

Conflict on a trading floor assignment

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She used their trust and exclusivity to manipulate his new transaction to benefit her greatly. It took over three months for Linda and the SCOFF of Poseidon to create a structure that would hedge the company from all currency exposure and to create the lowest possible all-in cost in dollars. The plan was for Fratricides and Poseidon to enter into a “ cross-county interest rate swap” where the francs would be paid to the shipyard. Part of the plan was also for Poseidon to buy three “ forwards” from Fratricides which would lock in the future exchange rates.

Linda also convinced the SCOFF that the structure she created made the most sense cause it would save on transaction costs by being fewer transactions. She discouraged Poseidon to shop for rates saying it would upset the market, and doing this allowed her to quote rates much higher than the normal rates would be for this customer. Linda used reasons for rates being high were things that did not have an actual price for the benefit, such as market liquidity and credit risk. Linda was charging \$12.5 million to hedge their risk, and there was no lucid reason why Poseidon transaction would be so much.

Using persuasion Linda guided Poseidon SCOFF to follow her opinion and seasoning, and further tried deceiving him by comparing the high rates she quoted to a situation where a 10% government withholding tax was involved but not stated in the sheet. This situation is not comparable because the same rate would not apply to an off-balance sheet transaction, which Linda already knew. How serious is the writer’s predicament? The writer’s predicament is very serious. This single transaction is so large that it can affect not only Linda and himself, but also the entire bank.

The more minor issues the writer finds himself with is contemplating where his loyalty should be. He feels indebted to Linda since she brought him into the company with no prior experience and there were more qualified candidates for the job. He also finds himself questioning his loyalty towards his client, Poseidon, since the information he was told to fax is misleading. If Poseidon discovers and proves that they received deceitful quotes that did not apply to their situation then it could result in multiple negative consequences. Poseidon could go public with the misconduct of Fratricides and its employees.

This could ruin the reputation of Fratricides Bank and make them a less desirable company to work with for current and future clients. Ultimately, Poseidon could take the company to court for their actions and try to receive money back from losses incurred by the misleading information provided. This situation could result in the downfall of the company by having their reputation discredited, the loss of customers, and a lawsuit payout that could be millions of dollars. How similar is business to poker? Business can be very similar to poker in the methods or strategies used in conducting both.

According to a business insider article, “ many of the most ammos names on Wall Street count poker as one of their favorite hobbies” (poker). The business men conduct their business in similar ways as they do when playing a game of poker. This shows that there is some relation between poker and doing business. Businesses have a business strategy in place in order to achieve specific objectives and goals. Poker players also have strategies that they use as well. Both need to manage their money and be aware of their risks and rewards of every move or decision they make.

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There is a need for patience and observance of others for both business and poker as well. Positioning is important for both as well as being alert and not foolish. There are many similarities between these two once they are dissected and compared more closely. Do you think that this is a good analogy? Think that this analogy is a good comparison, but only if understood properly.

Agree that business and poker do have their similarities and are a good comparison, but some parts mentioned in the analogy can be challenged if looked at in a different perspective.

For example, some cultures rely on trust of the other party when making business deals and creating new business partners. Japanese culture holds trust to a high standard and most likely will not do business with someone who they think cannot be trusted (Japanese culture). When acting towards competitors in a business manner it is a lot like poker because you are competing in the same market head to head. Competitors are the ones who cannot be trusted, even though they need to comply with rules and regulations. If the analogy is taken in the proper context then it is a good analogy.

What is the definition of fraud? Fraud involves a form of deceit, cheating, or trickery from one person or entity to another. The definition of fraud is the intentional deception practiced in order to gain some unfair, unlawful, dishonest advantage or profit. The person who is conducting the fraud can be considered an imposter or a cheat. Depending on the type of fraud, fraudulent acts can be punishable by law because some forms of fraud are very serious crimes. Someone who has moral values will not commit fraud. Would you consider sending the fax fraudulent?

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If were in this situation, I would analyze all my options. When analyzing my options I would consider sending the fraudulent fax and the consequences that would arise from conducting this action. By sending this fax would be a willing participant in fraudulent activities and would be morally wrong. My final decision would be not to send the fax since disagree with the deceitfulness of the report. It is obvious in the case study that Linda is aware of the risk, which may also be the reason why she wants someone else to send this misleading information.

I would not want to be the one responsible since it could lead to termination. What are the writer's options? The writer could obey and follow the instructions of Linda by sending the information via fax and calling the SCOFF of Poseidon to close the deal. He would be considered a dedicated professional who could be completely trusted with transactions since he wanted to further his career. This large transaction with Poseidon would increase bonuses by a large amount, benefit employees of the company, managers, and even shareholders of the bank.

The protagonist could be honest with the SCOFF of Poseidon by not sending the misleading information, provide correct information, or tell the truth about the situation. The company would either be grateful of his honesty and finalize a deal, or they may take their business somewhere else. He could be afraid from the transaction, tell senior management his concerns about how this transaction is being conducted and how he is uncomfortable with the situation. This would relieve the stress that was placed upon him and he would no longer be responsible for the decision on how to proceed.

What would you do? Have similar feelings as the protagonist and believe people should be honest. If I were in the writer's position I would have confronted Linda and expressed my concerns. Linda kept avoiding the truth and the questions asked by the writer, but I would have been more forward and would have add her pay attention to me. She knew what she was doing was wrong which is why she was not calling the SCOFF herself and kept telling the protagonist to stop interrupting her.

I would have pointed these actions out to her and told her I was not comfortable with the situation. Since I would need to go above her direct supervisor to the senior vice president of Fratricides I would have tried to come to some sort of agreement with India. I do not think Linda would want upper management to know what she was doing, which is why I would ask her to refrain from providing misleading information to the customer. Would tell Linda that would not participate in this transaction because it conflicts with my personal moral values.

The only way I would participate is if the numbers changed to be more realistic and fair to the customer where we were not deceiving the customer. Even if Linda chose to continue with her original plan without my involvement would go to upper management because I would not want to be put in similar situations in the future. What do you think was the final outcome of “ Conflict on the Trading Floor”? Think the final outcome of the case study was that the writer chose to send he fax that contained the misleading information.