

## ***Dennis Kozlowski: Living Large***

Dennis Kozlowski came from modest circumstances. He began his career at Tyco International in 1975 as an auditor, and worked his way up the corporate ladder to become CEO in 1992. Kozlowski gained notoriety as CEO for the rapid growth and success of the company, as well as his extravagant lifestyle. He left the company in 2002 amid controversy surrounding his compensation and personal spending. In 2005, Kozlowski was convicted of crimes in relation to alleged unauthorized bonuses of \$81 million, in addition to other large purchases and investments.

As CEO, Kozlowski was lauded for his risk-taking and the immense growth of the company. He launched a series of strategic mergers and acquisitions, rapidly building up the size of Tyco. During his first six years as CEO, he secured 88 deals worth over \$15 billion. Strong growth was bolstered by a booming economy, and Tyco's stock price soared as the company consistently beat Wall Street's expectations. However, when the economy slowed, the company began to struggle.

Allegedly, Tyco paid for Kozlowski's \$30 million New York apartment, as well as personal gifts and parties, including \$1 million of a \$2 million birthday party for his wife. After Kozlowski paid a \$20 million finding fee to a board member without proper approval, and paintings invoiced for Tyco offices ended up in Kozlowski's apartment (among other irregularities), Kozlowski was criminally charged with looting more than \$600 million of assets from Tyco and its shareholders.

While many questioned his lifestyle, others questioned the trial and conviction. Commenting on the case, civil rights lawyer Dan Ackman wrote, "It's fair to say that Kozlowski...abused many corporate prerogatives... Still, the larceny charges at the heart of the case did not depend on whether the defendants took the money—they did—but whether they were authorized to take it." Kozlowski asserted his innocence of the charges, stating, "There was no criminal intent here. Nothing was hidden. There were no shredded documents. All the information the prosecutors got was directly off the books and records of the company."



### **Discussion Questions:**

- 1) Do you think Dennis Kozlowski was an effective leader for Tyco International? Were his actions ethically permissible? Why or why not?
- 2) As CEO of a major company, how might entitlement bias have affected Kozlowski's behavior?
- 3) What rationalizations do you think Kozlowski might have used to justify his behavior in his own mind?

- 4) If you were in Kozlowski's position, how do you think your actions would affect the behavior of your employees? Why?
- 5) Can you think of any other examples of leaders who have abused the power of their position? What similarities and differences do you see between them and Kozlowski?

**Resources:**

*Testosterone Inc.: Tales of CEOs Gone Wild*

<http://www.worldcat.org/title/testosterone-inc-tales-of-ceos-gone-wild/oclc/54503986>

Deal-a-Month Dennis

<http://www.forbes.com/forbes/1998/0615/6112066a.html>

Tyco's 'Piggy,' Out of Prison and Living Small

<http://www.nytimes.com/2015/03/02/business/dealbook/dennis-kozlowskis-path-from-infamy-to-obscurity.html>

What Happens after You Serve Your White-Collar Prison Sentence?

<http://www.vanityfair.com/news/2015/03/dennis-kozlowski-life-after-prison>

Dennis Kozlowski Was Not a Thief

<https://hbr.org/2014/01/dennis-kozlowski-was-not-a-thief/>

Taking Down the Lion: The Triumphant Rise and Tragic Fall of Tyco's Dennis Kozlowski

<http://www.worldcat.org/title/taking-down-the-lion-the-triumphant-rise-and-tragic-fall-of-tycos-dennis-kozlowski/oclc/852658404>

Dennis Kozlowski: Prisoner 05A4820

<http://www.cbsnews.com/news/dennis-kozlowski-prisoner-05a4820/>

Tyco Trial II: Verdict First, Law Second

[http://www.forbes.com/home/business/2005/06/17/kozlowski-tyco-verdict-cx\\_da\\_0617tycoverdict.html](http://www.forbes.com/home/business/2005/06/17/kozlowski-tyco-verdict-cx_da_0617tycoverdict.html)

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