

# The Whistleblower's Tale: How An Accountant Took on Halliburton


In 2005, Tony Menendez blew the whistle on Halliburton's accounting practices. The fight cost him nine years of his life.

by Jesse Eisinger  
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*"I was fighting for my livelihood, my family, my credibility. For the rest of my life. This would have been a death sentence for my future," Menendez said. (Tim Galloway for ProPublica)*

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From   
Tony Menendez Spent Nine  
Years of his Life Battling  
Halliburton.

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The email that ruined Tony Menendez's life arrived on a warm and sunny February afternoon in 2006. Menendez is, by nature, precise and logical, but his first instinct was somewhat irrational. He got up to close the door to his office, as if that might somehow keep the message from speeding across cyberspace. Then he sat down at his desk to puzzle out what had just happened.

The email was sent by Mark McCollum, Halliburton's chief accounting officer, and a top-ranking executive at Halliburton, where Menendez worked. It was addressed to much of the accounting department. "The SEC has opened an inquiry into the allegations of Mr. Menendez," it read. Everyone was to retain their documents until further notice.

Panic gripped Menendez. How could McCollum have learned he had been talking to the SEC? The substance of the email was true. After months of raising concerns inside the company, Menendez had filed a complaint with regulators and Halliburton's audit committee that accused the giant oil services company of violating accounting rules. But those

## Q&A with a Whistleblower

Tony Menendez and ProPublica senior reporter Jesse Eisinger answered questions on Reddit during an AMA on this investigation. Read the discussion

complaints were supposed to be kept strictly confidential. Did the agency violate that trust? Did a board member? Somebody had talked.

Ten minutes passed, maybe fifteen. Menendez finally could move. He got up, opened his office door carefully and looked out. The floor normally bustled at that hour in the mid-afternoon. It had cleared out. He turned around quickly, grabbed his computer and rushed out of the heavily secured Halliburton complex north of Sugarland, Texas.

Menendez drove around for hours. He doesn't remember much about where he went or for how long. At some point, he called his wife.

"Ondy," he cried out to her, frantic. "They outed me!"

As shocked as Menendez was, his wife had seen something like this coming. Tony was a perennial optimist, even naïve. He always thought the company would do the right thing and fix its accounting problem. More jaded, his wife was prepared for the worst. She'd even urged Tony to start secretly taping his bosses.

"Is anyone following you?" she asked. "Make sure."

Menendez looked around, seeing only a blur of cars pass at the beginnings of evening rush hour. He didn't think anyone was tailing him. Then again, how would he know? He needed a lawyer – right now. Only months into the best job he'd ever had, he was in the most trouble of his professional career.

Menendez quickly googled "whistleblower" and "lawyer" on his phone and came up with Philip Hilder, the attorney who had represented the Enron whistleblower, Sherron Watkins. He placed the call and got through. Hilder heard Menendez out and then told him to listen carefully. Hilder instructed Menendez not to tell anyone, not even his wife. Too late for that, and he wouldn't have kept it from Ondy anyway. They were partners.

"Ok. Then don't talk on the phone anymore. Don't talk in your office. Don't talk in your house," Hilder continued.

"How quickly can you come in to see me?"

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I met Tony and Ondy Menendez this past winter, in a suburb less than an hour outside Detroit. Now 44, Menendez speaks earnestly and insistently, with the carefully chosen words one would expect from an accountant. His cheeks carry a tinge of pink and, at the slightest smile, his eyes are consumed by crow's feet. He hid a bulky frame with a corduroy jacket over a black V-neck sweater.

They told me about their long and agonizing fight against a powerful corporation. It's a story of what it takes to be a whistleblower in America – and what it takes out of you.

Many whistleblowers come undone after they launch their fights. They have trouble keeping their jobs, their marriages, their sobriety. Even friends who are sympathetic often see them as pains in the ass. They are forever marked by a scarlet "W." And while whistleblowers naturally start off more skeptical than the average, the experience pushes some into often justifiable paranoia. If you want to know why whistleblowers can seem a little crazy, it's because anybody who is not a little bit crazy would back away from the ordeal of confronting a corporate behemoth or grinding government bureaucracy.

There's nothing crazy about Menendez, however, beyond an optimism that persists even when the facts don't warrant it. Throughout the whole struggle, he just knew that somehow, sometime, the world would come around to seeing he was right about Halliburton.

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Menendez grew up in Houston, the son of a jovial construction worker with an eighth-grade education. His father had once operated several chicken restaurants and there was a story about almost getting Bob Hope to be a partner, but it never happened. His father had lost it all.

His mother was an insatiably curious, perpetual graduate student in education. The eighth of 11 kids, Menendez was the only college graduate. Ondy, who grew up in Claude, a small town in North Texas, also was the only one in her family to graduate college. Serious and cautious, she has sedate brown hair that goes just below her chin with fine streaks of gray and wears red lipstick. Only faint hints remain of the 16-year-old girl who drove her Trans Am too fast down North Texas country roads.

At the University of Houston, Menendez dreamed of a career as a scientist but those plans were derailed when his girlfriend became pregnant. He switched to accounting because he could get a job more easily, married his girlfriend and had a daughter. Eager to establish himself in a solid profession, Menendez took a job at Ernst & Young as an auditor, a job that required a great deal of travel. One day, Menendez was on a business trip a hundred miles from Houston, where they were living. He called home and, unusually, there was no answer. He returned home to discover that his wife had left and when he finally spoke to her a few weeks later, she told him she couldn't be a mother right then. His daughter was only about a year and a half old. Menendez raised her by himself for the next year and a half. Eventually, his wife returned and they divorced.

Menendez worked various accounting jobs before landing an executive position at Halliburton in March 2005. The job came with a fancy title, Director of Technical Accounting Research and Training, and was the most responsibility he'd ever had. Only months earlier, Halliburton had settled with the SEC after a two-year accounting probe. In hiring him, Mark McCollum told Menendez that he should be his "Smokey the Bear," helping Halliburton prevent accounting fires from flaring. Menendez was 34, and now remarried to Ondy. They had two young children. He felt his life was on course.

It didn't last long. After just a few months on the job, Menendez began to worry that Halliburton was violating some of the most basic accounting rules.

A crucial issue in all forms of accounting is how and when a company can count a transaction as revenue. The rules provide a certain amount of flexibility, with companies allowed to "book" at least some of the revenue from a sale before the customer pays in full. Deciding in which quarter a particular sale falls can move mountains of money since Wall Street investors watch revenue as closely as profits and hammer the share prices of companies that fall short.

Halliburton's books are particularly sensitive to the intricacies of accounting. The company enters into long-term contracts with energy giants like Royal Dutch Shell or BP to find and exploit huge oil and gas fields. It sells services – the expertise of its geologists and engineers. Halliburton also builds massive and expensive machinery that its professionals use to provide those services. Then, the company charges its customers for that equipment, which has particularly high profit margins. The company's accountants had been allowing the company to count the full value of the equipment right away as revenue, sometimes even before it had assembled the equipment. But the customers could walk away in the middle of the contracts. And Menendez realized that if the equipment were damaged, Halliburton, not the customer, was on the hook.

There had been a crackdown on this kind of accounting since a 2003 SEC accounting bulletin. Other oil and gas services



companies were falling into line. With that in mind, Menendez recommended the company wait until the work was completed to book the equipment sales as revenue.

*Ondy and Tony Menendez were the only ones in their families to graduate from college. "We're no strangers to being broke," Ondy said. "That doesn't scare me as much as someone trying to ruin your reputation." (Tim Galloway for ProPublica)*

Top Halliburton accounting executives agreed with Menendez's analysis, including McCollum, the company's chief accounting officer. But according to Menendez, they dragged their feet on implementing a change that was certain to slow revenue growth. (In an email response to detailed questions, a Halliburton spokeswoman wrote, "The accounting allegations were made by Mr. Menendez almost nine years ago and were promptly reviewed by the company and the Securities and Exchange Commission. The company's accounting was appropriate and the SEC closed its investigation. We have no further comment on the matter." The corporation's auditor, KPMG, declined to comment for this story.)

Later, some outside experts would also agree with Menendez. "Under the accounting standards, Halliburton's revenue recognition was not appropriate," said Doug Carmichael, the former chief accountant for the Public Company Accounting Oversight Board, the regulator for auditing firms, who served as an expert witness for Menendez.

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During the summer of 2005, Menendez went on a worldwide tour of Halliburton facilities with an executive who worked for him, James Paquette. They visited Aberdeen, Scotland, and Kuala Lumpur, Malaysia. Both were deeply troubled by what they saw and heard.

At a dark, basement pub in Aberdeen, Menendez and Paquette drank warm beer and wrestled with their problem. Paquette looked up to him. "Tony is a geek among geeks and I say that with great affection," he told me. "He's a smart man, well read." Paquette credits Menendez with teaching him how to research accounting issues thoroughly.

Paquette agreed the company was booking its revenue incorrectly. But other groups in accounting were fighting them.

"What if we bring all this to their attention and they don't do anything about it? What happens then?" Paquette asked his boss.

Menendez replied that he hoped that didn't happen but that there were "avenues for us to hold up our integrity," Paquette recalled in an interview with me.

Menendez talked it over with Ondy. Accounting fraud was an increasingly public issue. Enron, the Houston-based energy trading giant, had blown up in a massive accounting scandal a few years earlier. News of investigations and trials filled the daily newspapers. The couple talked about Ken Lay and Jeff Skilling, top Enron executives who had been charged with accounting fraud. WorldCom, Adelphia, Tyco – executives were being charged with accounting violations. Ondy told Menendez he had to protect himself. If this ever got discovered, he could end up being the fall guy.

Neither of them had wealth or family to fall back on. And they had young kids to care for. Nonetheless, Ondy told her husband he should neither participate in fraud nor leave Halliburton.

"You shouldn't have to run," she told him.

But from now on, she said, he had to be much more careful. For one thing, he needed to start tape-recording his bosses.

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On July 18, 2005, Tony Menendez turned on a digital recorder, put it in the front pocket of his slacks, and, sweating a bit, walked into a meeting with McCollum, the chief accounting officer. The accounting issue was complicated and executives throughout the

accounting department were wrestling with it. Menendez had circulated a memo on the issue. McCollum told Menendez that he was right on the merits.

“Now that your memo is out, quite frankly it’s a good memo, okay?” McCollum can be heard saying on the scratchy recording. He and a colleague had had “a lot of conversations about it and ah we think that your conclusion is appropriate.”

But McCollum told Menendez his approach was wrong. He was making his colleagues feel stupid. He needed to be more collegial. “They didn’t just fall off the turnip truck,” he told Menendez. The problem was that the Halliburton team, working with the auditors from KPMG, one of the major national accounting firms, had reached a different conclusion. “Could their facts have been incomplete? Yes, absolutely. And could KPMG’s national office been smoking dope? Yes they could,” McCollum said. But Menendez would have to be delicate if he wanted to change the company’s practices.

Halliburton, McCollum explained, was a huge organization with lots of “communication issues.” To succeed, Menendez would need to be “politically sensitive.” And – here McCollum was emphatic – don’t put things in writing, admonishing Menendez that “you have to be incredibly circumspect about the use of email to communicate, uh, with everybody.”

At this stage, McCollum seemed to want to help Menendez, albeit with a warning. McCollum told him he wasn’t “asking you to compromise your ethics and I’m not asking you to compromise the position that you feel strongly about.”

Menendez didn’t need to be told that. But by the fall, he saw his superiors beginning to wobble. Halliburton officials had realized this wasn’t going to be a trivial issue at all. Indeed, it could amount to billions of dollars. About 25 percent of Halliburton Energy Services then-\$10 billion in revenue came from equipment sales. Even worse, no one had kept track of how much equipment Halliburton had in its warehouses.

Finally, the top accounting executives changed their minds and decided the original approach was fine after all. Halliburton executives coined a phrase to justify the company’s accounting treatment. The equipment sitting in Halliburton’s warehouses became “customer-owned inventory.” Menendez searched the accounting literature for such a phrase, but found nothing.

Menendez was furious and after several days of agonizing he filed a confidential complaint with the SEC in November 2005. Within a few days, the agency flew him up to Fort Worth and he met with investigators. Meeting with government regulators terrified him. He wasn’t proud of having recorded his bosses, but he had felt he needed to. During his meetings, he calmed down. The regulators encouraged him to go to the Halliburton board’s audit committee. Menendez assumed the regulators would take action. One government attorney was so enthusiastic, he told Menendez, “This is gold!”

For a couple of months, nothing seemed to happen. But then Menendez heard rumblings in the office that the SEC was poking around. On the morning of Feb. 4, 2006, Menendez snuck off while Ondy was still asleep to a side room in their house. There, he fired off an email to alert the audit committee of Halliburton’s board of directors to the company’s billion-dollar accounting problem. When he emerged sheepishly, he woke Ondy up and confessed immediately, like a child who has palmed an extra cookie for dessert. She was apoplectic.

“You’re going to regret this!” she shouted. She thought he had a chance to stay anonymous with the SEC, but not the company’s board of directors.

“That’s their job! They’ll want to know!” Menendez argued back.

It was one of their worst fights in the whole ordeal. “I knew what was next and I was right,” Ondy says now.



Unbeknownst to Menendez, his complaint went to the Halliburton legal department as well as the board committee, an apparent violation of corporate policy. The audit committee was required to keep such reports confidential. A few days later, the SEC notified the company that it had opened an investigation into the company's revenue recognition. Then on February 8 came The Email. Halliburton's general counsel circulated a note that "the SEC is investigating Mr. Menendez's complaints" to the company's chief financial officer, KPMG, other top executives and McCollum, the chief accounting officer. McCollum forwarded it to at least 15 of Menendez's colleagues in accounting. As far as Halliburton was concerned, they had a traitor in their ranks.

The repercussions of being outed in the email were immediate. While Halliburton never officially demoted Menendez, it stripped him of responsibilities. He no longer was allowed to come to most meetings. Menendez's job required him to teach lower-level Halliburton accounting executives about the latest accounting rules; those sessions were curtailed. Another of his responsibilities was discussing new accounting rules and interpretations with KPMG, the company's auditor. The firm decided it couldn't communicate with Menendez while the SEC investigation was going on. Colleagues avoided him.

Some of his friends at the company stayed loyal but they couldn't be seen with Menendez. He would meet Paquette at a Panera Bread at 6 a.m. or 7 a.m. to get caught up. Paquette was so worried about being seen communicating with Menendez that he changed his name on his phone to "Slugger." If Menendez called him during a meeting, up would pop the code name.

After the SEC notified Halliburton of its investigation, the company hired an outside law firm to conduct an independent probe into the matter. The regulator didn't interview Menendez or Paquette during this period. It appeared to Menendez and his lawyers that the SEC was delaying its inquiry while the law firm did its work.

As part of the inquiry, Paquette was summoned downtown to the company's boardroom to be interviewed by the audit committee and the law firm about Halliburton's accounting. Others had simply been interviewed at their regular offices in the Houston suburbs. And, in addition to lawyers for the firm conducting the independent inquiry, attorneys from Halliburton's regular law firm also sat in. Paquette felt intimidated. Nonetheless, he told them he agreed with Menendez's interpretation of the rules.

When he got a copy of his deposition back, it seemed doctored. The interview now made it sound like he disagreed with Menendez, the opposite of what he recalled saying and believed.

"I had to edit the whole thing," Paquette told me. "They said, here was the question and here was the answer. I said, 'Yeah, that was your question but that wasn't what I said. Here is what I said.'"

During this time, Menendez's attorneys would reach out to the SEC. Menendez had only met with the SEC once, to discuss his initial complaint. The agency didn't have someone assigned to interview witnesses nor was there anyone assigned to review documents, James Rytting, who worked on Menendez's case for Hilder's law firm told me. Paquette said he was never interviewed by the SEC.



*Halliburton's Energy Services Group headquarters in Houston, Texas. (F. Carter Smith/Bloomberg via Getty Images)*

“As far as I can tell, they did not do an investigation,” Rytting said.

The internal investigation cleared Halliburton. Then, in September 2006, the SEC informed Halliburton that it would not bring any enforcement action against the company.

It’s not unusual to allow a third-party law firm “to take a first crack at” a probe, said Jordan Thomas, who as an assistant director at the SEC helped develop the agency’s whistleblower program. But the Paquette interview “shows you the dangers of the SEC not conducting its own investigations.”

Now a partner at Labaton Sucharow, Thomas wonders if the SEC ever received an accurate summary of Paquette’s testimony from the independent law firm. With the passage of the Dodd-Frank financial reform package, which includes protections for whistleblowers, the agency has gotten better at protecting insiders who raise questions, Thomas said.

After the SEC dropped the case, Menendez insisted on meeting with the agency again. He hired a former SEC enforcement attorney who had moved to private practice. In March 2007, they went to Fort Worth together and met with agency lawyers. The meeting was a bust. Menendez felt the SEC lawyers had little interest in what he had to say. They wouldn’t even accept any documents Menendez wanted to give them. His attorney came out, shaking his head. “I’m terribly sorry. No matter what, they are not touching this,” he told Menendez. (The attorney did not respond to calls seeking comment.)

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With the SEC investigation having come to nothing, Menendez felt he couldn’t stay at Halliburton. He was convinced he’d been punished for having blown the whistle. In May 2006, he brought a claim under the Sarbanes-Oxley law, which was passed in the wake of the Enron and WorldCom accounting scandals to shore up the enforcement of securities laws. One provision called for the Department of Labor’s Occupational Safety and Health Administration to adjudicate whistleblowers’ claims of retaliation. Menendez and Rytting, his lawyer, met with two investigators from the agency. Rytting remembers that one read the Wall Street Journal throughout the meeting.

OSHA denied Menendez’s claim.

Menendez wanted to press on, but there was a hurdle. He couldn’t take Halliburton to court because he had agreed when he was hired by Halliburton to submit employment claims to arbitration. He could bring his case before an administrative law judge. Such hearings tend to be friendlier to companies than employees.

Hilder, his lawyer, was deeply skeptical of his chances. One complicating factor was that Halliburton was shouldering Hilder’s fee to represent Menendez during the SEC inquiry, a typical arrangement for senior executives. When the probe wound up, Halliburton no longer had to pay Menendez’s legal expenses.

Hilder repeatedly tried to persuade his client to settle the case but Menendez balked. It was the principle of the matter. On the one hand, Hilder was saying he didn’t think the chances of winning were good; on the other, he was advising Menendez to settle. Here, the accounting whistleblower personality took over. To Menendez’s view of life, this was inconsistent and cynical. If he had no case, how could he demand any money from Halliburton?

Finally, Hilder lost patience. In February 2007, he dropped Menendez as a client. “We must be particularly blunt at this point about the prospects of prevailing,” Hilder wrote. “We realize that the investigation by [the Department of Labor] was inadequate,” but it’s “an important indication of how others see your case.”

That blow came on the eve of having to file a legal brief for the case before the administrative law judge. Menendez screamed at him: “You are trying to sabotage my

case!” He persuaded Hilder to allow Rytting, who sympathized with Menendez’s quest, to work on the filing. They made the deadline.

Menendez wanted his day in court and finally, in September 2007, he had it: a real trial with opening statements, witness testimony, cross-examination. He’d hired a new lawyer, Joe Ahmad.

Ahmad dazzled in court. Rytting, Menendez’s former lawyer, attended some of the trial. After one executive who Ahmad had eviscerated walked off the stand, the executive went over to Halliburton’s lawyer and said, “Thanks for setting me up, bub,” Rytting recalled.

On the witness stand, Paquette backed up Menendez, recounting the intimidating interview and his subsequent concerns with how the company’s law firm had shaded his testimony.

“Were you concerned while you were making these corrections that they were trying to put words in your mouth?” Menendez’s lawyer asked Paquette.

“Yes,” he replied.

During discovery, Menendez found what he viewed as an indication that the company was planning to punish him for having raised accounting concerns. Tucked into the files turned over by Halliburton was a draft of what was to be his 2005 performance review, dated Sept. 28, 2006. It was written by Mark McCollum, Menendez’s boss.

“This morning I met with Tony Menendez,” the memo began. What followed was a detailed and scathing review in which McCollum wrote that Menendez “had not met my expectations.”

The meeting had never taken place. Under oath, McCollum admitted that he intended to deliver it to Menendez on his return, and had circulated it to the legal and human resources departments beforehand. McCollum still works for Halliburton as the company’s executive vice president. (The company did not make him available to comment.)

Ahmad urged Menendez to consider settling the case but his client remained adamant. He had fought with his previous lawyer over this issue and he wouldn’t fold now. Sometimes he focused his ire on Carl Jordan, the fancy Vinson & Elkins partner who was representing Halliburton. “I tell you what,” Menendez yelled when Ahmad raised the idea of dropping the case. “I’ll take \$10 million and Carl Jordan has to shove \$30,000 up his ass! No. We are not settling!” (Jordan didn’t respond to requests for comment.)

But by the end of the trial, everyone on Menendez’s team felt good – even Ondy. They thought they had demolished the credibility of the Halliburton executives and showed the lengths they’d gone to retaliate against him and cover things up. “If anything Tony was too Pollyannaish about it, the cockeyed optimistic,” Ahmad recalls. “I always felt like it kinda went well; he was like, every single day we were crushing it.”

There was nothing left to do but wait. Months passed. Finally, two and a half years after The Email, the judge ruled. He dismissed Menendez’s claim. Halliburton had won.

The judge determined Menendez hadn’t been retaliated against. In doing so, he made a remarkable comment. Of course, the company’s employees shunned him. After all, he was a snitch. “It is not unreasonable that they would be reticent to communicate with him about the topics being investigated. That reluctance was not retaliation for whistle blowing, but recognition of complainant’s role as an SEC agent,” the judge wrote.

The notion that simply blowing the whistle on one’s employer transforms someone into an extension of the SEC baffled outside experts. Jordan Thomas, the attorney who specializes in whistleblower cases, called the idea “preposterous.” It “would make every whistleblower an agent,” he said.



In recalling his loss at trial, the normally voluble Menendez trails off. He looks down at the table, looks up at the sky and then rolls his eyes in pain at the recollection. “Each point was just a tremendous letdown,” he says.

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Menendez remained convinced his cause was righteous and asked Ahmad about the appeals process. The lawyer sat Menendez down. Ahmad thought the ruling was bunk but sometimes trials didn’t go your way. However, people simply didn’t win these kinds of appeals. It was the end of the road.

Menendez is “an odd combination. He’s agreeable and likeable but if he doesn’t agree, you are never going to convince him,” Ahmad said. Because Menendez wouldn’t ask for money to cover his damages, it was getting tough to represent him further. “From a lawyer’s perspective, that can be a little bit frustrating. When taking a case on a contingency basis, you may not be paid,” Ahmad told me.

True to his nature, Menendez could not be persuaded to end the case, arguing that he had nothing to lose. “I was fighting for my livelihood, my family, my credibility. For the rest of my life. This would have been a death sentence for my future,” Menendez told me.

Menendez and Ahmad parted ways, though without animosity. “I’ve represented a lot of people at trial and admired none more than Tony,” said Ahmad. “He had no concern about any consequence, didn’t care about getting a nickel out of this. It cost him his job, his future. This was wrong and that was all that mattered.”

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Menendez had no legal training, but he decided to represent himself in his appeal. For the next few years, he devoted thousands of hours of his time filing briefs, meeting deadlines, countering Halliburton’s team of white-shoe lawyers. At first, he was able to find consulting work to support himself. But that started to dry up. His wife had saved carefully in the flush years, but things were getting tight. “We’re no strangers to being broke,” Ondy said. “That doesn’t scare me as much as someone trying to ruin your reputation. I can go without money.”

Halliburton threw everything at Menendez. It argued that since the SEC hadn’t brought any enforcement action, his complaint about the accounting was unfounded. (As a matter of law, that’s not entirely relevant. Whistleblowers can be victims of retaliation even if they are ultimately proved wrong as long as they have a “reasonable” belief that the company was doing something wrong, Jordan Thomas said.)

Halliburton said executives mentioned Menendez’s name in the email that up-ended his life to show they were taking his concerns seriously, not to retaliate against him for coming forward. The company even used Menendez’s refusal to ask for money against him. The company’s lawyers said it showed he hadn’t suffered any damages.

Menendez’s wife helped him focus the case. There had been so much distraction, about the accounting and what constituted retaliation. Thankfully, sometimes the appeals process would limit them to a certain number of pages, forcing them refine their arguments. “One single email. This was about one thing. You didn’t need to waste pages,” Ondy said, throwing out her arms in exasperation all over again. “All the guys with law degrees didn’t see it. But it was obvious. Want to scare someone? Send an email with their name in it.”



*Serious and cautious, Ondy Menendez helped focus the case during the long fight against Halliburton. (Tim Galloway for ProPublica)*

The appeals process went on for three years. In September 2011, the administrative law appeals panel ruled. It overturned the original trial judge. After five years, Menendez had his first victory.

But it wasn't over. Halliburton appealed to the Fifth Circuit Court of Appeals. There were more legal filings, more hours of work, more money spent.

Finally, in November of last year, almost nine years after Menendez received The Email, he prevailed. The appeals panel ruled that he indeed had been retaliated against for blowing the whistle, just as he had argued all along.

Because he had wanted only to be proven right, he'd asked for a token sum. The administrative law panel, noting the importance of punishing retaliations against whistleblowers, pushed for an increase and Menendez was awarded \$30,000.

Menendez's lawyers were awarded their fees, to be paid by Halliburton. One filed for more than \$200,000. Ahmad, because he now had Halliburton as a client, didn't file to recover any of his expenses.

To say that the outcome stunned experts is something of an understatement. "Accountant beats Halliburton!" said Thomas, the attorney and expert on whistleblower law. "The government tries to beat Halliburton and loses."

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During the appeals process, as Menendez and his wife waited for vindication and money got tight, Menendez finally caught a break. Through the accounting experts he had met during his legal odyssey, he heard that General Motors was looking for a senior executive.

He agonized over whether to tell interviewers about his showdown with Halliburton. Ultimately, he figured they would probably find out anyway. When he flew up to Detroit and met with Nick Cypress, GM's chief accounting officer and comptroller, he came clean. Cypress had heard good things about Menendez from Doug Carmichael, the accounting expert who had been Menendez's expert witness at trial.

After telling him, he asked Cypress, "Does this bother you?"

"Hell no!" the GM executive replied.

This is not the typical reaction top corporate officers have to whistleblowers. I recently caught up with Cypress, who has retired from GM. “I was moved by it,” he explained to me. “It takes a lot of courage to stand tall like that and I needed that in the work we were doing. I needed people with high integrity who would work hard who I could trust” to bring problems directly to senior management.

Today, Menendez still works at GM. His job? Overseeing how GM recognizes about \$100 billion worth of revenue, the very issue underlying his struggle with Halliburton.

In the meantime, Halliburton has thrived. The SEC never levied any penalty for the accounting issue raised by Menendez. Last year, the company generated \$3.5 billion in profit on \$33 billion in revenue. It’s not possible to tell if the company maintains the same revenue recognition policy from its public filings, says Charles Mulford, an accounting professor at Georgia Tech. But since the SEC passed on an enforcement action on the issue, the company likely feels it is in accordance with accounting rules. (Mulford believes that Menendez was right back then and that the SEC should have looked harder at the issue initially.)

Many of the Halliburton and KPMG officials involved in the accounting issue or the retaliation have continued to prosper in the corporate ranks. One is now Halliburton’s chief accounting officer. McCollum is now the company’s executive vice president overseeing the integration of a major merger. The KPMG executive who disagreed with Menendez is now a partner at the accounting firm.

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Menendez did not tell his friends and family of his legal victory. He’s more cautious than he used to be. “I changed a lot. It was almost 10 years where everything was in question. Everything was in question. Wondering what would people think of you.”

He and Ondy still worry that disaster could arrive in the next email. “It can really weaken a soul and tear apart a family or a marriage, if you aren’t careful. Because of the enormous powers of a company,” said Ondy. If people asked her advice, “I’d probably say don’t do it.”

Recently, Menendez finally explained the story to his son, Cameron, who is now 13 and old enough to understand. Cameron’s response: “You should have asked for more money, Dad,” the teenager said. “We could use it.”

Years ago, Menendez and his wife bought a bottle of champagne to celebrate his eventual victory. They still haven’t opened it.

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