

Ethics and social responsibility essay sample



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The Ethical and Legal Implications of the University of Miami Ponzi Scheme

The University of Miami was one of the biggest financial scandals in the past year. Former UM Football Booster, Nevin Shapiro, orchestrated a \$930 million Ponzi scheme, with which numerous NCAA rules were violated. Shapiro allegedly provided cash, goods, prostitutes, assorted favors and on one occasion, an abortion to University of Miami football players. This led to an enormous scandals and investigations, which resulted in the conviction of Shapiro, the suspension of eight UM football players, and the university's withdrawal from bowl consideration for the 2011 season due to the ongoing NCAA probe (Elfrink, 2010). This paper will examine the various legal and ethical implications involved in this case, including an analysis of the university's social responsibility, and an overview of the scandal in terms of three ethical theories: utilitarianism, Kant's categorical imperative, and ethical relativism. Legal Implications

What the local news covers regarding the scandalous story barely scratches the surface. Many are not aware that Shapiro owned his own business and that the money and gifts given to the players were as a result of money laundering that was occurring in his fraudulent company. One must understand the history of Ponzi schemes and the Rules of Compliance held by the NCAA to grasp the gravity of the pending case. Past: Ponzi Schemes

Nevin Shapiro, the former owner of Capitol Investments USA, Inc., is currently facing charges that he ran a \$900 million ponzi scheme. The modern day schemer has pleaded guilty to count one of money laundering. The term Ponzi refers to “ an investment scheme or a scam designed to separate investors from their money” (Jackson, D., 1993). It is named after

Charles Ponzi, who constructed one such scheme at the beginning of the 20th century, even though the concept was well known prior to Ponzi (Jackson, D., 1993). On 1927, while in Boston, Charles Ponzi concocted a mail fraud in which he said he would pay investors \$1.30 for each dollar they invested. He claimed to make money playing “ fluctuation” in overseas postage rates, but he actually paid his longtime investors with money obtained from new investors (Jackson, D., 1993). Ponzi took in more than \$8 million in 13 months. In fact, when two Boston officers went to arrest him, Ponzi actually charmed them into investing.

He was finally arrested in 1929, a few weeks before the stock market crashed. Convicted, he served about 13 years in federal prison (Jackson, D., 1993). A Ponzi scheme generally begins by word of mouth. A promoter starts with friends and relatives, then their friends and relatives. Every month the initial investors receive checks with the promised rate of return. They show the checks to others, urging them to “ get in on this and make some money” (Jackson, D., 1993). Ponzi scheme organizers often solicit new investors by promising to invest funds in opportunities claimed to generate high returns with little or no risk. Many Ponzi scheme organizers focus on attracting new money to make promised payments to earlier stage investors and to use for personal expenses, instead of engaging in any legitimate activity. Present: Nevin Shapiro

Fast forward to today. As a result of his money laundering, Shapiro has been in federal custody since his surrender to FBI and Internal Revenue Service (IRS) agents in April 2010. Shapiro used Capitol to solicit approximately \$930 million between January 2005 and November 2009 from individuals who

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believed they were investing in Shapiro's grocery distribution business (CEO of capitol, 2007). Shapiro admitted that Capitol had virtually no income-generating business during that time, and that he used new investor funds to make principal and interest payments to existing investors, as well as to fund his own lavish lifestyle (CEO of capitol, 2007). More than \$35 million in investor funds were misappropriated for Shapiro's personal use, including paying at least \$5 million in illegal sports gambling debts (CEO of capitol, 2007). As will be discussed in further detail, Shapiro also used investor funds to make payments to dozens of student athletes who were attending UM to which Shapiro made significant donations – also using investor funds (CEO of capitol, 2007). These payments included cash in amounts up to \$10, 000 and gifts such as jewelry and entertainment at nightclubs and restaurants in Miami Beach. NCAA

Initially, Shapiro was a former booster for Miami. According to the National Collegiate Athletic Association (NCAA) website, “boosters play a role in providing student-athletes with a positive experience through their enthusiastic efforts” (Role of boosters, 2011). Booster, referred to by the NCAA as “representatives of the institution's athletic interests” (Role of boosters, 2011). They can support teams and athletics departments through donations of time and financial resources which help student-athletes succeed on and off the playing field (Role of boosters, 2011). Shapiro claims that more than a dozen of former or current UM players have received gifts and other benefits that would more than likely constitute as a violation of the NCAA rules (Miller Degnan, 2011). In addition, he paid \$10, 000 to help secure the commitment of a basketball recruit, and that then-basketball

coach Frank Haith acknowledged the transaction in a conversation. The NCAA defines an extra benefit as “ any special arrangement by an institutional employee or a representative of the institution’s athletics interest to provide a student-athlete a benefit that is not generally provided to other students” (Miller Degnan, 2011). Currently, the NCAA is conducting an investigation to determine the extent of violations the school may be facing. Although the NCAA’s recent rulings did not signify the end of the NCAA’s investigation into the university’s alleged wrongdoings involving Shapiro, the overall investigation could find UM guilty of lack of institutional control, for example, which could result in losing athletic scholarships, being banned from postseason play and even sanctions.

Conclusion of Legal Implications

As one can see and as he has admitted himself, Shapiro’s fraudulent deceit was intentional. He knew and admitted to his unfair business practices. “ The fraud of greatest consequence is fraud in the sense of an intentional misrepresentation, that it, deceit (Cavico & Mujtaba, 2009). What makes this impermissible is that this type of fraud is in essence “ legally recognized lying” (Cavico & Mujtaba, 2009). Although not every lie is illegal- fraudulent lying is. Shapiro committed fraud knowingly and purposefully inducing investors to enter into a contract and in turn- he was not intending on paying them back. While the charges Shapiro may be facing are legal, the charges that the University may be facing are more ethical. An analysis of The University of Miami’s violation of the NCAA’s compliance will help shed light onto the ethical implications surrounding this case.

Utilitarianism

Background

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Many define utilitarianism as “ an ethical framework that focuses on the outcomes or results of actions” (Utilitarian Ethics, 2006). The word actually comes from the Greek word “ telos” meaning “ end.” The two most influential developers of the utilitarian viewpoint were Englishmen Jeremy Bentham (1748–1832), who developed the moral philosophy, and John Stuart Mill (1806–1873), who elaborated on and refined the principle (Cavico & Mujtaba, 2011). Bentham’s goal was to create as much happiness as possible through his ethics; thus, utilitarianism promotes “ the greatest amount of happiness for the greatest number of people” (Cavico & Mujtaba, 2011, p. 100).

Under this principle, morality is determined by focusing on the consequences of actions, where acting ethically means making decisions and taking actions that benefit people by maximizing good and minimizing bad (Utilitarian Ethics, 2006). Outcomes, results, or goals are the focus and not the action taken to achieve them. Utilitarians facing an ethical dilemma would ask, for example, what their goal is and what outcome should they aim for? In other words, utilitarianism is a moral principle that holds that the morally right course of action in any situation is the one that produces the greatest balance of benefits over harms for everyone affected. So long as a course of action produces maximum benefits for everyone, utilitarianism does not care whether the benefits are produced by lies, manipulation, or coercion (Utilitarian Ethics, 2006).

Over the years, the principle of utilitarianism has been expanded and refined, and today there are many variations of the principle. For example, Bentham defined benefits and harms in terms of pleasure and pain. Today,

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utilitarians often describe benefits and harms in terms of the satisfaction of personal preferences or in purely economic terms (Andre & Velasquez, 2010). There are two versions of utilitarianism: Rule and Act. Rule utilitarianism is the analysis that is applied to general and broad classes, categories, or types of actions. An example would be the morality of breaking a contract or a promise. As Cavico and Mujtaba (2011) state, “ the moral result of such a calculation is framed as a rule, and individual actions then are judged right or wrong by reference to the moral rule” (p, 107). This type of utilitarianism, however, is often criticized as one that may give general rules more importance than they may actually merit.

The second type of utilitarianism, act utilitarianism, subjects individual, particular, concrete actions to the utilitarian test. Specific acts are evaluated based on their own unique consequences or set of circumstances. For example, the consequences of a particular lie or breach of contract must be looked at in terms of the unique sets of circumstances. Though lying often results in more bad than good, the opposite may actually happen and more good might come than bad. For this reason, a morally permissible exception to the rule may come by means of Act utilitarianism (Cavico & Mujtaba, 2011). This version of utilitarianism, like Rule, has its own set of problems. It is difficult to know, in advance and with certainty, the consequences of a unique act. In addition, it may not always be possible to calculate the results of such an act. Lastly, this can be used as a “ rationalization for a predetermined moral judgment” (Cavico & Mujtaba, 2011, p. 108). One can actually bend the principle in the direction one wants. People can think that the particular instance being considered is the exception to the rule,

especially when they are the beneficiaries of the particular action (Cavico & Mujtaba, 2011). UM Ponzi Scheme – Utilitarian Analysis

According to Cavico and Mujtaba (2011), “utilitarianism assumes that the pleasures and pains of an action can be measured and weighed on a common numerical scale, and then added and subtracted from each other” (p. 104). The first step in this analysis is to determine the action that is to be evaluated. In this case, the action is the University of Miami Ponzi scheme facilitated by Nevin Shapiro, the former booster for the UM football team, and the possibility that the school will be found guilty of lack of institutional control, which could result in students/athletes losing athletic scholarships, being banned from postseason play and even sanctions.

The next step is to weigh the positive and negative consequences of the particular action. This step of balancing implies that good and bad can be measured in a quantitative manner. The following persons and/or groups have directly and/or indirectly affected by the action, and will, in turn, be evaluated in terms of “all the reasonably foreseeable good—pleasurable and bad—painful consequences of the action” (Cavico & Mujtaba, 2011, p. 109):

1. University of Miami –

The University of Miami has and will continue to suffer negative consequences from the aforementioned action. The university, according to Former booster, and federal convict, Nevin Shapiro, may receive the NCAA’s most severe punishment that could bring about the end of football at the University of Miami. The university may lose a significant amount of credibility among the local community, existing and potential students,

faculty and staff, contributors, and college athletics as a whole, simply for the fact that it allowed such corrupted activities to continue. The university, because of the desire to put money first, gave Shapiro the authority to do things he should not have been able to do. However, a positive consequence to the university was from the money that was invested into Capital Investments was used to fuel money into the University and directly to its players to benefit (CBS4 Miami, 2011). In addition, Shapiro was able to recruit numerous students to the university through his gifts, thus increasing the university's enrollment and appeal to potential students for the time being. Overall, the bad consequences appear to outweigh the good consequences, thus resulting in a value of -3 for the university.

2. UM Employees

Employees may be negatively affected by the Ponzi scheme, including the faculty, staff and former and existing coaches. As for the former coaches who would have been involved during the time the alleged allegations occurred, former UM coach Larry Coker, who is now the head coach of the University of Texas-San Antonio, they may also lose a significant amount of credibility and respect in the college football world, and society as a whole, due to their involvement in the scandal. This could result in job losses, or the inability to obtain any future jobs with university football teams. This goes for the entire university faculty and staff as well, including the university's president, Donna Shalala, who allowed the financial support to continue. In addition, those who were financially involved (the employees who operated the scheme and invested personal funds), face significant monetary losses from their illegal investments. They may also face lawsuits, prison time, etc.

On the other hand, a positive consequence to the employees, especially those who were involved in the scandal, was the financial benefit received from Shapiro's gifts. Many enjoyed short financial success and other non-monetary perks, including trips, escorts, jewelry, etc. However, the bad consequences appear to outweigh the good consequences, thus resulting in a value of -4 for the university employees. 3. UM Football Players –

Players initially enjoyed positive consequences, including the “benefits” given to athletes such as cash, prostitutes, entertainment in his multimillion-dollar homes and yacht, paid trips to high-end restaurants and nightclubs, jewelry, bounties for on-field play (including bounties for injuring opposing players), travel and, on one occasion, an abortion. The money that was invested into Capital Investments was used to fuel money into the University and directly to its players to benefit. However, negative consequences soon followed the aforementioned positive ones. The NCAA suspended eight University of Miami football players involved in the scandal, six days before the Hurricanes opened their season this year. The NCAA – college athletics' governing body – said all eight players accepted impermissible benefits from Nevin Shapiro. All must repay the value of the benefits they received, from free meals to nightclub cover charges to entertainment at a strip club, and more. In turns, the players are missing out on valuable playing time, they are facing major financial losses, and their involvement in the scandal might significantly hinder their futures as university students, athletes, and professional players. Their credibility and reputation has been severely damaged. Since the bad consequences appear to outweigh the good

consequences, a value of -4 has been assigned for the university football players. 4. Nevin Shapiro –

Nevin Shapiro obviously enjoyed the “ high life” from his involvement in the UM Ponzi scheme. The mastermind behind the scandal, he was the “ it” man around the campus. After nearly 40 years in Miami, he finally had it all: parties with Shaquille O’Neal, Dwyane Wade, and the Dolphins; lunches with police chiefs; and his name etched onto a lounge at his beloved University of Miami (Elfrink, 2010). He made millions as cash poured into Capital Investments, and he became a prestigious figure at the university, who gave him leeway to do as he pleased (as long as the money continued to pour in), and even let him lead the football team out of the tunnel twice in the Orange Bowl. However, the negative consequences quickly ensued.

After the arrest of Bernie Maddoff, his business started suffering, and his securities were no longer trading at a high value. He had promised investors 10 to 26 percent commissions every month, and so he quickly owed more than \$133 million in unpaid debts to them (Elfrink, 2010). Through his illegal and corrupted scheme, federal agents arrested Shapiro on a warrant issued by the U. S. District Court in New Jersey. In the SEC’s criminal indictment, prosecutors spelled out the scope of the crime: An \$880 million Ponzi scheme had fueled at least \$38 million in spending on the manse, women, and gambling (Elfrink, 2010). He is now serving 20 years in federal prison, and has been ordered to pay more than \$82 million in restitution to investors (Elfrink, 2010). Since the bad consequences appear to outweigh the good consequences, a value of -4 has been assigned for Nevin Shapiro. 5. College Football as a Whole –

College football as a whole will experience positive consequences, in that such ponzi schemes and illegal transactions will become harder to operate due to more stringent regulations from the NCAA. This may also be a chance for the sport to redeem its name and continue to grow in popularity.

However, negative consequences have also ensured. Because the University of Miami decided to allow this type of activity to take place and went against the rules outlined by the NCAA, this allowed an unfair competitive advantage that attracted talent to their school as opposed to other schools. In addition, those schools who were not involved in the scandal will have to undergo strict scrutiny under the NCAA's refined rules against such activities. In addition, the penalties for those who break NCAA rules will be much harsher than in the past. Overall, college football may lose its good reputation and credibility among audiences and student athletes, but not significantly. It is believed that avid followers of the sport, and student athletes, will continue to support and follow the sport. The negative consequences are not significant, and so a value of +2 has been assigned to college football as a whole. 6. Investors to Capital Investments –

The individuals who invested in Capital Investments definitely faced negative consequences, as their money was used to fuel illegal booster activities of Nevin Shapiro. The individuals who contributed money into this fund will most likely lose their investments due to the illegal activities of the Ponzi Scheme. Though they were promised returns of up to 18 percent, investors across the country lost an estimated \$30 million in the scheme. These financial losses can be highly detrimental to the former investors, causing them to lose their valuables, homes, and even families. The only positive

consequences to this group were the initial returns on their investments (which quickly disappeared), and the possibility of receiving restitution and additional damages from Nevin Shapiro's conviction. In this case, the negative consequences outweigh the positive. Thus, a value of -3 has been assigned to the investors of Capital Investments. 7. Society-

Society was negatively affected, in that it experienced the corruption from yet another Ponzi schemer, who caused many innocent investors to lose over \$30 million in shady securities investments. In addition, taxpayers may have to pay for the losses incurred by the victims, including paying for the conviction of Nevin Shapiro. The positive consequence in this case is that another Ponzi schemer has been taken off the streets, and potential victims of his have been spared. The negative and positive consequences to this group are fairly equal, and thus a value of 0 has been assigned to society.

Conclusion – Weighing the Consequences

The consequences expressed in the assigned units of pleasure and pain are as follows: University of Miami -3; UM Employees -4; UM football players -4; Nevin Shapiro -4; College Football as a whole +2; Investors to Capital Investments -3; and Society 0. The result is -18 units of pain and +2 units of pleasure. Because the UM Ponzi scheme produced more bad than good, the action is considered to be immoral under the ethical doctrine of

utilitarianism. Introduction – Kant's Categorical Imperative

Kant's Categorical Imperative will be applied to the 2011 University of Miami scandal in an attempt to determine if this scandal is considered moral. “

Immanuel Kant is a German philosopher who is best known for the work he

did in 1785 – Groundwork (or Foundation) of the Metaphysics of Morale” (Cavico & Mujtaba, 2009, p. 116). Kant believed that morality resides in one’s mind and originates from their direct opinion. Kant believed that to be moral, one must be rational. Since humans are rational they are able to reason, think logically and determine what is morally good or bad. “ There are three formal conditions that an action must have to be a moral action and they are: 1) The action must be possible to be made consistently universal: 2) it must respect rational beings as ends in themselves; and 3) the action must stem from and respect the autonomy of rational beings and be acceptable to rational beings. If an action or rule passes all three it is moral: if it fails one, it is immoral” (Cavico & Mujtaba, 2009, p. 115). First Test – Universality

The scandal that took place at the University of Miami involving footballs players receiving gifts from Booster Nevin Shapiro does not pass Kant’s first test of universality for numerous reasons. “ The first test of morality under the Categorical Imperative is universality. A morally good person is one who acts only on maxims that rational person consistently could will to become a universal ‘ law’ without any contradiction or negation” (Cavico & Mujtaba, 2009, p. 116). Although this act (of giving gifts to talented college players) may not seem as though it has the possibility of becoming extremely destructive, in the overall scheme of things, it can. Despite the fact that it is in opposition to all of the rules and regulations implemented and enforced by the NCAA (National Collegiate Athletic Association), it also creates an unregulated breeding ground for corruption, unfair gaming, and an unbalanced foundation for athletic recruiting and competition at the

collegiate level. Kant's first test poses the following questions: " What would happen if everyone took the action, and if all people followed the rule, would it continue indefinitely and remain efficacious, or would it become self-contradictory, nonsensical, self-destructive, and lead to its own demise?"

After reviewing these questions and considering all the possible consequences and circumstances, the scandal that took place at University of Miami fails Kant's first test for several reasons. To further look into these reasons however, one must be aware of the NCAA's purpose to truly understand the scandal and its depth. The NCAA was founded more than 100 years ago as a way to protect student-athletes. The Association continues to implement its principle with increased emphasis on both athletics and academic excellence. The NCAA is made up of three membership classifications that are known as: Divisions I, II and III. Each division creates its own rules governing personnel, amateurism, recruiting, eligibility, benefits, financial aid, and playing and practice seasons – consistent with the overall governing principles of the Association. Every program must affiliate its core program with one of the three divisions. The Association also has a list of core and moral values that it stands for, all of which were created with fairness and ethics in mind. In this particular scandal involving Booster Nevin Shapiro and the University of Miami's football program, Shapiro estimates the scandal to involve millions of dollars. He said his benefits to athletes included but were not limited to cash, prostitutes, entertainment in his multimillion-dollar homes and yacht, paid trips to high-end restaurants and nightclubs, jewelry, bounties for on-field play (including bounties for injuring opposing players), travel and, on one occasion, an abortion.

One of the numerous reasons this situation would not be able to become a universal rule is because it would not be able to sustain itself or remain efficacious indefinitely. If all college booster programs decided to fund lavish lifestyles for football players, including but not limited to alcohol, prostitutes, and partying- this could have a self-destructive effect. Another reason this scandal cannot pass Kant's first test of universality is that it creates an unfair attraction and foundation for recruited football players to go to the University of Miami as opposed to their other options. If a prospect has options between evenly respected universities and football programs, but is informed of all the "perks" and advantages he could reap by going to the University of Miami's football program, then other schools who are following proper protocol as well as the NCAA's regulations lose out on the opportunity to recruit an excellent athlete based on a corrupted offer. Second Test – Kingdom of Ends

The scandal that took place at the University of Miami involving football players receiving gifts from Booster Nevin Shapiro does not pass Kant's second test of Kingdom of Ends for numerous reasons. "The second test of Kant's Categorical Imperative emerges as a powerful check against any residual immorality that the first test failed to prevent. The second test demands respect for rational beings as ends in and of themselves. In Kant's "Kingdom of Ends," each person must be treated by every other person as an "end," that is with dignity and respect and as a valuable and worthwhile entity" (Cavico & Mujtaba, 2009, p. 117). In the example of the University of Miami scandal, a look at each individual involved will be examined. In this case several people overall were affected where most were treated without

dignity or respect. As mentioned previously, the money used in this scandal originated from, “ A \$880 million Ponzi scheme that offered 16-28% return on investment by investing in Capital Investments that was owned and operated by Nevin Shapiro” (Effick, 2010). The money that was invested into Capital Investments was used to fuel money into the University and directly to its players to benefit.

The people treated without respect and dignity were the investors of Capital Investments, Nevin Shapiro, other collegiate football athletes and victims that suffered from the illegal activities funding these actions. Nevin Shapiro who played the most significant role in this scandal, contradictory was treated without dignity or respect even though he helped contribute these actions upon others. “ Shapiro said that he was “ hurt” by his treatment by the very players he once thought of as friends. Shapiro continued revealing a little about what he did, but he also had a critique of the players themselves. Shapiro said, “ I helped them in a lot of other ways. I felt more than a friend, felt like a family member. With certain guys I felt like a father figure” (CBS New Sports, 2011). Other collegiate football teams were treated without respect and dignity due to the University of Miami deciding to allow this type of activity to take place and go against the rules outlined by the NCAA. The result allowed an unfair competitive advantage that attracted talent to their school that may have otherwise chosen another option. Finally, the victims that arose from illegal activities from the money used from the Ponzi scheme were treated without respect or dignity because of the millions of dollars they lost due to lies and deceit from Shapiro. Third Test – Universal Legislator for the Kingdom of Ends

The scandal at the University of Miami involving the football program would not pass Kant's third test- " Universal Legislator for the Kingdom of Ends" because Nevin Shapiro's acts were not moral nor would rational human beings involve themselves in a situation where they knew they were constantly scamming, lying, cheating, and funding a corrupt situation with falsified funds. The rational being would not recognize any of these actions as a " moral" law. According to Cavico and Mujtaba (2009): the third test, yet another way of formulating the Categorical Imperative, underscores the autonomy of rational beings. The third test invokes the idea of the rational being as a universal legislator making rules for the Kingdom of Ends. A rational human being possesses the ability to recognize the moral ' law', to ' give' to himself or herself the moral law, and to govern himself or herself according to the moral law. (p. 118)

Kant's third test also suggests that in order for a situation to pass the third law, both the " giver" and " receiver" of the situation would have to agree that the situation is morally sound. In this particular scandal, one can assume that these collegiate athletes and coaches (the receivers) were not only well aware that by accepting these lavish gifts, they were also aware that Nevin Shapiro (the giver) was acting unethically and immoral, hence two of the very crucial reasons as to why this situation would fail Kant's third test. Not only were the football players who accepted these offers and Nevin Shapiro himself wrong in the situation, but the University of Miami also should be held accountable for being aware of the situation and at times encouraging the corruption. Nevin Shapiro did reveal whom he thinks is at fault and some of the things he was able to do with the program. He stated:

“ The University of Miami, because of the desire to put money first, I was given carte blanche to do things I shouldn’t have been able to do”, Shapiro told CBS4.

The last portion of the test refers to “ impartiality” where the “ even a self-interested person must realize that the claims he or she asserts for himself or herself also will be advanced by others who are in a similar position. The third test thus emerges as a powerful check against selfish people who desire to make an exception for themselves to rules they would want others to adhere to. One can assume that Nevin Shapiro would not want someone else to take his place or to offer the football players what he was able to because this would result in the loss of the “ power” Shapiro gained by offering these gifts. Conclusion

In conclusion, the scandal that took place at the University of Miami involving footballs players and coaches receiving gifts from Booster Nevin Shapiro and did not pass any of the three Kant’s Categorical Imperative tests. Due to these findings, under Kantian ethics, this scandal is considered immoral. In review of the first test, if the actions that took place in the scandal were to be legal or part of a universal law you’ll find a very destructive organization and society where not only does it create unfair competitive advantages among college but also breeds an environment where illegal actions will emerge. In looking at the second test, a closer review was taken at the Kingdom of Ends. Other football players, NCAA, ponzi scheme victims, and Nevin Shapiro were all treated without dignity and respect. Finally, in review of the third test, universal legislator would not consider these acts moral. Both the Nevin Shapiro and the University of Miami promoted and allowed

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these illegal actions to take place. This scandal not only broke the NCAA guidelines set forth for boosters, but also made a unfair competitive advantage exists in their respective football division and promoted illegal activities such as, gambling, prostitution, and bounties to hurt opposing team members. Ethical Relativism

As one can imagine, the University of Miami case brings about an enormity of theories and personal beliefs. It is at this time where one can start to ponder some of the less conventional applications to morality. The simple fact of the matter is that the world is exposed to people of different: race, religion, culture, language, education, gender, customs, financial status etc. It is for this reason why it is extremely tough to identify what constitutes morality. This is the stance taken by “ The Skeptics”, a group of ancient philosophers who too were agreeable on the diversity of society (Cavico & Mujtaba, 2009). “ The Skeptics” concluded that it would be ludicrous to side with the moral beliefs of one group to another. After all, it is hard to distinguish a universal truth; therefore, “ The Skeptics” decided that the best way to tackle the universal uncertainty behind ethical morality would be to adopt the beliefs and customs of the country or society that one was confined to (Cavico & Mujtaba, 2009). A good example of such societal diversity could be that of a speeding ticket. If one is stopped by police for being over the speed limit, it is customary within American society to respect the law and accept the ticket being brandished. Failure to accept the ticket or attempts to bribe police officers is morally incorrect and illegal in America.

If the same scenario were to occur in a country such as Jamaica, it would be illegal to bribe a police officer, but under the notion of ethical relativism, the

small bribe that one may pay can be deemed morally correct. This can be deemed morally correct because bribery of police officers is common within this particular society and in some cases can be deemed a norm. The moral of this example is the fact that ethical relativism denotes that what may be morally correct in one society, may be morally incorrect in another (Cavico & Mujtaba, 2009). The question that springs to mind is what society contributes to the moral obligation of all of those involved in the University of Miami scandal. One can comprehend that the city of Miami, college athletics, and the University of Miami its self provide influential societies that are to be depicted for the purpose of this case. As one can imagine, Miami is no stranger to the world. As one of the world's most famous tourist attractions, Miami on average receives over a million international and domestic visitors (" Greater Miami convention," 2009). Tourist flock to Miami due to its; lavish lifestyle, famous restaurants and landmarks that make for a notable vacation (America's most expensive, 2009). Miami is also home to an array of celebrities, millionaires and some of the world's most famous sporting entities (Miami Heat & Miami Dolphins).

Such information goes some way in explaining why Forbes has rated Miami as the 6th most expensive place to live in America (America's most expensive, 2009). Although Miami is notable for its glamorous lifestyle, there is also another side to the city, which has also seen it make headlines. Since the 1980s, Miami was dubbed cocaine capital of the world as drug smugglers flooded the shores of Miami with millions of dollars worth of cocaine. The drug influence lead to the increase of violent crimes in Miami; Miami-Dade Police Department has

reported it to be at 6, 613 crimes as recent as 2010 (Alvarez, 2011). More compelling is the fact that Miami-Dade police Department can confirm that as of 2010, there were 43, 203 non-violent crimes committed (Alvarez, 2011). With this information in mind, one can now start to relate the norms of Miami to the actions of the student –athletes, coaches and UM itself. With the exposure that the students-athletes and coaches have to expensive nightlife and lavish accessories (cars, clothes etc), it is somewhat understandable why the coaches and student-athletes would seek such lifestyle.

Furthermore, a major question in the case will relate to whether all those affiliated with the University of Miami (coaches, staff and students-athletes) were aware of the fact that Shapiro's wealth was ill gotten. With the statistics delivered pertaining to non-violent crimes, it is easy to see how a crime such as Shapiro's is prevalent within Miami society. Furthermore, it is common to encounter wealthy people in Miami, hence the reason why it can be construed as morally correct (in the city of Miami) to turn ignore the legality of Mr. Shapiro's finances. The National College Athletic Association (NCAA) is conducting the investigation into the breach of various NCAA rules and regulations at the UM. It is at this time where one can start to deliberate the make-up of the college athletics society as it pertains to the case in hand. Major college sports such as Basketball and American Football entice as much or even more support (in terms of attendance and viewing) as its professional counterparts.

Luxury suites, state of the art training facilities (at the highest level) are all available to coaches and student-athletes. In retrospect, the only barrier

separating professional athletes from student-athletes is pay. College coaches are in no shape or form differentiated from professional coaches as they are also highly paid. The NCAA rules states that student-athletes must not accept any money or gift-in-kind based on their athletic ability (Wolverton, 2010). A rule that was clearly broken by numerous athletes and coaching staff at the University of Miami. Pursuant to ethical relativism, it can be construed as morally correct for coaches and players to pursue similar lifestyles as their professional counterparts for the simple fact that their performance and exposure to support mirrors that of professional Athletes. The University of Miami scandal is not the first to unfold under the watchful eye of the NCAA, as previous college athletes and Universities have been punished for their roles in the breach of NCAA legislations. A perfect example of a similar case would be Reggie Bush and O. J. Mayo. Two former athletes of the University of Southern California (USC), were adjudged to have received financial benefits from a sports agent (Wolverton, 2010).

Reports indicate that Reggie Bush and his family received over \$100, 000 in financial benefit (Wolverton, 2010). The Bush family was given the free use of a home; Reggie Bush was given a limo for his Heisman award ceremony and he received weekly payments of \$1, 500 (Wolverton, 2010). The revelations shocked the NCAA, causing them to hold USC accountable for the actions of their former athletes (Wolverton, 2010). The NCAA believed that USC should have paid closer attention to the relationships that their student-athletes were developing due to their athletic domination (Wolverton, 2010). USC was hit with a two-year bowl ban and the NCAA also brandished numerous penalties aimed at costing USC in lost revenue (Wolverton, 2010).

After depicting the nature of college athletics, one is able to gather more of an insight to the moral obligations influenced by this particular society. Mr. Shapiro is quoted as saying that he never invented the wheel, believing that this was protocol, he finished his statement by delivering the shattering statistic that this type of activity takes place in 99. 9% of universities (CBS4, 2011). If one marries the beliefs of Shapiro with the fact that there are many cases of athletes receiving financial benefits, there is a compelling case as to why the student-athletes and coaching staff of the University of Miami deemed such actions to be the norm.

Pursuant to ethical relativism, the coaches, student-athletes and the University of Miami's actions can also be construed as morally correct in relation to the norms of the collegiate athletic society. The last society to be depicted is the University of Miami. Reports can reveal that Mr. Shapiro's affiliation with the University of Miami began in the 2001-2002 season (CBS4, 2011). This indicates that the financial favors and extra benefits that Shapiro provided coaches and student-athletes with lasted for almost a decade. One can comprehend that this time period is more than enough time for a culture to be created within the university. Student-athletes have 5 years to complete 4 years of eligibility; therefore, it is easy to see that there has been a large rotation of student-athletes who have joined the institution with the culture already existing. In an interview with CBS4 Nevin Shapiro condemned the University of Miami, stating that they are to blame "because of their desire to put money first, [he] was given carte blanche to do things [he] shouldn't have been able to do" (CBS4, 2011). The interview continued with Shapiro stating the fact that the Hurricane players were seeking his company

and that it was the “ in-thing” to hang out with Nevin; after all, he would be paying (CBS4, 2011). Ethical Relativism Conclusion

It is evident from the information given by Nevin Shapiro that the University of Miami allowed/accepted a culture that they believed was helping them financially. If the University were turning a blind eye to the dealings of Shapiro and allowing him to perform acts that were not allowed, pursuant the ethical relativism, the acts of the student-athletes and coaches are clearly moral because the society that had the most influence allowing such behavior to be the norm. Nevertheless, ethical relativism has its critics due to the fact that its perception of morality is unearthed from a position where there are hardly any boundaries. This means that there are no limitations the amount of societies that can be formed for the purpose of depicting morality, pursuant to ethical relativism (Cavico & Mujtaba, 2009). In the case of the University of Miami scandal, the idea was to focus on the societies that were most influential to the parties in question and for the most part one was able to conclude that each of the societies with the greatest effect on the scandal allowed for the actions of the student-athletes, coaches and the university its self to be deemed morally correct.

Social Responsibility

The term “ social responsibility” can be described as a corporation or a person’s obligation to society (Cavico & Mujtaba, 2009). This wide definition can be further interpreted as the actions or behaviors of a person or organization that are done as a benefit to the community/society. Schools and Universities are intended to educate and motivate their students to achieve their academic goals. However, beyond academics, other activities

can be done which can be considered as social responsibility. An example of this would be if an organization held a food drive every November with 100% of items collected going to needy families in their local area. If this were being done by a university, the community-at-large would see the organization as good stewards of the tuition dollars paid to educate students being used in giving back to the community (Cavico & Mujtaba, 2009).

The observation would be that the university is showing good social responsibility. Another aspect of social responsibility is how an organization or person governs his or her personal life. For instance, a CEO of an organization who is being accused of sexual misconduct or financial fraud would be seen as unethical and immoral in public views. Not only are these actions unlawful by our societal standards but, it would not be in the company's best interest to keep him or her on as the CEO as the community may view keeping the CEO on the payroll as acceptance of "bad" behavior. The company has a social responsibility to uphold ethical principles of society and show that this behavior is not tolerated. In retrospect, the public may or may not hold the company solely responsible for the negative behaviors of their CEO in his or her personal life if there is evidence proving the company responded to the allegations in a timely fashion with swift repercussions. The company is expected to act in the best interest of their business while taking into consideration the ethical and moral implication of their action, or inaction. Application of Social Responsibility Applied to Case

In regards to the University of Miami ponzi scheme, this group has evaluated to case in terms of the social responsibility of Nevin Shapiro, The University of Miami leadership (president, coaches, etc.), The University of Miami (UM)

players and the National College Athletic Association (NCAA). Each entity has a responsibility to act in a manner that would benefit the community and not solely his or her own benefit. One can conclude that the agents in this case did not act according to their social responsibilities. Social Responsibility Recommendations

Beginning with the currently incarcerated Nevin Shapiro, there was self-admitted negligence of laws and NCAA rules. Shapiro gave millions of dollars of “benefits” to UM athletes such as “cash, prostitutes, entertainment in his multimillion-dollar homes and yacht, paid trips to high-end restaurants and nightclubs, jewelry, bounties for on-field play (including bounties for injuring opposing players), travel and, on one occasion, an abortion” (Robinson, 2011). Most of the items Shapiro says were given to the players were able to be verified with bank records. The role of Shapiro would not have had fuel if leadership within the school had stepped forward to impede these events from occurring. Most of the benefits were publicly displayed and had been happening for over eight years therefore one must assume that school officials were in the loop (Robinson, 2011). Without getting into the moral debate on the abortion subject, one must conclude that Shapiro’s behavior was not only illegal but also immoral. The recommendation is for Shapiro to serve out his twenty-year prison term and repay the stolen money. The University of Miami organization has a responsibility to the community for which they serve, to the players, and to their board of trustees.

It is alleged that leaders within the organization were fully aware of the circumstances surrounding players taking money from Shapiro. Coach Golden is now offering to change portions of his contract as a gesture

following these allegations (Gutierrez, 2011). His response can be seen as some admittance of wrongdoing. There were several coaches serving at the school during the timeframe in question. The NCAA investigation is still in progress but will shed more light on who was involved and exactly how they were involved. The school officials (i. e. coaches, professors, school president) set the example for the players and should be held responsible for their actions, or inactions, in this case. The recommendation would be to fix the broken system and enforcement of the current rules. College football players generally come from low- or middle-income families. It must be assumed that their families are depending on their college success for hopes to be in the National Football League (NFL) post graduation where they would legally generate income. Shapiro cashed in on this vulnerability by offering them “incentives” before they make their big break in the NFL.

The players have a responsibility to act in a moral and ethical manner on and off the field. Not only does taking extra benefits such as cash, a NCAA violation but it also is supposed to be wrong for a college student to do so. It must be stated that this is not a new occurrence. College athletes taking “gifts” is something that has been taking place for decades. It has become a normal part of being a student athlete. The players are expected to follow school and NCAA rules regardless if this is a normal occurrence. The recommendation would be to have the players involved donate community hours to show they are role models for young children and this scheme has shed a negative light on the players as well as the school. The NCAA must acknowledge their responsibility in this situation.

There has been recent debate on the need to have some sort of income for players so that these kinds of problems do not occur again. As explained previously, the players have families dependent on their success in order to break out of their current predicament. The colleges and others make money from team paraphernalia and ticket sales; however, the players are expected to make ends meet without partaking on the revenue generated from their hard work. It is understandable that athletic scholarships are used as a recruitment incentive; however, wanting to be a part of the glamorous Miami nightlife can entice student athletes to overlook rules. The recommendation would be to have better oversight of colleges and break the cycle that is currently in place. There may need to be financial compensation for players to avoid reoccurrence of violating the “ gift” rule. Social Responsibility

Conclusion

Shapiro has claimed that UM was involved in violating NCAA “ bylaw 11 – impermissible compensation to coaches; bylaw 12 – involving amateurism of athletes; bylaw 13 – improper recruiting activity; and bylaw 16 – involving extra benefits to athletes” (Robinson, 2011). There have been other schemes surrounding the University of Miami. In 2008, there was a case where investors lost millions of dollars hoping to earn 18% on the dollar and the school was used a vessel for the investment scheme (Boudreau & Zamost, 2008). Meetings were held on the school ground and allegedly, UM employees were involved in the scheme (Boudreau, et al., 2008). Following the multitude of infractions of NCAA bylaws, the school and its players should go the extra mile to save face with the public.

This case has made international news and has blemished the schools image. Though the NCAA investigation is still underway, the news. The public may view this as a sign they admit to wrongdoing. Jacory Harris, the schools current quarterback, has given a public statement admitting guilt as well (Associated Press, 2011). The school has asked the current and past players to return the money they received from Shapiro by donating the amount to charity. Also, UM removed itself from the bowl this year as a self-imposed punishment while the NCAA investigation is completed. One must assume that regardless of the outcome, the University of Miami will be challenged by the community in repairing their social image and how they must improve their stance on preventing these kinds of issues from reoccurring. Conclusion

After examining the various legal and ethical implications involved in this case, the results should that University of Miami staff, football players, and the infamous ponzi schemer were all acting in an unlawful manner. Though criminal charges have not been filed for assault due to the allegations made that players received monies for hurting their opponents, the case is still ongoing. In terms of three ethical theories: utilitarianism, Kant's categorical imperative, and ethical relativism, the actions of the parties involved were also considered unethical. Even if it is common in college sports to have players accept gifts, it doesn't mean it is the "right" thing to do. One must take into account that this is a systemic issue not unique to the University of Miami however, the facts of the case were so outlandish and far-fetched that the UM program has been on the forefront of the allegations tied directly to a \$880 million scheme. The school's reputation and the future of their sports

program lie in the hands of the results from the NCAA ruling. We, the public, would have to wait and see.

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