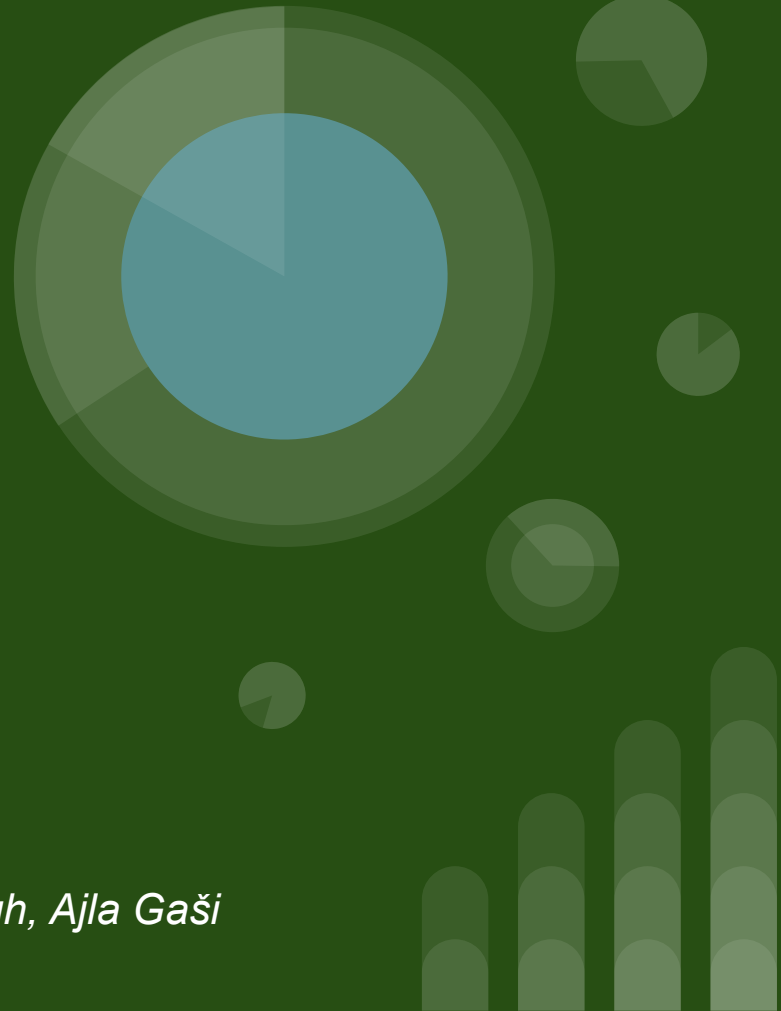


*Digital Conference 2023: Intercultural Perspectives on
Information Literacy and Metaliteracy*

Corporate Misinformation and Financial Scandals

by Michelle T., Sarah A., RK Nongthangsana Singh, Ajla Gaši





Overview

1. Green Marketing/Greenwashing
2. *Case Study:* Tragedy Bangladesh
3. Ethics/Magnitude → Current Numbers
4. Financial Scandals
5. *Case Study:* FTX
- 6. Interview: Robin Banerjee**
7. Closing Remark
 - Resources
 - Discussion



GREEN MARKETING & -WASHING AS AN EXAMPLE OF CORPORATE MISINFORMATION/ LACK OF TRANSPARENCY/ MANIPULATION OF INFORMATION

- 1980s/1990s green marketing appeared, it refers to inclusion of environmental awareness in marketing
- greenwashing represents a phenomenon that includes poor environmental performance but positive communication about it → **spreading of misinformation**
- greenwashing can cover various aspects
- a deliberate corporate action misleading consumers
- consumers are more inclined to choose a brand that they think will help the environment
- fast-fashion system is a combination of short manufacturing cycles, rapid distribution, highly fashionable designs
- fast-fashion business strategy: minimizing the buying cycle, lead times processes for the latest fashion trends by updating the products frequently

→ harmful for environment (wasting resources, use of chemicals...) & people (poor working conditions: exploitation...)

(Lidia et al. 2022)



GREEN MARKETING & -WASHING AS AN EXAMPLE OF CORPORATE MISINFORMATION/ LACK OF TRANSPARENCY/ MANIPULATION OF INFORMATION

Greenwashing is just one of many ways in which corporate misinformation can occur, but it will be the focus of the study due to its relevance to the fast fashion industry. The sources we mentioned provided and analysed on greenwashing, including its development and "sins" in the fast fashion industry (Lidia et al., 2022), criticisms of sustainable supply chain management and suggestions for improvement (Turker and Altuntas, 2014), and the examination of the real numbers behind corporate discourse, unethical practices, and the unmet potential of ethical consumerism (Jones, 2019). The focus of these sources is on the impact and consequences of greenwashing in the fast fashion industry.



GREEN MARKETING & -WASHING AS AN EXAMPLE OF CORPORATE MISINFORMATION/ LACK OF TRANSPARENCY/ MANIPULATION OF INFORMATION

Some common strategies used in greenwashing include:

1. **Vagueness:** using terms like "eco-friendly" or "sustainable" without providing specific details or evidence to back up the claims.
2. **Hidden trade-offs:** highlighting one environmentally friendly aspect of a product or service, while ignoring other aspects that have a negative impact on the environment.
3. **Irrelevance:** emphasizing an environmental aspect that is minor or has little impact, while ignoring the main environmental impact of the product or service.
4. **Lesser of two evils:** claiming that a product or service is environmentally friendly compared to a traditional alternative, while ignoring the fact that the alternative is still harmful to the environment

International macroeconomics by E.Spahić



MAGNITUDE OF THESE MISINFORMATION

Case study by Ian M. Taplin concerning the following catastrophe:

“On April 24, 2013, an eight-story complex of clothing factories called Rana Plaza, near Dhaka, Bangladesh, collapsed” (Taplin, 2014: 72)

→ total number of deaths: 1,127 workers → not the first incident of this sort (ibid.)

Taplin (2014: 73) labels his article as “a commentary on the complex web of ethical and practical issues that penetrate deep into the fabric of globalism and the fetishism of consumerism” within which he tackles the **question of blame** → **Who should take accountability for that?**



QUESTION OF BLAME → WHO SHOULD TAKE ACCOUNTABILITY FOR THAT?

Starting point and fundament: **FAST** fashion being literally fast → immediate deliveries → collection after collection → producing, producing, producing → increased workload → at the expense of safety (Taplin, 2014: 73/78)

Result to the question of blame: it is a **structural problem** (ibid., Jones, 2019: 743-744)

→ **governments, laws, western corporations, fast fashion consumers** → enabled by lack of transparencies, also within the chain (Taplin, 2014: 73-76/79-81)

→ so accountability lies within all of those parties (ibid.:73/79-81)



MAGNITUDE OF THESE MISINFORMATION

Critique: Wrong focus

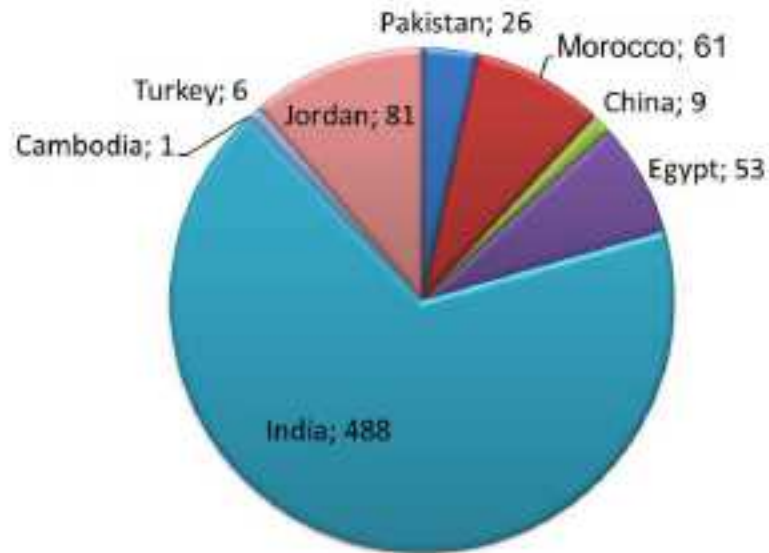
“[...] we have spent a lot of time analyzing what companies convey in the performances they give via advertisements but very little time detailing the unethical practices that discredit those performances or the practice of deliberate obfuscation of said practices” (Jones, 2019: 745-746) → knowing where to look: Information Literacy

Proposal for solution:

“[...] the focus should be on supporting efforts to require regular environmental data reporting to government agencies that then make the information readily available to the public” (ibid.: 746) → obtained by third parties to prevent bias (ibid.)

AND = ***staying sceptical*** as a key instrument of being meta-/information literate (ibid.)

INJURED CONNECTED TO GARMENT INDUSTRY IN 2021-2022



→ Around 725 injured people connected to this Industry

DEATHS CONNECTED TO GARMENT INDUSTRY IN 2021-2022



→ Around 175 people died connected to this Industry

IMPACT



Case Study of Bangladesh and the current insights show:

→ *its real people that suffer and the impact is enormous, also for our climate*

WHAT IS A FINANCIAL SCANDAL?



UNDERSTANDING FINANCIAL SCANDALS



FINANCIAL SCANDAL IS DEFINED AS: A SITUATION OR EVENT THAT HAS OCCURRED AS A RESULT OF FINANCIAL RESOURCES BEING EMPLOYED IN A MORALLY QUESTIONABLE MANNER WHERE THERE ARE SERIOUS CONSEQUENCES FOR THIRD PARTIES, WHICH ARE WIDELY KNOWN.

According to this definition financial scandals may involve accounting and financial market manipulation, multiple types of fraud, and accentuate the possibility of corporate bankruptcy.



MANY, IF NOT MOST FINANCIAL SCANDALS INVOLVE AN ENTITY STORING MONEY IN OFFSHORE SAFE HAVENS TO AVOID PAYING TAXES AND FURTHER, TO AVAIL ANONYMITY OF TRANSFERS, THIS, IS A BIG PART OF CORPORATE MISINFORMATION.

Individuals and their families have as much as \$7 to \$22 trillion of hidden financial assets in offshore tax havens



CORPORATE MISINFORMATION OFTEN ACTS AS THE BACKBONE OF FINANCIAL SCANDALS
TO BETTER UNDERSTAND THE CORRELATION BETWEEN CORPORATE MISINFORMATION AND FINANCIAL SCANDALS: WE SHALL STUDY THE CASE OF FTX AND ALSO DISCUSS THE MONEY THAT OFFSHORE HOLDINGS HAVE AND HOW DETRIMENTAL THEY ARE TO SOCIETY AS A WHOLE.



**UNDERSTANDING HOW
CORPORATE
MISINFORMATION AND LIES
LED TO THE BIGGEST
FINANCIAL SCANDAL IN
RECENT TIMES**

WHAT WAS FTX AND
HOW DID
MISINFORMATION AND A
WEB OF LIES LEAD TO
THEIR DOWNFALL?

A CLOSE STUDY OF FTX
AND THEIR FOUNDER,
SAM BANKMAN FRIED

FTX

WHAT WAS FTX?

FTX WAS A DIGITAL CURRENCY EXCHANGE, A PLATFORM WHERE PEOPLE COULD BUY AND SELL DIGITAL ASSETS/CRYPTO CURRENCIES. SUCH PLATFORMS ROSE IN POPULARITY IN RECENT YEARS AS INVESTING IN CRYPTO BECAME MORE LUCRATIVE. AT IT'S PEAK, FTX WAS WORTH A STAGGERING \$32 BILLION. HOWEVER, ON THE 11 OF NOVEMBER, 2022, ALL CAME CRASHING DOWN FOR FTX. LET'S LEARN WHY.



TO UNDERSTAND WHY, LET'S LEARN ABOUT FTX'S FOUNDER, SAM BANKMAN FRIED AND HIS WEB OF LIES FIRST.

THE DOWNFALL

THE CATALYST TO FTX'S DOWNFALL WAS A REPORT PUBLISHED BY CRYPTO NEWS SITE COINDESK THAT REVEALED THAT ALAMEDA RESEARCH, THE quantitative trading firm also run by Bankman-Fried, held a position valued at \$5 billion in FTT, the native token of FTX.

THE REPORT DISCLOSED THAT ALAMEDA'S INVESTMENT FOUNDATION WAS ALSO IN FTT, THE TOKEN THAT ITS SISTER COMPANY HAD INVENTED, NOT A FIAT CURRENCY. OR OTHER CRYPTOCURRENCY. THAT PROMPTED CONCERN ACROSS THE CRYPTOCURRENCY INDUSTRY REGARDING BANKMAN-FRIED'S COMPANIES'

THE ARTICLE WENT INTO DETAIL ON CLAIMS THAT ALAMEDA RESEARCH'S MAIN ASSET WAS FTT, THE NATIVE FTX TOKEN. THIS WAS A CONCERN BECAUSE FTX WAS USING FTT AS COLLATERAL ON THE BALANCE SHEET. THIS MEANT THAT THE ASSETS WERE TIED TO A RISKY AND VOLATILE TOKEN, NATURALLY LEADING TO WORRIES ABOUT THE CAPITAL OF FTX AND ALAMEDA



Hern, Alex. "What Do We Know so Far about Collapse of Crypto Exchange FTX?" The Guardian, Guardian News and Media, 18 Nov. 2022,



THE DOWNFALL

MORE DOCUMENTS LEAKED TO NEWS SITE COINDESK SUGGESTED THAT ALAMEDA, THE GROUP'S HEDGE FUND, WAS USING FTT TO MAKE RISKY LOANS – EFFECTIVELY TRADING USING COMPANY SCRIP. THE REVELATION PROMPTED A MAJOR HOLDER OF FTT, RIVAL EXCHANGE BINANCE, TO DECLARE IT WAS SELLING ITS HOLDINGS, PROMPTING A RUN ON THE EXCHANGE AS OTHER CUSTOMERS SCRAMBLED TO WITHDRAW THEIR FUNDS.

THIS CAUSED THE PRICE OF FTT TOKENS TO DROP AS INVESTORS RUSHED TO TAKE THEIR MONEY OUT OF FTX, FIGURING THAT THIS WOULD BE THE NEXT CRYPTO COMPANY TO COLLAPSE. FTX THEN COULDN'T PROCESS THESE WITHDRAWAL REQUESTS AS THEY REACHED AN ESTIMATED \$6 BILLION. THIS LED TO A LIQUIDITY CRUNCH FOR FTX, WHICH SIMPLY MEANS THEY DIDN'T HAVE THE FUNDS TO FULFILL THE WITHDRAWAL REQUESTS. THE \$6 BILLION IN WITHDRAWALS IN 72 HOURS WAS ENOUGH FOR FTX TO PAUSE WITHDRAWALS.



Yang, Yuoqi, "FTX's Sam Bankman-Fried Got \$1 Billion Loan from Alameda Research." Bloomberg.com, Bloomberg, 17 Nov. 2022



SAM BANKMAN FRIED AND HIS WEB OF LIES AND MISINFOR MATION



2017: SAM BANKMAN-FRIED LIES TO BANKS BY TELLING THEM THAT ALAMEDA IS A "RESEARCH" ORGANISATION SO THAT THEY ALLOW HIM TO OPEN AN ACCOUNT WITH THEM.

2017: BANKMAN-FRIED'S COMPANY, ALAMEDA "RESEARCH" CAPITALISES ON THE CUSTOMER'S LACK OF INFORMATION TO UPSSELL THEM CRYPTOS THAT THEY BOUGHT AT A CHEAPER RATE.

2018 TO 2022: ON SEVERAL OCCASIONS, BANKMAN-FRIED CLAIMED THAT HE WASN'T INVOLVED WITH ALAMEDA CAPITAL AND "WASN'T RUNNING THE COMPANY". THIS COULDN'T BE FAR FROM THE TRUTH AS THE CFTC PROVES THAT BANKMAN-FRIED NOT ONLY RAN THE COMPANY BUT ALSO WAS A SIGNATORY ON THE COMPANY'S ACCOUNTS.

2021: ALTHOUGH ALAMEDA CEO CAROLINE ELLISON PREVIOUSLY STATED THAT SHE AND BANKMAN-FRIED KEEP THE TWO COMPANIES "QUITE SEPARATE IN TERMS OF DAY-TO-DAY OPERATIONS," THE CFTC MAKES A PRETTY STRONG ARGUMENT INDICATING THAT THIS, TOO, WAS FALSE WITH BANKMAN-FRIED HAVING INCREDIBLE CONTROL OVER ALAMEDA'S ACCOUNTS.

2022: THE CFTC CLAIMS THAT BANKMAN-FRIED, HIS PARENTS, AND HIS EMPLOYEES AT FTX AND ALAMEDA USED CUSTOMERS' FUNDS FOR PERSONAL BENEFIT: LUXURY REAL ESTATE, PRIVATE JETS, PERSONAL LOANS, AND POLITICAL DONATIONS

2022 FTX'S TERMS OF SERVICE SAID THAT NONE OF THE DIGITAL ASSETS IN A USER'S ACCOUNT "SHALL OR MAY BE LOANED TO FTX TRADING." ACCORDING TO THE CFTC COMPLAINT, THAT WAS A LIE. THE USE OF CUSTOMER FUNDS WASN'T AUTHORIZED BY FTX CUSTOMERS, AND THEY DIDN'T KNOW THEIR FUNDS WERE BEING USED BY ALAMEDA RESEARCH

AS A LAST STRAW TO HIS LIES, BANKMAN-FRIED TWEETED SAYING 'FTX IS FINE. ASSETS ARE FINE' AS FTT PRICES PLUMMETED. AS AN ADMISSION OF GUILT, BANKMAN-FRIED WENT ON TO DELETE HIS TWEET

**SAM BANKMAN-FRIED AND HIS
WEB OF LIES WERE THE REASON
BEHIND THE DOWNFALL OF FTX.
THIS CASE STUDY EXEMPLIFIES
THE FACT THAT CORPORATE
MISINFORMATION IS OFTEN THE
BACKBONE OF A FINANCIAL
SCANDAL**



INTERVIEW WITH MR. ROBIN BANERJEE

President and CEO, Caprihans India | Author of the book “Corporate Frauds”

Key Takeaways on Financial Scandals, Corporate Misinformation,
Cryptocurrencies, Blockchain and more.

1. It is advisable for companies to be honest and transparent with their customers to maintain a long term relationship. Honesty builds trust and transparency reaffirms that trust.
2. Lying about the efficacy or ethics about one's product is of no use. Sooner or later, the truth will catch on and the forces of the market will lead the web of lies to fall.
3. Most scandals involve “get rich quick” schemes. get rich quick schemes are a big red flag and are always indicators for false promises and financial malpractices, it is advised to avoid such schemes.
4. As a rule of precaution, Mr. Banerjee recommends staying away from any scheme or institution that guarantees more than 15% returns per annum.



INTERVIEW WITH MR. ROBIN BANERJEE

Mr. Banerjee on Cryptocurrencies, Blockchain and Web 3.0

1. Cryptocurrencies are not currencies since they're not widely acceptable and are highly unstable.
2. Blockchain technology and Web 3.0 are useful tools and should not be defamed due to ongoing crypto trends.

On the impact of financial scandals on society

1. They're highly disruptive events that not only lose investors money but also adversely affect society as a whole as they lead to disruptions of industries, mass layoffs and unemployment and overall, degradation of a nation's economy.



**YOU CAN FOOL SOME
PEOPLE SOMETIME,
YOU CAN'T FOOL ALL
THE PEOPLE ALL THE
TIME. SOONER OR
LATER, THE TRUTH
WILL COME OUT.**

- Robin Banerjee

President and CEO, Caprihans India Limited



INTERVIEW WITH MR. ROBIN BANERJEE

LINK TO THE FULL INTERVIEW



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THANK YOU FOR YOUR ATTENTION

Let's discuss together:



- 1) How is this topic connected to Information and Metaliteracy?
- 2) What can be done to prevent?