

Stern School of Business

Professional Responsibility [Markets, Ethics & Law]

SYLLABUS

Term: Spring 2012 (1st Half)

Time: Wed 6-9pm

Classroom ---

TA:

Professor: Roy C. Smith

Office: KMEC 9-93

email: rsmith@stern.nyu.edu

About This Course:

There are several of us who teach in the Professional Responsibility program because we think it is an important course for students. However, the last many years of surveys and student ratings indicate that students in general do not agree – they often give the course low marks no matter who is teaching it.

So, some years ago I adjusted the course after asking a student to assemble a panel of colleagues to see what advice the group would have for me on the content of the PR course, and I received a lot of good suggestions.

This course will incorporate several of those suggestions – mainly to make the course more inclusive of current thinking in sociology and psychology about ethical conduct and to try to relate this to the kind of business situations that students can expect to experience personally.

As we are neither sociologists nor psychologists we will be exploring the subject matter together entirely as laymen. The main learning in the course will be to understand better what others think about ethically tight spots to see how your own judgment holds up in comparison.

Thinking about ethical conduct is a big improvement over just reacting to it viscerally. If you have a wide view as to what possible alternative actions a situation may present, what the consequences of these actions might be, and a growing sense of what you think your own ethical compass says to you, you are likely to select wiser courses of actions.

So, here's this year's offering; you can always take the course taught by someone else. You might prefer that and I encourage you to shop around a little, though I do hope someone will show up to take the course I am teaching.

Required Cases & Readings

All required cases and readings are located on Blackboard under either Course Documents or External Links.

Grading:

70% of your grade will be from a final, in-class exam; 30% from class participation

Course Outline

PART I

ABOUT OURSELVES

1 Feb. 13, 2013 (1) Course Introduction and Orientation

Read: Michael Sandel, *Justice – The Right Thing to Do*

(2) Ethics in Today's Society

Read: James Stewart – “In a New Era of Insider Trading, Its Risk vs. Reward Squared” (*NY Times*, Dec. 7, 2012)

2 Feb 20 (1) Lying

Read: Albert Carr, "Is Business Bluffing Ethical?"

Knowledge Wharton: “When Do Exaggerations and Misstatements Cross the Line?”

“Suspicious Minds” (*The Economist*), External Links

(2) Cheating

Read: Benedict Carey, "The Psychology of Cheating": External Links

David Callaghan, “The Cheating Culture”

Philip Delves Broughton, "MBA Students Swap Integrity for Plagiarism."

3 **Feb 27**

(1) Stealing

Read: Bruce Buchanan, “Stockbroker’s Story” (“Trade Secrets” on Blackboard)

Bloomberg: “Stolen Goldman Sachs Code

William M. Carley “Fare Game.” (Trade Secrets)

(2) Personal Ethics and Morality

Read: The Social Psychology of Ordinary Ethical Failures

Bruce Buchanan, “Buynow Stores” (Gifts and Side Deals, Xanadu)

Leslie Wayne, “A Promise to be Ethical in an Era of Immorality”
[The MBA Oath]

The Economist, “Why We Are As We Are”

4. **March 6**

(1) Fiduciary Duty

Read: Roy C Smith, “Corporations and Boards” and “Directors and Boards”

(2) Law and Enforcement

Read: Roy C Smith, “Martha Stewart” (Insider Trading, Xanadu)

Ann Davis, “Life in a Federal Prosecutor’s Crosshairs,” (Control by Law, Xanadu)

“The FBI Agent Who “Flips” Insider-Trading Witnesses,” *NY Times*
External Links

5. **March 13**

(1) Sales and Marketing Ethics

Read: Ingo Walter, “West Virginia Consolidated Investment Fund”
(Sales and Marketing, Xanadu)

The Magnetar Trade, *Pro Publica*

Jeanne Whalen, "Glaxo to Pay US \$3 billion to Settle."

(2) Corporate Management of Ethical Conduct

Read: Roy C. Smith, "Citicorp 2005"

James Stewart, "Few Avenues for Justice": External Links

6. Mar 29

(1) Whistleblowing

Read: Priscilla Buderiri, "The Return of Qui Tam" (Whistleblowing, Xanadu)

Lynnley Browning, NYT, "Birkenfeld Ex-UBS Banker Aims at Billions for Blowing the Whistle."

Jean Eaglesham, "After the Tip, the Claim for Reward," External Links

Jennifer Levitz, WSJ, "Shielding the Whistleblower"

(2) Final Exam