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PAGE ONE

Feeling the Shivers Of Faraway Scandals In Fort Wayne, Ind.

**Excesses Elsewhere Have
City on Its Best Behavior;
Who Made That Cookie?**

By JEFFREY ZASLOW
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FORT WAYNE, Ind. -- The sins of Wall Street's most notorious tycoons have permeated offices, stores and homes in this conservative city 680 miles from Wall Street.

Fort Wayne, a "big small town" of 210,000, is a place with a rich history of flourishing small businesses and a reputation for careful investors. But Main Street here, like so many Main Streets in midsize towns, has become a different place in large and small ways, as businesspeople feel the fallout of recent corporate scandals.

Some businesses here have seen firsthand how scandal can damage someone's name. At Lopshire Flower Shop, "seven out of 10 brides used to ask for 'a Martha Stewart look' for their flower arrangements," says owner Judy Lopshire. "Now, they don't mention her."




Graham Richard

Many local businesspeople say the scandals have had an impact in their lives, changing the way they deal with colleagues, employees and loved ones. They worry when their children seem nonchalant about all the greed and cheating in the news. Yet they also cling to hope that traditional Midwestern values will insulate them from the most shameful kinds of corporate avarice.

At Lutheran Health Network, which runs six hospitals here, Chief Executive Thomas Miller says corporate scandals have turned him into an official party pooper. These days, when employees tell jokes about overbilling, he tells them: "You know, in our organization, we don't do that. Ethical values matter here." He does that not only to remind giggling workers about right and wrong, but also to cover himself. "The health-care industry is so regulated and there are perceptions that it's so fraudulent. I assume every conversation I have is taped by the FBI."

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Lutheran now spends about \$250,000 more per year to comply with regulators than it did a few years ago, says Mr. Miller: "I don't want to go to jail. I'd rather have the documents to show we've done the right things."

Likewise, Mayor Graham Richard, a Democrat, has found that firm action is necessary to combat loaded comparisons to corporate wrongdoers. As he ran for re-election last year, adversaries painted him as a Hoosier version of former Enron Chairman Kenneth Lay. He was called the "Enron Mayor" by Republicans, in part because of illegal activities in the city's purchasing department. He fired the purchasing director, was re-elected with 58% of the vote, and now, even local Republican Party Chairman Steve Shine says the mayor did "a good job" of cleaning up the problem.

Because of corporate crime elsewhere, workers often see their employers differently. "Line people see [the scandals] and think, 'I wonder if my managers are doing that?'" says Michael Motter, chief financial officer of GT Automation Group, a maker of automation equipment. "There's a lot of skepticism. Our employees are like our kids. They look at what we do, not what we say."

To better spell out principled corporate philosophies, some Fort Wayne businesses have heightened their focus on ethics. At Do it Best Corp., a hardware cooperative, the annual report "used to be a marketing piece, but now it's a true financial report," says Bob Taylor, the company's president. After the Enron scandal broke, Do it Best even began displaying blowups of charts at shareholder meetings, detailing its financial data for the "comfort" of attendees. And the company's new code of conduct tells employees that if they see unethical behavior, they must report it to management.



Thomas Miller

OmniSource Corp., a scrap-metal recycler here, now communicates its "core values" to employees and customers through a formal vision statement. When callers are put on hold at OmniSource, they hear a recording touting the company's ideals: "perseverance, hard work, citizenship."

Fort Wayne is a working-class town: 677 locals work at Wal-Mart, 630 punch the clock at a local foundry, 1,325 work at a B.F. Goodrich plant. The average house here costs just \$94,000. But there's a large upper-class community, too, populated by entrepreneurs who made their millions methodically in auto parts, or in manufacturing goods such as plastic CD cases.

Even though people here are connected to the wider business world, the corporate scandals seem remote to some of them. Ms. Stewart's trial is "just something we watch on 'Entertainment Tonight,'" says Bill Mirgain, president of Fort Wayne Boating Center.

Many businesspeople feel there are safeguards here against dishonesty. In a smaller business community such as Fort Wayne's, people who prove themselves to be cheats or thieves are often identified quickly and ostracized. "It's economic shunning," says Jim Coen, president of Advantage Automotive Group, which provides Internet help to the auto industry. As Mayor Richard sees it: "We're not all saints in Fort Wayne. But unethical behavior may be brought to the surface faster here. People go to their bosses and say, 'Look, this is wrong.' I think that's happening every day in our city."

People here also like to think that greed and selfishness are less prevalent in their town. During a 1982 flood, 4,000 citizens took to the streets to save neighborhoods by passing sandbags. The national media called Fort Wayne "The City That Saved Itself."

Residents say the city's "we're all in this together" attitude dates back to 1812, when a fort was established here by Gen. "Mad" Anthony Wayne. A Revolutionary War hero, he got his nickname because he was crazy enough to join his troops on the front lines.

Another famous historical role model here was seed trader John Chapman. In the early 1800s, he was a wealthy businessman who planted orchards throughout the Midwest. Fort Wayne's Johnny Appleseed Park is named for him.

Fort Wayne has not been immune to business scandals. From 1986 to 1993, David Heath Swanson was a senior executive of Central Soya Co., a grain-processing company based here. He later led Indianapolis-based Countrymark Cooperative Inc. Last year, he was convicted of stealing \$2.7 million from that farmer-owned co-op. He fled to Seattle, was later captured, and is now serving a 15-year sentence.

In the years Mr. Swanson lived here, he never quite fit in. "He was very East Coast. He kept going to his condo in Manhattan," says Philip Laux, president of Fort Wayne's Chamber of Commerce, which has a membership of 2,000 businesses. Some businesspeople here say they were suspicious of Mr. Swanson and didn't like how he related to his employees. "People who are inappropriate in their fiscal behavior are inappropriate in their dealings with people," says Kirk Kemmish, president of the Northeast Indiana

Corporate Council, a group of business leaders.

Parents here say that corporate scandals are like Janet Jackson's Super Bowl stunt -- a reason to talk to their kids about values and responsibilities. Ms. Lopshire, the florist, says her 14-year-old grandson made this observation about the career of Enron's Mr. Lay: "If you're smart enough, you can s- everybody." Ms. Lopshire says she told the boy: "You're as smart as Kenneth Lay or Bill Gates, and if you rise as high as they did, I hope you'll remember the lessons you were taught as a child."

Mr. Coen, who runs the Internet firm, is concerned that his kids don't follow the rules when they play video games. Instead, they try to beat the games by using "cheat codes" they find on the Internet. "It bothers me," says Mr. Coen, who fears kids today are getting the message from big business that "people who create ways around the rules end up being rewarded."

Doris Dalman, who works for the Chamber of Commerce, was upset when her 15-year-old grandson and his friends said that if Martha Stewart was involved in insider trading, it was OK "because she was just looking out for herself."

Meanwhile, people in Fort Wayne continue to discover new ways in which the tentacles of scandal keep reaching into their community. In an effort to display a bit of sugary small-town innocence, the city has "goodwill ambassadors" hand out cookies to every deplaning passenger at Fort Wayne International Airport. "Welcome to Fort Wayne," say the smiling ambassadors.

The cookies are made here at Ellison Bakery, one of the bakers of Archway Cookies, a brand owned by Parmalat SpA, the Italian conglomerate mired in a multibillion-dollar accounting scandal.

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