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MANAGING YOUR CAREER

When Scandal Rocks a Resume

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Veteran investment adviser Jon A. Barrack felt deeply depressed twice this year. In mid-February, a receiver took over the assets of his employer Stanford Financial Group after regulators accused its owner of running a Ponzi scheme.

Paychecks stopped for Mr. Barrack and many of the financial firm's 3,000 employees. He lacked income until April, when he began working for Oppenheimer & Co. in Memphis, Tenn. On July 15, Oppenheimer closed his office -- part of its broader layoff of 20 of the roughly 90 ex-Stanford counselors hired. Mark Whaley, an Oppenheimer managing director, blames the advisers' insufficient transfer of Stanford clients and their assets because some assets remained frozen and some clients switched providers.

Mr. Barrack became a personal wealth adviser again in July in the Memphis office of a midsize firm, after tapping his extensive web of personal contacts to help land the job. Getting hired there "is a miracle," he says. After his Stanford and Oppenheimer experiences, Mr. Barrack feels extremely lucky to have landed employment again so fast. "I have been struck by lightning twice and am still standing," he says.

But he doubts he soon will make a good living again. "It's going to take a substantial rebuilding process to get back to what I was making at Stanford Financial," he predicts.

A growing number of Americans struggle with job searches these days because a scandal destroyed their small employer -- even though they played no role in its demise. Federal and state authorities saw a surge in multimillion-dollar financial scams being reported, typically involving tiny operators, soon after Bernard L. Madoff's protracted Ponzi scheme surfaced in December. (The convicted money manager began serving a 150-year prison term in July.)

Alumni of collapsed smaller concerns face greater hurdles than did staffers of huge failed businesses like Enron and Arthur Andersen, some executive recruiters say. "You will be seen as having been closer to the scandal, and that

perception will last for years," warns Peter D. Crist, head of Crist|Kolder Associates, an executive-search firm in Hinsdale, Ill. Certain Wall Street firms won't even consider applicants with Bernard L. Madoff Investment Securities LLC on their resumes.

Having such work experience doesn't make finding a new job an impossibility, however. "Working at a scandal-tainted small company may not end up being such a liability" as long as you leave quickly and fully explain your lack of involvement in the scandal, says Kate Wendleton, president of Five O'Clock Club, a career-counseling network in New York. "Those things help you escape being tainted."

Conventional job-hunting tactics, such as sending unsolicited resumes, often fail individuals in this situation. But there are some unconventional approaches, including joining forces with former co-workers, that may benefit anyone caught in today's maelstrom of high unemployment. One thing career specialists agree about: Job seekers from scandal-destroyed small companies should tread carefully when dealing with the issue of their former employers.

Initially, some individuals are tempted to fume over their company leader's fraudulent behavior. That's what Seth Ostrow did. Marc S. Dreier, founder and managing partner of Dreier LLP, a New York law firm with about 270 attorneys, was arrested for fraud in December. Mr. Ostrow, chairman of Dreier's patent department, quit hours after the arrest. "It was obvious that the firm was finished," he says. He and several colleagues launched a separate practice that month.

In announcing their firm's creation, Mr. Ostrow told the New York Law Journal that he considered the Dreier firm's predicament "disgusting." He made the angry comments because "a lot of people were really hurt by what [Mr. Dreier] did," Mr. Ostrow recalls. "They did their jobs and he betrayed us." Dreier later dissolved. Mr. Dreier received a 20-year prison sentence in July.

The public disparagement of an old boss can be risky. "Badmouthing your former employer makes you look guilty," says Linda Dominguez, an executive coach in Coarsegold, Calif.

Mr. Ostrow defends his actions. Mr. Dreier "destroyed people's lives," he says. "To say it was disgusting is a huge understatement." In any case, Mr. Ostrow doesn't plan to leave his new firm and says he has yet to see significant repercussions from his public statement.

Other Dreier alums landed a fresh gig fast by marketing themselves as a group and obtaining unusual references. The day of Mr. Dreier's arrest, Richard H. Block and fellow employment-law specialists there began pitching themselves to various law firms. They say they described their lack of knowledge about the misdeeds, the relative independence of their successful Dreier practice and the fact that Mr. Dreier was its sole equity partner. A former legal adversary at

another firm respected the specialists so much he touted their expertise to a potential employer without their knowledge. Clients voluntarily made introductions and recommendations.

Some law firms didn't want to hire the entire seven-member practice. "We said, 'We're not leaving anyone behind'" because "'our clients know us as a team,'" Mr. Block says. The group got offers from five of the six firms they pursued, and joined Mintz, Levin, Cohn, Ferris, Glovsky & Popeo PC in January. "This is an exceptionally talented group of lawyers and we saw a great opportunity to add their skills to our labor and employment group," says Andrew R. Urban, vice chairman of Mintz Levin.

Resumes present another ticklish issue for people left jobless after a company's scandal-caused collapse. One ex-Madoff professional, who earned \$200,000 annually, lists the defunct firm prominently on his resume. But the document states he worked for "a separate entity from the infamous investment management business." The unemployed man refuses to omit his short Madoff stint. He fears reference checks would uncover the experience and "it will look like I'm unethical."

The ex-Madoff staffer should describe rather than identify his latest workplace on his resume, so he "won't be rejected on paper," says Ms. Wendleton of the Five O'Clock Club. Employed individuals often take this approach to conceal job searches from their employers, she notes. When hiring managers inquire about your unnamed employer, she suggests saying you would rather talk about yourself first. Briefly summarize your accomplishments and then "you can reveal the name of the organization," she adds.

To manage interviews well, you also must assert your lack of culpability for your failed employer and your interest in ethical enterprises. Use a well-rehearsed pitch and relaxed demeanor. Hiring officials understand "what it's like to be blindsided about something you don't know," says Dory Hollander, a workplace psychologist in Arlington, Va. "When you normalize something, people can identify with your situation rather than vilify you."

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