



Playing BY THE Rules

ETHICS AT WORK

Undergraduate & Graduate Business School Season One Guide

Episode 1: The Whistleblower
Episode 2: Ask Why
Episode 3: The Run Coal Memos

wliw.org/ethics

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Business School Materials

Ethical decision-making is a critical skill in the modern workplace, but one that can be difficult to understand, complex to navigate, and full of murky areas and dilemmas for people looking to do the right thing. *Playing By the Rules: Ethics at Work* is a three-episode public media series exploring real cases of fraud, whistleblowing, and corporate scandal.

This suite of resources is intended for use in undergraduate and graduate business school classrooms. Each episode of the series can be used to initiate in-class discussion, debate, and written assignments. These real-life stories provoke the question, “What would you do?” and subsequently provide the basis for rich student reflection and discussion.

Included in the materials for each episode:

Instructor Materials: Suggested class outline to help guide the instructor in structuring a class around discussion and debate. Students should watch each full 30-minute episode of *Playing By the Rules* prior to class in order to participate in the reflections, in-class discussion, and writing assignments.

Extension Activities: The instructor materials include suggested activities, assignments, and supplemental readings for students.

Because the three episodes primarily revolve around ethical decision-making, these materials can be applied to a variety of undergraduate and graduate level business school classes, including but not limited to: Management, Leadership, Professional Responsibility, Business Ethics, Corporate Social Responsibility, Business Communications, and Philosophy.

About the Series

Playing By the Rules: Ethics at Work looks at how ethics play a major role in contemporary business practices, and it challenges viewers to think about what they would do in similar situations.

From debating whether or not to act on a piece of insider information, choosing between the well-being of employees or an obligation to shareholders, or disclosing information about products with potentially harmful effects to consumers—understanding ethical decision-making is a critical skill in the modern workplace. Good people usually do the right thing. But as social psychology experiments have shown, even the most moral character can be influenced under certain circumstances. In every business ethics case, there are “gray areas” where decision-making can be challenging and complex.

The three episodes of the series are:

Episode 1: “The Whistle Blower”

In 2011, more than two years after Citigroup took \$45 billion in bailouts, Sherry Hunt was a Vice President and Chief Underwriter at CitiMortgage in O'Fallon, Missouri. For years, Hunt had been witnessing what looked like fraud as the company bought and sold mortgage loans that did not meet Citi standards. After alerting senior management and being ignored, Hunt felt she had to take a stand. “The Whistleblower” follows Hunt as she navigates a challenging corporate culture and decides whom she should tell about the fraud and how.

Episode 2: “Ask Why”

Why did Enron's collapse take the financial community by complete surprise? Were there any warning signs that Enron was not as financially stable as it appeared? “Ask Why” takes a look at the energy company from Houston which, in just 15 years, had built itself into the seventh largest corporation in America. The film examines the events that led to the company's collapse, including a corporate environment that inhibited the board of directors from exercising governance and control. The film features candid interviews with Sherron Watkins, a former Vice President of Corporate Development at Enron who sounded the alarm bell at the time. Watkins wrote a letter to Enron founder and chairman Ken Lay on the nature of the accounting fraud hiding the company's investment losses, in which she asked, “Has Enron become a risky place to work?” “I am incredibly nervous we will implode in a wave of accounting scandals.” Her pleas to the captain to right the corporate ship fell on deaf ears, and some five months later Enron declared bankruptcy.

Episode 3: “The Run Coal Memos”

What led to the massive explosion at Massey Energy's Upper Big Branch Mine? In a report nearly 1,000 pages long, the federal Mine Safety and Health Administration found that if basic safety measures had been in place, the disaster would not have happened.

“The Run Coal Memos” looks at the evidence uncovered by federal and state investigators surrounding allegations of safety violations and hazardous working conditions. Key to the government's case were the infamous "run coal memos," internal company documents which investigators say demonstrated a disregard for safety and a corporate attitude which put profits over people.

Background Reading: Ethical Decision Making Models

This section contains an excerpt from a Brown University article covering the three key ethical frameworks. This article and the three frameworks can be used as the basis for examining all cases presented in the three episodes.

An ethical framework can be useful when analyzing cases, as a guide for exploring various ways to approach a problem. The three frameworks presented here — ethical, duty, and virtue — are commonly used in decision-making or critical analysis.

Here are some sample questions to reflect on when considering these frameworks:

- Which of the three frameworks most align with your style of decision-making?
- Think back to an ethical dilemma you encountered in school or in your professional career. How would you apply each of the three frameworks to the problem you faced?

Excerpted from [“A Framework for Making Ethical Decisions”](#) (Brown University, 2013):

Making good ethical decisions requires a trained sensitivity to ethical issues and a practiced method for exploring the ethical aspects of a decision and weighing the considerations that should impact our choice of a course of action. Having a method for ethical decision making is essential. When practiced regularly, the method becomes so familiar that we work through it automatically without consulting the specific steps. This is one reason why we can sometimes say that we have a “moral intuition” about a certain situation, even when we have not consciously thought through the issue. We are practiced at making ethical judgments, just as we can be practiced at playing the piano, and can sit and play well “without thinking.” Nevertheless, it is not always advisable to follow our immediate intuitions, especially in particularly complicated or unfamiliar situations. Here our method for ethical decision making should enable us to recognize these new and unfamiliar situations and to act accordingly.

Three Frameworks

Based upon the three-part division of traditional normative ethical theories discussed above, it makes sense to suggest three broad frameworks to guide ethical decision making: The Consequentialist Framework; The Duty Framework; and the Virtue Framework.

While each of the three frameworks is useful for making ethical decisions, none is perfect—otherwise the perfect theory would have driven the other imperfect theories from the field long ago. Knowing the advantages and disadvantages of the frameworks will be helpful in deciding which is most useful in approaching the particular situation with which we are presented.

1. The Consequentialist Framework

In the Consequentialist framework, we focus on the future effects of the possible courses of action, considering the people who will be directly or indirectly affected. We ask about what outcomes are desirable in a given situation, and consider ethical conduct to be whatever will achieve the best consequences. The person using the Consequences framework desires to produce the most good.

Among the advantages of this ethical framework is that focusing on the results of an action is a pragmatic approach. It helps in situations involving many people, some of whom may benefit from the action, while others may not. On the other hand, it is not always possible to predict the consequences of an action, so some actions that are expected to produce good consequences might actually end up harming people. Additionally, people sometimes react negatively to the use of compromise which is an inherent part of this approach, and they recoil from the implication that the end justifies the means. It also does not include a pronouncement that certain things are always wrong, as even the most heinous actions may result in a good outcome for some people, and this framework allows for these actions to then be ethical.

2. The Duty Framework

In the Duty framework, we focus on the duties and obligations that we have in a given situation, and consider what ethical obligations we have and what things we should never do. Ethical conduct is defined by doing one's duties and doing the right thing, and the goal is performing the correct action.

This framework has the advantage of creating a system of rules that has consistent expectations of all people; if an action is ethically correct or a duty is required, it would apply to every person in a given situation. This even-handedness encourages treating everyone with equal dignity and respect.

This framework also focuses on following moral rules or duty regardless of outcome, so it allows for the possibility that one might have acted ethically, even if there is a bad result. Therefore, this framework works best in situations where there is a sense of obligation or in those in which we need to consider why duty or obligation mandates or forbids certain courses of action.

However, this framework also has its limitations. First, it can appear cold and impersonal, in that it might require actions which are known to produce harms, even though they are strictly in keeping with a particular moral rule. It also does not provide a way to determine which duty we should follow if we are presented with a situation in which two or more duties conflict. It can also be rigid in applying the notion of duty to everyone regardless of personal situation.

3. The Virtue Framework

In the Virtue framework, we try to identify the character traits (either positive or negative) that might motivate us in a given situation. We are concerned with what kind of person we should be and what our actions indicate about our character. We define ethical behavior as whatever a virtuous person would do in the situation, and we seek to develop similar virtues.

Obviously, this framework is useful in situations that ask what sort of person one should be. As a way of making sense of the world, it allows for a wide range of behaviors to be called ethical, as there might be many different types of good character and many paths to developing it. Consequently, it takes into account all parts of human experience and their role in ethical deliberation, as it believes that all of one's experiences, emotions, and thoughts can influence the development of one's character.

Although this framework takes into account a variety of human experience, it also makes it more difficult to resolve disputes, as there can often be more disagreement about virtuous traits than ethical actions. Also, because the framework looks at character, it is not particularly good at helping someone to decide what actions to take in a given situation or determine the rules that would guide one's actions. Also, because it emphasizes the importance of role models and education to ethical behavior, it can sometimes merely reinforce current cultural norms as the standard of ethical behavior.

Putting the Frameworks Together

By framing the situation or choice you are facing in one of the ways presented above, specific features will be brought into focus more clearly. However, it should be noted that each framework has its limits: by focusing our attention on one set of features, other important features may be obscured. Hence it is important to be familiar with all three frameworks and to understand how they relate to each other—where they may overlap, and where they may differ.

The chart below is designed to highlight the main contrasts between the three frameworks:

| | Consequentialist | Duty | Virtue |
|--------------------------------------|---|---|--|
| Deliberative Process | What kind of outcomes should I produce (or try to produce)? | What are my obligations in this situation, and what are the things I should never do? | What kind of person should I be (or try to be), and what will my actions show about my character? |
| Focus | Directs attention to the future effects of an action, for all people who will be directly or indirectly affected by the action. | Directs attention to the duties that exist prior to the situation and determines obligations. | Attempts to discern character traits (virtues and vices) that are, or could be, motivating the people involved in the situation. |
| Definition of Ethical Conduct | Ethical conduct is the action that will achieve the best consequences. | Ethical conduct involves always doing the right thing: never failing to do one's duty. | Ethical conduct is whatever a fully virtuous person would do in the circumstances. |
| Motivation | Aim is to produce the most good. | Aim is to perform the right action. | Aim is to develop one's character. |

Because the answers to the three main types of ethical questions asked by each framework are not mutually exclusive, each framework can be used to make at least some progress in answering the questions posed by the other two. In many situations, all three frameworks will result in the same—or at least very similar—conclusions about what you should do, although they will typically give different reasons for reaching those conclusions.

However, because they focus on different ethical features, the conclusions reached through one framework will occasionally differ from the conclusions reached through one (or both) of the others.

Episode 1: The Whistleblower Instructor Overview

Case Overview

In 2011, more than two years after Citigroup took \$45 billion in bailouts, Sherry Hunt was a vice president and chief underwriter at CitiMortgage in O'Fallon, Missouri. For years, Hunt had been witnessing what looked like fraud as the company bought and sold mortgage loans that did not meet Citi standards. After alerting senior management and being ignored, Hunt felt she had to take a stand. "The Whistleblower" follows Hunt as she navigates the challenging corporate culture and decides whom she should tell about the fraud, and how.

Media Utilization Tips

Ideally, instructors will assign the [full episode](#) (26 minutes) to students to watch in advance of the class, so that they may fully participate in the in-class discussion.

Link to view:

<https://www.wliw.org/programs/playing-rules-ethics-work/playing-rules-ethics-work-whistleblower/>

Key Moments: Instructors may choose to highlight key moments within the episode when Sherry Hunt was faced with a critical decision for students to pause and reflect on the episode. Below are the timestamps of three key decision-making moments:

- 5:45** - Sherry Hunt realizes that a large number of loans are fraudulent. How would you have reacted if you were in Sherry's position?
- 9:50** - Explain the possible outcomes of Richard Bowen's decision to warn Citi's leadership about the fraudulent activities?
- 15:09** - How would you have responded if your supervisors asked you to alter paperwork? What effect would this have on your peers and direct reports?

Reflection Questions: Instructors may also choose to provide students with reflection questions as they watch the episode. Examples of reflection questions include:

- *Describe the parties involved and their interests.*
- *Describe the key dilemma Sherry Hunt faced.*
- *What did Sherry stand to gain or lose from her decision?*
- *Describe the external factors which contributed to the situation at CitiMortgage.*
- *How might Sherry have acted differently if Richard Bowen had not been her supervisor?*

Key Takeaways

Here are some of the key themes in this episode:

- Corporate culture can play a significant role in setting the ethical climate of a workplace. While CitiMortgage had a climate conducive to unethical decision-making, Sherry Hunt had an ally in her manager, Richard Bowen, which empowered her to step forward.
- Stepping forward as a whistleblower comes with challenges and rewards. While there are some governmental protections in place for employees, navigating the decision to come forward requires weighing outcomes on all sides.

Supplemental Case Readings

The following articles provide additional information about the Sherry Hunt case. Instructors may use this as background reading to prepare to lead the class. Additionally, instructors may choose to assign one or more of the articles as supplemental reading.

- [Sherry Hunt Took On One of the World's Biggest Banks and Won](#) (*New York Magazine*, November 2016)
- [Why Sherry Hunt blew the whistle at CitiMortgage](#) (*St. Louis Post-Dispatch*, February 26, 2012)
- [How Citibank Dumped Lousy Mortgages on the Government](#) (*ProPublica*, February 16, 2012)

Episode 1: The Whistleblower Instructor Resources

Below is a suggested structure for class discussion and activities based on this episode. This structure assumes the instructor has assigned students to watch the episode prior to class.

Class Outline:

I. Overview (10 minutes)

- Outline the case and key issues at play.

II. Discussion (30 minutes)

- Open up the floor for class discussion.
- *Discussion questions:*
 - Describe the key dilemma Sherry Hunt faced.
 - Describe the external factors which contributed to the situation at CitiMortgage.
 - How might Sherry have acted differently if Richard Bowen had not been her supervisor?
- *Suggested themes to highlight:*
 - The role corporate culture can play in ethical dilemmas.
 - The risks and rewards of stepping forward as a whistleblower, including legal protections in place for employees (see “Supplemental Case Readings” on page 12).

III. Activity: Debate (50 minutes)

- See “Extension Activities” on the following page for an activity outline.

IV. Conclude (15 minutes)

Episode 1: The Whistleblower Extention Activities

I. Case Summary

Assignment: Prior to class, assign students to write a three-sentence summary of the case presented in the episode. The summary should include an overview of the key issue presented in the case, along with the case outcome.

II. In-Class Debate

For some whistleblowers like Sherry Hunt, the decision to come forward is black and white. But many other cases aren't so clear. Using a similar but more ambiguous case, such as the Edward Snowden Case presented below, conduct an in-class debate.

Edward Snowden Case: Edward Snowden is a former U.S. government employee who leaked classified information from the National Security Agency. Some view Snowden's whistleblowing as heroic, while others argue that his activity is criminal and he should be prosecuted for it.

1. Split the class into three groups: two groups will argue for and against Snowden, and the third group will serve as judges. The instructor should print and distribute the applicable article to each group. The judges should read both articles.

Pro: Snowden should not face punishment for being a whistleblower

[Whistle-Blowers Deserve Protection Not Prison](#) (New York Times, December 18, 2013)

Con: Snowden is a criminal and should be punished for breaking the law

[Edward Snowden Broke the Law and Should Be Prosecuted](#) (New York Times, December 18, 2013)

2. Distribute the applicable reading assignment to each group and give students time to read independently and discuss as a group (20 minutes). During this time, the judges should read both articles and discuss the key issues at play.

3. Each group should clearly articulate their stance and make an argument as to why they are correct (5 minutes per group).

4. After each group states their case, the judges should pose questions to each group (5 minutes per group).

5. Judges will then leave the room and deliberate, and return with a final verdict and explanation of their reasoning (10 minutes).

III. Editorial

Assignment: Write a 250-word editorial either siding with or critiquing Sherry Hunt’s decision to blow the whistle at CitiMortgage.

Note: Instructors may choose to ask students to use the included ethical frameworks included in the full Playing by the Rules classroom materials or other frameworks appropriate to their class in their analysis.

Key considerations:

- *Explain what you would have done if in Sherry Hunt’s position.*
- *Describe the factors contributing to your decision.*
- *How would you weigh the consequences of your decision?*
- *What effect would your decision have on key stakeholders (CitiMortgage managers, customers, and your coworkers)?*
- *Describe one or two ethical frameworks you would use to weigh your decision.*

Alternate Assignment: Write a 250-word editorial describing a similar ethical dilemma you have personally witnessed or experienced. Please do not reveal details about identities, company, etc. Apply the frameworks discussed in class and the major trade-offs faced by the main decision maker in the dilemma.

IV. Related Readings

Instructors may choose to assign additional readings for context on the key issues of this episode, either in advance of class or post-class:

- [What to Do If Your Boss Asks You to Break the Rules](#) (*Harvard Business Review*, January 7, 2016)
- [Whistleblower Protection Programs](#) (*United States Department of Labor*)
- [Examples of Whistleblowing in Business](#) (*San Francisco Chronicle*)

Episode 2: Ask Why

Instructor Overview

Case Overview

Why did Enron's collapse take the financial community by complete surprise? Were there any warning signs that Enron was not as financially stable as it appeared? "Ask Why" takes a look at the energy company from Houston which, in just 15 years, had built itself into the seventh largest corporation in America. The film examines the events that led to the company's collapse, including a corporate environment that inhibited the board of directors from exercising governance and control.

The film features candid interviews with Sherron Watkins, a former Vice President of Corporate Development at Enron who sounded the alarm bell at the time. Watkins wrote a letter to Enron founder and chairman Ken Lay on the nature of the accounting fraud hiding the company's investment losses, in which she asked, "Has Enron become a risky place to work?" she asked. "I am incredibly nervous we will implode in a wave of accounting scandals."

Her pleas to the captain to right the corporate ship fell on deaf ears, and some five months later Enron declared bankruptcy.

Media Utilization Tips

Ideally, instructors will assign the [full episode](#) (26 minutes) to students to watch in advance of the class, so that they may fully participate in the in-class discussion.

Link to view:

<https://www.wliw.org/programs/playing-rules-ethics-work/playing-rules-ethics-work-ask-why-full-episode/>

Key Moments: Instructors may choose to highlight key moments within the episode. Below are the timestamps of key decision-making moments by Sherron Watkins, as well as other turning points in the case:

6:45 - What key issue did Sherron Watkins identify and raise with Ken Lay?

9:42 - Which actions taken by Enron were premeditated, and which were a result of Enron's corporate culture?

16:30 - How did Ken Lay react to Sherron's accounting concerns?

Reflection Questions: Instructors may also choose to provide students with reflection questions as they watch the episode. Examples of reflection questions include:

- *Describe the parties involved and their interests.*
- *Describe the key dilemma Sherron Watkins faced.*
- *Describe how Enron's corporate culture may have contributed to the company's issues with fraud.*
- *Describe the fallout for employees and investors resulting from Enron declaring bankruptcy.*

Key Takeaways

Here are some of the key themes in this episode:

- There are particular moments when good or bad decisions can set an individual or company on a path toward unethical behavior. Making ethical decisions at an early stage can lead to better outcomes later, even when these decisions are challenging.
- As in Episode 1, we see that Enron's corporate culture played a role in creating an environment where fraud occurred. If you have previously discussed Episode 1 and Citigroup, examine the similarities or differences between the two corporate cultures.

Supplemental Case Readings

The following articles provide additional information about the Enron scandal. Instructors may use this as background reading to prepare to lead the class. Additionally, instructors may choose to assign one or more of the articles to students as supplemental reading.

- [Enron Chiefs Guilty of Fraud and Conspiracy](#) (*The New York Times*, May 25, 2006)
- [Behind the Enron Scandal](#) (*TIME* magazine, 2016)
- [The Enron Ponzi Scheme](#) (*The Atlantic*, March 2002)

Episode 2: Ask Why

Instructor Resources

Below is a suggested structure for class discussion and activities based on this episode. This structure assumes the instructor has assigned students to watch the episode prior to class.

Class Outline:

I. Overview (10 minutes)

- Outline the case and key issues at play.

II. Discussion (30 minutes)

- Open up the floor for class discussion.
- *Discussion questions:*
 - Describe the key dilemma Sherron Watkins faced.
 - Describe how Enron's corporate culture may have contributed to the company's issues with fraud.
 - Describe the fallout for employees and investors resulting from Enron declaring bankruptcy.
- *Suggested themes to highlight:*
 - The role corporate culture can play in ethical dilemmas.
 - Identifying key moments when unethical decisions were made.

III. Activity: Debate (50 minutes)

- See "Extension Activities" on the following page for an activity outline.

IV. Conclude (15 minutes)

Episode 2: Ask Why Extention Activities

I. Case Summary

Assignment: Prior to class, assign students to write a three-sentence summary of the case presented in the episode. The summary should include an overview of the key issue presented in the case, along with the case outcome.

II. In-Class Debate

After the Enron scandal, some other large U.S. corporations faced fraud charges. In almost all cases, the company declared bankruptcy, except for one: Tyco International. Though many cases of fraud are clear-cut, in the case of Tyco, executives accused of fraud claimed the company authorized it.

Tyco International Case: Former chairman and chief executive Dennis Kozlowski and former chief financial officer Mark H. Swartz were accused of the theft of more than US\$150 million from the company. However, the two former executives contended that Tyco's board of directors authorized the expenses as part of their compensation.

1. Split the class into three groups: two groups will argue for and against Kozlowski, and the third group will serve as judges. The instructor should print and distribute the applicable article to each group. The judges should read both articles.

Pro: Kozlowski was not at fault for Tyco's fraud and was wrongly punished
[Dennis Kozlowski Was Not a Thief](#) (Harvard Business Review, January 7, 2014)

Con: Kozlowski is responsible for Tyco's fraud and his punishment was correct
[Top Tyco Executives Charged With \\$600 Million Fraud Scheme](#) (New York Times, September 13, 2002)

2. Distribute the applicable reading assignment to each group and give students time to read independently and discuss as a group (20 minutes). During this time, the judges should read both articles and discuss the key issues at play.

3. Each group should clearly articulate their stance and make an argument as to why they are correct (5 minutes per group).

4. After each group states their case, the judges should pose questions to each group (5 minutes per group).

5. Judges will then leave the room and deliberate, and return with a final verdict and explanation of their reasoning (10 minutes).

III. Editorial

Assignment: Write a 250-word editorial describing the workplace conditions you believe most significantly contributed to Enron’s fraud and ultimate downfall. What dilemmas did Sherron Watkins face in blowing the whistle?

Note: Instructors may choose to ask students to use the included ethical frameworks in the full Playing by the Rules classroom materials or other frameworks appropriate to their class in their analysis.

Key considerations:

- *What would you have done if you were in Sherron’s position?*
- *What factors would contribute to your decision?*
- *How would you weigh the consequences of your decision?*
- *What effect would your decision have on key stakeholders (Enron managers, investors, customers, and your coworkers)?*
- *Describe one or two ethical frameworks you would use to weigh your decision.*

Alternate Assignment: Write a 250-word editorial describing a similar ethical dilemma you have personally witnessed or experienced. Please do not reveal details about identities, company, etc. Apply the frameworks discussed in class and the major trade-offs faced by the main decision maker in the dilemma.

IV. Related Readings

Instructors may choose to assign additional readings for context on the key issues of this episode, either in advance of class or post-class:

- [The 10 Worst Corporate Accounting Scandals of All Time](#) (*The Accounting Degree Review*, 2018)
- [What is Corporate Fraud?](#) (*United States Internal Revenue Service*)

Episode 3: The Run Coal Memos Instructor Overview

Case Overview

What led to the massive explosion at Massey Energy's Upper Big Branch Mine? In a report nearly 1,000 pages long, the federal Mine Safety and Health Administration found that if basic safety measures had been in place, the disaster would not have happened.

"The Run Coal Memos" looks at the evidence uncovered by federal and state investigators surrounding allegations of safety violations and hazardous working conditions. Key to the government's case were the infamous "run coal memos," internal company documents which investigators say demonstrated a disregard for safety and a corporate attitude which put profits over people.

Media Utilization Tips

Ideally, instructors will assign the [full episode](#) (26 minutes) to students to watch in advance of the class, so that they may fully participate in the in-class discussion.

Link to view:

<https://www.wliw.org/programs/playing-rules-ethics-work/the-run-coal-memos-bi9lqs/>

Key Moments: Instructors may choose to highlight key moments within the episode. Below are the timestamps of key decision-making moments by leaders at Massey Energy:

12:52 - What is the key problem highlighted in the Run Coal memo?

17:40 - Explain the key findings of the federal Mine Safety and Health Administration.

19:04 - What did Don Blankenship admit when testifying to Congress?

Reflection Questions: Instructors may also choose to provide students with reflection questions as they watch the episode. Examples of reflection questions include:

- Describe the parties involved and their interests.
- Describe the conditions at Massey which led to the mining disaster.
- Massey's internal investigation reached its own conclusion about the disaster, not supported by other external reports. Describe the conclusions of the other reports.
- Why were employees and board members afraid to confront Blankenship?

Key Takeaways

Here are some of the key themes in this episode:

- Regulations play an important role in protecting the safety of employees and consumers. This case is an example of a corporation skirting regulations in order to maximize profits, putting the company's interests above the safety of its employees.
- This case is an example of what can be at stake when unethical decisions are made, or when employees are afraid to step forward. Blankenship created a culture of fear, similar but different from the CitiMortgage and Enron cases explored in earlier episodes.

Supplemental Case Readings

The following articles provide additional information about the Enron scandal. Instructors may use this as background reading to prepare to lead the class. Additionally, instructors may choose to assign one or more of the articles as supplemental reading.

- [The People v. the Coal Baron](#) (*The New York Times*, June 20, 2015)
- [Don Blankenship, ex-Massey Energy CEO, sentenced to a year in prison](#) (CNN, April 6, 2016)

Episode 3: The Run Coal Memos

Instructor Resources

Below is a suggested structure for class discussion and activities based on this episode. This structure assumes the instructor has assigned students to watch the episode prior to class.

Class Outline:

I. Overview (10 minutes)

- Outline the case and key issues at play.

II. Discussion (30 minutes)

- Open up the floor for class discussion.
- *Discussion questions:*
 - Describe the conditions at Massey which led to the mining disaster.
 - Massey's internal investigation reached its own conclusion about the disaster, not supported by other external reports. Describe the conclusions of the other reports.
 - Why were employees and board members afraid to confront Blankenship?
- *Suggested themes to highlight:*
 - The role regulations play in ensuring the safety of employees and consumers.
 - The differences between Massey's corporate culture compared to the previous cases at CitiMortgage and Enron.

III. Activity: Debate (50 minutes)

- See "Extension Activities" on the following page for an activity outline.

IV. Conclude (15 minutes)

Episode 3: The Run Coal Memeos Extention Activities

I. Case Summary

Assignment: Prior to class, assign students to write a three-sentence summary of the case presented in the episode. The summary should include an overview of the key issue presented in the case, along with the case outcome.

II. In-Class Debate

Some companies like Massey skirt regulations in order to increase profits. Some companies proactively terminate employees to avoid situations such as the one facing Massey. However, in the case of Darling International, it is unclear whether the company or employees are at fault for poor decision-making related to environmental regulations.

Darling International: Darling International fired four employees who were convicted of dumping pollutants into the Blue Earth River in Minnesota. But the convicted employees claim supervisors also knew and failed to act.

1. Split the class into three groups: two groups will argue for and against Darling's actions, and the third group will serve as judges. The instructor should print and distribute the applicable article to each group. The judges should read both articles.

Pro: Darling's employees knowingly violated the rules and should be punished

[Darling will Cough Up \\$4 Million](#) (Dallas Observer, January 2, 1997)

Con: Management knew about the violations and pinned the blame on employees

[Pollution Case Highlights Trend to Let Employees Take the Rap](#) (Wall Street Journal, October 9, 1997)

2. Distribute the applicable reading assignment to each group and give students time to read independently and discuss as a group (20 minutes). During this time, the judges should read both articles and discuss the key issues at play.

3. Each group should clearly articulate their stance and make an argument as to why they are correct (5 minutes per group).

4. After each group states their case, the judges should pose questions to each group (5 minutes per group).

5. Judges will then leave the room and deliberate, and return with a final verdict and explanation of their reasoning (10 minutes).

III. Editorial

Assignment: Write a 250-word editorial analyzing Blankenship's actions. What would you have done if you were his employee?

Note: Instructors may choose to ask students to use the included ethical frameworks included in the full Playing by the Rules classroom materials or other frameworks appropriate to their class in their analysis.

Key considerations:

- *What would you have done if you were one of Blankenship's employees?*
 - *Would you have confronted Blankenship's regulatory violations? Why or why not?*
 - *What factors would contribute to your decision?*
 - *How would you weigh the consequences of your decision?*
 - *Describe Blankenship's motivation for violating regulatory rules.*
- Alternate Assignment: Write a 250-word editorial describing a similar ethical dilemma you have personally witnessed or experienced. Please do not reveal details about identities, company, etc. Apply the frameworks discussed in class and the major trade-offs faced by the main decision maker in the dilemma.

IV. Related Readings

Instructors may choose to assign additional readings for context on the key issues of this episode, either in advance of class or post-class:

- [The Role of Government in Business](#) (*San Francisco Chronicle*, March 26, 2018).
- [Regulatory Environment Has More Impact on Business Than the Economy, Say U.S. CEOs](#) (*Forbes*, August 12, 2014).