

# Essay summary of ethics case study

[Sociology](#), [Ethics](#)



Brock Mason Brokerage firm had a number of noticeable issues that played close to fraudulent practices. The firm has an explicit strategy of selling their products first and all the other available products second. Such practice along with not spending a lot of time talking with customers, selling stock that is not in the best interest of the customers, false advertising, finding ways to elude disclosure of commissions, and withholding pertinent information from customers before selling the product sends the message of untrustworthiness and dismay to the customer.

Most people search for a brokerage firm with the intent of building a strategic partnership to assist in making good financial decisions. Whether they need advice for investing towards retirement, building their children's education fund, or just seeking options to grow their nest egg, people have urgency for assurance that their best interest is truly at the forefront. Unfortunately, when you find many stories on the internet, news or in magazine articles about brokerage firms mismanaging client funds, it makes you wonder if these firms are really being regulated properly.

Is justice really being served? What moral standards are being used to justify what is right and wrong? Some of the dealings of many brokers have some people wondering if they have a conscience or are they just evil. A good example in this case was when one of the brokers took advantage of an unemployed widow who needed sound advice on how to diversify her portfolio in such a way that it would sustain her for the rest of her life. Needless to say, she was steered in the wrong direction.

It may have been poor planning on her part by not getting a second or third opinion but she also should have been provided some kind of assurance that

the firm she chose to entrust her money was in the business of making good investments for its client because that's what her expectations were. In this type of business everyone should benefit equally. People feel that they have free will to choose what they want. Additionally, there is hope that the firm you are entrusting your money with will be responsible and can be held accountable in assisting you in making the right decisions.

In order to accomplish this, the firm must provide all the pertinent information at the time of decision making, not after the fact such as Brock Mason did in mailing the prospectus to its clients after a purchase. I feel that most of the time, when money is a part of the equation there is a high level of risk involved. I believe it's true that it is not the money that is evil but the love there of. Possessing, making, and spending money are a way of life; combine that with a company whose sole interest is making money can lead to cheaters and thieves.

Who's really going to represent the customer when the business relationship turns vicious and volatile? It has to be the justice system. I can't imagine a world without justice, but the utilitarian principle fails to support the need for a justice system. In an attempt to identify what is morally right for a society it ignores justice as a criteria. The underlying idea is that if you seek the greatest output (i. e. , selling stock) with the least amount of cost (to Brock Mason) it will promote the greatest happiness over the less efficient act (underselling the customer).

With all of the efforts put forth in promoting happiness, the majority (Brock Mason) in this case, spend much of the time eluding justice and what is right; while laws and regulations attempt to reduce or eliminate the great cost to

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the minority (the misguided client). The problem with the utilitarian principle is despite the desire to excel in happiness there has to be consideration for the underlying principle of right and wrong. The end does not justify the means.

Kant's approach would address the behaviors of Brock Mason brokerage and James Tithe with the big question; What if everyone acted that way? It would be safe to say that none of the brokers at the firm would be ok with someone undercutting them to make a quick and easy dollar, lying and deceiving them, or stealing from them or anyone close to them. The brokers in this case study seem to be self-centered which has no place in Kant's categorical imperative. Kant believed every person deserves respect because he or she is a human being.

So, any sacrifice of a person for the greater good for a society would be unacceptable. We can apply Rawls theory of justice in this case by considering the needs and rights of everybody. He believed we, as a society, should pay attention to the least advantaged to ensure they do not suffer excessively and they have the opportunity to enjoy society's benefits as well. He also believed in fairness to everyone. Fairness should be the goal we must all work towards.

Throughout the Brock Mason case, with all of the issues, the brokers could never see that they were being unfair to their clients and the organization. Unfair to their client because they were not providing what they advertised to provide. The clients should feel that they would benefit from purchase of the securities; the securities should not be a burden to them and a benefit for broker and firm. It was unfair to the organization because they risked the

reputation of the owners and stockholders due to potential lawsuits and loss in profits.

There were a few times in the case that I thought James's character was taking over and encouraging him to make the right decision when dealing with his staff and clients. For instance, in the beginning, he was bothered by certain facts about the aggressive side of the firm. He also had personal guidelines that prevented him from using various marketing strategies because he had previously experienced the problems that could occur. Additionally, he had a proposal that would prevent analyst and brokers from making easy money from selling stock they did not believe in.

In the long run though, he chose to agree with the other brokers in the firm and focused on making money. Character is relevant in this case because it is a driving force that causes an individual to make just, ethical decisions in their day to day life. When James first went to Brock Mason, he should have maintained a high level of conduct instead of fitting in with the other brokers. If he had shown better character, he would have had the opportunity to foster a greater awareness within the others.

I work in the financial arena for the federal government. In order for us to prevent conflict of interest; we ensure there is a separation of duties. There are also internal controls in place to ensure those processes are in place and working properly. Brock Mason can reform their processes to include separation of duties. Perhaps they can maintain one group of brokers whose responsibility would be providing good, solid recommendations. This particular group of brokers would have to be salaried.

Once the client has been advised on what would be the best option for their portfolio, they would be introduced to a different broker on the selling side of the house who is responsible for selling the securities the client is interested in purchasing. This group of brokers would work off of commission. The internal controls in place would be that management would have to sign off on all recommendations before the client can proceed with purchasing the securities. If the recommendations are good and strong, I think the business relationship would be fair and profitable for all involved.