

Felons become educators for business

Ex-CEOs in demand as public speakers

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It's not easy for Walt Pavlo to stand before a business audience and describe, in detail, the crimes he committed as a senior manager with U.S. telecommunications giant MCI.

It's not easy for him to say he disguised more than US\$100-million in bad debt owed to his company. And it's not easy to admit he stole US\$6-million in customer money because he felt he was the only one not getting rich from the accounting fraud.



Walt Pavlo
Fraud Expert

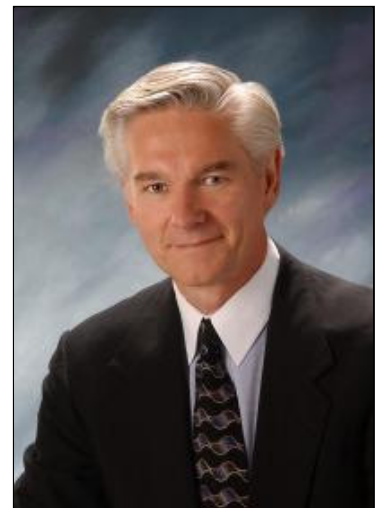
"It's kind of like if you got an 'F' on your ethics paper and were told to go up and present it," says Mr. Pavlo, 41, who spent two years in prison for wire fraud and money laundering. "But there's a lot to be learned from a failure in business."

Mr. Pavlo is one of a growing number of white-collar criminals willing to share their business failures on the lecture tour, often earning several thousand dollars per speech.

This year, Mr. Pavlo expects to give 100 speeches, netting US\$150,000 to US\$200,000, about two-thirds of which will go to a non-profit organization for which he works.

Demand is growing for speakers like Mr. Pavlo, as companies try to protect themselves from fraud schemes and build reputations for strong corporate governance, says Kevin E. Davis, a former University of Toronto law professor who teaches at New York University.

Gary Zeune, founder of The Pros & The Cons, an Ohio-based speakers group, uses corporate criminals to teach companies about fraud. He says his business has grown by 25% to 30% in the past few years after the high profile cases of Martha Stewart and Dennis Kozlowski, the former Tyco International Ltd. chief executive charged with looting US\$600-million from his company.



Gary Zeune, CPA, Founder
The Pros & The Cons

The Pros & The Cons contracts between 10 and 20 corporate criminals at a time, conducting 150 to 200 seminars a year. The speakers make US\$2,000 to US\$4,000 for a

half-day or full-day, telling students, businesses people, lawyers and accountants how they committed their crimes -- and why.

"Our philosophy is: if you want to build a better henhouse don't ask the chicken, ask the fox," Mr. Zeune says.

Although he has no Canadian corporate criminals on his list, Mr. Zeune has given speeches in Canada and is accepting resumes to expand his operation here.

He says corporate cons are often eager to share their stories and many contact him while still in prison or after their release.

Dan Bubalo, a former CEO of Omni International Trading, Inc., heard of The Pros and The Cons while serving a four-year sentence for fraud in a medium- security prison in Minnesota. Upon release he contacted Mr. Zeune and offered his services.

Mr. Bubalo believes his story can help business executives avoid making the same mistakes he did.



Dan Bubalo

"You sit and think you'd never end up going to prison, and the next thing you know you've lost four years of your life," says Mr. Bubalo, 49, who works as an executive recruiter and continues to pay off a US\$4.3-million fine.

Mr. Zeune says to speak for The Pros & The Cons, candidates must have a compelling story and, most importantly, admit to their crimes.

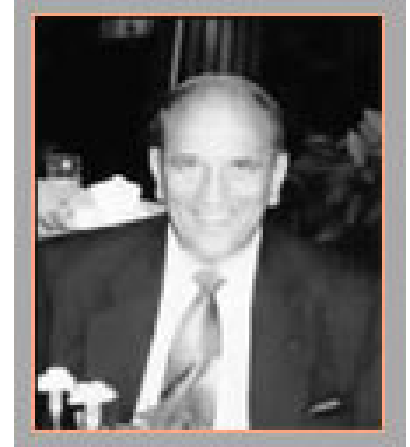
Many of the speakers are criticized for profiting from their crimes -- a second time.

But while they are paid well, it is difficult for ex-cons to make a living from public speaking. In fact, many U.S. states and Canadian provinces have so-called "Son of Sam" laws that prevent criminals from

financially benefiting from their crimes, Prof. Davis says.

David London, a former bank president from Pittsburgh, makes only pocket money speaking with The Pros & The Cons

about the fraud he committed to pay back gambling debts. He spent 11 months in prison and lost his career, wife and more than US\$1-million.



David London

Mr. London, 61, now works part time as a mortgage broker and sports referee, earning about US\$20,000 a year.

Mr. Pavlo, the former MCI manager, says he speaks about his crimes to make up for past mistakes -- mistakes he admits were big ones.

"The main thing I'm doing is not for the money -- because I think that takes away from my message -- but to create a model where I'm giving back. It's a way to put this thing behind me."

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