

RESOURCE 3: ETHICS CASE FILES

Sharing information about your investigations is a potential way to engage employees and provide a supplemental training method. Here is an example of an article format you may want to consider.

The following case files are example scenarios drawn from common ethics issues that can arise in the defense contracting space, along with how a company might investigate and resolve them. They are designed as a supplemental training tool, and can also serve as a model for the format you might use to share your own investigation outcomes with employees.

GAMBLING

BACKGROUND: *An employee alleged that a coworker was running sports-related gambling pool, as well as a lottery-type activity where employees bet on the failure point during a stress test of a component part.*

ISSUE: *What is the policy on gambling in the workplace?*

FACTS

An investigation was conducted and key findings included:

- The employee admitted organizing a gambling pool based on the outcome of sports events.
- The employee also admitted organizing the “test failure” lottery.
- The employee denied that either activity was gambling, claiming that both were “games of skill,” not “games of chance,” and were team building activities.
- The investigations team concluded that the activity in question constituted gambling.

APPLICABLE POLICY

The employee was in violation of the business unit’s rules of conduct that prohibit gambling in any form while on company time or property. Neither activity is appropriately viewed as “team building.” Also, the employee exercised poor judgment in organizing a “test failure” lottery and failed to recognize the potential conflict of interest and the appearance that such activity could compromise the integrity of the test results.

RESOLUTION

The employee received a written reprimand, performance improvement plan, and extensive coaching and was required to hold a discussion of the policy violations and errors in judgment with the workgroup.

The test results were investigated to ensure that the integrity of the tests was not compromised by the lottery.

FALSIFICATION OF RECORDS (NON-FINANCIAL)

BACKGROUND: *An employee was suspected to have forged several documents in connection with a medical leave of absence.*

ISSUE: *What constitutes falsification of records?*

FACTS

An investigation was conducted and key findings included:

- The employee had a long history of absences from work for a variety of reasons.
- Over several months, the employee submitted documents requesting paid medical leave.
- The documents contained signatures, purportedly of the employee's attending physician.
- The signatures on the documents did not match known examples of the physician's signature.
- The medical department noted that forging a physician's name on medical forms is a criminal offense and that the doctor's office had notified the police.
- The employee admitted signing the physician's name on the medical leave documents, claiming to be under stress from work and stating, "I know what I did was wrong."
- The investigations team concluded that the activity in question constituted gambling.

APPLICABLE POLICY

The employee violated our Code of Conduct and corporate policies, which state that we will conduct business with honesty and integrity, and in compliance with the laws of the United States and of each country which the Corporation operates.

RESOLUTION

The employee was discharged from employment.

COMPUTER MISUSE

BACKGROUND: *An employee was suspected of sending vulgar electronic messages over company messaging platforms to an individual outside of the company.*

ISSUE: *What constitutes harassment and inappropriate use of company communications tools?*

FACTS

An investigation was conducted and key findings included:

- Several instant messages had been sent from the employee's workstation to a person outside of the company.
- The messages included the use of vulgar sexual language that was demeaning and disrespectful of women.
- The employee admitted to sending the messages, apologized and stated, "It will never happen again."

APPLICABLE POLICY

The conduct violated the Company's Non-Harassment Policy, which prohibits verbal, written, or visual conduct of a sexual nature that is unwelcome or that creates a hostile work environment, whether delivered in person or through electronic communications.

RESOLUTION

The employee was suspended without pay, required to complete harassment-prevention training before returning to work, and placed under a 12-month performance review tied to conduct expectations. The matter was also referred to Human Resources for separate review under the Non-Harassment Policy.

TIME SHEET MISUSE

BACKGROUND: *An employee was suspected of charging time to a contract on a day for which he was not in the office.*

ISSUE: *Did the employee mischarge his time?*

FACTS

An investigation was conducted and key findings included:

- A review of the timesheets noted that the employee had charged time to the contract on the days in question.
- Interviews of the employee's office mates confirmed that the employee was not seen in the office on those same days.
- The employee had posted photos of himself on Facebook that showed he was out-of-state during the days in question.
- During his interview, the employee admitted to not have been in the office on the days for which he had charged the contract. When asked why he had done that, the employee explained that he had traveled out-of-state to attend a wedding via non-refundable plane tickets and had no time left in his leave bank.

APPLICABLE POLICY

The employee violated Company policy 5k, Time Charging, which prohibits charging time to a contract for which work had not been performed. In addition, the conduct may have triggered Company's evaluation under FAR 52.203-13 for potential mandatory disclosure to the cognizant agency Inspector General and Contracting Officer.

RESOLUTION

The employee was terminated.

UNAUTHORIZED DISCLOSURE OF CONTROLLED UNCLASSIFIED INFORMATION (CUI)

BACKGROUND: *An engineer working under a tight deadline emailed technical drawings to a subcontractor to expedite performance.*

ISSUE: *Was CUI handled appropriately?*

FACTS

An investigation was conducted and key findings included:

- The drawings were clearly marked as Controlled Unclassified Information.
- The subcontractor had not yet completed required cybersecurity onboarding and had not been authorized to receive controlled data.
- The employee was aware of the onboarding delay.
- Rather than wait for approval, the employee sent the drawings through standard company email without encryption in order to “keep the schedule moving.”
- During the interview, the employee acknowledged knowing the subcontractor was not yet cleared to receive CUI but stated, “It would have taken weeks, and we needed them to start now.”
- There was no evidence of external compromise.

APPLICABLE POLICY

Company policy and contract requirements mandate safeguarding CUI and prohibit sharing controlled information with third parties that have not completed required security onboarding.

RESOLUTION

The employee was suspended without pay for intentionally bypassing established security controls. The employee was required to complete additional training on information handling requirements prior to returning to work. The company reinforced expectations regarding schedule pressure and security compliance and reviewed onboarding timelines to identify process improvements.

FAILURE TO VALIDATE AI-GENERATED TECHNICAL CONTENT

BACKGROUND: *An engineer supporting a competitive proposal used an AI tool to help draft portions of the technical volume and compliance matrix.*

ISSUE: *Were representations to the government adequately reviewed and verified before submission?*

FACTS

An investigation was conducted and key findings included:

- The engineer used an AI tool to generate draft responses describing the system's compliance with certain performance specifications.
- Portions of the AI-generated language overstated system capabilities and suggested testing had been completed when it had not.
- The engineer copied the language into the proposal without independently verifying each technical claim.
- The proposal was submitted to the government with the inaccurate statements included.
- The discrepancies were identified during post-award technical discussions.

APPLICABLE POLICY

Company policy requires that all technical, cost, and performance representations submitted to the government be accurate and verified. Use of automated tools does not relieve employees of their obligation to ensure submissions are complete and correct.

RESOLUTION

Following review, the employee's employment was terminated for failure to exercise due diligence and for submitting inaccurate representations to the government. The company conducted a root cause review, strengthened proposal review controls, and issued updated guidance clarifying that AI-generated content must be independently validated prior to submission.

ORGANIZATIONAL CONFLICT OF INTEREST (UNEQUAL ACCESS TO INFORMATION)

BACKGROUND: A business unit provided advisory support to a government office developing technical requirements for a future procurement.

ISSUE: Did the company create a potential OCI by bidding on the resulting contract?

FACTS

An investigation was conducted and key findings included:

- The advisory team had access to draft acquisition planning documents.
- A separate internal team prepared a proposal for the follow-on effort.
- While there was no evidence of improper data sharing, no formal firewall documentation had been implemented.
- The proposal did not disclose the prior advisory role.

APPLICABLE POLICY

Company policy requires early identification and mitigation of potential organizational conflicts of interest and accurate disclosures in proposals.

RESOLUTION

The company submitted an updated OCI disclosure and mitigation plan. Internal procedures were strengthened to require documented firewalls and early legal review when supporting acquisition planning efforts.

BUSINESS MEALS WITH GOVERNMENT PERSONNEL

BACKGROUND: *An employee met with a government counterpart while traveling for a program review.*

ISSUE: *Was the meal consistent with gift and gratuity rules?*

FACTS

An investigation was conducted and key findings included:

- The employee paid for lunch for both parties at a modest restaurant.
- The total cost per person was below the federal gift threshold.
- The employee did not seek prior guidance or document the meal.
- The discussion included both personal catching up and ongoing contract performance issues.

APPLICABLE POLICY

Company policy requires compliance with federal gift and ethics rules and encourages seeking guidance when interacting with government personnel. Federal employee gift rules under 5 C.F.R. § 2635 set per-event and aggregate annual limits, but cost alone does not resolve the analysis: paying for a meal while discussing active contract performance can create an appearance of seeking to influence an official act, even where the value is within limits. Employees should obtain advance guidance from the Ethics Office, contemporaneously document the business purpose, and avoid substantive contract discussions in any setting where a Company-paid courtesy is being extended.

RESOLUTION

The employee was counseled on documenting interactions with government officials and seeking advance guidance when appropriate.

IMPROPER COMMUNICATIONS DURING SOURCE SELECTION

BACKGROUND: *An employee serving as a capture lead maintained a longstanding professional relationship with a government program manager overseeing an active procurement.*

ISSUE: *Did the employee engage in improper communications during an active source selection?*

FACTS

An investigation was conducted and key findings included:

- During the active source selection period, the employee exchanged multiple text messages and phone calls with the program manager.
- In those communications, the employee discussed aspects of the company's staffing plan and asked whether "greater emphasis on incumbent retention" would be viewed favorably.
- The employee also shared general observations about competitor strengths and weaknesses.
- The employee was under significant internal pressure to secure the contract due to projected revenue shortfalls in the business unit.

APPLICABLE POLICY

Company policy and federal procurement integrity requirements prohibit unauthorized communications with government personnel during an active source selection and restrict discussion of proposal-related information outside approved channels.

RESOLUTION

The employee's employment was terminated for knowingly engaging in prohibited communications during an active procurement. The company conducted a broader review of capture procedures and reinforced training on source selection communication restrictions across all business units.

SUBCONTRACTOR WITH RESTRICTED ENTITY CONCERNS

BACKGROUND: *A supply chain employee recommended a new overseas vendor to reduce lead times.*

ISSUE: *Was appropriate due diligence conducted?*

FACTS

An investigation was conducted and key findings included:

- Initial screening identified a corporate affiliate operating in a sanctioned jurisdiction.
- The recommending employee stated they were unaware of the affiliation.
- Procurement due diligence documentation was incomplete.

APPLICABLE POLICY

Company policy requires screening third parties against restricted party lists and documenting due diligence.

RESOLUTION

The vendor onboarding was paused pending review. Procurement procedures were updated to require documented compliance clearance before vendor approval.

USE OF GENERATIVE AI IN PROPOSAL DEVELOPMENT

BACKGROUND: *A proposal writer used a publicly available AI tool to draft portions of a technical narrative.*

ISSUE: *Was sensitive information improperly shared?*

FACTS

An investigation was conducted and key findings included:

- The employee entered non-public program details into the AI platform to generate draft language.
- The platform's terms of service permitted data retention.
- The employee believed the tool improved efficiency and did not consider data security implications.

APPLICABLE POLICY

Company policy restricts uploading non-public or controlled information into unapproved third-party systems.

RESOLUTION

The draft was reviewed for data exposure risk. Additional guidance was issued clarifying acceptable AI tool usage.

UPLOADING GOVERNMENT DATA TO UNAPPROVED CLOUD PLATFORM

BACKGROUND: *A project team used a commercial file-sharing service to collaborate with a government customer.*

ISSUE: *Was the platform authorized under contract requirements?*

FACTS

An investigation was conducted and key findings included:

- The platform had not been approved for handling sensitive government data.
- The files contained performance metrics designated as sensitive but unclassified.
- The team believed the tool was acceptable because it was widely used in industry.

APPLICABLE POLICY

Contract clauses and company cybersecurity policies require use of approved systems for storing government data.

RESOLUTION

Files were migrated to an approved environment. IT controls were updated to restrict unauthorized file-sharing platforms.

MANAGER DISCOURAGING REPORTING

BACKGROUND: *An employee raised concerns about potential mischarging practices.*

ISSUE: *Was the employee's concern appropriately handled?*

FACTS

An investigation was conducted and key findings included:

- The employee informed a supervisor of possible timekeeping inconsistencies.
- The supervisor responded that the issue was "minor" and suggested not escalating it.
- The employee later reported the matter through the ethics hotline.

APPLICABLE POLICY

Company policy prohibits retaliation and requires that concerns be elevated through appropriate channels.

RESOLUTION

The supervisor was issued a final written warning and suspended without pay for failing to elevate a reported concern and for discouraging use of established reporting channels. The supervisor was required to complete additional training on non-retaliation and escalation obligations. Leadership conducted follow-up discussions with the workgroup to reinforce the company's commitment to a speak-up culture and the expectation that all concerns be taken seriously and reported through appropriate channels.

INTERNAL INVESTIGATION LACKED INDEPENDENCE

BACKGROUND: *A business unit conducted an internal review of alleged policy violations involving a senior manager.*

ISSUE: *Was the investigation sufficiently independent?*

FACTS

An investigation was conducted and key findings included:

- The review was led by an HR manager who reported to the accused individual.
- No legal or compliance oversight was involved.
- The review concluded without documented witness interviews.

APPLICABLE POLICY

Company policy requires impartial and appropriately overseen investigations into alleged misconduct.

RESOLUTION

The matter was reopened under compliance leadership. Investigation protocols were clarified to ensure independence and documentation standards.

UNDISCLOSED PERSONAL CONFLICT OF INTEREST

BACKGROUND: *An employee serving as the technical lead on a sustainment program participated in vendor selection for a new instrumentation subcontract. The employee's spouse was a senior account manager at one of the bidding firms.*

ISSUE: *Did the employee have a personal conflict of interest that required disclosure and recusal?*

FACTS

An investigation was conducted and key findings included:

- The employee participated in source list development, technical scoring, and award recommendation discussions.
- The relationship was not disclosed on the employee's annual Conflict of Interest certification or to the contracting team.
- The spouse received variable compensation tied to the bidding firm's award activity.
- The bidding firm was awarded the subcontract; performance issues subsequently triggered an internal review that surfaced the relationship.
- The employee stated the relationship had been disclosed verbally to a manager years earlier and had been forgotten.

APPLICABLE POLICY

Company policy and FAR 52.203-16 require employees in covered positions to identify and disclose any personal, financial, or family interest that could reasonably appear to influence the employee's judgment in the performance of Company work, and to recuse from related decisions until the conflict is mitigated. Annual COI certifications must be complete and accurate, and reaffirmed when circumstances change.

RESOLUTION

The employee was removed from the program and issued a final written warning. The subcontract award was reviewed for procurement integrity; no evidence of improper influence on scoring was found, but the affected procurement documentation was annotated. Annual COI certification language was strengthened to include immediate-family employment, and managers received refresher training on recognizing and escalating disclosed conflicts.

IMPROPER BUSINESS COURTESY TO A FOREIGN GOVERNMENT OFFICIAL

BACKGROUND: *A logistics coordinator supporting an overseas program was responsible for clearing test equipment through the host-country customs authority before a scheduled demonstration.*

ISSUE: *Was a payment offered to a foreign government official permissible under Company policy and applicable anti-corruption laws?*

FACTS

An investigation was conducted and key findings included:

- The shipment was held at customs and the demonstration date was at risk.
- A customs official suggested that a cash payment of approximately \$200 would result in the shipment being released the same day.
- The coordinator approved the payment from a petty cash account and recorded it as a “miscellaneous clearance fee.”
- The payment was not reviewed by the Ethics Office, the Trade Compliance team, or Legal in advance.
- The coordinator stated the payment was “just a facilitating payment” and a routine cost of doing business in the region.

APPLICABLE POLICY

Company policy and the Foreign Corrupt Practices Act prohibit offering, promising, or giving anything of value to a foreign official to obtain or retain business or any improper advantage. Company policy also prohibits facilitating or “grease” payments, even where local practice tolerates them. All interactions with foreign officials must be transparent, accurately recorded in the books and records, and pre-cleared through Ethics, Trade Compliance, or Legal.

RESOLUTION

The employee’s employment was terminated. The payment was disclosed internally, reviewed by Legal, and reported through Company’s voluntary disclosure channels.

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