

## Ellie and the Rogue Trader

The head of the company's internal treasury investigation looked at her hard, and simply said, "Ellie, you've been robbed."

Eleanor Woodward, CEO of a successful U.S. financial services company took a minute before she dared ask the next question.

"How much are we talking, Seth?"

"Hundreds of millions in losses," he replied.

Ellie took off her glasses and fell back into her chair. It was a staggering sum.

After delivering two consecutive years of double-digit growth for the firm, how could something like this happen on her watch? Why weren't these bogus FX trades detected? How had they slipped past the auditors and regulators and all those state-of-the-art controls?

Later that day as she met with the head of risk management and chief legal officer, she knew it was an even more serious situation. Finally, a price tag was put on the fraud.

Andrew Ansel, a currency trader was responsible for this sophisticated caper that could have decimated the company and ruined livelihoods.

Andrew reported to the head of a fledgling trading unit that was an island unto itself. This unit was not a core business and Ellie had questioned the reason for its creation when she first stepped into the role of CEO. But her board had pushed back, saying they wanted and needed to establish this sector.

As Andrew became a fixture in currency trading, he assumed an arrogance and a Wall Street swagger that his boss continually encouraged. He was bright, and had a firm grasp of the bank's systems and procedures. Of course, his boss ignored the fact that he intimidated and sabotaged other employees who questioned his risky moves.

All of this was on her mind as Ellie mobilized her management team to deal with the monumental crisis at hand. Within forty-eight hours, the conference rooms were overflowing with auditors, analysts, and senior players. By day three, Ellie was ready to announce publicly the extent of the loss. A loss on her watch.

Believing transparency was the best course of action, Ellie communicated up and down the ranks to all the stakeholders.

Of course, the press was all over the scandal. The FBI had been called in to investigate Andrew's whereabouts. Ever the manipulator, Andrew was in hiding. The collateral damage was spread far and wide. Wall Street had found its newest target for destruction. The company braced itself for an ongoing and significant decrease in valuation.

