



Course Resource

Blue Mood Clothing, Inc



Notice: Contains Confidential Information

Blue Mood Clothing, Inc., a company devoted to producing positive, mood-altering apparel and various other clothing items, is a wholly owned subsidiary of Colossal Corporation. Blue Mood Clothing's most famous and best-selling product is the Breezer—a skin-tight shirt with an air ventilation system that allows the breeze to pass through the shirt. Colossal Corporation has uncovered an incident of theft at Blue Mood Clothing: approximately one month ago, over five thousand Breezers were stolen from Blue Mood Clothing's Atlantic City, New Jersey, warehouse.

Shortly after the theft was discovered, Colossal Corporation's internal investigator, Bill, found an online advertisement for the sale of exactly five thousand Breezers, described as shirts with an "air ventilation system that allows a cooling breeze to pass through the shirt." Bill called the contact on the website and set up a meeting with the seller, Nick Johnson. When Bill, under the guise of being an interested purchaser of the Breezers, inquired about Nick's distributor, Nick did not hesitate to reveal that he purchased the Breezers from Juanita Winfrey, his long-time business associate. Bill inspected the five thousand Breezers, and confirmed they were indeed the same Breezer products that were stolen from the warehouse. He then requested a price quote from Nick and asked Nick to hold the products for him for seven days. Nick agreed.

That same afternoon, before additional investigation, Bill sent an email intended solely to be sent to the vice president of Blue Mood Clothing, Inc., but he accidentally hit "reply all" to a previous message, and sent the email to every employee at Blue Mood Clothing, Inc., over two hundred people. The email stated, among other things, that "Nick Johnson was a thief and had an extensive criminal record in New Jersey. He stole the five thousand

Breezers. I will continue my investigation tomorrow." This statement was not true. Nick's old friend from high school, who worked at Blue Mood Clothing, Inc., forwarded this message to Nick, who became worried about his business and reputation.

Bill arranged a meeting with Juanita the very next day, during which he posed as an interested clothing buyer. He asked Juanita if she had any Breezer distributors she could recommend. Juanita said that she works directly with a Blue Mood Clothing sales agent named Alex Ridgefield, and that she recently purchased five thousand Breezers from him at a fair price. Juanita also said that Alex is quite interested in expanding his business with her, and would provide Bill with a great deal.

After his meeting with Juanita, Bill checked the personnel records at Blue Mood Clothing and identified Alex Ridgefield as a low-level warehouse employee who has been with the company for over 20 years. Alex's personnel record is spotless, with no prior personnel issues and no complaints. Alex is an at-will employee who is in charge of night security at the Atlantic City warehouse and has no history in sales. As a night security guard, Alex is responsible for protecting the warehouse from theft and is not permitted to sell products. After further investigation, Bill found company emails between Juanita and Alex in which Alex posed as a sales agent. Reading the emails, it became obvious that neither Juanita nor Nick knew that the five thousand Breezers were stolen, and that both bought the Breezers for fair-market value. Bill then collected video from all of Alex's shifts and was able to locate a film of Alex packing the Breezers into his personal minivan and driving them out of the warehouse parking lot.

Your task is to research the legal issues surrounding the stolen property. It is up to you to decipher which laws have been broken and deduce any potential remedies. Vice President Dodger wants you to prepare a narrated PowerPoint to present this information to the senior leadership team. Because of the sensitive nature of this case, the vice president has asked you to operate with total confidentiality and without involving the legal department.

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