

## THE O.P.M. CASE

***The following excerpt from a New York Times article about the OPM case is essential background reading for a simulation exercise that will take place in class. You will be assigned to play the role of either Myron (or Maxine) Goodman or Andrew (or Ann) Reinhard and will conduct the meeting on June 12, 1980 described at the end of the excerpted article. Note the supplemental information added at the end of this excerpt. Additional confidential information and instructions for playing the assigned roles will be given to the persons assigned to these roles.***

S. Taylor, "Ethics and the Law: A Case History," *New York Times Magazine*, January 9, 1983 (excerpts)

Mordecai Weissman started [O.P.M. Leasing Services, Inc.] in 1970 in a small office on Church Avenue in Brooklyn, and Myron Goodman joined him a few months later. Weissman handled the marketing end, Goodman was the inside man, in charge of finances; they each owned half of the business. The company would borrow money to purchase computers and other business equipment to corporate customers. In theory, the lease payments to O.P.M. would be large enough to allow the company to service its loans with enough left over to provide a handsome profit. ... By the late 1970's, O.P.M. had become one of the nation's five largest computer-leasing companies, with 250 employees in 11 offices across the country, including plush headquarters on Broadway in Manhattan.

Andrew B. Reinhard was 26 years old, an honors graduate of Harvard Law School, when he joined a small New York law firm in 1969. When the newly created O.P.M. Leasing Service, Inc. started casting about for a law firm, Myron Goodman remembered Reinhard, older brother of a boyhood friend. ... Goodman [later] described [Reinhard] as his closest friend aside from Weissman. ... Singer Hutner handled [all] the company's legal work. That included closing loans and supplying the legal opinions that lenders relied on as to O.P.M.'s title to computers and as to the legality of O.P.M. leases. The firm also handled the personal legal affairs of "Myron and Mordy," as the owners of O.P.M. were known to Singer Hutner lawyers. As the computer-leasing company grew, so did Singer Hutner. By 1980, it employed 29 lawyers, with offices in New York and New Orleans; in that year, it collected more than \$3.2 million in fees and expenses from O.P.M. - about 60 percent of its total income. Reinhard was the third O.P.M. director [on the O.P.M. corporate board of directors], along with Weissman and Goodman, and several other Singer Hutner lawyers were company officers.

The relationship between Singer Hutner and O.P.M. took a dramatic turn on June 12, 1980 when ... the law firm received an extraordinary visit from Myron Goodman. The O.P.M. executive indicated that he was troubled, that he might have done something wrong in his stewardship of the company -- something he could not set right because it involved millions of dollars more than he could raise. ...

**Supplemental Information:** It is important to remember that O.P.M. Leasing Services, Inc. ("OPM" for short) is neither a partnership (Goodman and Weissman doing business together as individuals) nor a publicly-traded corporation, with stock sold on the stock exchange. Rather OPM is a corporation where all the stock is owned by two people only: Goodman and Weissman. Although the article above does not provide the following specifics, assume that Weissman is Chair of the Board of Directors and Goodman is Chief Executive Officer (CEO) and Treasurer to the Board. The only other member of the Board of Directors is Reinhard, who is Secretary to the Board. The Chief Fiscal Officer (CFO) is John Clifton, who is not a member of the Board of Directors, and serves at the pleasure of the CEO, as do all the other officers and employees of OPM.