13, 2014).

my feet. Therefore, I wanted to have a padding of at least three years of my total compensation (including what I would have earned with tens of thousands of stock options that I held at the time). And I also considered what would happen if ADM learned of this theft. If they accused me, I thought that I had the perfect answer. How can you prosecute me for stealing \$9.5 million when you are stealing hundreds of millions of dollars each year in the price fixing scheme? And you are forcing me to be a part of this illegal price-fixing scheme! Therefore, I felt immune, and I decided to submit several bogus invoices to ADM, until I accumulated \$9.5 million, which was meant to be my family's financial security when I would be fired at a future date for being a whistleblower.

Whistleblower Exposed

In return for wearing a wire, I had received full immunity from any criminal case as long as I did not break any other laws that the FBI was not already aware of. As soon as ADM learned that I was the informant in June 1995, they immediately contacted the FBI and the media and notified them that I was no white knight. I had stolen \$9.5 million. Obviously, I lost the immunity agreement for those very poor decisions.

The four agents with whom I worked for almost three years had every reason to reject me, but amazingly, they still supported me. They worked behind the scenes to help me get a remarkable plea deal, by arguing, along with my lawyer (Jim Epstein), the following with the prosecutors:

- Mark Whitacre assisted the FBI in a huge price fixing case and his fraud case is miniscule compared to that. And Mark is the highest-ranked executive in U.S. history to become a whistleblower. If we prosecute him, how will the FBI ever get another whistleblower to come forward?
- Mark made some very poor decisions, but he made those decisions when his mental stability was at its worst.
- When FBI agents go undercover, they are trained for years to do that kind of work and they also get the full benefit of having mental health counseling to help them deal with the double life. Mark received absolutely no training or counseling.

After the prosecutors heard from my attorney, and the FBI agents working behind the scenes, they agreed to a three-year plea deal, but there was more. The deal would have included a sentencing hearing where the agents were planning to make the same arguments to the federal judge that were presented to the prosecutors. In the end, my lawyer felt that I would get a six-month prison sentence. He called

Ginger and me to his Chicago office to review the details of “the deal of a lifetime.” There, I proved I was still my own worst enemy. I rejected the deal and fired my attorney. I hired new attorneys and started preparing for trial. One year later, I received a 10.5-year sentence instead of a much shorter sentence, by not accepting that plea deal a year earlier. The decisions that I made in total isolation were coming back to haunt me. How would I ever survive a decade in prison? How would my family survive this ordeal? ***I was giving up all HOPE by this time.***

Lost All Hope

There is no parole in the federal system.⁷ Defendants’ sentences may be reduced by approximately 15% for good behavior, but parole was removed in the mid-1980s.⁸ That meant I was going to have to spend eight years and eight months in federal prison, almost a decade.

My biggest fear was the impact on my family. I had already missed so much of their lives. I was going to prison at age forty-one and would be released at forty-nine. When I was undercover, I had the early morning and late night routine with the FBI, combined with working all day at ADM. I rarely saw my children. Our youngest, Alex, was six when I went undercover, twelve when I went to prison, and twenty-one years old when I was released. Tanya was a freshman in college, and Bill was only four months from his high school graduation when I entered prison in March of 1998. My selfishness and pride had robbed my family of the stability and security a father should provide.

Statistics indicate that there is a 99% divorce rate for anyone who is incarcerated five years or longer.⁹ And what would my family do to support themselves financially? Ginger had not worked for over a decade, and we had lost everything in the ADM case: the house, the cars, the stock, and our savings. I wondered if I would ever be

7. Sentencing Reform Act of 1984, Pub. L. No. 98-473, 98 Stat. 1987 (codified as amended in scattered sections of 18 and 28 U.S.C.); see also *Parole in the Federal Probation System*, THIRD BRANCH, http://www.uscourts.gov/news/TheThirdBranch/11-05-01/Parole_in_the_Federal_Probation_System.aspx (last visited Jan. 14, 2014) (noting that “under the Sentencing Reform Act, federal civilian defendants sentenced for offenses committed after November 1, 1987, would no longer be eligible for parole”).

8. See 18 U.S.C. 3624(b) (2012) (“[A] prisoner who is serving a term of imprisonment of more than [one] year . . . may receive credit toward the service of the prisoner’s sentence, beyond the time served, of up to [fifty-four] days at the end of each year of the prisoner’s term of imprisonment.”). *But see* *Barber v. Thomas*, 560 U.S. 474 (2010) (upholding the Bureau of Prisons’ method for calculating good time credit which results in a reduction of approximately 13% rather than 15%).

9. *Mark Whitacre: A Proven Voice for Re-Entry*, JP3 OUTREACH MINISTRIES, INC., <http://jpw3.org/missionpossible-markwhitacre.html> (last visited Feb. 24, 2014).

employed as a convicted felon. And on top of these family concerns, I wondered if the four FBI agents would ever forgive me for deceiving them.

In the months before entering prison, I did not want to live and doubted that I deserved to. I knew my life insurance policy would grant a death benefit if I took my own life, so believing there was no other solution, I attempted suicide twice which landed me in the hospital, spiraling deeper into depression and bipolar disorder.

A Second Chance

Several months before entering prison, a man named Ian Howes—a member of the Christian Business Men’s Connection (“CBMC”) in Chapel Hill, North Carolina—reached out to me and became a friend when I really needed one. And shortly after entering prison, Chuck Colson, President Nixon’s “hatchet man” and founder of Prison Fellowship, reached out to me. Chuck became one of my mentors while in prison. Both Ian and Chuck planted a seed that gave me hope; hope that I could find purpose in my life even in prison. Chuck had survived a prison sentence years earlier, so it was helpful to know someone who not only survived the ordeal, but thrived during it. The four points below describe my experience both during and after prison.

First, my marriage thrived. You will recall that 99% of those incarcerated five years or longer get divorced. I was incarcerated almost double that time, and not only did my marriage survive, it thrived. My family moved to each prison location and came every Friday, Saturday, Sunday, and holiday for nine years. The number of days that my wife and children sat in prison visiting rooms accumulated to be three years and eight months. My family went to prison with me. They gave up their lives as they knew them, to be by my side for a decade.

Second, my family survived financially while I was in prison (a miracle). In August of 1998, Ken Adams, an attorney from a prestigious law firm in Washington, D.C., contacted Ginger to inform her that several food and beverage companies, who had won hundreds of millions of dollars in class action suits against ADM, wanted to assist our family financially while I was in prison. They set up a trust fund that allowed Ginger to go back to college to finish her teaching degree. The trust fund also assisted with our children’s college education, house payments, and other expenses during that nine-year prison sentence.

Third, I was fortunate to obtain a job back in the biotech industry. Even with an Ivy League (Cornell) Ph.D. in Nutritional Biochemistry, I would be coming out of prison a convicted felon and

forty-nine years old. At 8:00 AM on December 21, 2006, I was released from prison. On the following day, I was hired by Cypress Systems, Inc. Cypress is a biotech company dedicated to National Cancer Institute-funded cancer clinical trials.¹⁰ During the past few years, I have also become a very active in CBMC presenting my testimony at Annual Mayor's Prayer Breakfast events around the country. I present my story of redemption and second chances at business events across the U.S.

Fourth, how would those four FBI agents ever forgive me?

Although I betrayed FBI agents, some of the agents started visiting me shortly after I entered prison. All four of the FBI agents have become some of my strongest supporters.¹¹ I have conducted several training sessions for the FBI, and in 2011, I was the guest speaker at the FBI Academy in Quantico, Virginia.

Serving Others

I was once obsessed with climbing the corporate ladder and possessed by greed, and now I find great joy in serving others. While in prison, I taught inmates how to read, conducted General Educational Development classes, and helped several inmates (who could not write) prepare letters to their family members. I learned for the first time, starting at age forty-one, how rewarding it is to serve others. I present my story often to inmates inside many of America's prisons in order to give inmates hope. My wife and I are currently helping several couples prepare for their loved ones to enter prison, and we are also assisting several couples as their loved ones are soon to be released back into society.

No one is above the law, no matter how successful, no matter how wealthy, and no matter how educated. At one time in my life, and at a very young age, I had the world within easy reach. But poor, unethical decision making changed my life forever. My hope is to guard you from the same ill fate with my story.

Nine years in prison was like fifty years of real life. Prison is life in slow motion—no text messages, no emails, no cell phones, and hours and hours of free time each and every day. I had plenty of time to reflect on where I went wrong and below is the list of the take-home messages of what I wish I had done differently, preventive measures

10. See generally CYPRESS, <http://cypressingredients.com/> (last visited Feb. 13, 2014).

11. This is exemplified by their recent television interviews on my website. See OFFICIAL WEBSITE OF MARK WHITACRE, PH.D., <http://www.markwhitacre.com/career.html> (last visited Feb. 13, 2014).

that I wish I would have adopted back in the early 1990s:

(1) Life-Work Balance: My life was all about work and I lost my balance with my family and my community. My whole focus became how quickly I moved up the corporate ladder and how much money I made. It is important to maintain the proper life-work balance.

(2) Know Your Value System: It is important to know your value system and what you will do if you are confronted with unethical or illegal behavior. We all will be faced with a fork in the road often in our business careers. I wish I had not made impulsive decisions when I was confronted with this fork in the road. That mistake cost me a decade in prison. Reflect on all of your critical decisions and know your value system as you make them.

(3) Compliance Program is a MUST: It is important to have a compliance program in your firm and to use it—it should not just be placed in a file.

(4) Purpose Versus Shareholder Value: I feel strongly that we need to shift some of our attention away from shareholder value and focus also on PURPOSE. I feel that many companies are already doing this.

(5) Ethical Fitness: It is important to have ethics training on a regular basis within your company. Like physical exercise, ethical fitness is not a passive exercise.

(6) It is Important to ALWAYS do the RIGHT THING! No exceptions!

(7) Accountability: Have other mentors (or supervisors) hold you accountable, and also hold those working for you accountable.

(8) Isolation is Dangerous: I made many critical decisions in isolation during my time at ADM from 1989 to 1995. I am living proof that isolation is dangerous. Bounce all critical ideas off other executives whom you respect.

(9) ALWAYS Think LONG TERM! The short term gains were certainly not worth the long term consequences of our poor decisions at ADM. Four of us went to federal prison.

(10) If you only remember one message that I leave with you, it would be the following: **LIVE YOUR LIFE ASSUMING THAT THE GREEN LAMP IS ALWAYS WITH YOU.** I did all the right things when the green lamp was with me. It was when the green lamp was not with me that I made some horrific decisions that cost my family a decade.

I wish very often that I could have a do-over in life. I would do many things very differently. But, I know that I am very blessed and very

fortunate to have a second chance.