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In 2021, Charlie Javice's startup, Frank, was acquired by JP Morgan Chase for $175 million—a deal soon tainted by accusations of fraud. The subsequent lawsuits filed against Javice included charges of securities fraud, bank fraud, wire fraud, and conspiracy [1, 2]. This essay will argue that Javice acted unethically and unprofessionally in her conduct, underlining how she departed from the virtues of honesty, integrity, and responsibility. Using virtue ethics, we will analyze her behavior and consequences, indicating that her actions are incompatible with good moral character, which professionals in the technology industry should have.

The fraudulent activities that Javice engaged in revolved around her claims that Frank had more than 4.25 million users, when in fact, it had fewer than 300,000 [1, 3]. She created an imaginary dataset using the help of a hired data scientist after her own staff refused to participate in this lie. Later, this imaginary dataset was used during the process of acquisition presented to JP Morgan Chase for inflating the value of Frank artificially [1]. Javice directly benefited from the deal, earning millions in stock proceeds and retention bonuses [1, 2].

Charges against Javice include securities fraud - misinforming JP Morgan Chase about Frank's user base, wire fraud for sending false data, bank fraud as he deceived a financial institution, and conspiracy for orchestrating all the above fraudulent activities [1, 4]. These indeed fall under the white-collar crime category; an act of deception or trust breach in pursuit of financial gain [5].

There was also the presence of mens rea. Consequently, Javice had clearly intended to deceive when she communicated with the employees and the external data scientist through emails. For example, when an engineer at Frank declined to make synthetic data for her, Javice admitted it could amount to a crime but still did it, saying, "We don't want to end up in orange jumpsuits," before outsourcing [4]. These overt acts of fabrication and recognition of illegality point highly to her guilt.

Several red flags for fraud were present in Javice's operations: secrecy about user data, inconsistent and exaggerated claims, manipulation of documents to make it consistent with her fake story. This has been particularly highlighted when JP Morgan Chase did find anomalies in Frank's customer list after the acquisition of the company [3, 4].

Virtue ethics puts its emphasis on the character and virtues of the individual; indeed, it holds that ethical conduct arises out of virtue-honesty, integrity, responsibility. Javice's actions starkly contradict these ideals. The presentation of fabricated data is a serious betrayal of truthfulness. Honesty forms the basis of trust, particularly in business transactions, given the potential for harm caused to stakeholders and society by misrepresentation. A willingness to fabricate data and involve others in doing so reflects a lack of integrity. Though professionals are expected to uphold the ethical code in whatever circumstance, her actions betray all those moral principles on which professional conduct is based. Rather than accept and improve on Frank's real value, Javice chose to dupe JP Morgan Chase. Such dereliction of responsibility treads on the credibility of entrepreneurs and disgraces the tech industry [1, 3].

This is the "fake it till you make it" culture that is often glorified in the tech startup world; unethical practices are thus fostered. The case of Javice serves as a cautionary tale that this mentality can lead to criminal behavior. This emphasizes the need for regulatory oversight and a commitment to fostering ethical decision-making within the industry [1, 3, 4].

The actions of Charlie Javice were highly unethical and unprofessional. The deceit on purpose for personal gain goes against the virtues of honesty, integrity, and responsibility that are at the core of virtue ethics.

References

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