Solidity Bank

You are Travis Carter and the year is 1994. You work in the Singapore office of Solidity Bank – one of the biggest and oldest banks in the world. The economy in much of the world has been doing poorly and the earnings of most banks are very low at the moment. Solidity bank has been exceptional in that it has done very well in difficult times and senior management has been receiving glowing write ups in international business magazines.

As chief accountant for the Singapore office, you've recently come across information suggesting that most of Solidity bank's enormous international profit is coming from your small branch. This is disturbing because the main activity in your branch is arbitraging the Singapore and Hong Kong stock exchanges. This mean that anytime the same company's stock is listed on both exchanges at different prices, your group buys at the low price and immediately resells on the other exchange at the high price. Price differences are typically tiny, and so profit on this activity is very low – but there is almost no risk involved for the bank.

It has occurred to you that maybe the division was earning much larger returns because instead of arbitraging stocks between the two exchanges, depositors' money was invested in particular stocks. This would yield substantial profit in recent years because the companies listed on local stock exchanges have been doing very well even as the rest of the world has done poorly. It is also a very risky strategy, and if the stock values go down the bank could lose massive amounts of money. It has also occurred to you that the only person who could do this without general awareness is division chief (and your boss) Lee Ponsie.

You and the other employees at the Singapore branch have been enjoying substantial bonuses due to the branch's unusually profitable experience. If you report your suspicions to Solidity Corporate offices it will cause an investigation to begin that would likely lead to many people (including your boss) getting fired—if it turns out that your suspicions are correct. Of course, if your suspicions are not correct you will have endangered the jobs and pay of your colleagues, and likely be under substantial pressure from Lee Ponsie.

Should you report your suspicions to the corporate office? Write an essay concerning the best ethical choice for Travis Carter using the approached developed in class.