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Spy games

What started as a high-profile corporate espionage case turned into an enormously confusing, bewildering and embarrassing mess for French car maker Renault SA and its top executives.⁴⁰ The story began in August of 2010 when several top executives received an anonymous tip accusing a senior Renault executive of negotiating a bribe – supposedly for information related to the cost of the company's electric car. According to CEO Carlos Ghosn, this information was critical economic data that could give competitors insight into the car's technology and costs.

Renault's chief operating officer, Patrick Pélata, launched a four-month internal investigation that led the company to conclude that 'it was the target of a system organised to collect economic, technological and strategic information to serve interests abroad'. A company spokesperson also said that the company's compliance committee was alerted to possible unethical practices involving three employees. Renault then lodged a criminal complaint of 'organised industrial espionage, corruption, breach of trust, theft and concealment' and dismissed three executives who worked on its electric car program for allegedly leaking information in exchange for money. Ghosn said the company's actions were taken to protect the company. He declared on a French evening news program on 23 January 2011 that Renault had plenty of proof and was absolutely certain that the three employees had passed company secrets to outside sources. The affair also caused tension with Beijing after then-French president Nicolas Sarkozy ordered an investigation into whether China was involved in the espionage. But the story takes an interesting twist here, as the three men had

asserted their innocence from the beginning and repeatedly denied any wrongdoing.

Doubts began to surface about the alleged spying when the Paris state prosecutor dismissed

charges against the three fired executives for lack of evidence. That's because the three were, in fact, innocent. Renault, for the first time, began suggesting that the company may have been 'tricked' into bringing the allegations against the men. Then, French prosecutors began trying to figure out whether someone had engineered the entire affair as a way to defraud the company. The French police hadn't found any foreign accounts into which the three executives were said to have deposited their spying proceeds, but they did find accounts in Spain and Dubai holding some of the money that Renault had given Dominique Gevrey, an employee in Renault's

security department who led the internal inquiry against his three colleagues. He was arrested while trying to board a flight to Guinea, in West Africa, and accused of concocting the spying allegations.

The audit committee of Renault's board of directors also launched an investigation. It concluded that executives had committed a series of missteps after the company received the anonymous espionage tip. One was that the security department's investigation was deliberately hidden from Renault's board and audit committee. It also said that it had been a mistake for the company to pay out 200,000 euros (A\$300,000) to obscure firms for 'imprecise purposes' in connection with the investigation into the alleged espionage. The audit committee also concluded that the three Renault managers accused of spying had been fired without being given an opportunity to respond to the allegations.

At a specially called meeting, the board took the following actions: accepted the resignation of Patrick Pélata, Renault's chief operating officer; dismissed the head of human resources, the head of the legal department and the secretary general; fired three security officials, including Dominique Gevrey; asked for a complete redesign of the company's security department, hiring expert consultants from around the world; reinstated one of the wrongfully terminated employees and reached settlements with the other two; and called for the creation of a company ethics committee and a restructuring of its compliance committee.

Bad intelligence?