

Richard Bowen: A Career Escape Route

Introduction

Currently a professor of accounting in the University of Texas at Dallas with a strong sense of mission, Richard blew the whistle on two separate occasions within the finance sector after witnessing fraud. Keeping his options open, he began teaching a night class during the second disclosure process. He now teaches students that it is ok to question things and raise concerns in their workplace, while simultaneously watching out for danger and protecting themselves. He believes strongly in public education about fraud, is politically active, and campaigns for an organisational culture shift to foster healthier, ethically compliant companies, reducing the need for whistleblowing.

The disclosures

In the 1980s, Richard was the executive vice president and chief financial officer of First National Bank and Trust Company of Oklahoma City. FNB/OKC was the largest publicly traded bank in Oklahoma and was considered the premier energy lender. Alarmed at the energy bubble crisis, when oil and gas prices expanded rapidly and then burst, Richard observed poor lending practices at his and other banks. He tried to alert his colleagues to the increasing risks associated with energy lending and noted the failure of other banks related to this. He shared his concerns with the bank's directors and with the National Bank Examiners. The ensuing national bank examination report severely criticized bank executive management but praised Richard. FNB/OKC management immediately terminated Richard, and the bank was closed by the regulators two years later. Rather than regret his disclosure, Richard felt he should have fought harder.

His second incident was different. In 2006, Richard was promoted to a position of significant responsibility. As a Business Chief Underwriter for the Consumer Lending Group of Citigroup, he oversaw the examination of \$90 billion of mortgages purchased from over 1600 banks and mortgage companies each year. Finding his bank was frequently overlooking policy breaches in 80% of the mortgages and yet the mortgages were sold with the bank guaranteeing to the purchasers that the mortgages did not have policy breaches, Richard repeatedly raised the alarm in 2006 and 2007 to a number of senior executives, including the chairman of the board of directors. "Silly me, I thought I was doing my job... I didn't think I was being a whistleblower... Obviously, I was being ignored. I had the gnawing feeling that this might not end well." His organisation turned against him and he lost his job in early 2008.

But Richard still didn't give up trying to get the unsafe business practices corrected. He then testified for two days before the Securities and Exchange Commission and gave them over 1,000 pages of documents evidencing the fraud he had witnessed. Although he was initially told the investigators would pursue the case, he describes how he was not contacted again and Citigroup was bailed out three months later by the U.S. government with the infusion of \$350 billion in new capital and toxic asset guarantees. The government ultimately took ownership of 36% of the common stock of Citigroup, then the world's largest bank. Richard then gave nationally-televised testimony at the Financial Crisis Inquiry Commission public hearings in 2010 and provided 28 pages of sworn written testimony containing specific instances of wrongdoing requested by the FCIC staff.

He reports that he was then forced to edit out much of the requested testimony, with the edited 20 page testimony then reflected as his official FCIC sworn testimony.

The new academic role

Richard always enjoyed teaching others, and had harboured a dream of working in a university. In 2008, before he was fired, Richard began teaching an accountancy night class at the University of Texas at Dallas on the side, intending to continue in his day job. “I attribute the university to the reason I have what little sanity [remains]. They gave me a base... while I was going through the remaining travails.” In between losing his finance job and becoming a full-time professor two years later, Richard accepted a FDIC regulator contract, managing a team to close down another bank. He also began doing advocacy work during this time.

The Career Transition: Factors that helped

Good Counsel

Richard urges students and would-be whistleblowers to seek advice early and from different sources. He recommends caution in the use of in-house ‘whistleblower’ or ‘ethics’ hotlines, as sometimes they are traps. Following poor advice from his own first lawyer, Richard signed a separation agreement from his employer framed in legalese that was incomprehensible to him and contained many onerous provisions. Richard then possibly violated the agreement, speaking on television news to an audience of 12 million people about the fraud he had witnessed.

An experienced whistleblower put Richard in contact with an organisation who would eventually legally represent him. It was a relief to him, “... just to have confidence in your attorneys and having someone that is there with you and can give you advice.” Moreover, they didn’t charge him. While Richard continues to stay true to himself, they respect his autonomy. “They have cautioned me a number of times not to do something and I’ve told them that my conscience tells me I have to... they still backed me but they wanted me to be aware of the possible ramifications.”

Faith

Whistleblowing in a hostile environment took its toll on Richard and his family. “I have distinct memories... of going to meetings, presenting my findings and arguing what was going on. I remember my stomach tying in knots, I was getting so uptight.” His health insurance remained in place for some time after the separation was signed, so his surgeries for a near-fatal ruptured colon were covered. His son, however, needed brain surgery some time later, and the insurance had run out. This represented a significant drain on the family finances.

Along with a supportive, steadfast marriage, Richard credits his faith as the source of strength throughout all this adversity. “I have a very, very strong faith. I was led all the way through this... faith definitely maintained me.”

Moving On

Networks

During the 1980s, Richard kept his disclosure quiet and drew upon his strong contacts. His excellent reputation ensured other banks would hire him after he lost his job. In 2008 however, he didn't want to keep the story under wraps, as it would have blocked public and media support that was needed to prevail in his struggle against the organization. Crucially, Richard had something else to fall back on, from a career perspective. He warns people, "Whenever you whistleblow... make sure it's a very deliberate decision. Recognise that you are probably blowing up your career in [your] industry." He networked outside his sector and he found teaching work.

His contacts proved useful in other ways. After having left the bank he tracked down another whistleblower and they spent hours in conversation. It was she who put him in touch with the specialist organisation that would not only become his legal representatives but would offer him his first public speaking opportunity. This was the beginning of his advocacy work trying to make the public aware of the wrongdoings which had contributed to the financial crisis.

Summary: Richard today

Reflecting on his case, Richard retains a sense of unfinished business and frustration with the coverups occurring both at the corporate as well as the regulatory levels. Multiple criminal referrals against his former organization by the FCIC have gone ignored by the US Department of Justice. Weighing up the resulting feeling of emptiness and all the adversity he faced, Richard does not condemn anyone who chooses not to speak up if they witness wrongdoing. But he warns them: "If you don't pursue that further, which is fine, get the hell out of there... There's a number of stories of people that did not leave and they wound up, unfortunately, being complicit... And many of them were thrown under the bus."

Richard plans to teach for another three years before retiring but will continue speaking out. "I truly believe that the only real protection we have against a lot of the massive fraud going on is whistleblowers... It's the employees that know what's going on. My mission is to eliminate the need for whistleblowers... if management truly are administering an ethical culture, they will respect and encourage their employees to give them feedback and they will act on that feedback."

References:

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