

# Corporate crooks hit lecture circuit



## *White-collar cons give fox's eye view of henhouse for profit*

By **Tom McGhee**  
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**Sunday, December 01, 2002 - SEATTLE** — Mark Morze prowled the floor, exuding the burly confidence that won him 52 professional speaking engagements during four years of incarceration. He described his roommates at the Lompoc prison camp: two judges, a thoracic surgeon, a congressman and a guy who cooked up methamphetamine in his kitchen.

"We had the meth cook for diversity," he says, teasing laughter from an audience of accountants.

Morze is paid to deliver more than laughs. His shtick is a tell-all about fraud —his own and others' — and there was ground to cover.

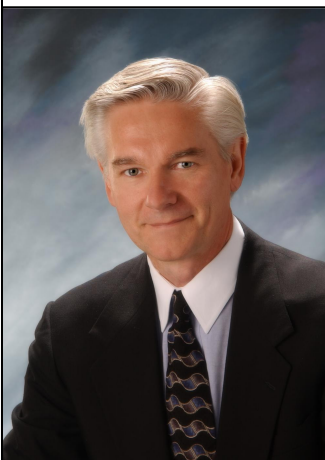
The ex-con is a member of The Pros & The Cons, a unique speakers bureau founded by an Ohio- based CPA and author named Gary Zeune.

Zeune and his stable of convicted white-collar criminals play a lecture circuit that grows larger with each new report of corporate corruption, he said. At any given time, Zeune has about seven former convicts available for a traveling show that takes them from universities to law enforcement academies.



Special / Ron Wurzer

**Mark Morze, an ex-con, lectures as a member of The Pros & The Cons, a speakers bureau composed of white-collar criminals.**



Gary Zeune, CPA + Founder  
The Pros & The Cons

When they take the stage together, Zeune said, "I'm the steak; they're the sizzle."

For seven years, Zeune has worked with a string of flamboyant former thieves who stuffed their pockets with other folks' millions before they were caught. There was Whitewater figure Webster "Webb" Hubbell, once chief justice of the Arkansas Supreme Court and the No. 3 man in Bill Clinton's Justice Department. He stole more than \$400,000 from the Rose Law Firm in Little Rock.

And Barry Minkow, Morze's co-conspirator in the \$100 million ZZZZ Best Carpet Cleaning fraud, a sham carpet-restoration business in Los Angeles in the mid-1980s.

On Zeune's payroll now is Nick Wallace, a Tennessean with

a molasses-sweet drawl who was convicted of helping to perpetrate a \$350 million fraud. His Fort Lauderdale, Fla., securities business helped bring down the Ohio Savings and Loan Guarantee Fund and bankrupt 69 Ohio S&Ls.

They are perfect for the corporate lecture circuit, where sports figures, celebrities, and even someone billed "the hardest-working veterinarian in show business" offer motivation, instruction and tales of woe.

When the representative of a group interested in signing up one or possibly several of the ex-cons wants to know if they can hold an audience's attention, Zeune has an easy sell. "What the hell, he stole \$100 million. How bad a speaker can he be?" he says of Morze.

But any member of his crew can spin a yarn that should leave auditors eyeing clients' books with new caution.

Don't ask the chicken what you need to build a better henhouse, Zeune said. Ask the fox.

"I don't think there is any better way to learn than by talking to people who commit these crimes and find out how they do it," said Joseph T. Wells, founder and chairman of the Austin, Texas-based Association of Certified Fraud Examiners.

But Wells, who has been investigating white-collar fraud cases for more than four decades, has a jaundiced view of Zeune's employees.

"When you're around them, they seem nice enough, but I would take my wallet into the shower with me."

Morze admits his guilt and calls the admission cleansing. "From the first day I admitted my guilt, it was a tremendous relief and I started to heal," he said.

His former partner, Minkow, also claims a change of heart, in more ways than one. The one-time Jewish schoolboy who started ZZZZ Best to win the attention of a high school crush is now an evangelical Protestant minister.

Minkow ran a legitimate carpet-cleaning business before branching into disaster restoration, claiming that repairing water- and fire-damaged buildings would produce huge profits.

During 1985 and 1986, the restoration company reported huge profits from nonexistent jobs, bilking private investors and banks.

Morze — an accomplished forger — created documents for the company, using them to hoodwink auditors and bankers. The 10,000 documents he manufactured were riddled with hints that they were fraudulent, Morze said.

A letterhead bearing the names of fictitious vendors included no phone number that a suspicious auditor could call, bids for carpet restoration jobs included no labor charges, sales tax was listed where there should have been none.

But no one spotted the scam because no one was looking for it, he said. Instead, the auditors asked for documentation that would satisfy a mental checklist.

Morze listened to their requests, then made up numbers and forged invoices. He

played dumb and rigged a telephone to ring when he couldn't answer a question.

When ZZZZ Best reported a \$7 million contract to restore a 16-story building in Sacramento, Calif., auditors and investment bankers wanted to see the property — a difficult request since neither the building nor the job existed. Morze scoured Sacramento for a high-rise that fit the description. All he could find was an 18-story building. He told the leasing agent he planned to bring his board of directors in to see the property on a Sunday, then he walked away with the keys.

He bribed the security guard to greet him like he was a familiar figure when he showed up with the auditors and bankers.

"Not one person in that tour asked why my 16-story building had 18 stories," Morze said.

The auditor was subsequently faulted for looking only at what ZZZZ Best officials chose to show.

With upper arms thick as snow tires, Morze looks every inch the former rugby player he is. He paces as he talks, imitates the accountants and bankers he duped, his voice shifting from squeaky highs to self-confident lows.

"We let you tell us what you will accept, then we give it to you. I didn't outsmart anybody," he said.

The ZZZZ Best scam exploded when a journalist discovered that the company didn't legally exist.

It was a relief to see it end, Morze said.

"I was always wondering what the crisis of the day was going to be. I spent my whole day creating documents. I would wake up thinking, 'What dumb thing do I have to do today?' "

Zeune's speakers make about 150 one-day presentations or four-day classes a year. Zeune, author of "The CEO's Complete Guide to Committing Fraud," a primer on how to spot fraud, started the business in 1995.

"I realized a course on fraud was needed for lawyers and accountants."

He enlisted Minkow to help spice up his own lectures on the mechanics of fraud. Minkow was 30, fresh from 6 1/2 years in prison.

The button-down world of finance greeted the new business with skepticism. People would ask if Minkow — then Zeune's only speaker — could deliver. The ex-con won audiences with the same quick-talking charm that made suckers of sophisticated accountants and investment bankers.

"After a year with Barry, they got comfortable that my guys were going to do a good job," Zeune said. . . . Members of Zeune's stable have talked for free to the FBI and other groups in a spirit of public service.

Wells' Association of Certified Fraud Examiners is a recipient of the goodwill. Wells said he believes reformed crooks have valuable insights to offer but doesn't think they should be paid for them.

"It sends a bad message when these people are allowed to profit from their crimes by being paid to talk about them," Wells said. And, he said, it gives them an incentive to stretch the truth. . . .

Once worth \$8 million, [Nick Wallace] said he is broke after seven years in prison and a costly legal battle that went all the way to the U.S. Supreme Court. Since his release in 1995, Wallace has made less than \$25,000 a year, he said.

"Ex-cons have significant cash-flow problems," Zeune said.

The Pros & The Cons isn't a full-time gig for any speaker. Morze, who teaches ethics part-time at the graduate business school at Pepperdine University, delivers about 15 lectures a year for Zeune and lectures on his own.

As an ex-felon, Wallace, the one-time president of ESM Government Securities, can no longer work in the securities business. And it is tough for a 61-year-old ex-jailbird to land a good-paying job, he said.

Morze has been more successful. In prison, he joined Toastmasters International. Membership enabled him to lecture outside the Lompoc prison camp near Santa Barbara, Calif. Job offers from firms that wanted him to give talks or act as a consultant followed his release, he said.

But he also said the crime that boosted his net worth to \$90 million wasn't worth prison time.

"I came within a hair of having my head caved in with a metal pipe. Once you're thrown into a new society where you have to start over again, you learn what really matters."

Morze tells accountants what they need to know to avoid unwittingly participating in a scheme that could land them in the clink. His audience, members of the Washington Society of Certified Public Accountants, were there for continuing-education credit.

In the course of a year, most attend several lectures on bookkeeping strategies. But this one was different, said Carol Judd.

"Most of them tend to be dry," she said. "In a lot of them you find yourself nodding off. That's not happening this time."

It is human nature to enjoy the type of redemptive tale that Morze delivers, said Mark Sanborn, incoming president for the National Speakers Association. "We like to hear about people who once were bad and now are good," he said.