

LAWYER INSTRUCTIONS

You will have 15 minutes for the simulated meeting with Goodman. You will play the role of Andrew Reinhard. ("Ann Reinhard" if you are a woman.) Explain to Goodman (who has arrived without an appointment) that you must leave for a court date in 15 minutes. Use the 15 minutes as you think best, but be as realistic as possible and stay in role at all times. Assume that all the Model Rules we have read so far apply in your jurisdiction.

CONFIDENTIAL INSTRUCTIONS FOR ROLE OF LAWYER (REINHARD)

When Goodman arrives in your office unannounced, you have just finished reading the following memo you received in that day's mail from John A. Clifton, O.P.M.'s chief in-house accountant.⁽¹⁾ Having known Goodman (whom you call "Myron," or "Max" if the role is played by a woman) almost all your life, you can hardly believe that he (or she) could have been engaged in the kind of wrongdoing that Clifton's memo suggests. Remember that Goodman is not only your friend but the person who has made your career (and a lot of money for you and your firm).

MEMORANDUM -- CONFIDENTIAL

TO: Andrew B. Reinhard, Singer, Hutner, Levine & Seemen
FR: John A. Clifton CPA, Chief Fiscal Officer, OPM Leasing Services, Inc.
DATE: June 12, 1980
RE: Problems with O.P.M. Leases

I have discovered in an accounting audit evidence strongly suggesting that at least the following two Rockwell leases and accompanying equipment security agreements are fraudulent:

1) Rockwell computer lease dated July 1, 1977. I discovered two different copies of this lease: (a) Copy A in which Rockwell agreed to pay \$6,000/month for 36 months; (b) Copy B, which is the document submitted to Singer Hutner as loan documentation, stating \$66,000/month for 86 months. It appears that Copy B is an alteration of Copy A in which the second "6" in the monthly payment box has been added and the "3" changed to an "8" in the number of months box. Obviously OPM borrowed a much larger amount of money against Copy B than Copy A could support. It appears that lease payments to OPM from Rockwell have been only \$6,000/month. The difference in the monthly bank payment has been made up out of general OPM funds on Goodman's authorization. Unfortunately what appears to be the true lease term will be up July 1 increasing greatly the chance that the alteration will be discovered by the bank or Rockwell.

2) Rockwell computer leases dated February 1, 1978 and dated October 15, 1978. Each lease was for equipment valued at \$2,500,000. The two leases and accompanying paperwork sent to Singer Hutner indicated that these were different computers and different transactions, but the equipment serial number was the same on both leases. It appears that OPM obtained two bank loans on the same piece of equipment.

I fear that many other leases are fraudulent also, but do not have any direct evidence. I have long been suspicious about how OPM could manage to remain profitable when many OPM customers exercised their option to cancel their leases in 1977 when IBM announced a major upgrade in the equipment that OPM was leasing to them. It seemed very strange that Rockwell International, a very sophisticated user, not only did not cancel any of its leases but instead greatly expanded its leasing of what was increasingly outdated equipment. But for the Rockwell leases, OPM would not have remained solvent in 1977. As you know, starting in 1977 Goodman insisted that Singer Hutner send Rockwell's copies of the financing documents to O.P.M. for forwarding instead of directly to Rockwell and forbid your firm to contact Rockwell directly without his consent. O.P.M. has handled the "insurance work" on the equipment and made direct loan payments on many of the Rockwell lease loans even though the lease agreements say Rockwell shall make rental payments to the banks.

Yesterday I spoke privately with Mr. Goodman about my concerns. He was evasive and hostile, and would only say that there were some major cash-flow problems which had forced him to take "unconventional" steps to secure continued bank financing. I told him that I had talked to my lawyer, William J. Davis, of Scholman Berlin & Davis, who had suggested that I refer the matter to your firm, which I am doing by this letter. On advice of my lawyer, unless or until I am subpoenaed by a grand jury or otherwise compelled by court order to testify, I will not divulge this information to anyone other than by this communication to you.

1. In the actual case, Clifton did send a memo to Reinhard; however whether Reinhard actually received and read it was a disputed fact. Reinhard later claimed that Goodman snatched it from him before he had a chance to read it. The contents of Clifton's actual memo were never revealed. This memo is a plausible recreation based on the facts of the case but should NOT be treated as accurate about the real OPM case nor should any statements in this memo be attributed to individuals involved in the actual O.P.M. case.