

J. DAVID QUILTER - SEPTEMBER 17, 2009
WHAT WILL YOU DO AFTER DEA?

FS: Good morning ladies and gentlemen, welcome to the DEA Museum Lecture Series. Today we are proud to have with us retired special agent David Quilter. David would, was hired as a special agent for BNDD in Buffalo, New York in September of 1971. He graduated from the basic agent class 21 and was assigned to the enforcement group 31 in New York City. David was transferred to DEA Headquarters in the fall of 1978 where he served as a staff coordinator in the technical operations division. He was also an instructor in the office of training before returning to headquarters as the chief of agent resources section.

While in that position, his section hired over 600 special agents, in fact, most of DEA's current executive staff was hired during that period. David returned from DEA as a group supervisor, excuse me, retired from DEA as a group supervisor in the San Antonio district office in 1993. Today, David is a member of the Security Executive Council. He is a certified fraud examiner and certified corporate control specialist. As a senior security executive and advisor to foreign, excuse me, to Fortune 500 companies, he is going to highlight the importance of our public service skills and how they will complement our skills when we leave Federal service and go into the private sector.

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Recently he has authored a book entitled, "From One Winning Career to the Next", transitioning public sector leadership and security expertise to the business bottom line. After today's lecture, David's book will be available in the gift shop for purchase. Please join me in giving David a warm DEA welcome. [APPLAUSE]

MS: Thank you, thank you Diane. It's really a pleasure to be here because I've been trying for a long period of time to come in and just share some of the experiences and the perspective that really I've learned how valuable my time in DEA was, my background in the Marine Corps, and the values that my parents instilled in me and my brothers and sisters. And it's really a combination of what you do with your own skills, your own background, et cetera. It's kind of lead-in, somebody asked the question earlier, you know in terms of business, especially business security, you know who are the leaders, what agencies, et cetera?

And right now it's divided up pretty much, if it's, if it's a Federal agency, it's between the FBI, the Secret Service, and the diplomatic service. You have the majority of the senior security positions throughout... large corporations, especially American corporations. I want to add a fourth

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to that, besides myself as being as being a senior security executive with a Fortune 500 company, there is also Lou Rice, Lou is in New York, he's with Este Lauder. And right now Dennis Clark, Dennis is the head of security at... Nestle.

And the three of use have had various conversations about why aren't there more senior DEA leaders involved in senior security positions, especially now that we're post 9/11 and the value that our leadership skills and the skills that you have in this room, really bring to the table in terms of global security. So having that as kind of a, of an introduction, here's some of the things that I'm going to, I'm going to touch base on. What is the private sector mindset, your background and versus know how and skills. In the past you're going to see that I'm going to draw a distinction between backgrounds and know how and skills.

The challenges that I've faced in many of my contemporaries have faced, moving from the public sector to the private sector as well as some of the difficulties, because let's face it, nothing's a rose garden. I mean every, every transition that you make, there, there are very different kinds of, of difficulties that you go through, but also the

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rewards and the opportunities. And you know I have a very personal story, but it's one that's been built on building blocks of the values of the esprit de corps of being able to handle a myriad of different kinds of projects when I was in DEA, different kinds of challenges in DEA. And then bringing that over and translating that into the profitability for corporations.

And as I go through, I'm going to show you some of the techniques, some of the techniques that... we used. Above all this is not a lecture, alright and, and I think that's a pretty good definition of a lecture. It's, we all have to be thinking on our feet all the time and also I think that's one of the real strengths of solid, investigative skills as it relates to the business community because you have to be thinking all the time. Around 40 minutes, Catie over here is going raise her hand and then I would really like to ask, answer your questions as they come up.

Let's compare the difference between the public sector and private sector and I'm going to spend a little bit of time on this because this is very important. In the public sector you come out of structured cultures with very, very long traditions, police departments, Federal agencies, you

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know the military. And folks coming out of the public sector have a real challenge when they cross that threshold into business because maybe they were, they were brought on and they got the big job or they, they, they're in a senior position in the organization. And now they say, what now?

How do I sell myself internally within the business? Make no mistake about it, you're dealing with people who've had all of their careers have been in finance and marketing and sales and a lot of them are very, very slick and very, very polished. While all that is all well and good, when it comes to security issues, they've got virtually no background. They don't know how to deal with real trauma. They don't how to deal with fraud, they don't know how to deal with embezzlement. If you got through an MBA program or you're a CPA, you get virtually no training in fraud and embezzlement, so that's not a part of their skill set.

You always have to remember you know where their path has been and the more, the more you pay attention to where their path has been, the better you're going to be able to align your skills and the things that you bring. You have a very strong dedication to service in the public sector, everything is very procedural and policy-driven. You often

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have very strong mentors and especially if you're lucky, early in your career, to have a good senior agent or a good group supervisor who said, look, you know, kind of knock that off, let's you know, you need to think about these things and get on the right track.

You do it by the book, you dot the I's and you cross the t's, this drives business a lot of times, absolutely crazy. And you work inside the box. You're brought on as a senior security person or another senior position within the corporation, maybe you're in finance and you're in strategic finance. You have a tendency to stay inside that box, that was not something I ever did. I said, you know, I come with a complete mind, I come with all kinds of different experience. I've been very, very involved over the years you know for almost three years of my career here at headquarters you know, I was in the HR department.

I knew all of the, the kinds of issues that you have deal with in, in recruiting and selecting the right people and reassigning folks and, and getting the right people promoted at the right time, et cetera. In the private sector, you really have to keep in mind that, you're, you're going from a structured environment to a business

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causal environment. You're going from a hierarchal environment to a very flat entrepreneurial environment. Their whole concepts of selling and marketing and I've been a part of corporations where everything is about the numbers. You've got to make your numbers.

And then I've been a part of corporations in which we do the right thing for our employees, for our customers and it's our values that drive the bottom line. The business causal approach sometimes is, is hard to understand because in this entrepreneurial environment, you have to deal with all kinds of people wanting to know what you do, why are you doing it, how are you doing it? In a structured environment out of the public sector, the real key there is you know, this came down from, from on high, we just have to implement. It takes a lot more creativity and a lot more patience for folks to operate within the entrepreneurial environment.

And the key for, I think everything that I've done, is I've always worked outside the box. Sure I brought all these security skills, I knew about executive protection. I had a, I had a good sense of workplace violence and what that does within an organization, but my whole focus really came

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from the experience that I had growing up. I was very fortunate, my dad had... had 53 years with RCA. His career went from victrolas to VCRs. At the dinner table at 6:30 every night, was one place you better be, right at the table. And he'd go around and he'd quiz myself and my five brothers and sisters and then we'd quiz him, you know, what happened at work?

So we learned about, you know, accounts payables and receivables and advertising credits and hiring and firing and, and what margins were and, and you know what, what a mix is on a product line and then you, you have to go out and sell it. So literally, kind of tongue in cheek, I share with folks, by the time I was 18, I had the equivalent of an MBA because I had someone there at the dinner table, since I was you know five or six years old, asking the questions. And my brothers and sisters kid me, they say you know, you got more out of pop than probably the other five of us put together when it came to business.

So it's what you do with your background and, and kind of how you approach your opportunities. I put this slide up because in 1994, which I actually retired in '94, in January 3rd of '94, you know how they carry that over? And

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everything in security was about guns, gates, guards and standby the phone and if we need you, we'll call you. So the first corporation and, and I go into some pretty interesting stories in my book, but in the first corporation that I was with, it was a very small company, I didn't have a good, it wasn't a good fit. I really needed to be in a larger corporation. So within about a year, a year and a half, I moved on.

And so now I'm the head of security of a \$10 billion corporation and I have a meeting with, I report to the senior vice president for human resources and he brings me in for a meeting with the chairman. Well I could tell after that first meeting with the chairman that I'm not going to be long with this organization because his whole focus was not about doing the right thing, his whole focus was, you know, people better make the numbers. And I had literally no resources to work with. It was a very, very frustrating environment and that, I used to have red hair and that's one of the reasons I picked out that picture, I lost all my red hair by the way, during my eight years here in headquarters, that's when it turned white.

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But literally, I would get calls two weeks, three weeks, two months after an event, saying this happened, we've had this amount of products stolen or this container of medical products is missing. Well by the time I got the information, it was like the horses were out of the barn, the barn was burnt down, everything was contaminated and now they expect you do something with it? So there was no bridge between the management team and absolutely no involvement. I had no budget for travel so I was really restricted in what I could do. That company split itself in two and I went with the spin-off and the reason that I went with the spin-off was because they had a totally different culture, that was one of the reasons why the company split in two.

It was a merger really that never took. The merger was together for 11 years, it was like 11 years, we're divorcing this. You know, we're sending, we're spinning off this part of the business which was 27,000 employees with operations around the world and... all kinds of issues. You name the issue and they had the issue but they didn't know where those issues were. And I had a meeting with, I was interviewed by the chairman and I said, Lester, kind of what you see is what you get. I've earned all my

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gray hair, my father taught how to work. If people are stealing from the company, I'm going to get back every nickel.

I said, but the most important thing is we have to be willing to prosecute anybody that's worth prosecuting. If we got to prosecutable case, I feel folks need to be prosecuted. And he sat back, he said, David, this is after about a 45 minute interview. He said, David, he says, I just like the way you think, work it out with Bob, you know, you have my support. That was the start of a terrific opportunity for me and to do the things... that really we now face. You saw the earlier slide, this is what... excuse me, this is what security used to be in '94, this is what security is now. In terms of regulation and compliance, it's unbelievable.

You've got physical premises, products, you've got new or emerging markets for the business you have to deal with. You've got regulatory compliance and liability. You've got all kinds of legal issues. You've got information security issues. You've got human capital or human resources, reputation and ethics issues. You've got business continuity and resilience issues as well as the financial

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issues. But they're all really built and they're all integrated together. So my challenge... in going into... corporations was how do I bring, how do I bring and develop a team that really produces business development... results?

Well, you know it's like I think every lucky person, I was very lucky in the sense that right off the bat, there was this \$214,000 embezzlement and I'm going to show the results of that, but I'll talk about it now. A manager in finance, the finance department had been investigating this for about six weeks, this is a vice president in the distribution part of the business came to me and said, we've got to fire Madeline. I said, okay, tell me... she walks in the office, she says, we've got to fire somebody today. This is, this how I get introduced to it, but we've got to fire somebody. I said okay, tell me you know what's going on.

Well Madeline had been able to manipulate the IT system so that she could cut checks to herself, they had \$6000 of live checks that she literally cut to herself. But they'd been trying to figure out and they were in \$1500 increments. I said, well what do you think is the total exposure here? And they said, well finance has really been

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digging through this and they feel that full exposure is right around \$20,000. I said, okay, I said when are you going to fire Madeline? And they said, well, she said, I'm going over there right now to fire her. And I said, well, I said, would you, if just went along and you know, had a little conversation with Madeline?

She said, no. So I had this big binder behind me with all kinds of stuff in it and I just picked that up. I said, okay, let's go. So we go in, call Madeline in, there's... her boss, who's the director of finances, vice president of HR and myself. And I said, what is the, Madeline can you explain to me what these \$1500 checks are about? So she said, sure. She said, this is the start and, and she got about five words out of her mouth and I said, Madeline, stop right there. I said, now and I turned around I just patted this pile of stuff that I bought, brought with me. And I said, we know everything that's been going on. We're just here to hear your side of the story.

And she thought for a minute and then she put her head down. As soon as she put her head down, I knew I had her. Madeline had embezzled \$214,000 from the business. We took that, I took that to the grand jury, state grand jury, I

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prefer to deal with state grand juries. State grand jury got an indictment, we did an excellent recovery on that, Madeline was convicted. All of the information that the finance department was working off of was not direct. I was able to get people to actually substantiate that she was using their access control and their passwords to be able to manipulate this.

But what she was doing was, she was literally going into hundreds of transportation accounts across the company and she was pulling \$400 from here, \$300 from there and she was able to roll all of that stuff together over a period of about three years to the tune of \$214,000. And I'm going to show you a graph in a little bit, as far as what the impact of that \$214,000 in net earning after tax, took the corporation to earn. The public/private partnership is all about know how and skills and I can't tell you how many senior security executives have said to me, David, I'll never admit this to my brethren in my former agency, but the best investigators I've ever had were DEA personnel.

Now he said when it came to paperwork, some of them were disasters. He said, when it came to investigating, hands down, the best investigators and this guy had been the

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corporate head of security for a corporation of 400,000 people, worldwide, and had had about 15 years. But he had hired some of, actually some of my predecessors, and put them in different parts of the world. And that's where DEA has terrific value, you have a network and I'll illustrate how I've used the network a couple of times, of just contacts within DEA. I need a contact here, who do I got to?

Who can I rely on? It's invaluable. The Bureau doesn't have that, Secret Service doesn't have that, and diplomatic service doesn't have it because they don't have it with the state and locals. They may have the international piece pretty good, but they don't have the state and local piece here in the states. My whole focus was how I turned losses into gains. In a period of 18 months there were, we had \$1.2 million in embezzlements that I had discovered. Nobody had ever turned that rock over before, straight out embezzlement, money that would have fallen directly to the bottom line, in just three cases.

So I get a call one day from my chairman, the guy that hired me, Lester. David, can you come down to this conference room, sure boss. I go down and usually he

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worked in conference room alone. So I walk into the conference room and there are three guys sitting there. There's the chairman, there's the chief operating officer, and there's the chief financial officer. So I, as I'm coming through the door, I'm surprised cause I think I'm just meeting with him and I come in and I say, hey guys, what's happening? So it kind of looks like we're going to have a party here.

And they said, go ahead and sit down, we have just one question for you. I said, what's that? And they said, because they have to report, in corporate American, they have to report frauds and embezzlements, to, to the audit committee of the Board of Directors. So they were getting read for a board... they said, how many more of these frauds or embezzlements do you think we're going to have? And I started laughing, and they're looking at me, and they said, you know, why are you laughing? I said, if I had an answer to that, I'd be worth a lot more money. And that's exactly true, I said, I don't know how many more of these we're going to have.

But the very fact that we're prosecuting, that we are in the process of getting our money back. We had already

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gotten back... substantial amounts on the \$214,000 embezzlement and we were in the process of working on the two other cases. I said but the real, the real message is, is that we're... nobody knows where the information is coming from, do they? And all three of them said, no, because I wouldn't even share that information with the chairman, that was part of my deal. I wasn't going to share that with them. The, the focus in business, especially with this corporation, was really one of... do your very best, be loyal and we as the senior leadership team are going to support your.

The key is really understanding the business and it's just like when you're in the field, if you're, you know sitting behind a desk expecting to know what's going on in your enforcement group, you're crazy. You have to be out there on the street, you have to be talking to people. You have to lead, as I say, you have to lead from the front. Though in one of the corporations that I joined which was the third largest natural gas company in the United States, the last company I was with. The first seven months that I was with the company, I literally traveled 80 percent of the time.

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I was on the platforms in the Gulf of Mexico, I was in the transmission compression stations, they were a natural gas company in the, in the trans... transmission line system that spans 16,000 miles. I was in... electric generation plants, stood on top of their, you know, five, 500 million cubic feet of coal because you have to understand the environment of the business. And if you try to come in with some type of a template, or you try to come in and say, oh, I know how to do that. I know, you know, this is what you guys have to do. You know, you have to build those bridges, but you have to understand the business and that's what I learned from my dad.

If you don't understand the business... my dad's boss onetime said to me, he said, David, he said, what is a good customer? And I thought I was pretty smart, I said, well a good customer is somebody that moves you know and I went through all this ramifications and he said, no. He said, a good customer is somebody who pays their bills, somebody who pays for their goods, that's a good customer. And in business while they never loose site of the bottom line, there are many ways to structure that and really bring your skills to the forefront. And as I've told executives and

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I've stood up in front of groups larger than this, of business executives.

And I said, I'm here to make your job easier, I'm not going to cost you money, I'm going to save you money, I'm going to drive profitability on and make your job easier.

Because as they've come up through their careers, they don't know how to deal with the malcontent in the workplace, the person who's on the fringe of causing disruptions, productivity issues within the business, let alone acting out in a violent way. We had one situation in which one of our employees was in, was in West Virginia. And he was out at what they call a take station, he was taking measurements. And he was attacked by two people and you know, to this day I think Dennis is very, very grateful that we had a security team that cared about him.

Because the small hospital that he went in, was also the hospital in which the guy who attacked him went and they guy's you know hillbilly family were threatening Dennis' family and I said fine. We'll put executive protection on Dennis, we'll put alarms on his house because the most valuable thing is what, it's our employees, it's taking care, if you take care of the people, a lot of other things

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go away. In West Virginia, we were having a lot of problems with the union. We were coming up on a new union contract and when, Dennis was a union member, and when the union specifically saw how we were taking care of one of their own, all of a sudden a lot of the other issues that were being negotiated, were smoothed out.

It had a very, very big positive impact and that message went across all 14,000 people in that business because it's like the water cooler and the grapevine and the email. Everybody hears about everything almost instantaneously. How you prepare for your success has a lot to do I think with your own individual path. If you have a masters degree, if you have an MBA, if you go out and you get certified as a CPP, certified protection professional, CFE like I am, certified fraud examiner. Those are things that are in very high demand today.

But you have to start that work, that preparation a good... my recommendation is a good 36 months before you decide that you want to leave. If you're closer then that, then you probably have some more catch-up to do. But as you prepare for success, one of the things that you have to do is really learn about business, learn about industries.

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One of the comments that, that Dennis Clark made to me was, why don't we have more DEA personnel as the senior heads of security at the pharmaceutical companies? I said, beat me, I don't know why. But Secret Service has got a big in there, how they get, how they got in with the pharmaceutical companies, I don't know.

And, and what happens is, that baton is passed from family member to family member to family member within the agency. Now you can, you can break that cycle real easy because the international, like I said, after 9/11... you know the whole deck of cards just went up in the air. There's great opportunity out there. But you really have to prepare along business lines. One of the things that I recommend is joining local chapter of ASIS, American Society for Industrial Security. Now ASIS is a (unint.) organization, but it puts you in contact with people and you get to listen and learn about kind of what's going on, on the, on the business side of security.

But there, there are some terrific contacts there, some of my best contacts have gone out of ASIS. You know the focus is you have to take the initiative. This is something that I developed in conjunction with a strategic vice president,

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a senior vice president in charge of strategic finance and I call it the Quilter Cost Recovery Matrix. One of the companies that I joined, the Net Earnings After Tax, that's what NEAT is, Net Earnings After Tax, same thing is net income, was one 1.6 cents on every dollar. We made 1.6 cents on every dollar, so... for every dollar that you earned, you had sell, distribute, manufacture, consulting services or whatever, \$62,000, \$62,500 for every \$1000 that fell to the bottom line.

So to make a \$1000, you have to move goods and services of 62-5. Now where the, where... I had to have an example that could be understood by managers and first line supervisors and people on the floor. If you're not paying attention to what's going out the back door, you're not working hard enough. The focus here is all about how you, how you control and how you communicate... the information about what your value is to the business. So if you take a look at \$1000 and this is at a different percentage, this is at 2.7 net earnings after tax. So if somebody steals... \$100,000, the overachievement, because you never factor that into your operating plan.

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The overachievement that you have to come up with to meet your numbers, if they're stealing \$100,000, you have to come up with an additional \$3.7 million in goods sold. Now if it's a fraud or an embezzlement, well you don't know about that right away, so there's a multiple factor of at least two. So now, on frauds and embezzlements, that's now \$7,400,000 plus, for every \$100,000 that's embezzled. And the factor of two, that's a very good question, the factor of two because when they start their frauds and embezzlements and the shortest one I ever detected was 18 months, the longest one was 10 years.

Over that period of time, as, as those dollars are being stolen, there's a multiple effect as to what that does, what those dollars could be earning or contributing to the bottom line of the organization. And I didn't come up with a formula, that's why I had my good friend Harlan work with me. So in my second case you see that \$705,000 that was embezzled, that took \$52 million in additional goods and services that the corporation had to sell because one guy in 18 months embezzled \$705,000. I was able to, I've... over the course of the frauds and embezzlements that I handled... let me back up.

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Earnest and Young several years ago did a study of actual recoveries on frauds and embezzlements, was 13 cents a dollar, 13 percent. My average was 90 percent. People were astounded, how can you have, how can you get recoveries like that? I said, you know, it's real easy when you have the chairman and the president and chief operating officer and the CFO saying, we support the direction of what the security team is doing. But you always, always have people who don't believe and one of the guys that didn't believe me is now a good friend of mine, his name is Rich. And Rich was the controller of the corporation, the third corporation I was with.

And he says, yeah, this security stuff, this is all a bunch of... you know? You'll see, he's not going to bring any money in. One day alone I brought \$477,000 in certified checks and I put it on his desk and I said, Rich, there's no margin on that, it's not at 2.7 percent, that's all profit, it falls right to the bottom line. Totally, total turnaround and once you have one or two very positive experiences with business and they've been willing and you've probably heard this on the job, you have to be willing to roll the dice with me a couple of times. And you roll the dice and you, you don't have to hit a home

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run, if you hit a single, you hit a double, sometimes, if you're lucky, a couple of these.

Obviously the first one, the \$214,000, I hit a home run because that really struck some bells, because the person who was embezzling those funds, the president of that company told me, if there were five people in the business that I would have given my personal checkbook to and trusted, she was one of them. One of the things about business is, if there's great loyalty in the organization and somebody goes south like that, why there's, there's a total flip of the coin. I mean it was very, very disheartening for him to believe that she had stolen that much money from, from the company.

Okay, how does it all fit together? It really is what you bring to corporate America and what corporate America and I say corporate America, you can also include in there NGOs, big organizations like American Cancer Society, you see everybody that's got a chief security officer today. It's like they've come out of the woodwork, it's, it's a new title. But what you really bring is, a lot of common sense and it's not as common as it's played up to be with solid values. I've been in situations in which I was asked to

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compromise my values and to do something that I knew wasn't right and I said, you know, I don't think you want to go down that road with me.

Global experience and the contacts and resources that are in this room, are desperately needed in the private sector, in American corporations and global corporations. A lot of what you do and have done throughout your career is very hands on. And when you're dealing with people in business, they maybe in finance and they're the CFO, but guess where they've been their entire life? They've been on that finance aisle okay, and sure they've got a lot of stroke in the organization, but operationally, they don't know hide nor hair out of the organization. The last corporation I was with when I spent seven months, literally out in the field.

I'd come home, be in, you know fill out a million emails and then... but you have that get it done results, get her done, okay? Take prisoners, do the right thing and what business needs is leaders who really listen first and then learn about the business. If you come in with some type of a solution into a business and you don't know the business and you don't know the culture, you're going to have a very

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rocky road. Develop your business partners, they're really key. They're the people that you serve, they're your customers. They are your internal customers and those are the ones that are really going to put you over the top.

You know how to handle real risk issues and I've had employees shot and killed in the workplace, management you know, they're not used to dealing with high trauma incidents like that. So it's what I call executive hand-holding, everything's going to be alright boss, get our hands around this. You know, we've had some very, very bad (unint.), but it takes a new fresh look and this is where I think and I hope, that a lot of people in this room and throughout DEA will step up and stay up and say, hey I can do this. But it's really where you find, you know, who you're going to go to.

I want to get through one other, very quickly, one other slide. I think this is kind of like a no brainer today, who needs that second or third career, I think everybody does, especially with the economy. And really success belongs to those who are prepared. And I think the best preparation that you can have is to find people who have smart business expertise, who have been out there and

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really learn from them. Take the time and invest the time in yourself. We really all have to figure what we really want to do. And don't underestimate the opportunities.

And this last point here, and I'm going to end with this and then I'm going to open it up for questions, is finding your mentors and guides along the way. People who you know, you are going to have a level of trust in, who are really going to put you on the right path and you know... Dennis and I were speaking about AFTNA and I've been a, a member of AFTNA really an inactive member of AFTNA for many years. But unlike, you know, I would like to see AFTNA become more, more active in terms of mentoring individuals, not along the war stories and you have to be very, very careful with war stories in the corporate environment because while people will say, yeah, you know oh boy, that was really interesting.

In the back of their mind, business people are saying, but what does that mean to me? What is that doing and, and I never shared a war story until I had the trust and confidence of the executive because without the trust or confidence and, until you have their total trust and I'll give you two instances. One, when I was going for, before

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budget, and I, I had to do a presentation to the president. And at the end of my budget presentation he said, David, he said, you treat your budget like your own money, don't you? I said, yes sir. I said we're a very close margin business, I have to watch every dollar that I spend in security to enhance the overall productivity and help drive the business.

And the other one was, we were on an international trip, we were overseas. And the chairman turned to me, they'd, they'd been kind of horsing around with this. And I had my security manager with me. And he said, he said, you know Joe and I really think that you and Paul would take a bullet for us. And I said, boss, I said you're probably right because Paul and I are expendable. I said, you're the chairman of a \$60 billion company, you're not expendable. Something happens to you, what happens to the stock price? What happens to our, you know, 65,000 employees around the world? I said you're absolutely right.

You know whether it was kind of tongue in cheek that he said it, but I could tell at that point, in those couple of instances, that I really had the trust of those executives. Alright, why don't we open it up to... to questions. I

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would ask, they've, they've kind of asked if you want to ask a question, somebody's got to be the icebreaker, come on, can't go on with... legitimate stories here all the time. Wait a minute, wait a minute, here's one right here, go ahead, start with the mic back there.

Q: No, what I was going to say is, I often here when you prepare a resume, for those of us in law enforcement, we sometimes have a, a hard time transitioning you know, our resume to prepare for the private sector. So one of the things I, I hear about is that you should, you know, you have to kind of downplay some of the stuff that we as DEA agents finds sexy. That's not necessarily going to be sexy to, for instance you mentioned Lou Rice, Este Lauder doesn't care that you, you know, were a tactical team leader and that you worked undercover.

A: Right.

Q: Correct?

A: Yeah, very, very much so, very, very good point. And they're not interested that, that you were a firearms instructor like I was. What they're interested in is how you, how you take and if anybody's interested, you know... I've got some cards, you can take my card, I can put you on a mailing list. And you can start taking a look at different security jobs that you're not going to see. And

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the thing that I, cause I also do... business coaching with senior security executives at Fortune 500 companies who are going through mergers and acquisitions or big downsizing or whatever.

And they have to figure out, they're trying to figure out what strategic pieces, what are the strategic pieces that I need to keep, that if I loose the piece, I loose a whole bunch of other stuff. So the important thing is, is that you turn it into corporate speak. You have to turn that language around because the skills that you've had in, in leading task forces, you know all about politics. If you've led a task force, I had a task force, I had 19 agencies in San Antonio on one task force, you talk about politics, holy cripe. Project management, you know how to deal with lean budgets.

One of the most important factors that you bring to the table is that you're very hands-on, that... and, and a lot of... folks coming out of different agencies are not hands on. They're turning around looking for a lot of resources, guess what, in, in corporation three that I was with, I ran a corporate security program for 27,000 employees around the world with three people. People say, how can you be

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effective, because what I did was, I brought together a variety of functions. So I worked with HR, I worked with environmental health and safety. I worked with the legal department. I worked with the audit department and I gave them little like, little hey you know when environmental health and safety's out there, would you take a look at like the locks and the alarms.

And gave them you know 10 little questions. I wasn't giving them more work, they were being integrated into security and it was, it was a very good give and take where we became mutually supportive. So what I... the structures that I designed fully integrated across highly matrixed organizations. Business today very often operates, if you're in distribution side of the business, you're on this side. And then you've got the northeast, the southeast, the west, the mid-west. And then you've got manufacturing but they're all part of one corporation, so these are siloed.

Well what the function's doing to business is, they tie all of those siloed businesses together. So what I figured out and what I'm sharing is, you work with the functions that want to work with you. And sometimes you'll find the HR

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department doesn't want to have anything to do with you. That's okay, I got other people that I'm going to go to, you know, the attorneys that are involved in regulatory compliance issues. You know, you talk about regulation. I went to one of my bosses, the general counsel that I reported to, and I said, Peter, I said, what can you tell me about the Maritime Security Act of 2002? And he looked at me and he says, what are you talking about?

I said, I'm talking about this much regulation cause I had already printed it out, that was going to impact our energy operations across the board and if we were not in compliance within 18 months, it was going to cost \$25,000 per violation per facility. Those numbers rollup real quick. Those numbers mean some... but who in the regulatory side of general counsel, who's looking at those issues? Dah, nobody. And I found out about it, not because I'm smart, but because I had built a network of my own... in the energy industry and we step and I call him and I said, hey, Mike, I said, what do I need to know about everything in the gas business cause I don't know anything about natural gas?

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I had all of those relationships built, so I was just able to step over into a completely different segment of the infrastructure and be highly effective right off the bat. So you have to turn that into corporate speak and... that's part of some of the things that I do, but that's a... and it's not the resumes, you don't get the job through the resume. The resume is a leave-behind where you get the jobs is through the network. It's your network, it's the people that you know and it's the people that they know, that's where the jobs are, okay? But you, you're right, you have to have a good piece of papers or if you're interested in something and if people are interested I can send some information along. Yes sir.

Q: How are these corporate scams or frauds identified? Are they information provided by somebody who is a good citizen in some department who wants to let corporate security know about it? Or is it by investigative work or this networking among and between the different entities that you talked about? And then how do you pursue it if it is a CI on the inside giving up the information to you?

A: Yeah and I think it's a combination of both. I think it's people on the inside who, the first company that, the second company that I joined. I said, you know, people didn't know me from Adam, who's this new director of

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security? And we had an ethics line that wasn't used, okay? But I would get and once I had that first case, that \$214,000 case and, and folks saw that whoever gave the information up on that, there's like everybody else in that department is still there, so I guess I can step forward. And then we started getting more and more information.

But the first time that rule is violated, guess what, no more smoke signals. And that's why I told the executives, I said, I'm going to get information that I'm not going to share with you. To start with, you don't know need to know it, alright? If you really need to know it, then we're going to have to go into the confessional, okay? Because you know until we get to a point where I can prove stuff up and I was very, very successful in all the companies that I've been in. But it's how you reach out to employees, it's going out to employee meetings. I've always told my security managers, if you have a choice between a security meeting and a business meeting, guess what? You are always at the business meeting.

You have to spend time with business leaders and it's none of this email kind of video conferencing BS, it has to be eyeball-to-eyeball. You have to sit down have lunch with

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them, you have to be out in the field with them. You have to listen to their story because your job as a senior security person, is to figure out how can I apply my skills to make your job easier? And until you have their trust and they know all kinds of things that, that you want to know. And they're going to say, oh we don't have any security issues here, baloney. The first, you know, if there's a lack of trust that remains in a corporation, then there are major security gaps.

And it comes out in the Madoff's of the world, Madoff was actually, the guy that reported to the SEC was a certified fraud examiner who kept trying to report and report and like for a freaking 10 years, you know, and they're not listening. And this guy's a very smart guy, you know, so. Next question. No more questions, come on guys, ladies, please, any questions. No, we're doing pretty good on time. I am going to be in the Museum, later on. Yep. Diane's going to close it her, oop question here we go, yes sir.

Q: If he was trying to report for all these years, what was the problem and have you experienced those problems?

A: I, I think there was, there was and I don't know anything else more about that specific case. But I, I do know

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that... if I would have had the kind of information that this guy had, I wouldn't have just been reporting it to the SEC. I would have said, hey guys, listen up. This is your opportunity, it's right here, right now. You listen or this is going to NBC, right off the bat. I, it wouldn't have taken me three months, but you have to do, if, if you have strong evidence and you know that something is, is going south, you just take it on.

But you know, this guy kept going back to the SEC, look, I got more stuff, I got more stuff. I got more stuff, 10 years of more stuff and how many more billions of dollars did that guy bilk? Yeah, it goes without saying, that's, that's where DEA is very different then, just by our very personality, our training, people who join the organization, very different then other agencies and other departments. We're more tenacious.

FS: Any other questions?

MS: That was a good question.

FS: Well thank you David for sharing your knowledge and expertise with us today. It's nice to know there is life after DEA. I want to remind everyone that... you should be looking for flyers and emails, October 22nd, we're going to kickoff our fall lecture series. I don't know if anybody

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here has noticed but we, the Museum put up a new lobby display in the back lobby, I believe it was the beginning of August. And so we're going to kickoff this fall, excuse me, series with... highlighting that new exhibit which is, "Nature's Addictive Plants: Cannabis, Coca and Poppy". This concludes today's lecture, thank you all for attending and thank you again, David. Big round of applause.
[APPLAUSE]

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