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| **CASE STUDY**  **SALES SCENARIO-1**    Read the case scenario and answer the questions at the end. Provide full justification for your answer.  John Davis works has been a successful Financial Advisor with a Major Canadian Bank. He has been working in the position for 8 years and has increased his portfolio substantially. He has many high-net-worth clients, and he has won their trust by providing great advice.  His wife Bettie worked for 5 years as an Accounts Executive with a Car dealership, but she was laid off due to decreasing sales volume at the dealership. They have a son and a daughter in their teens and are expecting a third child in 3-4 months.  They purchased a large home in the suburbs about 4 years earlier for $1M and took out a $750,000 variable rate mortgage. Real Estate market has been good, and their house has current market value of $1.4M. However, their monthly mortgage payment has almost doubled since the interest rates have been going up. Increased mortgage payments have been eating into their budget and they have been finding it difficult to manage his cash flow.  John has been really feeling the stress now. The sales in his business have slowed down quite a bit, Bettie lost her job and on top of that there is additional pressure of new baby coming soon. His manager has also been pressuring him to increase his sales specifically of mutual funds in his portfolio. During his last sales meeting, his manager subtly suggested that John should switch some mutual funds in this client accounts to create transactions that would help him to generate much needed commissions. The transactions would not have any material difference to the risk/return relationship in the portfolios but would also not provide any additional benefits to the clients. He would have no problem convincing the clients since they all trust his completely. In any case, had he not helped them grow their investments over all these years? What harm could it do to these rich clients if he earns a little bit extra commission from the portfolios?     1. How do you view the action of John Davis? Is he acting ethically? Why? 2. Explain if you think Is there is conflict of interest in the transactions 3. Is there an issue of ethical dilemma here? If there is what fundamental values of John are creating the dilemma? 4. How would you handle the situation if you are in the same role? | |
| Due Date |  |
| Jan 31, 2023 3:00 PM | |

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