

Drug Bust

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In the late afternoon on Thursday, March 24, Evelyn Tierney, the PR manager for the Torrance Ikarsys plant was called to the general manager's office. Ikarsys is a \$20 billion defense contractor that builds and installs electronic defense and detection systems into Air Force, Army and Marine Corp jets, helicopters and transport planes. Most of its work is secret, and Tierney is unaware of contracts underway in the plant. The Torrance plant has 1,000 engineers and line workers. Engineers develop the secret systems: Line workers build and install them.

When Tierney reached the plant manager's door, he told her to come in and close it behind her. The assistant plant manager was in the room and the head of HR. The plant manager said there was a situation that would be breaking in the morning, and Tierney needed to be ready. The FBI and DEA would raid the shop floor and engineering department and arrest as many as 30 people for selling drugs.

"When did you find out about this?"

"An hour ago. The investigation has been ongoing for two years."

"Two years?"

"We received information from line workers two years ago that drugs were being sold on the shop floor," said the HR manager. "We've been cooperating with the authorities since then."

This was the first that Tierney heard of the investigation. She hadn't even picked up rumors of it, and she was shocked there was drug dealing.

"What would you like me to do?" She asked the plant manager.

"Write a release stating that Ikarsys is cooperating with authorities. Don't go beyond that. Don't show it to anyone. Don't e-mail it. Walk it here when you are done."

"What do I tell the media tomorrow?"

"No comment."

"They're going to be all over this. They know we work on secret projects. They're going to want to know..."

"No comment."

The release was two sentences. Tierney walked it back to the plant manager's office and he didn't change a word.

"The DEA and FBI will put out their own releases after the raid. Let ours go once theirs have appeared."

Tierney said she would monitor their web sites. She raised the issue of the media again but the plant manager said firmly, "No comment."

Twenty-five black cars and vans pulled up to the plant gate at the start of the first shift on Friday morning. They were waved through. About 40 helmeted personnel with bullet-proof vests spilled from the vehicles and huddled near the plant door. Five minutes later they filed into the plant and the raid began. For the next hour, employees with their hands in plastic manacles behind them exited the plant door followed by an agent. By 9 am it was over, and the media had not gotten wind of it. The press releases appeared at 9:30am on both the FBI and DEA web sites. Tierney learned for the first time that 35 employees were involved in dealing the prescription pain-killer Oxycontin, synthetic narcotic fentanyl and anti-anxiety drug, alprazolam.

Tierney sent the Ikarsys release on BusinessWire then listened on the phone to the US Attorney's news conference. He detailed the investigation and charges. He praised Ikarsys' cooperation. He did not, however, say anything about work at the plant. Tierney was alarmed. What if drugged workers had been programming software and installing electronics into aircraft? She sent an e-mail to the plant manager saying it was important to let the media know that none of Ikarsys' products had been compromised. The plant manager e-mailed her back that Ikarsys had said all it was going to say.

Phone calls from the media started after the US Attorney's conference. Four TV reporters wanted a quick response and were satisfied with "no comment." Five all-news and talk-radio reporters wanted to go live on the air and pressed Tierney to move beyond "no comment." Tierney held firm. Reporters from *Reuters*, *Dow Jones*, *Bloomberg*, *Associated Press* and *The Wall Street Journal* asked particulars about the plant, the size of the workforce, the type of work done there, whether any products had been compromised. Tierney stood by "no comment."

First day stories followed the US Attorney's press conference and the DEA and FBI press releases. Ikarsys' "no comment" was noted and Tierney was relieved. She sent copies of the stories to Ikarsys' corporate communications department in Los Angeles for internal distribution.

A day later, trouble started. Tierney's media monitoring manager sent her a story from a prominent defense blog that speculated whether three crashes of Army Black Hawk helicopters in Afghanistan during the last year might be traced to faulty electronics from Ikarsys. The blog noted that investigations were ongoing but it was thought the helicopters had been shot down by shoulder-fired missiles that should

have been detected. Tierney forwarded the blog to the plant manager but heard nothing back.

Tierney received a call from a defense reporter at *The Wall Street Journal* who was following up the blog entry. The reporter knew details of the crashes about which Tierney was ignorant. He asked her about the electronic defense and detection systems manufactured at the plant. Tierney stood by “no comment.” She reported the query to the plant manager and copied corporate communications. The *Journal* published a 9-inch story the next day that repeated the speculation of the blog and detailed circumstances of the Black Hawk crashes. The story said that while it was too early to determine the cause of the crashes, investigators were examining Ikarsys’ electronics. The story noted Ikarsys’ refusal to comment.

The *Journal’s* story was swiftly posted to other defense and military blogs and forums. Speculation began to mount online whether drug dealing at the Torrance plant was a factor in producing faulty systems. Tierney sent 15 of these blog posting and forum comments to the plant manager and to corporate communications with a recommendation that Ikarsys make a public statement about the quality of electronics produced at the plant. The response was silence.

Tierney was at a loss. She didn’t know whether Ikarsys’ electronics were implicated in the crashes, other than what the *Journal* said. She didn’t know if systems had even come from the Torrance plant. She didn’t know if there had been any quality control issues as a result of the drug dealing. However, she was sure she was going to get more calls. She did, but it was worse than the media. She picked up the phone and heard the voice of a staffer from the House Armed Services Committee. The staffer asked if Tierney had seen the *Journal* story and if Ikarsys had any comments about the drug bust. Tierney said “No comment,” got off the phone and dialed the general manager. The general manager was adamant. There would be no further statements.

Tierney was conflicted. She saw the story escalating, and Ikarsys’ refusal to comment was placing it in a bad position. She considered whether to place a confidential call to the head of corporate communications and ask her what to do. But, if that call got back to the general manager, Tierney would be looking for a job. Still, Tierney felt Ikarsys was in danger of its own making. There was no excuse for failing to defend the product, if, in fact, there had been no quality issues. What was the general manager covering up or was he being stubborn? Or was there no problem at all, and she was being paranoid?

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Questions to consider:

1. What should Tierney do?
2. Should the general manager have kept her in the dark?

3. What should corporate communications do, if anything
4. Is Tierney paranoid or does she understand the situation better than the general manager?
5. What would you do in this situation?