Executive Director's Report
John Boatright

The balloting for a new member of the Board of Directors was almost a dead heat. The bylaws require a runoff election when no person receives a majority of the votes. Accordingly, you should have received by now a ballot with the names of Dennis Moberg and Pat Murphy, one of whom will be elected to a five-year term. Our thanks to Bob Frederick, who was edged out by the slightest of margins. Perhaps he'll consent to run again next year.

The Society has a new domain name for its Web site. It's www.societyforbusinessethics.org. A new design is in progress and may be finished by the time you read this. Check it out, and remember to consult the Web site as the planning for this summer's annual meeting progresses.

This newsletter contains a registration form and hotel reservation information. You are encouraged to register for the meeting and to book your hotel rooms as soon as possible. Denver will be crowded in early August with a number of simultaneous meetings and conventions in town.

Also contained in this issue are financial statements for the year 2002. Publishing these statements is an innovation. In the past, they have been distributed only at the annual business meeting. In reading them, keep in mind that the Society receives only 40% of our dues revenue. The remainder is kept by the Philosophy Documentation Center to cover the costs of publishing Business Ethics Quarterly. Like the Enron partnerships, this arrangement keeps much of the cost of operating the journal off our books. Unlike Enron, however, the financial health of the Society remains sound.

I look forward to seeing all of our members in the Mile High City.

John Boatright

ANNUAL MEETING

The 2002 annual meeting of the Society for Business Ethics will be held:
August 8-11, 2002 in Denver, Colorado.

Please see the Annual Meeting registration form on page 22 of this newsletter.

The program for the annual meeting will appear in the next issue of this newsletter, due to arrive in your mailbox by late May.

Stay up to date by checking the Society's new website at: www.societyforbusinessethics.org
Business Ethics Quarterly, the journal for the Society for Business Ethics, is in its twelfth year, and we thank you for your continuing support.

Business Ethics Quarterly continues to prosper and grow, thanks to its contributors, editorial board, and subscribers. We urge you to encourage your library to subscribe if they do not. It is now considered the leading theoretical journal in the field—a “must” for those doing research, BEQ is also on ABI-Inform Wilson.

We have received a number of requests to photo-copy articles from BEQ. Please keep in mind BEQ’s Photocopy Policy found on the inside cover of each issue. In order to be “user-friendly,” copies of articles published in BEQ may be made for instructional, non-commercial use. BEQ does not require prior clearance and makes no charge for this use. However, the commercial use of any article appearing in BEQ will require the permission of both the journal and the author(s) in question.

The Philosophy Documentation Center has now published all back issues (1991-2000) of BEQ on a fully searchable CD-ROM, which is available in either PC or Mac format. It is available to individuals for $120. Institutional licenses are also available.

Finally, any submission of manuscripts should contain the author’s e-mail address, if the author has one. This will facilitate communication for the editorial staff.

We welcome your comments and we welcome ideas for future special issues or topics of interest to our readers. Please contact me:

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CALL FOR PAPERS: ACCOUNTING ETHICS

Business Ethics Quarterly is planning a special issue on the topic of Accounting Ethics. Although papers relating to all areas of accounting ethics are welcome, a focus on issues relating to the current difficulties of public accounting firms and the problems of corporate financial reporting are especially welcome. Examples of topics include: auditor independence, earnings management, accounting standards, auditing standards, codes of professional conduct as guides to ethical behavior, the expectations gap, the roles of accountants and auditors, auditing vs. management consulting, the relationships between auditors and their clients, the responsibility of management accountants (including CFOs) for deceptive financial reports, the role of audit committees, accounting decision-making with a focus on the ethical aspect of accountants’ professional judgment, the education and socialization of professional accountants, and accountants’ attitudes about confidentiality. Papers addressing conceptual, empirical, methodological, practical or theoretical issues are encouraged. Empirical papers should have a clear theoretical foundation.

Subject to the availability of funding, a research conference will be held early in 2003, sponsored jointly by the University of Alberta and Business Ethics Quarterly, based on the papers submitted for the special issue. Further information will be available at a later date.

Since papers will be refereed blind, papers should not identify the author in any way. Author identification should be limited to a removable cover page. Electronic submission of papers is strongly preferred. Electronic submissions should be included as a Word attachment to an email message. Paper submissions must include 4 copies of the paper. Other submission information may be found in each issue of Business Ethics Quarterly.

Deadline: December 15, 2002

Papers should be submitted directly to the Editor for this special issue:

James Gaa
Department of Accounting and MIS
School of Business
University of Alberta
Edmonton, Alberta T6G 2R6 Canada
Email: James.Gaa@UAAlberta.ca
**Calendar of Upcoming Events**


June 16-21, 2002  Managing Ethics in Organizations is taught on the campus of Bentley College, Waltham, MA.

July 3-5, 2002  Barcelona The 12th International Symposium on Ethics, Business and Society: Work, Family and Society in the 21st Century: The University of Navarra

August 8-11, 2002  Society for Business Ethics, Annual Meeting, Denver, CO.

August 9-14, 2002  Academy of Management, Annual Meeting, Denver, CO.


October 11-12, 2002  The 5th International Business and Economics Conference St. Norbert College, De Pere, WI "Harmony and Hegemony in an era of Globalization"

October 23-25, 2002  Ninth Annual International Conference Promoting Business Ethics, Niagara University

December 4-7, 2002  The Indian Institute of Management Calcutta international conference on Business-Social Partnerships: Beyond Philanthropy

December 12-13, 2002  Conference: Teaching Business Ethics 2 “Innovation and Technology” Brunel University, UK

December 15, 2002  Deadline for submissions, special issue of BEQ on “Accounting Ethics”

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**Society for Business Ethics**  
**NEW!!**  [www.societyforbusinessethics.org] **NEW**

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Enron Ethics

As I sat at my computer putting together the last issue of this Newsletter, a colleague stopped by to ask what I knew of Enron. That was late November, and my answer was “Not much.” I knew that the stock value was collapsing and that Enron was in merger discussions with another energy company, but that was about it. How things have changed for other business ethicists in three months. 

November.

Andersen. — No doubt these events will accompany scandals at Arthur Andersen. — The Society was in merger with the Greek people in the midst of things, arguing, wondering, discussing, and making their way.

None but the most cynical, or self-interested, among us will take joy in the collapse of Enron and the accompanying scandals at Arthur Andersen. No doubt these events will keep our profession busy for years to come. Eventually, perhaps, we can take some comfort if those involved get what they deserve. Still, we know that many innocent people—employees, investors, consumers—have been harmed by greed, arrogance, and corruption. We also acknowledge that there were woefully few involved who demonstrated any of the ancient virtues of courage, moderation, wisdom, or justice.

Throughout much of this Enron mess, I found myself reflecting back on our annual meeting in Boston in 1997. Aaron Feuerstein was our keynote speaker that year and I can think of few business leaders who can provide a better antidote to Enron than Feuerstein. Malden Mills and Enron are truly the bookends of our discipline. We can tell out students: “Here is Aaron Feuerstein and here is Jeffrey Skilling (my personal favorite villain). You choose. Who do you want to be?”

As professionals, we will—and ought to—give this case our careful, analytical attention. There is much to learn from his case, and much that we can teach by using it. (Jim Gaa’s special issue of BEQ, as described elsewhere in this newsletter, will provide a great opportunity for scholarly reflections on accounting ethics.) This Newsletter is not the place for such in-depth scholarly treatment of Enron and Arthur Andersen. BEQ is the proper forum for that. But it seems to me that the Newsletter can be a forum for some early reflections and initial thoughts about Enron. To that end, I sent emails (with “subpoena” in the subject line!) to a few dozen people—all the business ethicists who happened to be in my email address book—soliciting comments and thoughts about Enron and Andersen. I asked these folks to share whatever they happened to have: op-ed pieces, classroom material, public lecture outlines, references, etc. My hope is that the Newsletter can help us all begin our professional examination of the aftermath of Enron.

What follows is what our colleagues have generously shared (permission to reprint some previously published material could not be arranged in time). I hope they serve to stimulate your thinking as they have mine. I know you will find some interesting thoughts and many helpful comments and references.

I begin by asserting “editorial prerogative” and offering some of my own thoughts. In some ways, I was struck by how irrelevant ethics seemed to be to the entire situation. Would an ethics course have made any difference in the education of say, Skilling, Fastow, Duncan, or for that matter, Watkins? My fellow Mnesosan Bob Dylan once told us that “you don’t need a weatherman to know which way the wind blows” and I suspect that we don’t need an ethicist to know that greed and fraud are wrong. Other than documenting the obvious, what is left for us to do, post-Enron? One answer is that Enron forces us to think again about what is perhaps the central problem of ethics: how do we bridge the gap between knowing what is right, and acting accordingly? Intellect and will. Justification and motivation. Plato (“no one does wrong knowingly”) and Aristotle (“weakness of will”). Maybe Skilling is being honest when he tells us that he still doesn’t think they did anything wrong. My own intuition is that most of these folks know fully well that their own greed was leading them to defraud others (to “push the envelope” as they so euphemistically admit), but that they just didn’t care.

My other thoughts have also returned to the Greeks and to our own profession. I love teaching the early dialogues of Plato and for over twenty years I have asked students to ponder the apparent tension between Socrates’ gadfly image in the Apology and his seemingly passive acceptance of his own society’s condemnation and conviction in the Crito. Is the philosopher a member of the community or not? I summarize my own resolution of this tension by telling students that the “philosopher must be in the city, but not of the city.” Being a philosopher (and I count all members of our Society as philosophers) requires us to be in the midst of things, arguing, criticizing, challenging. Ethicists cannot in good conscience be aloof from the world. But neither should we “buy the program” and “fit in” (in Plato’s own phrase) completely, becoming “normalized” in the process. I am struck by how many people, presumably all good-willed, who should have been keeping watch, failed in their responsibility. Enron’s Board, especially their audit committee, Andersen’s auditors, the SEC, government regulators, financial analysts, bankers, brokers, securities traders, employees, lawyers, and accountants all seem to have been swept up in the cluster of a “new economy” and were dazzled by all the money and all the [apparent] success. They all failed to see, or refused to see, what now seems so apparent. The emperor had no clothes. I think this case should remind us to keep our
distance, maintain our vigilance as gadflies, and never buy into the corporate program completely. Let us be in and among business, but not totally of it.

Now, on to some of the thoughts shared by others. Let us begin with a timeline that Ron Duska put together from Wall Street Journal articles on Enron. (These links will be "clickable" if you go to the newsletter section of the new SBE website!)

**Enron, Arthur Andersen and The Financial Markets**

**October 2001**

Oct. 16: Enron takes $1.01 billion charge related to write-downs of investments. Of this, $355 million is attributed to partnerships until recently run by CFO Andrew Fastow.

Fastow discloses it shrank shareholder equity by $1.2 billion, as a result of several transactions including ones undertaken with Mr. Fastow's investment vehicle.

Oct. 19: The Wall Street Journal reports that general partners of Fastow partnerships realized more than $7 million last year in management fees and about $4 million in capital increases on an investment of nearly $3 million in the partnerships, set up principally to do business with Enron.

Oct. 23: Enron's treasurer acknowledges the company may have to issue additional shares to cover potential shortfalls in investment vehicles it created, although he says the company believes it can repay about $3.3 billion in notes that were sold by those investment vehicles without having to resort to issuing more stock.

Oct. 24: Enron replaces Andrew Fastow as chief financial officer with Jeffrey McMahon, the 40-year-old head of the company's industrial-markets division.

Oct. 25: Enron draws down about $3 billion, the bulk of its available bank credit lines. The Fitch rating agency puts Enron on review for a possible downgrade, while another, Standard & Poor's, changes Enron's credit outlook to "negative" from "stable." A noninvestment-grade rating would throw the company into default on obligations involving billions of dollars of borrowings.

Oct. 29: Moody's Investors Service lowers its ratings by one notch on Enron's senior unsecured debt and kept the company under review for a possible further downgrade.

Oct. 31: The SEC updates a formal investigation its inquiry into Enron's financial dealings.

**November 2001**

Nov. 1: Enron says it has secured commitments for $1 billion in financing from units of J.P. Morgan and Citigroup.

Nov. 5: Enron has held talks with private-equity firms and power-trading companies for a capital infusion of at least $2 billion as it faces an escalating fiscal crisis.

Nov. 8: Enron reduces its previously reported net income dating back to 1997 by $586 million, or 20%, mostly due to improperly accounting for its dealings with the partnerships run by some company officers.

Nov. 20: Enron warns that continuing credit worries, a decline in the value of some of its assets and reduced trading activity could hurt its fourth-quarter earnings.

Nov. 28: Standard & Poor's lowers Enron's credit rating to "junk" status.

• Energy trading is sent reeling as EnronOnline is shut down.

• Mutual funds may get hit by Enron's meltdown.

Nov. 30: The Wall Street Journal reports that the Securities and Exchange Commission is investigating the actions of Arthur Andersen, Enron's auditor.

• Federal prosecutors in New York and Texas want to monitor the SEC's investigation into possible accounting fraud at Enron.

**December 2001**

Dec. 2: Enron files for protection from creditors in a New York bankruptcy court, the biggest such filing in U.S. history.

Dec. 3: Enron secures almost $1.5 billion in debtor-in-possession financing and presses negotiations for an additional lifeline for its energy-trading operations.

Dec. 4: The collapse of talks between Enron and Dynegy has raised a potential conflict in the negotiations involving Lehman Bros.

Enron's highly questionable financial engineering, misstated earnings and persistent efforts to keep investors in the dark were behind its collapse.

Dec. 5: Enron's bonds climb as "vulture" investors scoop up Enron's bonds and bank loans, sensing a bargain.

• Dynegy, seeking to reassure investors about its financial health, says its short-term borrowings of nearly $1 billion over the past week aren't related to its failed attempt to acquire Enron.

Dec. 6: Bankruptcy court proceedings start to take shape; U.S. Bankruptcy Judge Arthur Gonzalez, who will hear the Enron case, is known as a stickler for detail.

Dec. 9: Learning from the Enron experience, some rating agencies say they will try harder to tip off investors to potentially devastating credit downgrades.

Citigroup and UBS work to finalize separate bids to take over Enron's trading operations, the first step toward a potential bankruptcy-court auction for the flagship business.

Dec. 12: Enron unveils a one-year plan to restructure its way out of trouble, including a reorganization around its core businesses.

Dec. 13: Questions arise about Enron's outside auditor, Arthur Andersen, which did double-duty work for the company.

Dec. 14: Moody's Investors Service downgrades its credit ratings of Calpine and Dynegy unit Dynegy Holdings.

Following Enron's collapse, Moody's stressed the risks posed by high leverage and reduced access to capital markets.

Dec. 17: Volumes surge at several major online-trading firms amid heavy trading in Enron shares as the company lurched toward bankruptcy.

Dec. 18: Credit agencies crack down on power companies, warning them to slash debt, after falling asleep when California's deregulated energy market imploded and reacting slowly to Enron's demise.

Dec. 19: Mirant's credit rating was downgraded to junk status by Moody's Investors Service, making the power generator the latest in a growing list of energy companies to suffer from tightening credit standards following Enron's collapse.

Dec. 20: Energy-trading group Mirant, which was affected by the fallout from Enron, says it raised $759 million from the sale of 60 million shares of stock, spurring Standard & Poor's to reaffirm its investment-grade credit standing.

Citigroup is close to cementing a bid for most of Enron's flagship energy-trading operations.
Dec. 30: Enron asks the judge overseeing its bankruptcy case to approve the sale of its assets worth several hundred million dollars by the end of the year.

Dec. 31: J.P. Morgan Chase files a motion to quash demands from nine insurance companies for information about $2 billion in Enron-related surety bonds, a sign that the interests of various creditors of the now-bankrupt energy trader have begun to collide.

- U.K. companies saddled with losses from Enron’s collapse have seen their credit ratings downgraded.

January 2002

Jan. 2: Internal Enron documents show top management and directors viewed controversial partnerships as integral to maintaining its rapid growth in recent years.

Jan. 7: Enron receives formal bids for a majority stake in its energy-trading arm from Citigroup, UBS and BP, people familiar with the matter said.

To shore up investor confidence in financial reporting following the collapse of Enron, the Big Five accounting firms asked the SEC to quickly issue guidance to improve disclosure in corporate annual reports.

Jan. 10: Arthur Andersen discloses that individuals at the accounting firm disposed of “a significant but undetermined number” of documents related to its work for Enron.

- Chief Executive Joseph Berardino gave what now appears to be an inaccurate information in testimony to Congress in December 2001.

Enron and its creditors negotiate to coax the highest possible offer for parts of the company’s once-powerful wholesale trading unit.

Jan. 14: Swiss financial giant UBS emerges as the apparent victor to acquire Enron’s North American energy-trading operation.

- Jeffrey Skilling, who resigned as chief executive of Enron in mid-August, made a speculative stock-market bet against an Enron rival, selling short a large chunk of shares of AES Corp., an energy producer.

- Enron’s collapse, and the failure of auditors to detect questionable bookkeeping, puts the spotlight on the accounting industry’s peculiar self-policing system.

- Joseph Berardino, who has been at the helm of Arthur Andersen for a year, faces a period that is even more threatening to its future than the breakup of the company.

- A House committee seeks information about an Arthur Andersen memo, which committee aides believe advised the firm’s Enron audit team to abide by an Andersen policy to destroy electronic and paper documents relating to audits.

- Experts say companies should have strict policies about document purging.

- Top executives at Andersen are turning to high-powered lawyers for advice on how to deal with the investigations.

- Enron pleads for federal assistance to stave off collapse.

Jan. 15: A newly discovered letter written by an Enron employee last summer warned the company’s chairman about its accounting practices and prompted an internal investigation.

- Enron pleads for federal assistance to stave off collapse.

Jan. 16: UBS won’t have to inject any minimum amount of capital, nor supply any minimum amount of credit, under an agreement to acquire Enron’s North American trading operations.

- An August 2001 letter from an Enron executive raises serious questions about the company’s business and accounting practices, highlighting a growing struggle that had been going on inside the company for more than a year.

- A venerable and politically connected law firm advised Enron officials not to worry about the company employee’s warnings of questionable accounting.

Arthur Andersen fires a partner it charged that he acted after learning that federal regulators were probing the energy giant’s finances.

The New York Stock Exchange suspends trading in Enron and moves to delist the energy company’s shares from the Big Board.

- Investors look into the practice of “locking down” employee retirement-savings plans to make administrative changes. A lock down by Enron prevented employees from moving out of Enron stock as its price continued to plummet.

- Citigroup’s October decision to change its Enron debt from unsecured to secured is now sparking an outcry.

Jan. 18: The SEC says it didn’t do a thorough review of Enron’s annual reports for at least three years prior to its collapse.

- SEC Chairman Harvey Pitt proposes a new body that would have broad-reaching power over discipline and quality control of accounting firms.

Enron’s board fires longtime auditor Arthur Andersen, but Andersen said the relationship ended when Enron’s business failed and it went into bankruptcy.

- The recent wave of disclosures about the big accounting firm’s role at Enron has made some Andersen partners anxious about their careers.

Jan. 21: Some question whether ties between Enron and Arthur Andersen were too cozy.

- Investigators sift through the complex financial structures of Enron’s partnerships, which hid hundreds of millions of dollars of losses and debt from public view.

- New York law firm Weil, Gotshal & Manges is Enron’s main bankruptcy counsel, but Arthur Andersen, another marquee Weil Gotshal client, is rapidly turning into one of Enron’s biggest adversaries.

- Accenture, which insists it has no connection to Arthur Andersen’s problems, may have legal exposure to its parent’s role in the collapse of energy trader Enron.

- The SEC comes under heat in Congress for a 1993 decision freeing units of Enron from complying with a utility holding company law that would have given regulators stronger oversight of the company’s operations.

Jan. 23: The Arthur Andersen executive fired for destroying Enron documents has told a House committee through counsel that he may invoke his Fifth Amendment right against potential self-incrimination to avoid testifying at a hearing.

The complexity of corporate accounting — and how it has changed — has become painfully clear in the collapse of Enron. A special package explores how financial statements from General Electric, AIG, Williams, IBM, and Coca-Cola can often be difficult for investors to interpret.

- With Enron in the spotlight, the long look back at accounting mishaps looks more disconcerting.

- The accounting industry’s Public
Oversight Board, which oversees auditors' "peer review" method of self-regulation, unexpectedly voted itself out of existence to protest SEC Chairman Harvey Pitt’s plans to devise replacement body to monitor the industry.

- In Texas, the State Board of Public Accountancy has opened an inquiry to determine whether "possible misdeeds, omissions or malfeasance" took place in Enron’s accounting practices, and other state boards may follow suit.

Jan. 24: Kenneth L. Lay resigned as chairman and chief executive of Enron, less than 24 hours after the court-appointed creditors committee requested his removal.

Enron’s chief auditor at Arthur Andersen warned the energy-trading giant against putting "misleading" information in a news release about third-quarter earnings last October.

Jan. 25: Reorganization specialist Stephen F. Cooper is the front-runner to be named acting chief executive of Enron, following the resignation earlier this week of Kenneth Lay as chairman and CEO.

- Arthur Andersen analysts determined during the fall that there was significantly "heightened risk of financial-statement fraud" at Enron, a newly released document shows.

- Off-balance-sheet partnerships — those sometimes debt-laden entities through which companies can do business while keeping financial obligations off their books — are getting more scrutiny from individual investors.

- A number of institutional investors — with Enron’s rapid collapse in mind — are calling for companies to adopt "conflict of interest policies" that would prevent their accounting firm from providing anything beyond auditing services.

- Accounting failures that helped precipitate the collapse of Enron have made reform of accounting-industry oversight the biggest issue immediately facing the Securities and Exchange Commission. But President Bush’s plan for a Securities and Exchange Commission dominated by commissioners with close ties to the accounting industry is raising concerns in Congress.

- Outraged lawmakers are pointing fingers about bad accounting, but they shoulder some of the blame: Congress, including some of Enron’s most vocal critics there, routinely opposed significant new accounting rules over the past decade.

- Numerous warning signs allow skeptical investors to protect their money, and individual investors have plenty of tools at hand to avoid being caught in a stock that suffers an accounting blowup.

Jan. 28: Police investigators in Sugar Land, Texas, said they are continuing their investigation into the death of former Enron Vice Chairman J. Clifford Baxter. Mr. Baxter had been engaged in the difficult task of trying to sell off assets as the company’s finances started to take a turn for the worse.

Jan. 29: Enron’s collapse has Congress taking its finger off the deregulation button, as members suddenly queue up to take new controls on the financial community.

- When Harvey Pitt became Securities and Exchange Commission chairman in August, the SEC staff stopped work on a lengthy report detailing what it concluded were severe shortcomings in how the accounting industry regulates itself.

- Delta Air Lines is struggling with whether to end its longtime ties to Arthur Andersen and, has begun a search for a new independent auditor.

- While Enron is struggling to stay alive, other companies are reporting their results continue to mount.

- Concerns about how telecom companies report their results continue to mount. Arthur Andersen, which audited Enron’s books, also audited Global Crossing and a number of other emerging telecom carriers.

- Enron named Stephen Cooper, a principal at New York restructuring firm Zolfo Cooper, as acting chief executive officer, succeeding Kenneth Lay, who resigned from the embattled energy concern last week.

- Arthur Andersen's destruction of papers related to Enron has given shredding new notoriety. But at companies all over America, there's a shredding boom under way, heating up demand for a cottage industry of professional docu-

ment destroyers.

- The Enron scandal — and the fact that top executives at the energy trader sold some of their holdings just before the company’s meltdown — has refocused public attention, and anger, on the sale of corporate stock, particularly when it happens before a collapse that the executives knew was coming.

Jan. 31: Enron’s acting chief executive Stephen Cooper said he believes that the troubled energy company is salvageable, and he pledged to move "at light speed" to get it out of bankruptcy court.

- Four employees who were important figures in Bank of America’s relationship with Enron, which triggered huge losses for the bank when Enron collapsed, have left the company.

February 2002

Feb. 1: Amid finger-pointing at top management and the company’s outside auditors at Arthur Andersen, Enron’s audit committee is under harsh scrutiny from a slew of civil, criminal and congressional investigations the company’s board of directors.

Citigroup lent money to Enron in October, when the energy company’s finances were sliding. At the same time, the Wall Street giant pitched Enron bonds to clients as a solid investment. Now, at least one institutional investor who bought the bonds is hopping mad has taken a complaint to court.

- A much-anticipated report on an internal investigation into the collapse of Enron is expected to point fingers at former and current Enron executives who were behind the questionable partnerships that led to the company’s ruin, congressional aides said.

- More details are emerging about how the company got into such a mess. On Nov. 5, 1997, the top echelon of Enron assembled for a meeting where its now-infamous outside partnership arrangements took a turn from the straightforward and mundane to the deceptive and possibly illegal.

- Earlier this week, Linda P. Lay, the wife of former Enron Chairman Kenneth L. Lay, told a national television audience that nearly everything the couple owns is for sale as they struggle with a personal financial crisis. But few of the couple’s vast real-estate holdings are on the market, according to Multiple Listing Service records.
Feb. 4: Enron’s rise and fall mirrors the collapse of Middle West Utilities seven decades ago.
- Goldman Sachs invented a security in 1993 that offered Enron and other companies an irresistible combination.
  The security was designed in such a way that it could be called debt or equity, as needed. For the tax man, it resembled a loan, so that interest payments could be deducted from taxable income. For shareholders and rating agencies, who look askance at overleveraged companies, it resembled equity. 
Looking to bolster its damaged image, Arthur Andersen said it has retained former Federal Reserve Board Chairman Paul Volcker to lead an outside panel that will guide Andersen in making “fundamental change” in the accounting firm’s audit practice.
Feb. 5: Arthur Andersen has to worry about maintaining its image with more than clients and investors these days. As the spring recruiting season gets under way at top accounting schools, many students who would have once jumped at an offer from Andersen are suddenly skittish about working for the firm.
Lawmakers say they will issue a subpoena to compel Kenneth Lay, former chairman of Enron, to appear before committees investigating the collapse of the Houston energy trading giant. Mr. Lay also announced his resignation from the Enron board.
- Enron’s board is expected to put the company’s two top accounting officers on administrative leave this week in reaction to an internal report that says neither did his job adequately, sources close to the matter say.
- Legal liability in the Enron debacle could depend, in part, on who knew about an innocuous-looking, two-page memorandum dated Dec. 30, 1997, involving one of the now-controversial outside partnerships run by company executives.
Feb. 6: Enron executives tried to get one of the company’s in-house lawyers fired in 2000 after their boss expressed unhappiness with the way the lawyer was negotiating with a partnership in which the boss had an interest, congressional investigators said.
- With the accounting profession facing a credibility crisis, a wide array of critics—from members of Congress to small investors to officials of the big accounting firms—have begun calling for a major overhaul of the system.
  After first pulling down stock prices, Enron accounting worries are now unnerving the bond market, as well.
Feb. 7: The gold market has begun to confirm what analysts have been whispering for weeks: The “Enron effect” is rivaling, or even surpassing, September’s terrorist attacks in its ability to scare the public into more conservative investments.
Within two months of assuming his job as general counsel at Enron’s global-finance unit in October 2000, Jordan Mintz began raising questions about procedures used in approving executive-run partnerships.
- Enron’s quest to avoid taxes by using offshore tax havens took the company to some unlikely places, including Holland, which embraces its citizens with a cradle-to-grave welfare state and takes half their salaries in taxes to pay for it.
- Some current and former employees of Enron’s retail energy unit say the company asked them to pose as busy electricity and natural-gas sales representatives one day in 1998 so the unit could impress Wall Street analysts visiting its Houston headquarters.
- Kenneth Lay, the former chairman of Enron, is cutting back on his commitments of time to nonprofit organizations, some of which are worried he will cut back on his financial commitments, as well.
Feb. 8: A company run by one of Enron’s outside directors and biggest shareholders indirectly supplied money used to fund a 1997 partnership that eventually helped lead to Enron’s collapse.
- The official unsecured creditors committee of Enron rebuffed a recommendation by the company’s advisers to immediately file suit against Arthur Andersen, former Enron Chief Financial Officer Andrew Fastow, and other individuals whose relationships with Enron have come under attack.

Other References
Next, three websites that will help you get started researching the Enron and Andersen cases. Start with the Darden School’s case study project, a preview is located at: http://it.darden.virginia.edu/preview/enron/
I also found a very helpful site established by Prof. Bob Jenson at Trinity University in Texas: http://www.trinity.edu/rjensen/fraud.htm#Farm
Dennis Aronld at Pacific Lutheran offers this site: http://www.plu.edu/~enron

Next, here are some informal notes that Lisa Newton and Pat Murphy had put together for student groups on their own campuses.

Pat Murphy from Notre Dame
After teaching Enron to a class at both the MBA and undergrad levels, three overrid­ing observations come to mind. First, this case is a classic one demonstrating conflict of interest. The Board had major problems with personal vs. organizational conflicts (see WSJ, Feb. 1, 2002, C1).
Enron’s senior management misused their position and did not deal adequately with employees, stockholders and a number of other stakeholders. The Arthur Andersen conflict between auditing and consulting is also a major one. The Investment Banks had a conflict between touting Enron stock and their duty to undertake a thorough background check of the stocks for their investors. For both these classes, I used the pages from John Boattright’s book on conflict of interest. It helps frame the discussion.
  The second issue is the failure of checks and balances in the system. The audit committee failed to serve as a check by the Board. In fact, the Board suspended its ethics code on two occasions. Andersen and its auditing function did not perform its duties adequately.
Whether it was because of the consulting income or their lack of understanding of the intricacies of Enron’s dealings will only be known later (if ever). Vinson and Elkins, Enron’s legal counsel, also did not adequately investigate the legal issues presented by the Special Purpose Entities. The government and its regulatory arm also were not adequately prepared to deal with this complex accounting and finance issue.
In fact, one undergraduate student remarked, “how did we get this bad, wasn’t anyone watching?” seems to summarize what many believe about this debacle. A Business Week series of articles in the January 28, 2002 issue lays out a number of these problems.
Finally, the case demonstrates several applications of ethical theories. Top management at Enron appeared to be subscribe to ethical egoism as their mantra (for a good discussion, see Fortune, December 24, 2001 issue). Duty based ethics also were violated by many in this
case. In fact, the Kantian notions of universality and reversibility seem particularly germane to what happened. Several students noted the lack of trust, integrity, fairness and transparency both within Enron and at Andersen. This type of behavior seems to be the antithesis of virtue/character ethics.

Lisa Newton from Fairfield University

Lisa shared some notes from a presentation to students.

Enron: The Made-For-Business-Ethics-Class Case of the Century

The Story

1. The Establishment View of Enron Before the Fall
   a. The high-flying, immensely profitable, with-it company: good investment
   b. Well-placed for profits and influence: the Oil Man in the White House
   c. Of little interest to the little guy

2. The Fall: first, the surprise
   a. Surprise in the business world: why?
   b. Turns out they’ve been Lying
   c. Instant involvement of Andersen: who was minding the store?
   d. The government complicit: Kenny Boy and the Administration’s energy policy
   e. Immediate comparison: the Savings & Loan debacle

3. The Fall: second, the tragedy
   a. The little people: they are not always participants in these things (contrast: the employee/share holders at Enron vs. the depositors in the Savings & Loan institutions, who lost nothing. Some made out like bandits. FDIC; FSLIC)
   b. The huge losses, all on human scale (life savings; retirements)
   c. Against the huge winnings on the part of the executives Take away either, and the point loses its capacity to enrage

4. The Fall: third, the fury: huge surge of outrage. The American people know when they’ve been cheated. OK, we’re mad. Where do we go from here?

The Problems raised, for discussion:

1. The company’s practices, especially the offshore holdings.
   Making sure that all losses are transferred where they can’t be seen.
   Should such Corporate Shell Games be permitted?
   This is only the beginning. Money laundering? The Caymans as Symbol?

2. The role of the Accounting firm. What was Andersen’s responsibility?
   Just to report what the company told them?
   Or to ferret out the truth and report to the public directly?
   Question: how much would that cost? (We know they could do it.)

3. Campaign finance. Should such companies have such access?
   Other good reasons to curb corporate contributions to campaigns:
   The problem of what is essentially public bribery.
   Do we have the best Congress that money can buy?
   Ted Kennedy’s point: the terrible distraction of re-election

   A very particular note on the Enron case.

   Arthur Andersen has long been a favored target for our [Fairfield University] graduating accounting majors; the best tend to land there. Joe Berardino, CEO of Andersen, is a Fairfield University graduate, and currently a member of Fairfield University’s Board of Trustees. We argued in class about the course of action that he should take in order the assignment specified to be a good role model for future Fairfield University students. We came to a choice of three courses of action:

   1. The hang-out route [vocabulary snitched from Watergate]: Berardino announces that Andersen was all wrong in not further investigating and revealing to the shareholders the misdoings of Enron; he volunteers to take all the blame, and promises that new procedures in Andersen will make sure that such things do not happen again. Save the public.

   2. The Sergeant Schultz route:
      We knew nothing, we did nothing and anyway it wasn't wrong, we admit nothing, the Fifth Amendment protects us if you ask any questions, talk to our lawyers. That's the Enron direction. Save our rear ends.

   3. The company stalwart route: defend the company, openly and publicly, admit that the Enron thing was a mistake but defend everything else. Save the company.

   All three had their defenders. (Even the second one. Those constitutional protections, it was argued, exist to keep lynch mobs, prosecutors and enraged publics at bay until a full accounting can be made. Not only do those Enron folks have the right to take the fifth, they have a duty to, to keep those constitutional protections in place.)

   In the event, Berardino chose route 3. While we were still arguing about it, two other Fairfield University alums came back to talk to our business students in a town-meeting press-excluded forum, to explain Andersen’s position and the alternatives. The clear purpose of the forum was to reassure the students that Andersen was (1) a good company to work for, and (2) very likely to be around for a long time. The reps did a good job; they were personable, apparently honest, and obviously deeply shaken and grieved about the events that had put their company in the limelight. After the forum, some of the faculty asked them how Berardino was taking all this. “I asked him,” said one of them, “how he’s sleeping at night, with all this going on. Oh, he said, I sleep like a baby. Every two hours I wake up and cry.”

Dennis Arnold from Pacific Lutheran

Dennis described some of his class activities at PLU.

At Pacific Lutheran University a group of faculty and students from Business, Philosophy, Economics, and Political Science are working on “The Enron Project,” a collaborative research effort initiated by my colleague Gerry Myers. During spring semester 2002 faculty and students in these disciplines are working on a series of research papers and projects which focus on the Enron corporate bankruptcy. A website (http://www.plu.edu/~enron/) serves as a clearing house for information on Enron; Arthur Andersen; the personalities involved in the bankruptcy case; ethical, legal, and political issues; and student research projects. Faculty involved are meeting regularly as a group to discussion new revelations and ongoing issues.

In my two sections of business ethics, four-person student teams are undertaking a major research project on some element
of the case. Each team is collectively responsible for (a) writing a case study on some aspect of the Enron bankruptcy and (b) providing an ethical analysis of their case. Teams are focusing on Enron’s main business model; its LJM partnerships; its executive compensation scheme; its employee pension plan; its political lobbying; and the role of Arthur Andersen. Still other teams are taking up the parallel Global Crossing bankruptcy. At the end of the semester students will present the results of their empirical research to the class, together with theoretically grounded normative recommendations. Finally, they will produce a 15-20 page paper that describes both their empirical findings and argues for a particular course of action in response to the problems that they have identified.

Daryl Koehn of St Thomas University in Houston (home of Enron)

Many of the practices of Enron executives appear questionable. For example, while boards of directors routinely permit pre-existing conflicts of interests that have been disclosed by board members, I have never before heard of a board of directors waiving its conflicts of interest policy to allow company executives to create such conflicts for themselves. But I have some questions about the behavior and claims of employees as well. The employees are complaining about not being able to sell their Enron stock as the stock price was falling. It is a myth that they would have necessarily been better off if they could have done so. The stock price would have dropped if all these employees had rushed to sell stock. Furthermore, what these employees are arguing is that they, as insiders, should have been able to dump this stock on some unsuspecting outside investor. For every stock sale, there must be a buyer. Would that have been just? Finally, how are we to understand the true value of what these Enron employees lost, given that it now appears that the value of the stock has been artificially inflated for years. Were “their” dollars ever truly “theirs” if the stock price was purely illusory? Much of the Enron stock was bought by other ordinary people individually or through their pension and mutual funds. Did the Enron employees deserve to be enriched by what essentially would have been a massive transfer of wealth from these outsiders to themselves? Perhaps, then, the true value of what these employees lost is something like the actual cash they put into Enron stock plus the interest they could have earned on this money if it had been put somewhere else. Such an amount almost surely would be far less than employees are reporting that they have “lost.”

I don’t wish to be misunderstood. Many employees were duped; and they may well have been heavily pressured to buy Enron stock or to accept it in lieu of other pension contributions by the company. What I am saying is that some critical attention needs to be given to how we are to evaluate the true losses suffered by such employees. The problem is compounded to the extent that these suffering employees prove to have been somewhat complicitous in the fraud. Ms. Watkins was not a senior executive, and she knew about the problems in some detail. In her famous letter, she refers to another employee who says, in effect, Enron is so corrupt that he hopes they (or is it “we”?) get caught. While the press has rightly held management’s feet to the fire, I am wary of prevailing assumption that management pulled off this stock trick entirely by itself.

Ron Duska shared an editorial he wrote for a professional newsletter

Harry Potter, 9/11 and Enron: Implications for Financial Service Professionals By Ron Duska

Three events of the past year—the deliberate suicidal attack on the world trade center, the collapse of ENRON and the Harry Potter phenomenon — give a business ethicist pause to reflect on how they might be related and what they can tell us about the ethics of the financial services professional. Whenever I mention a relationship between the three, people look on incredulously. What do they have to do with each other? Let’s see. First let’s look at the connection of September 11 with Harry Potter. The attack on the World Trade Center which was abhorrent to most people reminded us of a very important notion — there are some actions that are clearly wrong. When we become convinced that there are some clear cut wrongs we become less inclined to be moral relativists, to think everybody’s values and ethics are as acceptable as every one else’s. Nine/eleven forced us to take sides on a moral issue, and condemn an action we found to be intolerable. And that brings us to Harry Potter.

What we notice in Harry Potter is such clear cut good and evil. Harry and Hagrid and Dumbledore are good. Malefoy and Voldemort are evil. A theologian friend of mine claimed, rightly I think, that a large part of the appeal of Harry Potter is that it provides an answer to the moral relativism that was blown away with the bombing of the WTC. Terry Teachout in a Wall Street Journal article makes the same point this way. Then came Sept. 11, when Americans awakened to the cruelest possible reminder that some things aren’t a matter of opinion. You can’t explain away thousands of freshly slaughtered corpses. Outside of the intellectual lunatic fringe, few tried — and those who dared to defend the indefensible were promptly relegated to the margins of respectable society, exposed at last for the trousered apes they were. Suddenly ... the word “evil” re-entered the vocabulary of a generation of educated innocents who thought there was no such thing.

So what Harry Potter and 9/11 both reaffirm are the following moral truths. There is such a thing as right and wrong, and harming innocent people is the most heinous kind of wrong. But Harry Potter and 9/11 also teach us something else. They teach us that the goals or ends for which we strive are incredibly important components of our ethical life, and if we let false goals take over our lives corruption or destruction follows. Ok, but how does this relate to the collapse of ENRON? And pray tell what does have to do with a Financial Service Professional? There are several things to observe in the ENRON debacle. First of all lots of people got hurt, particularly the ENRON employees who were not aware of the necessity to, nor allowed to, get rid of their ENRON stock which was the basis of their retirement accounts. Others also got hurt, such as the people whose Insurance Companies had invested in ENRON on the basis of financial reports that were either based on lies or inappropriate manipulation of accounting principles. Further lost of trust was eroded.

While there is no moral equivalence between the harm that came from the
deliberate destruction of the WTC, which involved taking the lives of innocents, and the manipulation of financial statements that lead to the exploitation of vulnerable people. We are sure there was wrongdoing in both cases, and we want to know why. What motivated the perpetrators? That question in the case of the terrorist attack on the world trade center led to discussions of the religious motivation behind suicidal bombing and one could say the terrorists believed they were dying for a holy cause. But moderate Muslims were quick to point out that holy causes do not justify immoral means. This led to the talk of jihad and just war. But what was the cause or motivation behind the ENRON debacle? Let's suppose that most of the people at ENRON were just ordinary business persons like other business persons. What motivated them? Where did they go wrong? I want to suggest that the powers that be at ENRON got caught in a psychological trap that besets a great deal of 21st century corporations, the desire to accumulate money or power for its own sake... the twenty-first century form of greed. ENRON forgot that every business primarily exists in order to provide a good for consumers. They forgot that and became what Sam Foti, the COO of Mutual of New York, calls a mere “money accumulator”. Remember that one of the goals of ENRON was to be the biggest company in the world. Read its description.

ENRON home page says the following: “Its difficult to define Enron in a sentence, but the closest we come is this: we make commodity markets so that we can deliver physical commodities to our customers at a predictable price. Its difficult, too, to talk about Enron without using the word “innovative.” Most of the things we do have never been done before.”

While becoming a commodity market maker is laudable, Enron was seduced into becoming the biggest company in the world. It became an accumulator. But no one asked, “Why?” Pride goeth before the fall. But what’s wrong with an accumulating culture? Aren’t we all striving to maximize profits? Certainly that’s a goal, but if it becomes the primary goal you have no reason to use to check your direction. If money accumulation is your primary goal, what tells you you have enough? How much is enough? Think of the insider trading of Skilling, Lilly and the CFO, Fastow. Think of the company suspending its rules governing conflict of interest. Chief executives knew the company was taking losses, and that those losses were hidden, but in the meantime they traded their own stock in the company and made millions, while not allowing their employees to do the same. Arthur Anderson suspected illegality but did nothing. Where was its commitment to attesting that the financial statements they were auditing reflected what was really going on in the company, the real purpose of an auditing firm?

It is helpful to reflect in cases such as this that money and the possession of power are not intrinsic goods. However, in a culture where one of the most popular books is “How to Pay Zero Taxes”, a book that can show how to opt out of one’s responsibility to pay one’s fair share of the tax burden, what else is to be expected? What would happen if everyone payed zero taxes? What would happen if every company hid losses? Why doesn’t a book “How to pay one’s fair share of taxes” sell?

But let’s return to Harry Potter and see what that book has to tell us about this. As we noted, Harry’s world is clear. There is good and evil. We are introduced very early in the book to his cousin Dudley. Dudley is the exemplar of the accumulator who is never happy. He gets 35 birthday presents but that is one less than he got last year. Still, if he gets 36 presents he still won’t be happy. A recent study, (Check with John Groch,) shows that people are never fully happy possessing material goods. No matter how much they have, they always want 20% more.

This then brings us back to our principle, which we can call the Harry Potter principle. “To accumulate solely for the sake of accumulation is wrong.” The accumulation of power or wealth, e.g. “to be the biggest” is the same as pursuing a career path, not because the job brings you satisfaction, but because it is the right “career move”. Often people on that treadmill end up at the top of their profession, having made all the right career moves, but not knowing what they should do now they are there. They have arrived, but to do what?

One ends up with a process, but while...
Conferences and Call for Papers

Society for Business Ethics Annual Meeting

The annual meeting of the SBE will take place on August 8-11, 2002 in Denver, Colorado. The conference will be held at the beautiful, convenient The Westin Tabor Center, 1672 Lawrence Street, Denver, CO 80202, Tel - (800) WESTIN-1 or (303) 572-9100 Fax - (303) 572-7288. The hotels in Denver are very booked for this period, so we encourage you to make your reservations as soon as possible. See registration information elsewhere in this newsletter.

April 21-23, 2002 Conference: Meeting Expectations in the World Economy: The United Nations Global Compact, Notre Dame Center for Ethics and Religious Values in Business, Notre Dame. For information contact Oliver Williams (574) 631-5761 or email ethics.ethics.I@nd.edu or visit the website at www.nd.edu/~ethics

Call for Papers, Ninth Annual International Conference Promoting Business Ethics, Niagara University, sponsored by the Vincentian universities in the US (DePaul, Niagara, St. John's). Proposals due: April 15, completed papers due Sept. 1, 2002. Contact Marilyn Fleckenstein (716) 286-8573 or email mpf@niagara.edu

The University of Minnesota in cooperation with the Center for the Study of Ethical Business Cultures will institute a series of conferences beginning in 2003. The first conference will be on the topic of Moral Imagination and will be held May 8-11, 2003. Persons interested in presenting a paper should be in touch with Norman Bowie at nbowie@csom.umn.edu For general conference information contact Lois Graham at lgraham@csom.umn.edu A more detailed announcement will be placed in the May SBE Newsletter.

CALL FOR NOMINATIONS: Doctoral Student Consortium for the Social Issues in Management (SIM) Division of the Academy of Management

The annual SIM Doctoral Student Consortium will be held on Friday evening, August 9, 2002, and all day Saturday, August 10, 2002, at the Academy of Management meetings in Denver, Colorado. This program is open to doctoral students at all stages of doctoral study. More than twenty-five consortium faculty have agreed to participate. Program content includes "The Craft of Teaching," "The Craft of Research," and "Emerging Conversations in the Neighborhood of Social Issues in Management." Each doctoral student will present a work-in-progress for feedback from a panel of consortium faculty. If you wish to nominate a doctoral student, and/or seek more information, please contact co-chairs Ann Buchholtz (University of Georgia; ABuchholtz@terry.uga.edu) or Dan Gilbert (Gettysburg College; dgilbert@gettysburg.edu).

June 16-21, 2002 Managing Ethics in Organizations is taught on the campus of Bentley College and provides the practical knowledge, fundamental theories, and general skills needed by prospective and newly appointed ethics officers and others who face the myriad issues facing ethics, compliance and business conduct managers. Faculty are experienced Ethics Officer Association (EOA) officers, academics, and consultants. The course is sponsored by the Center for Business Ethics (CBE) and the EOA. For more information, contact: Patricia Aucoin at CBE by phone at 781/891-2981, or by email at paucoin@bentley.edu. Also visit our website at www.bentley.edu/cbe

The Indian Institute of Management Calcutta is organizing an international conference on Business-Social Partnerships: Beyond Philanthropy, to be held December 4-7, 2002. Information about the conference can be found on the Institute’s website: www.iimcal.ac.in
15th EBEN Conference and European Ethics Summit
‘Sustaining Humanity Beyond Humanism’
August 29 and 30, 2002
European Parliament, Brussels, Belgium

The 15th Annual EBEN Conference will take place as part of the European Ethics Summit. The “European Ethics Summit” will take place in Brussels on the premises of the European Parliament. It will be held from Thursday morning, the 29th until the late afternoon of Friday the 30th of August 2002.

The aim of the Summit is to analyse and suggest ways forward for the many concrete problems which challenge Europe today, from cloning and genetic screening, economics and globalisation to concerns for the environment. The focus of discussion will be on how we as human beings can sustain our humanity beyond humanism into the new scientific epoch. The European Ethics Summit will offer an analysis of these issues which are so fundamental to the future of Europe. The Ethics Summit is a cooperative venture between European ethics organisations such as EBEN (European Business Ethics Network), Societas Ethica, EACME (European Association of Medical Ethics), the European Engineering Ethics Network and EEN (European Ethics Network).

EBEN will represent the business ethics perspective to the general topic of this summit with a separate track of concurrent workshop sessions on the second day of the conference with the theme “Business Ethics: Sustaining Humanity in a Global Economy”.

Teaching Business Ethics 2: Innovation and Technology
Brunel University, Near Heathrow, UK December 12-13 2002

As business ethics grows in importance in teaching faculty in Universities across Europe, the need for the development of teaching in the area becomes increasingly apparent. It is no longer sufficient to rely on cases and texts borrowed from the United States, nor to adapt business ethics teaching from other functional areas. Building on the Teaching Business Ethics Conference at City University, UK in June 2001, this International conference is intended to give a much-needed boost to the teaching of business ethics across Europe and is supported by the European Business Ethics Network.

The two-day conference is suitable for established teachers and professional developers in business ethics and those new to, or interested in moving into, the field. In this conference we will focus on new innovative approaches to teaching business ethics. There will be three main themes for which we invite contributions.

Information and communication technologies Computer-mediated communication (CMCs: email, electronic bulletin boards, chat rooms), the Internet and computer ‘games’ all offer new means of teaching and learning in business ethics. Is business ethics suited to teaching using technology? Does teaching business ethics with information and communication technologies offer special challenges and opportunities? How can CMCs be used to best effect?

Innovative use of Case work
This refers to both the development of business ethics case material and innovative ways of using case studies. Which types of cases work well in teaching business ethics in Europe? How can use of a particular case be extended? What kind of innovations help to bring case studies to life for students? We anticipate a workshop on writing business ethics case studies.

Using alternative media
There is a great need for more sophisticated, contextualised development of the teaching of business ethics. Can fictional literature, film and theatre be used to good effect? How can we be creative in our use of alternative media? What other media might be employed? What is the business ethics student’s response to alternative media? This topic should generate some lively and creative workshops.

Submission information: We are inviting three types of submission:

Research Paper. Traditional research papers based on the study of teaching business ethics are invited on any of the three conference themes. Abstracts of up to 500 words should be submitted in the first instance. The organisers will invite successful contributors to complete full research papers and present them at the conference.

Workshop. Proposals for one-hour workshop sessions relating to the conference themes should engage attendees in active learning such as role-play, case study discussion, brainstorming or other interactive opportunities. These presentations should not be lectures.

Poster. Proposal for a visual display relating to one of the three conference themes are invited. During the Poster Session, you will talk with attendees as they view the displays. Displays with opportunities for interaction are encouraged. Unfortunately no audio-visual equipment is available.

It is anticipated that selected papers from the conference will contribute to a book on Teaching Business Ethics in Europe. Submissions should be prepared in accordance with the Journal of Business Ethics style.

Submission of research paper abstracts and workshop proposals: May 10th 2002
Submission of full research papers and poster proposals: October 31st 2002

All submissions should be sent as email attachment to Dr Laura Spence Laura.Spence@brunel.ac.uk.

To discuss possible submissions contact members of the programme committee, either:

Dr Laura J. Spence (EBEN)
CALL FOR PAPERS
The 5th International Business and Economics Conference
St. Norbert College, De Pere, WI
October 11-12, 2002

Conference Theme: Harmony and Hegemony in an era of Globalization.
A multi-disciplinary conference devoted to the advancement of business and economic global issues and education. Papers from all areas in international business and economics are welcome. We encourage the submission of scholarly works that encompass all types of quality research. Relevant international topics include, but are not limited to: social responsibility; trade and finance; financial and management accounting; management; organizational behavior; emerging markets; marketing strategies; cross-cultural marketing and consumer research; service marketing; multiculturalism and gender in the workplace; international business ethics; global technology; internet; e-business; incorporating international aspects in the class

Paper Submission: Conference paper submissions will be organized into two streams: Presentation Only or Publication. Presentation Stream: submit three copies of an abstract (750 words or less) by March 17, 2002. Publication Stream: submit three hard copies of a completed paper by March 17, 2002. If accepted, the paper will be published in the conference proceedings and you can choose to pursue a publishing opportunity through the MCB University Press (Emerald Insight) and the Management Decision Journal. Authors who elect either or both publishing opportunities should indicate their intent in a cover letter. Additional details will be sent to interested authors after acceptance.

Both abstracts and papers will be blind-reviewed and must not have been published elsewhere. Include a title page that indicates names, affiliations, addresses, and e-mail information of all authors and indicate who will be the contact author.

One completed paper will be selected to receive a “Best Conference Paper” award. St. Norbert College is located on the western bank of the Fox River in the Green Bay metropolitan area. The city is served by the Austin Straubel Airport, which provides more than 40 daily flights to and from major hubs such as Chicago, Detroit, Milwaukee and Minneapolis. Send your submissions to: Kevin Quinn St. Norbert College 100 Grant Street De Pere, WI 54115 Phone: (920) 403-3083 e-mail: info@sncibec.org

The deadline for receipt of submissions is March 17, 2002.

The 12th International Symposium on Ethics, Business and Society Work, Family and Society in the 21st Century
July 3-5, 2002 - Barcelona University of Navarra
Work and family, two basic aspects of human life, are crucial to the creation of a decent and healthy society. Contemporary leaders with different backgrounds acknowledge that as much. Support for the integrity of family life by people and by society at large is vital to the future development of humanity. A major aspect of family life is the work performed by family members. In fact, work and family life are highly interdependent and reconciling one with the other is not always an easy task. The symposium has a two-fold objective: First, it aims to rethink work and family, taking into account, among other things, the role of the business community, civil society and the state in fostering family life. Second, the symposium will present and consider practical proposals for an appropriate balancing of the demands of work and family life, resulting in social conditions that allow the family to flourish and to realize its full potential for the good of family members and society in general.

The symposium will take place in the context of the centenary of the birth of Blessed Josemaría Escrivá, founder of Opus Dei and the University of Navarra. This is appropriate as the theme of work and the family was central to his life and teaching.

This Symposium is organized by IESE Business School in collaboration with “Enterprise and Humanism” Institute, University of Navarra. It will take place at IESE facilities in Barcelona (Av. Pearson 21), from July 3, evening to July 5, evening.

Further information and correspondence: Prof. Domènec Mélé - IESE Business School Av. Pearson, 21-08034 Barcelona Phone: (34) 93 253 42 00 Fax: (34) 93 253 43 43 e-mail: mele@iese.edu

Pre-symposium
On July 3, a Pre-symposium Meeting on Teaching Business and Economic Ethics will take place. Proposals for presentations on teaching experiences in these fields will be welcome. Please, send proposals to Dr. Joan Fontrodona, IESE Business School, Av. Pearson, 21-08034 Barcelona Phone: (34) 93 253 42 00 Fax: (34) 93 253 43 43 e-mail: fontrodona@iese.edu.

CALL FOR PAPERS THE INTERNATIONAL JOURNAL OF HUMAN-COMPUTER STUDIES: Special

SBE Newsletter Vol. XII No. 4, Spring 2002
Issue on Trust and Technology
Editors: Susan Wiedenbeck, Cynthia Corritore, and Beverly Kracher
IJHCS is an internationally distributed journal published by Academic Press. IJHCS publishes original research over the whole spectrum of work on both the theory and practice of human-computer interaction and the human-machine interface. The journal covers the boundaries between computing and artificial intelligence, psychology, linguistics, mathematics, engineering, and social organization.

ABOUT THE SPECIAL ISSUE
The special issue on trust is dedicated to research on trust involving people and their information systems and technologies. A key goal of the issue is to provide an interdisciplinary perspective on the topic. Research is invited from diverse fields such as human-computer interaction, human factors, computer science, electronic commerce, management information systems, management, marketing, communications, philosophy, psychology, and sociology.

Submit papers using either method (1) or (2) below:
(1) Email a PDF file to: susan.wiedenbeck@cis.drexel.edu with the following Subject line: Submission to the IJHCS Special Issue on Trust and Technology.
(2) Send one copy of your manuscript to:
Susan Wiedenbeck
College of Information Science and Technology
Drexel University
3141 Chestnut St.
Philadelphia, Pennsylvania, 19104, USA
Your paper submission should be received by May 3, 2002. The same deadline applies to both electronic and paper submissions. Submitted papers will be reviewed by an international committee specifically formed for this issue. 5-10 papers will be accepted for publication depending on the quality of the papers.
For more information about IJHCS see: http://www.academicpress.com/ijhcs

Call for Emerson Award in Business Ethics

The Emerson Center for Business Ethics at Saint Louis University will sponsor an annual award, to be called the Emerson Center for Business Ethics Award for the Outstanding Case in Business Ethics. The award will carry a cash prize of $1,500. In addition, the winner will be provided with a $500 honorarium and expenses to travel to St. Louis to present the case at a forum at the Emerson Center.

The purpose of the award is to recognize and promote excellence in case writing in business ethics; and to further the Center’s mission of supporting dialogue, teaching, and research to advance the application of ethical perspectives to business decision-making. The North American Case Research Association (NACRA) will administer the Emerson Award.

Cases may deal with any issue pertinent to business ethics. Cases should balance ethical analysis, decision-making, and action in a professional, business context that can engage the student, faculty and business imagination. Cases should raise timely business ethics topics that deserve examination in a realistic context and should be adaptable to university teaching and executive training contexts.

Decision-focused cases are preferred. The submission must include a case and teaching note, following the format as described in the NACRA call for cases. (This call is posted at www.nacra.net.). Those submitting to NACRA for the first time should also note that the organization especially encourages cases based on field-research as distinct from those based entirely on secondary sources.

Any case author may participate, including faculty members of Saint Louis University. The case author will retain the copyright. Saint Louis University will have the right to distribute the case in its working paper series until such time as the case is published and thereafter to refer others to the published case. Saint Louis University will also have the right to use the case free of charge in its own educational programs, indefinitely.

Judging will be by a three-person panel consisting of one member to be nominated by the Emerson Center Advisory Board and two members nominated by the NACRA executive committee. Members of the judging panel will have subject expertise in business ethics. Judging will be on the basis of blind review. Only one award will be given per year. If no case is judged sufficiently suitable as measured by the award criteria, no award will be given that year.

Cases will be submitted at the time of the deadline for NACRA’s annual meeting (June 3, 2002 this year) to the NACRA track chair for Business Ethics/Society. The author will submit three extra copies of the case, with the stipulation that the case be entered for judging for the Emerson Center for Ethics Award. The track chair will forward three copies of submitted cases to the judging committee. These cases will be simultaneously evaluated by the program committee for presentation at the conference. If a case is selected, the winner will be announced at that year’s meeting.

Specific question about the award may be directed to Jim Fisher, Director, Emerson Center for Business Ethics, at 314-977-3854 or fisherje@slu.edu.

Call For Papers: Special Issue of BEQ "Accounting Ethics"

Business Ethics Quarterly will publish a special issue on Accounting Ethics. Deadline for submissions is December 15, 2002.

For information contact:
James Gaa
Dept. of Accounting and MIS
School of Business
University of Alberta
The Blackwell Guide to Business Ethics edited by Norman Bowie. (December 2001, 368pp, Hardcover 0631221220 $69.95. Paper 0631221239 $34.95) The Blackwell Guide to Business Ethics, written by an international assembly of experts, acquaints the reader with ethical issues in the practice of business, theoretical and pedagogical issues, and important new directions in the field. The volume provides a foundation for understanding changes to the nature of business due to technology and globalization. It includes discussion of current ethical issues in areas such as marketing, accounting, and financial markets. The contributors also explore the frontiers of ethical thinking in healthcare, genetic research laboratories, and organizations responsible for the computer revolution and e-commerce. Visit Blackwell at www.blackwellpublishers.co.uk.

Business Ethics by Michael Boylan (Prentice Hall, 2001) This book aspires to introduce the student to important ethical issues that arise in the world of business. As such, it fits into that branch of ethics referred to as Applied Professional Ethics. Business Ethics is the third book in the series Basic Ethics in Action. The series includes this book and two other anthologies on applied professional ethics: Environmental Ethics and Medical Ethics. The series (for which I am the general editor) also features other (generally single author) titles in Normative and Applied Ethics. These will include social and political philosophy, professional ethics, human rights, and legal ethics (among others in an expanding list). The series will also include focus books that are about half as long as the current one on particular moral issues, such as genetic engineering, international business, and informed consent. Basic Ethics in Action includes both types of book. The series aspires to the pattern set by Prentice Hall’s influential Foundations of Philosophy series of the 1960s and 1970s.

Corporate Irresponsibility: America’s Newest Export by Lawrence E. Mitchell. (George Washington University Press 2002, 320pp Cloth 090234-3. $27.95) Corporations are often so focused on making short-term profits for their stockholders that they behave in ways that adversely affect their employees, the environment, consumers, American politics, and even the long-term well-being of the corporation, says Lawrence Mitchell in this provocative book. This is a significant issue not only in the United States but also in the world, for many countries are beginning to emulate the American model of corporate governance. Mitchell criticizes this emphasis on profit maximization and the corporate legal structure that encourages it, and he offers concrete proposals to being about more socially responsible corporate behavior. Mitchell declares that managers should be freed from the legal and structural constraints that make it difficult for them to exercise ordinary moral judgment and be held accountable for their actions. He suggests, for example, that earnings reports be required annually rather than quarterly, that the capital gains tax be increased on stocks help for fewer than thirty days, and that elections of corporate boards of directors be held every five years rather than every year. Mitchell places the problem of corporate irresponsibility within the broader context of American life and demonstrates the extent to which contemporary corporate behavior represents a corruption of our cherished liberal values of personal freedom and individuality.

Business on Trial: The Civil Jury and Corporate Responsibility by Valerie P. Hans. (2000, 288pp. 14 illus. Cloth 08206-1, $35.00) Jury verdicts in business trials are considered by many to be influenced less by a corporation’s negligence than by sympathy for the plaintiffs, prejudice against business, and a belief in the corporation’s “deep pockets.” This book assesses these assumptions in the first systematic study of how juries make decisions in typical business cases. Surprisingly, says the author, the assumptions are either false or exaggerated.

The Ordinary Business Of Life: A History of Economics From the Ancient World to the Twenty-First Century by Richard Blackhouse. (March 2002, 368pp. 1 table 5 line illus. 0-691-09626-0, $35.00) In some of Western culture’s earliest writings, Hesiod defined the basic economic problem as one of scarce recourses, a view still held by most economists. Diocletian tried to save...
the failing Roman Empire with wage and price fixes - a strategy that has gone entirely out of style. And just as they did in the late nineteenth century, thinkers trained in physics renovated economic inquiry in the late twentieth century. Taking us from Homer to the frontiers of game theory, this book presents an engrossing history of economics, what Alfred Marshall called "the study of mankind in the ordinary business life." Roger E. Blackhouse holds a chair in the History and Philosophy of Economics at the University of Birmingham.

**Designer Food: Mountain Harvest Breadbasket For The World** by Gregory E. Pence. (December 2001, 256pp Cloth 0-7425-0839-0, $26.00) Absolutely everyone must eat. People decide several times a day what to eat and what not to eat, and the personal issue about genetically modified food is whether it is safe to eat - not only in the moment, but also over the long run. Designer Food addresses these and other pressing questions surrounding the ethics and genetically modified food in the premier, single authored commentary on the subject. Beginning with a thorough chronicling of GM Food's rise to fame first in England and later in North America, the book considers such issues as the symbolic importance of food, world hunger, food terrorism and sabotage, and democratic public participation in the growing debate surrounding genetically modified food.

**The Ethics of Food: A Reader for the 21st Century** edited by Gregory E. Pence. (January 2002, Paper 0-7425-1334-3 $26.95, Cloth 0-7425133-5 $65.00) Food makes us who we are. The answers to these and other questions are engagingly pursued in this substantive collection, the first of its kind to address the broad range of philosophical, sociological, political, scientific, and technological issues surrounding the ethics of food.

**Faith, Morals, and Money What the World’s Religions Tell Us about Ethics in the Marketplace** by Edward D. Zinbarg (Continuum, 2001, 182 pages, hardcover, $22.95, ISBN 0-8264-1342-0) Most books on business ethics approach the subject philosophically. What's wrong with this, says the author, is that it neglects the most important source of most people's understanding of right and wrong: their religious tradition. Following a lucid summary of the ethical systems of Judaism, Christianity, Islam, Hinduism, Buddhism, and Confucianism, the author presents a variety of case studies (in lively dialogue form) from the whole gamut of economic life, including: misrepresentation by sellers, truth in advertising, sale of harmful products, pricing of essential products, buyers' responsibilities to sellers, buyers and sellers in cyberspace, professional ethics, bribery, the "new employment contract," the ethics of part-time employment, taking disciplinary action, exporting jobs to less-developed countries, child labor, environmental ethics, women in the marketplace. The solutions may vary from tradition to tradition, but overall one is struck by the similarities rather than the differences. This is a book grounded in the real ethical challenges to modern business managers, workers, and consumers with a world-religions perspective so necessary in an era of globalization.

**Morality and the Market** by Eugene Heath (State University of New York at New Paltz 2002, 704pp, Paper 0-7-234508-x $51.75) Morality and the Market is a business ethics anthology unlike any other. The book covers the foundations of markets, their operations, and their effects by incorporating most traditional business ethics topics while introducing new ones as well. The result is a text with genuine diversity of opinion, philosophical depth, and breadth of topic, accompanied throughout by a knowledgeable and sympathetic account of the traditional issues in business ethics. Morality and the Market places special and distinctive emphasis on virtue and its applicability to the contexts of commerce. Each of the traditional topics of business ethics is related to particular virtues. For example, the virtue of honesty is related to advertising and sales; integrity is related to whistle blowing; social responsibility is related to business profit; and courage is related to entrepreneurship. Morality and the
Market explores the moral foundations of markets, their moral consequences, and considers the effects of commerce on the arts, culture, the environment, and technological progress.

**Managing as if Faith Mattered:**

*Christian Social Principles within the Modern Organization*

by Helen J. Alford O.P. and Michael J. Naughton (University of Notre Dame Press, 2002, 336 pp Paper 0-268-03462-1, $21.95) Challenging the often-practiced double standard of private and public moralities, this book bridges what is for some managers and employees a fault line between their work and their faith. Recovering a rich social tradition found within Christianity, they connect the well-developed and developing ideas of the common good, virtue, and social principles with concrete management issues such as job design, just wages, corporate ownership structures, marketing communication and product development. As Bob Wahlstedt, chairman of Reell Precision Manufacturing states in the Foreword to the book, “Michael and Helen combine the results of their theological inquiry with the experience of practitioners to make a compelling case for the integration of spiritual principles, values and insights with management theory.” This book will challenge those who think that the Christian tradition has nothing to say to modern business and those who think that nothing more than a personal living-out of their faith in the work situation is needed. For more information of the book see http://www.stthomas.edu/cathstudies/publications/faithmattered/

**Work: A Reader Edited by Kory Schaff**

Rowman & Littlefield Publishers, Inc. $29.95 ppbk, 0-7425-0795-5 April, 2001, 336 pp. Brings together for the first time important philosophical perspectives on the subjects of labor and work, spanning analytical and Continental traditions. This comprehensive collection engages contemporary debates in political theory and the philosophy of economics, including the perspectives of classical and welfare liberals, anarchists, and feminists, about the nature and meaning of work in modern technological society, the issues of meaningful work and exploitation, justice and equality, the welfare state and democratic rights, and whether market socialism is a competitive alternative to traditional capitalism. An introduction by the editor charts the historical development of these issues in philosophical and political discussions and examines the central importance of the organization and structures of work for both individual self-realization and human societies generally.

**White Collar Sweatshop:**

*The Deterioration of Work and Its Rewards in Corporate America*

by Jill Andresky Fraser (W.W. Noron & Co. March 2001 / Cloth / ISBN 0-393-04829-2 / 352 pages) If you look at the stock market, or at the corporate bottom line, it seems the best of times. But look into the lives of average middle managers, and we are living in the worst of times. Media attention has focused either on the horrid of massive layoffs or on episodic explosions of corporate violence. But for those millions of Americans who have neither been laid off nor “gone postal,” life at the office has become a corporate nightmare: seven-day-a-week work loads; reduced salaries, pensions, or benefits; virtual enslavement to technology; and a pervasive fear about job security. What has happened to the American dream? With facts, figures, and trenchant case histories, Jill Fraser chronicles this catastrophic sea change in industry after industry: telecommunications, the media, banking, information technology, Wall Street. Her book is essential reading for anyone concerned with the future of the American economy... or worried about his or her own job.

**The Working Class Majority:**

*America’s Best Kept Secret*

by Michael Zweig (Cornell Univ Press, ppbk, $14.95 208 pp.) The United States is not a middle class society. Michael Zweig shows that the majority of Americans are actually working class and argues that recognizing this fact is essential if that majority is to achieve political influence and social strength. “Class,” Zweig writes, “is primarily a matter of power, not income.” He goes beyond old formulations of class to explore ways in which class interacts with race and gender. Defining “working class” as those who have little control over the pace and content of their work and who do not supervise others, Zweig warns that by allowing this class to disappear into categories of middle class or consumers, we also allow those with the dominant power, capitalists, to vanish among the rich. Economic relations then appear as comparisons of income or lifestyle rather than as what they truly are—contests of power, at work and in the larger society.

Using personal interviews, solid research, and down-to-earth examples, Zweig looks at a number of
important contemporary social problems: the growing inequality of income and wealth, welfare reform, globalization, the role of government, and the family values debate. He shows how, with class in mind, our understanding of these issues undergoes a radical shift. Believing that we must limit the power of capitalists to abuse workers, communities, and the environment, Zweig offers concrete ideas for the creation of a new working class politics in the United States.

Thinking About Sexual Harassment: A Guide for the Perplexed by Margerat Crouch, (Oxford Univ Press, 2000, 328 pp) This illuminating work on one of today’s most provocative issues provides all the necessary information for careful, critical thinking about the concept of sexual harassment. Consisting mainly of two parts, it first traces the construction of the concept of sexual harassment from the original public uses of the term to its definitions in the law, in legal cases, and in empirical research. It then analyzes philosophical definitions of sexual harassment and a number of issues that have arisen in the law, including the reasonable woman standard and whether same-sex harassment should be considered sex discrimination. Sure to spark intense discussion, this book explains a complex notion in a lucid and engaging manner appropriate for anyone broadly curious about the notion of sexual harassment.

Sexual Harassment: Issues and Answers Edited by LINDA LEMONCHECK and JAMES P. STERBA, University of Notre Dame (Oxford University Press, 384 pp) Bringing together fifty-seven contemporary popular and scholarly selections, Sexual Harassment: Issues and Answers clarifies and enriches readers’ understanding of this complex and sensitive topic. Featuring a more comprehensive and in-depth treatment than specialized anthologies, it covers the nature of sexual harassment, various types of sexual harassment, and a wide range of current perspectives on the issue. The writings collected here represent a unique combination of political analysis, legal theory, philosophical debate, multicultural and international perspectives, regulatory documents, and Supreme Court case law. Chosen for their accessibility, concise presentation, and contribution to current debate, the selections examine the most compelling and perplexing questions raised by the media, the law, and academia on sexual harassment, including: What counts as a case of sexual harassment? Is it a matter of sexual attraction gone wrong? Is it a cultural expression of male domination over women? How persistent or severe must the conduct be? Can women sexually harass men? What is wrong with sexual harassment? Who is liable under the law for sexual harassment and how should they be held accountable? Should employers be liable for the harassing conduct of their employees?


### Society for Business Ethics

**Profit and Loss Statement**

1/1/01 through 12/31/01

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Overall Total 75,665.66
Registration Form

Annual Meeting
Society for Business Ethics
August 8-11, 2002

The Westin Tabor Center
1672 Lawrence Street
Denver, CO 80202
303-572-9100
800-WESTIN-1

Please contact the Westin Tabor Center to make guest room reservations. The rates are $169 single occupancy, $189 double occupancy. Identify yourself as attending the Society for Business Ethics meeting. Important: Reservations must be made by July 9, 2002.

Name ____________________________________________________________

Institution _______________________________________________________________________

Address _______________________________________________________________________

Telephone ____________________________ E-Mail ____________________________

Conference Fee $70, Students $40 (after July 15 $80 and $45) ______

Luncheon Banquet $35 (must be received by July 15) ______

Total ______

Please make checks payable to “Society for Business Ethics.” Mail the registration form and check to:

John R. Boatright
Society for Business Ethics
Loyola University Chicago
School of Business Administration
820 N. Michigan Avenue
Chicago, IL 60611
Society For Business Ethics
Membership Application
Dues Payment Form

Annual Dues
$60.00 for individual members
$30.00 for retired persons and students
$135.00 for institutional membership
(add $8.00 shipping for members outside of North America)

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Institution _______________________________________

Address __________________________________________

Institution Phone Number ____________________________

Fax Number _________________________________________

E-mail ______________________________________________

Home Address _______________________________________

Home Phone Number __________________________________

Renewal ______ New Member ______

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Philosophy Documentation Center
P.O. Box 7147
Charlottesville, VA 22906-7147
800-444-2419; 434-220-3300
E-mail: order@pdcnet.org  FAX: 434-220-3301

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Credit card information can be faxed to the above number.

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The Journal of the Society For Business Ethics
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