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Survey questions Wall Street ethics

Wall Street has a shaky grip on its ethical compass, a new study suggested Tuesday.

Despite the financial changes enacted after the 2008 financial crisis, improper and even illegal activity is perceived as common among traders, brokers, portfolio managers, investment bankers and others, according to the online survey of 250 financial professionals conducted by Labaton Sucharow, a New York City law firm based in the financial district. Among the findings:

- More than half of the respondents — 52% — felt it likely their competitors had engaged in unethical or illegal activity to gain a market edge. And 24% felt company co-workers had done so.
- Nearly one quarter — 24% — said they would likely engage in illegal insider trading to make \$10 million if they could get away with it.
- In all, 28% said they felt the financial services industry does not put the interests of clients first.
- And 29% said they believed financial services professionals may need to engage in unethical or illegal activity in order to be successful.

"A particularly troubling and consistent finding throughout the survey is that Wall Street's future leaders — the young professionals who will one day assume control of the trillions of dollars that the industry manages — have lost their moral compass, accept corporate wrongdoing as a necessary evil and fear reporting this misconduct," concluded the survey, the second annual review conducted by the law firm. "This is a ticking economic time bomb that responsible organizations must immediately defuse or pay a heavy price."

The survey results found a similar decline in ethics as the one highlighted in *Wall Street Values*, a recently published book by two business academics in New Jersey.

Michael Santoro, a professor at Rutgers University Business School, and Ronald Strauss, an assistant professor at Montclair State University School of Business, concluded that "no amount of structural reform and government regulation will ensure the stability of the global financial system unless the ethical practices and values of Wall Street professionals are aligned with market efficiency and the public welfare."

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