

# The Fetid Favor Fiasco

## (Case 1007)

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### The Case:

You are an architect with a 10-person firm in Placidville, in the central part of the state. Placidville is a small city with a population of 83,576, based on a 1996 census. It also is the location of the state's largest university (about 23,000 students). Due to the business and recreational opportunities in the state, the population has been steadily increasing over the past 15 years, and an aggressive building program was initiated at the university five years ago to construct and equip approximately 16 new classroom and laboratory buildings over the following 20 years.

Last weekend your wife invited mutual friends, Ted and Alice Hammer, to spend the weekend with you at your cottage on a lake in the northern part of the state. Ted is a senior project manager with Quality Construction Co., a local commercial and institutional building construction firm. His wife, Alice, is an activist in the Placidville community, and generally known for her on-going campaign for integrity in government.

During the weekend, Alice mentioned that at a recent zoning board meeting, Gus Olson, one of the other board members, told her that the construction company he works for as a carpenter (Shreud Contractors) has assigned him as the construction foreman for a garage being built for Ray Vandergraff. Alice recognized the name and knew that Ray is one of several project managers for the Capital Construction Projects Office at the university. Gus laughed and said that something as small as a wood-framed garage was an unusual project for Shreud Construction, since they normally were involved in heavy steel erection projects for large structures in the region.

Ted interjected that he had heard Shreud Contractors recently was awarded a contract with an estimated budget of \$500,000 to make remedial repairs to the steel superstructure of the university's aging football stadium. He understood the contract had been awarded directly to Shreud on a time-and-materials basis to avoid the expense to the university of preparing extensive bid documents and going through a competitive selection process. He said it was interesting that the garage construction for Vandergraff was going on at the same time as the remedial work on the stadium.

In fact, Ted said, he had learned a few years ago that his own firm had previously been involved in a similar situation when they were the contractor for a new

engineering test facility at the university and at the same time had built a large addition to Ray Vandergraff's kitchen because his wife, Olga, was a gourmet chef. Ted said he had decided not to make an issue of it, since the project had been completed for some time, and he had been told that the construction materials and appliances for the kitchen had come from surplus materials from the new lab site and incentive gifts from the laboratory equipment suppliers. He also had learned that the construction crew worked on the kitchen when there was not enough to do at the new engineering test facility site.

At that point your wife said she had driven by Fred Facade's house a few days ago, saw a Shreud pickup truck parked in the driveway and noted that there was remodeling going on at the house, apparently to raise the roof and add more space on the second floor. Fred is the University Architect.

You have done architectural design work for the university over the years and have contributed to their alumni giving campaign. In the past, you suspected that some contractors and architects received favored treatment from the university, especially the Office of the University Architect, but this is the first time you have heard anyone detail a specific situation. You know the University President on a first-name basis, as well as the Vice President for Finance, to whom the University Architect reports. You have also known Fred Facade on a casual basis for more than 18 years.

What, if anything, do you do?

### **Alternate Approaches and Survey Results for “The Fetid Favor Fiasco” (Case 1007)**

1. Do nothing. You do not know that there is anything illegal or underhanded going on based on what you have heard so far. Just because Ted Hammer's firm participated in the construction of Vandergraff's kitchen a number of years ago, things have changed in the industry and it is highly unlikely anyone would do that kind of thing in this day and age.

Percentage of votes agreeing: 1%

2. Leave it alone. This sounds like a case of sour grapes on the part of Gus Olson for having been put on such a small project while the really interesting remedial work on the stadium is being carried out by others in Shreud Construction. Also, Ted Hammer is not about to say anything supportive of Shreud Contractors anyway, since Shreud got the stadium remedial repairs project handed to them directly without bidding. After all, Quality Construction and Shreud Construction are competing contractors in the same town and often go after the same construction projects.

Percentage of votes agreeing: 1%

3. Do nothing. It is commonly recognized that this sort of thing goes on all the time, and making an issue about it is not going to put you in a positive position for more architectural design work with the university.  
Percentage of votes agreeing: 2%
4. You are outraged! Call Vandergrafft at his house and tell what you have heard. Also tell him that if you ever hear of his doing such a thing again, you'll raise such a stink that he will be forced to resign from his position as a project manager with the Capital Construction Projects Office at the University and will have difficulty finding another job with 2,000 miles, if then.  
Percentage of votes agreeing: 0%
5. Do nothing until you can get verification from someone else that Shreud Contractors are working on Vandegrafft's garage without charging for the labor and/or materials. It may be that Shreud has a contract with Vandergrafft to build the garage and Gus Olson, not being part of the Shreud management group, may be assuming things that are unwarranted or unsubstantiated.  
Percentage of votes agreeing: 33%
6. Arrange with Ted Hammer to have one of his people ask around the local carpenters, teamsters and laborers union halls to gather as much information as possible about Shreud doing both the stadium project and Vandergrafft's garage at the same time so that you and Ted can put a coherent case together before talking with anyone else.  
Percentage of votes agreeing: 6%
7. Make some discreet inquiries around town, particularly among lumber supplies, to see if either Vandergrafft or Shreud Contractors has recently purchased lumber and had it delivered to the Vandergrafft home.  
Percentage of votes agreeing: 5%
8. Arrange for a quiet lunch away from the campus with the Vice President for Finance at the University to discuss what you have heard, and to express your concerns about what appears to be kickback incentives in the form of labor and materials for the Vandergrafft garage. Indicate that you are concerned because you have contributed to the University's fund raising campaigns on a regular basis for years and feel that your firm has not been getting their fair share of the architectural design work at the university.  
Percentage of votes agreeing: 1%
9. Arrange for a quiet lunch away from the campus with the Vice President for Finance at the University to discuss what you have heard, and to express your concerns about what appears to be kickback incentives in the form of labor and materials for the Vandergrafft garage. Indicate that you are

concerned because you have contributed to the University's fund raising campaigns on a regular basis for years and do not like to see the money spent on personal projects for selected faculty or members of the university's administration.

Percentage of votes agreeing: 16%

10. Arrange for lunch with the University President to discuss what you have heard, and to express your concerns about what appears to be kickback incentives in the form of labor and materials for the Vandergrafft garage. Indicate that you are concerned because you have contributed to the University's fund raising campaigns on a regular basis for years and feel that your firm has not been getting their fair share of the architectural design work at the university.

Percentage of votes agreeing: 1%

11. Arrange for lunch with the University President to discuss what you have heard, and to express your concerns about what appears to be kickback incentives in the form of labor and materials for the Vandergrafft garage. Indicate that you are concerned because you have contributed to the University's fund raising campaigns on a regular basis for years and do not like to see the money spent on personal projects for selected faculty or members of the university's administration.

Percentage of votes agreeing: 12%

12. Fred Facade is a fellow professional and respected in the community. He undoubtedly has not realized the appearance he has created, nor the harm it could do to him personally and professionally. You owe him the courtesy of letting him know that you know, and giving him time to clean up his act. Take Fred to lunch and have a heart-to-heart chat. Let him know that it is wrong to accept kickbacks and suggest he find a quiet way of terminating his relationship with the contractors.

Percentage of votes agreeing: 18%

13. You have absolutely no respect for Fred Facade. He has tarnished the stature of architects in the community and deserves severe sanctions. You vow to collect as much incriminating evidence as you can over the next couple of weeks, then send it off to the state Board of Registration for Architects, as well as the American Institute of Architects, and accuse Fred of unethical practices. You will also demand that his license be suspended pending a full and thorough investigation.

Percentage of votes agreeing: 1%

14. You know that the administration at the university would probably not admit the situation, especially if it is a case of kickbacks and doing work under the table for selected university personnel without payment from these individuals. Therefore, you should call the local newspaper publisher

and confidentially transmit the information you obtained last weekend at your cottage about Shreud Contractors, without giving the names of your sources, but indicating that these individuals are “usually reliable sources of information”.

Percentage of votes agreeing: 1%

15. Write a letter to the local newspaper for publication on the Letters to the Editor page recounting the information you received last weekend (but not naming your sources), and registering a heartfelt concern about the way the university shows favoritism and does business in the local community, at the expense of the fund donors and taxpayers.

Percentage of votes agreeing: 2%

### **Forum Comments from Respondents**

1. Get the facts. Cocktail party trials and convictions are often reversed by a higher court.
2. Substantiate the rumors, then notify those who have the authority to perform a criminal investigation of your suspicions.
3. Suggest to Ted's wife that she find out what means is necessary for the city to justify an investigation of the business being carried out by the university. If the facts are sufficient, let the city investigate.
4. Remember the source of the information. Ted is a competing contractor and likely is carrying some hard feelings about losing a big contract. Alice is an activist who is looking for this sort of thing, so she may be jumping to conclusions because it supports her cause. Either one should not be enlisted to further research the issue. Make inquiries yourself or through others who are detached from the situation. If independent research indicates something is going on, report it to the president of the university.
5. I have a hard time believing kickbacks are legal, so another alternative, which might actually be more ethical than giving the university a chance to cover things up, might be to report the allegations to legal authorities, and let them decide about investigating.
6. Staying anonymous will allow me to separate business from friendship. Fred Façade may be a friend of mine, but his practice is keeping food off of my table. I'd rather not go to the president or vice president because they could be getting the same kickback and it's just not as well known.
7. In a vaguely similar case, several of my colleagues simply refused to act on allegations of misbehavior without 'proof'. They also felt that attempting to gather more facts about the case ran too large a risk of unfairly harming the reputation of the individual in question. This seemed to represent the

mainstream ethical thinking in this particular group of colleagues. In this case, however, I do not think that it would be ethical to ignore the allegations.

8. You are obligated to make your questions known, without making accusations and without raising the topic of your previous donations. Find the lowest ranking person in the university hierarchy who is sufficiently independent, and simply tell that person what you have heard and observed. Make no more direct accusations, but suggest that the issue needs to be explored. To ignore this is to shirk your responsibility as a citizen; to get further involved or to try to use undue influence is meddling.
9. Invite both the university president and vice president of finance to a quiet lunch. During this lunch explain the rumors that have been heard and that the individuals may (or may not) have good intentions, but that the outward appearance is very bad. It is up to the university to address this issue as it sees appropriate. I would not discuss my contributions to the university fund nor that I also pursue work at the university (these are not relevant to the situation). I would request that one of the two get back to me to let me know what they had found.
10. The appropriate line of action is to report what you have heard to either the Campus Ethics Committee in written form, or to the President's Office in written form, or both. A copy of the material should be retained for future reference. It's not the job of the person reporting alleged incidents to investigate/judicate [sic] cases.
11. A confidential complain to the state architectural licensing board should be enough to start an investigation. If there is impropriety, it will be clearly shown. The individuals involved deserve to be investigated as there is an obligation to avoid the appearance of impropriety.
12. Do nothing. As they do here in California, he (Fred Façade) will be blessed with praise and promotion and probably get assigned a teaching position with buffered tenure.
13. I'm not sure what to think about your use of names for parties in the case that give clues about the behavior of the parties. For example Vandergraff, Façade and Shreud are clearly guilty! I think I might prefer to have neutral names (Smith, Jones, Acme) and make my own mind up about their behavior. In my experience you cannot judge the ethics of someone's actions from their name!