



A cautionary tale on ethics

What every CLO needs to know
to lead an ethics-focused organization

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Rashmi Airan graduated from Columbia Law School with honors, worked for several major law firms and corporations, and by 2004, was the managing partner of the law firm she founded. On December 19, 2014, she pled guilty to a general conspiracy count in federal court.

"It was surreal and excruciatingly painful. The hearing itself only lasted about 10 minutes, but in that time, I lost my right to vote and serve on a jury. I ultimately agreed to a voluntary revocation of my bar license, which necessitated that I sell my interest in the law firm I founded. As I walked out of the hearing, all I could think was 'how did I get here?'"

So how did she get to that fateful day in court? Rashmi's story starts during the housing boom in 2007. Despite being somewhat junior, she was aggressively recruited by a local real-estate developer to be its primary outside counsel. Driven by her desire to succeed financially and provide the best life possible for her children, she jumped at the chance to represent this important client and began to work with the team almost immediately.

"I let my ego take the reins and in the whirlwind of launching my own firm, building this client relationship, and the demands of mothering two young children, I failed to create a strong ethical framework for my business. Over the course of this representation, the client engaged in fraudulent business practices, and I chose not to question my client's choices. Maybe I trusted too much, maybe I was too afraid to lose the client by pushing back, but ultimately, I didn't ask the questions I knew I should be asking and I allowed the client's decision making to go unchecked. My failure to represent the client in accordance with appropriate ethical standards resulted in a conviction that ultimately sent me to federal prison."



I sat down with Rashmi to learn more about her experience and the insight she's developed as a result.

At the most basic level, what do you think caused you to end up where you did?

I lost track of my own core values. I've learned that navigating the complexity of a fast-paced business environment requires constant reflection and reaffirmation of these values and the continual dedication to my values through demonstrated behaviors. Even though I was raised with a great set of core values and tried to live by those principles my whole life, I lost sight of them along the way and went off path. I've come to realize that going off path happens one tiny step at a time, and it can be easy to justify or even ignore those tiny steps. It was not until I faced the truth of my actions, every tiny step and its big-picture implications, that I recognized that my behavior was not in alignment with my values. Had I just stayed true to my values, had I taken the time on a regular basis to ensure my behaviors were aligned with my values, I would've listened to my inner voice and changed my actions and behavior.

Since that day in December 2014, what have you learned about the choices you made?

Over the last several years, I've spent so much time thinking back on the choices I made and identifying exactly where I went wrong. I've also diligently researched human behavior and organizational psychology and have interviewed legal leaders about decisions they've made, both good and bad, and the lessons they've learned as a result. My advice is a compilation of that research and those interviews. For example, I know I suffered from overconfidence bias. Overconfidence bias is the notion that "I believe strongly that I am a good person. I am going to do [x]. So [x] must be good." When we have overconfidence bias, we are overconfident in our own abilities and believe in our moral superiority as compared to others, which prevents us from developing moral awareness because we don't engage in the process of doing an ethical reality check; we rely instead on the notion that we are good intended. This is often how otherwise "good" people find themselves making bad ethical choices.

What advice do you have for other leaders as they find, or rediscover, their core values and seek to develop an ethics-first workplace?

I think there are two parts to this answer. First, create a courageous culture. This requires a focus on process and exceptional communication. Second, set the example by modeling good behavior, developing a high level of emotional intelligence, and building strong relationships with clear boundaries.

But you must have a clear vision and purpose. These are outgrowths of your core values and provide the foundation for everything else.



Let's start with courageous culture. Can you lay out the elements for us?

A courageous culture has two parts: processes and communication. Start with a framework that values and rewards ethical behavior. This means clearly communicating the corporate values around ethics and compliance and aligning annual review, incentive, and compensation structures to identify and reward—not undermine—good decision making. It also means calling out and disciplining unethical behavior, even where the unethical behavior resulted in gains, and providing candid feedback, especially when the message is difficult to deliver. It is helpful, although of little comfort, to know that sometimes an ethical leader may be excluded, disliked, or even ridiculed for their ethics-first communication style.

Let's turn to setting the example. How do you suggest an ethical leader go about this?

I think that answer has three parts. One, model the behavior that aligns with the vision and purpose you have set forth. Two, develop a high level of emotional intelligence. And three, build strong relationships with clear boundaries.

Modeling ethical behavior starts with communicating your vision and purpose and setting expectations for yourself and others. Being transparent in your decision-making processes helps others to see and understand how and why you make the decisions you do. Transparency also requires that you give people all the information they need to be able to make a good decision. It can be easy in the

“I wish I had taken the time to ask for help and have real discussions with the people around me to tackle the difficult questions that I was facing.”

The workplace must also encourage anyone with concerns to bring them forward, so having an effective reporting system, one where confidentiality is maintained when appropriate and where action is taken when information comes in, is critical. Finally, consider onboarding and ongoing training that focuses on ethics and integrity. Be sure the trainings are refreshed as often as necessary to stay relevant.

When it comes to communication, be intentional about having conversations that confront the difficult questions. Fearlessly embrace the uneasiness, and create a safe space for yourself and others to have open conversations. Have the fortitude to continue working at challenges until the issue is resolved. It can also be effective to survey employees to develop insight into how the ethical culture is perceived. Survey data can help leadership improve the perception and reality of the company's ethical framework. Other ideas that help develop an ongoing open dialogue include a mentoring program, an ethics buddy system, and chat rooms to encourage conversation in anonymous spaces.

rush of everyday work to forget that not everyone has access to all the information that you have. Be sure to slow down enough to share as much information as possible with those who need it. Doing this fosters accountability for good decision making.

Sharing information isn't enough. You must also pay close attention to details and information that you are given by others. Ignoring cues or red flags that something is wrong is willful blindness. I learned the hard way that not acting is still doing something wrong. If you sense that you need to ask more questions of your team or your peers, as a leader you need to explore all concerns and move forward only after you have sufficient information to satisfy any concerns. Taking the time to dig deeper can be especially hard when you and your team are focused on achieving a goal. Motivational blindness can impact behavior when we are so focused on an outcome that we don't consider the necessary ethical steps or ethical implications of decisions made along the way.

“I can admit now that I avoided discussing pertinent details with my staff and expected tasks to be completed without giving them context. I failed to clearly identify the need for ethics and values in the services we performed.”

One element of modeling that I don't see talked about enough is vulnerability. Being open with your decision making and providing good and complete information isn't enough. As a leader you should consider when to let others know you have failed and, most importantly, how you were able to recover. A leader must know when to apologize and take responsibility for a bad decision or bad behavior. Holding yourself accountable is one of the most important elements to modeling good behavior. When you are open about your decisions and hold yourself accountable for your choices, your team can be emboldened to break away from the status quo and initiate a broader spectrum of ideas while staying committed to the ethical expectations.

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I can vividly remember sitting in my children's room on Christmas Eve singing them to sleep when an email came in that I should have paid attention to. It was urgent, so I should have finished putting my kids to bed, then immediately taken the time to review the email and its attachment, but instead, I just forwarded it on and went about my Christmas Eve. I did not want to interrupt my holiday, and I did not want to be uncomfortable dealing with a potential problem with my client. I passed the responsibility on to my staff, and I did not hold myself accountable for doing the right thing. In hindsight, I wish I would have. That one email was ultimately the primary piece of evidence used against me by the prosecutors.

Next, work to develop strong emotional intelligence with a specific focus on empathy. I think the emotional side of leadership doesn't get enough attention, but it is important to be connected with your team. Knowing the unique story and life experiences of the people on your team and taking the time to listen to people builds trust. Trust sets the stage for compassion and empathy. Pay attention to the small moments and interactions that you have with others. Acknowledge both the positive and the pain when it arises. Make sure to truly listen without feeling the need to give immediate input because you get caught up in your position and title. In an environment where trust is carefully cultivated, the team is empowered to be fearless about their commitment to ethics.

Finally, build strong relationships with appropriate boundaries. We often hear that relationships are key in this business, and they most certainly are, but CLOs should give attention to setting and respecting appropriate boundaries. Becoming too familiar or friendly with a client, your CEO, or other colleagues can quickly cloud your judgment, and even if it doesn't, the perception of bias in the eyes of others erodes trust and can counteract a commitment to ethical decision making. Sometimes clients will use relationship capital or urgency to force a decision, but it is important to resist the temptation to cut corners when the ethical work isn't done. In some cases, when these pressures are too great, a CLO must be prepared to walk away from the job. Doing this requires that your personal finances are set up to allow you to do so.

I know now for sure that my budding friendship with my client clouded my judgment as I started to work with him and I failed to engage in objective decision making as a result. I failed to ask hard questions because it would have likely meant I would lose my client and my friend. But, if I had been clear about my ethical standards as his lawyer, I would have recognized that my decision making was not objective and my willingness to trust my friend, instead of appropriately challenging my client, allowed me to relax my standard of review and led to bad decisions.

Any other words of advice?

Today, I think of ethics like a fitness routine. A good fitness routine is a long-term commitment that is multidimensional and includes nutrition, exercise, and sleep. My commitment to ethics is long term and multidimensional, too. I regularly evaluate my decision-making processes and work constantly on modeling emotional intelligence and building relationships with appropriate boundaries. When it comes to my fitness routine, sometimes I am tempted to skip a day at the gym or, more likely, sneak in a chocolate brownie. In the same way, it can be easy to neglect the self-reflection and growth work that is necessary to putting my commitment to ethics first, but I've

learned the hard way that neglecting this work comes with a big risk. Ethics is now at the core of every decision, action, and behavior that I make in every aspect of my life.

I had to lose my freedom to gain complete freedom. By that I mean that now I live my life in the moment with vulnerability, total transparency, and accountability. I derive power and courage when the core of my decisions is focused on ethics and integrity. I believe I have been able to rise from the ashes because I have refocused myself and work every day on my commitment to practicing ethical vigilance in every moment.





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