In the movie *Boiler Room*, we meet Seth Davis, an early-twenties, college drop-out who is motivated by two things, easy money and his father's approval. While unsuccessful in his attempts at higher education, Seth is very successful in running his own business, which happens to be an illegal casino run out of his own apartment. Despite his success in this arena, he is plagued by the knowledge that his father, a well-respected judge in the community, is deeply disappointed in his inability to make a respectable living. When offered the chance to work in what appears to be a successful and reputable brokerage firm, J.T. Marlin, Seth takes the opportunity, leaving his casino behind, hoping not only to earn millions, but also to earn the approval he so desperately seeks from his father. But what begins as a hope for a new life, quickly turns into quagmire of ethical dilemmas as Seth is initiated into the cutthroat world of finance and securities trading and discovers that to win, you do not play fair and you definitely don’t play nice. When Seth learns that J.T. Marlin is engaging in illegal activity by selling stock for companies that don’t really exist, he must decide how to reconcile his desire for money with his desire for his father’s approval which rests upon doing the right thing.

**Portrayal of the Business World**

The business world in the film is portrayed negatively. Specifically it is portrayed as arrogant, deceitful, greedy, ruthless, unscrupulous, overindulgent, and money-hungry. The only goal is personal gain...i.e. making as much money as one can at the expense of everything else...self, family, friends. The real secret to happiness, as portrayed in the film, is money, drugs, sex, and power. Several important scenes illustrate this point.

In the very opening scene, three bus loads of exultant, suited men come pouring into a fancy hotel conference room fully bedecked with tables of food, a full-service bar, huge screen
TVs, and plenty of space for poker and goofing off. The men, hooting and hollering like teenage boys, converge upon the food and the bar in droves, pushing and pulling and grabbing and taking whatever they can get their hands on. In another area of the room, a group of men are lounging in front of a big screen TV watching a game and goofing off. One of the men, using a cocky, hip-hop impression, says he needs to have his "nose candy". A few minutes later, a man at the head of the room begins to speak capturing the men's attention. We learn that the speaker is Michael Brantley, owner of J.T. Marlin, and that these men are the stockbrokers he employs. They are there to celebrate a very successful month. He says:

\[i\] just want you to know that those pikers down as NSAD are finally off our ass. [They] Stearns can make all the calls they want to the SEC, but they still can't find any dirt on us! J.T. Marlin, once again, has unlimited trading authorization. I told you guys, you can't keep a good man down! We're superstars now. J.P. Morgan just faxed over their congratulations...it said, 'Welcome to the club!'...And just to show you how appreciative I am, there's a little something extra. I want you guys to go up to suite 418...I hand-picked them myself (Younger).

Here we see, from the leader of the group, a cocky disregard for authority, an emphasis on winning, and encouragement to indulge in personal pleasure.

A second negative portrayal of the business world occurs during Seth’s first “interview” with J.T. Marlin. The interview, it turns out, is actually a group meeting with all of the other prospective job applicants. It’s during this meeting that Seth is first introduced to the firm’s working culture. Jim Young, the firm’s head recruiter, describes the opportunity J.T. Marlin offers:

Become an employee of this firm, you will make your first million in three years of your first day... The only question will be how many times over. What you think I’m joking? I'm not joking. I am a fucking millionaire! ...Now, you all look money hungry, and that's good. Anyone tells you money is the root of all evil doesn't fucking have any. They say
money can't buy you happiness, look at the fucking smile on my face. You want details? Fine. I drive a Ferrari. I have a ridiculous house. I have every toy you can possibly imagine. Now you know what's possible. Let me tell you what's required. You are required to work your fucking ass off at this firm. We want winners here, not pikers. A piker walks at the bell. A piker asks how much vacation time you get in the first year... vacation time? People come and work for this firm for one reason, to become filthy rich. That's it. We're not here to make friends. We're not here saving the fucking manatees (Younger).

Both of these examples illustrate that what is most valued in this business is making money regardless of the cost, and getting what you want with a complete disregard of right and wrong,

**Ethical Issues**

There are several key business ethics issues portrayed in the film, primarily involving J.T. Marlin’s engagement in illegal activities. First is the issue of company principals completely fabricating the businesses and markets for which it sells its stock. Another issue regards the dishonest and exploitive selling tactics that J.T. Marlin demands its brokers use, which includes doing or saying *anything* to make a sale. A third issue regards whistleblowing, the actions of those who know, or who come to know, the truth about J.T. Marlin’s illegal activities and the ramifications they face if they go to the authorities vs. those if they don’t. These are further explored in the sections below.

**Ethical Issues Explored**

**Illegal Activities**

Seth learns that J.T. Marlin is selling stock for companies that don’t really exist or rather, exist in name only. J.T. Marlin makes the companies look legit using something called bridge
financing, which is a way for a company that is trying to go public to raise capital through outside investors (the bridge). It’s perfectly legal as long as there is no connection between the investors and the firm, but Seth learns that the investors of the firms for which J.T. Marlin sells its stock are actually associates of Michael Brantley, the owner of J.T. Marlin. After the bridge financing is made and the “fake” companies make their IPO, then J.T. Marlin’s stockbrokers push the stock on the open market. It's artificial demand. As soon as they sell off the shares, there's no need to maintain the inflated price so J.T. Marlin stops pushing it and the stock crashes. These activities are portrayed in the film as being perfectly acceptable and perhaps even admired because the rewards for such behaviors are great wealth, power, and luxury.

This ethical issue is resolved when Seth helps the FBI, who had been tracking J.T. Marlin’s activities for some time, bring down the firm and arrest all those involved. I felt this was right resolution for the situation because it prevented the firm from continuing to steal from investors, and it also ensured that those involved would be penalized for their wrong-doing.

**Dishonest and Exploitive Selling Tactics**

A second major ethical issue relates to the dishonest and exploitive methods that J.T. Marlin’s brokers are taught and expected to use to sell as much stock as they can. Seth is told to tell potential investors whatever he can to get them to buy stock. When Seth asks about possible regulations about doing such a thing, he is shown the firm’s compliance officer (an SEC regulation requirement) and told that this officer is actually “in the pocket” of the firm. We later see Seth telling lies to gain the trust of clients. He tells one client that he is a married man, investing in the stock himself, and having his family members invest in the stock because it’s such a great deal.
A side-story develops when Seth uses dishonesty and exploitive actions to persuade a client, Harry Reynard, to invest part of his life savings (which he and his wife had been building to buy a home) in a company which Seth promises to be a success. When the company fails, the man, in desperation, pushes Seth to help him get his money back. This man distinguishes himself from other clients because he is less well-off, and so reminds Seth of the unethical nature of his actions (taking from the less fortunate). Later on, when the story resolves, Seth works to regain this man’s losses.

I was pleased to see Seth develop a conscious over Harry who represented the average “Joe”. Seth redeemed himself by making his last actions in the firm those which would allow Harry to get his money back.

**Whistleblowing**

A third ethical issue relates to whistleblowing. At first, Seth is unaware of J.T. Marlin’s illegal activities, but he eventually figures things out. When he does, what are his choices? He can leave the firm quietly, he can go to the authorities, or he can stay and use his knowledge for personal gain by using J.T. Marlin’s “system” to make a bundle for himself. It turns out that Seth’s first choice of action is made for personal gain. He wants to participate in a scheme that, while “getting back” at J.T. Marlin, would make him a lot of money. However, before Seth is able to enact his plan he is arrested by the FBI. Seth is given an ultimatum, cooperate or be penalized himself. Seth decides to cooperate and helps the FBI take down J.T. Marlin by providing all the information the FBI needs to prosecute them.

Though Seth does help authorities take down J.T. Marlin, I was surprised that Seth’s first choice was to try and beat J.T. Marlin by their own game, get a lot of money, and then get out. I had hoped that all Seth had been exposed to in addition to the pressure from his father would
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have moved him to go to the authorities willingly and as a first choice. In the end, Seth was only able to mitigate his desire for a quick buck through apprehension from authorities.

All in all, the movie *Boiler Room* demonstrates how greed can cloud one’s sense of right and wrong, and how difficult it can be to navigate oneself in an environment where the only standard is to win at all costs.

Works Cited