Finance 333 – Ethics in Finance  This Syllabus is subject to revision.
Fall 2006

Instructor: Jessica Christie Ludescher
Email: ludesj01@student.ucr.edu  Phone: x-5407
Class Hours: TR, 2:30 – 3:45pm Room: UH 250
Office Hours: T, 1:30pm – 2:30pm Office: UH 227
Prerequisites: Finance 320 or Permission of the Instructor

Course Description: This course will explore ethical issues as they arise in four areas of finance: financial services, investment, financial markets, and financial management. You will also be introduced to theoretical issues bearing on finance ethics such as fairness, agency theory, fiduciary duties and professionalism. Our treatment of each area of finance ethics will begin with a study of its philosophical foundations. Philosophical topics include: truth telling, manipulation, property and profits, justice, corporate social responsibility, theories of the firm, and legal requirements.

Course Objectives: By the end of this semester you will be able to identify ethical dilemmas that occur in financial services, investment, financial markets, and financial management. You will be able to analyze these dilemmas in terms of theoretical topics in the field of ethics so as to explain why certain actions are immoral and why alternative actions should be taken. You will be able to recommend more ethical approaches to doing business in the field of finance. This course will place you in a position to understand and analyze corporate scandals and other current events in business ethics.

Required Texts:

ISBN: 0130923877

ISBN: 0631214275

The Wall Street Journal or The New York Times, Business Section
**Student Assessment:** Grades will be assigned using the following scale: 70-72% = C-, 73-76% = C, 77-79% = C+. Apply this scale to grades in the A, B, and D ranges. Scores of less than 60% and / or failure to take one or both exams will result in an F for the course.

*Exams (40%)* – One midterm (15%) and one cumulative final exam (25%), format TBA

*Quizzes (10%)* – Two quizzes (5%) each, format TBA

*Assignments (10%)* – 10 write-ups (0.5-1 page) on relevant business articles, due on Rs

*Presentations (10%)* – 2 short (5-10 min) group presentations, due on Ts

*Brief (10%)* – 1 short (2-3 page) individual paper, professional format

*Report (20%)* – 1 long (5-7 page) group project, professional format

**Attendance, Participation, and Deadlines:** Students will be permitted 3 excused absences. Any absence after the third will result in a deduction of 1/3 of a letter grade from the final grade. Students are advised to plan for the contingency of emergencies and not miss class for miscellaneous personal reasons. Outstanding participation may garner students as many as 2 additional percentage points added on to the final grade. In most cases, students will receive no more than 1 additional percentage point for participation. Late work will not be accepted. Students are advised to plan for unexpected contingencies by doing their work ahead of schedule. In the event of severe emergencies, students may make up the midterm or the final, provided that they supply credible documentation for their absence. Make-up exams must be taken within 3 days of the scheduled exam date.

**Course Schedule and Readings:** Readings must be completed by the dates assigned. If this schedule is revised, readings must be completed by the new dates posted.

<table>
<thead>
<tr>
<th>Date</th>
<th>Reading</th>
</tr>
</thead>
<tbody>
<tr>
<td>T Aug 22</td>
<td>Course Introduction and Financial Ethics Overview</td>
</tr>
<tr>
<td>R Aug 24</td>
<td>EF: Financial Ethics Overview, pp. 1-29</td>
</tr>
<tr>
<td>T Aug 29</td>
<td>EF: Theoretical Perspectives in Financial Ethics, 30-46</td>
</tr>
<tr>
<td>R Aug 31</td>
<td>EF: Theoretical Perspectives in Financial Ethics, 46-62</td>
</tr>
<tr>
<td>T Sep 5</td>
<td>EF: Truth Telling, 98-105</td>
</tr>
<tr>
<td>R Sep 7</td>
<td>EF: Truth Telling, 106-118</td>
</tr>
<tr>
<td>T Sep 12</td>
<td>EF: Marketing, 503-510</td>
</tr>
<tr>
<td>R Sep 14</td>
<td>EF: Marketing, 511-521</td>
</tr>
<tr>
<td>T Sep 19</td>
<td>EF: Ethical Issues in Financial Services, 63-78</td>
</tr>
<tr>
<td>R Sep 21</td>
<td>EF: Ethical Issues in Financial Services, 79-86</td>
</tr>
<tr>
<td>T Sep 26</td>
<td>EF: Ethical Issues in Financial Services, 86-98</td>
</tr>
<tr>
<td>R Sep 28</td>
<td>EF: The Role of Organizational Values, 244-262</td>
</tr>
</tbody>
</table>

*First Write-up due in class*

*Second Write-up due in class*

*Third Write-up due in class*

*First Quiz, in class*

*Fourth Write-up due in class*

*Brief topic distributed*

*Fifth Write-up due in class*
T Oct 3    EF: Ethical Issues in Investment Decisions, 99-114
          Brief due in class
R Oct 5    EF: Ethical Issues in Investment Decisions, 114-121
T Oct 10   Review
R Oct 12   Midterm Exam, in class
T Oct 17   EIB: Traditional Theories of Property and Profit, 150-159
R Oct 19   EIB: Traditional Theories of Property and Profit, 159-168
          Sixth Write-up due in class
T Oct 24   EIB: Justice, 193-209
R Oct 26   EIB: Justice, 210-227
          Seventh Write-up due in class
T Oct 31   EF: Ethics in Financial Markets, 133-141
          Report topic distributed
R Nov 2    EF: Ethics in Financial Markets, 142-152
          Eighth Write-up due in class
T Nov 7    EF: Ethics in Financial Markets, 152-168
          Second Quiz, in class
R Nov 9    EF: Ethical Issues in Investment Decisions, 121-132
          Ninth Write-up due in class
T Nov 14   EIB: The Controversy (Theories of the Corporation), 33-48
R Nov 16   EIB: The Controversy (Theories of the Corporation), 49-60
          Report due in class

Fall Recess
T Nov 28   EF: The Financial Theory of the Firm, 169-175
R Nov 30   EF: The Financial Theory of the Firm, 176-182
          Tenth Write-up due in class
T Dec 5    EF: The Financial Theory of the Firm, 182-198
R Dec 7    Final Exam Review
R Dec 14   Final Exam, 2:30-4:20pm

Academic Integrity: Academic Integrity is crucial to the success of the University system as a whole. Academic Dishonesty of any form harms honest students in this class, in this university, and in all other universities. There will therefore be a zero tolerance policy on Academic Dishonesty in this course. Students caught plagiarizing, cheating, or helping others cheat will receive zero points for the assignment, exam or quiz in question. A second offense will result in a final grade of F for the course. All cases of Academic Dishonesty will be forwarded to the Vice President of Student Affairs for further disciplinary action. Please maintain integrity in this course, and in all other courses.