Corporate Finance Institute®

**Professional Ethics – Case Studies**



Case #1

You are a financial analyst for a large publicly-traded company in the United States and you are preparing the information to go into a Securities and Exchange Commission 10-Q quarterly disclosure statement. You notice what appear to be overstatements in some of the performance commentary provided by one of your colleagues.

When you discuss it with the colleague, she tells you that she was instructed to include the information as accurate, and since it was only a quarterly report, if the overstatements are unproven by the end of the year, they can be corrected in the 10-K annual filing.

Would you accept your colleague’s reply and include the information?

1. What are the facts?
2. Who are the stakeholders?
3. Is there an alternative course of action?
4. Would the action breach any regulations or other laws?
5. Would the action be considered ethical?
6. What are the consequences?
7. What is the best decision?

Case #2

You are a financial analyst of a large firm and have been privy to information about a takeover bid to acquire a rival firm. A family friend is considering selling shares in this rival firm and has asked you, as an expert in the industry, for advice on this matter.

Would you provide the advice?

1. What are the facts?
2. Who are the stakeholders?
3. Is there an alternative course of action?
4. Would the action breach any regulations or other laws?
5. Would the action be considered ethical?
6. What are the consequences?
7. What is the best decision?

Case #3

During your internship with one of the top investment banks in the country, you noticed that the director responsible for your area was spending more time talking with you, reaching out over social media, and inviting you to parties. Some of your co-workers teased you about being the ‘chosen one’.

You accepted the offer to become a full-time analyst at the bank, but while you work directly for a different manager, you know you’re going to have to be working with the director more closely. While there has never been an overt display of inappropriate behavior, you feel increasingly uncomfortable with both the extra attention and the attention of your co-workers.

Would you report the director’s attention to your manager?

1. What are the facts?
2. Who are the stakeholders?
3. Is there an alternative course of action?
4. Would the action breach any regulations or other laws?
5. Would the action be considered ethical?
6. What are the consequences?
7. What is the best decision?