

**Final Case Assignment,
“Fundamentals of Canadian Business Law and Ethics”
ADMS 3060, Sections A and B
School of Administrative Studies
York University**

**Instructor: Mark Schwartz
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Please read the following case and answer the questions at the end.

Case: Neverland

Scott McDaniel, Vice President of Marketing for Sky Online Entertainment (Sky), walked wearily into his office and shut the door. He had just come from an executive board meeting in which the President of Sky, John Smedley, had disclosed to him a recent development involving the online computer game, Neverland, manufactured and heavily promoted by Sky.

The incident

At around 6:00 a.m., on Tuesday, November 17th, 2009, Bill Woodley had logged on to his computer and began playing Neverland, his favourite game. A few hours later he committed suicide.

Two days passed and, when he didn't show up for Thanksgiving dinner, his mother, Liz Woodley, found his body in a rocking chair at his computer desk. He had a 0.22 caliber rifle at his side and Neverland was still playing on his computer screen. Mrs. Woodley stated to the news media that she believed the cause of Bill's suicide was his addiction to Neverland. The news media picked up on the suicide story and the potential issues of addiction, obsession, or compulsion of today's consumer for online game-playing at the expense of their daily lives.

Although the media contacted Sky Online Entertainment for comment, the only response from the company was from Mr. McDaniel, stating “There's a duty on the consumer to use it responsibly.”

Bill Woodley, a 21-year-old shy, slightly overweight young man, had been diagnosed with depression in conjunction with schizoid personality behaviour. He also had a history of seizures. Bill had been living in a group home for a short time, but checked himself out after several months and rented his own apartment. He had held a variety of different jobs over the preceding year, but he quit his last job about a week before the suicide. Bill began playing Neverland approximately 1 year before his death. When he committed suicide, he left no note. The only clues for what he had been doing prior to his suicide were notes about names and terms related to Neverland. His family claimed that the lure of the game for Bill was the camaraderie with other players. Mrs. Woodley related one incident in which Bill cried because another player had stolen some of the treasures he had collected playing the game.

Neverland – The game

Emblazoned across the Neverland website were the words, **“Pause Life. Play Game.”** Neverland was a “real 3D massively multiplayer (MMP) fantasy game role playing game (RPG).” A massively multiplayer online game is a video game where a player connects through the Internet to a persistent virtual world, joining with hundreds of thousands of other gamers in a shared experience. In a role playing game, there is no “winning” in the traditional sense. Players create their own characters which are then “free” to roam the fantasy world.

The scope of Neverland differed from player to player. Neverland players entered into an enormous virtual entertainment world named Bovath, with its own species, economic systems, alliances, and politics. The players could wander around seeking allies and knowledge, facing epic challenges, meeting new friends, and more.

Each player defined his/her own character’s destiny. The character could be a knight, a misshapen elf, a dwarf, a monster, or a damsel in distress. Characters grew in strength and in power based on the total number of hours they were played. Neverland players usually attempted to form “guilds” or teams which worked together to earn points, slay monsters, and capture key positions within the world of Bovath. A monetary value was attached to the characters as they became recognized “rulers” in Bovath. One player who reached the highest Neverland levels reported selling three characters on e-bay for \$4,500. Pressure for players to continue playing the game and not logging off was tremendous. Logging off could hurt the guild’s chances of advancing through the game since strength in numbers was critical for attacking a dragon or another guild, or trying to steal the treasures of another character. In addition, logging off could allow your character to be attacked because, even though a player was not online, their character remained in play and actively involved in the land of Bovath.

Financial implications

Introduced by Sky Online Entertainment in 2006, Neverland retailed for approximately \$40. It required either a Sky game system (\$199.00) or could be played on a personal computer. For an additional \$12.95 per month, players could sign up to play the game online. Revenues from online subscriptions netted Sky approximately \$5 million a month. The game and its expansions were widely popular. One expansion of the Neverland game, “The Shadow of Luclin”, sold 120,000 copies on the day it was released. As of May 2011, there were approximately 430,000 registered players of Neverland, with approximately 12,000 more signing up each month. On any given night, approximately 100,000 players roamed the world of Bovath. Since Bovath existed online, the players were from around the world, increasing the likelihood that play would be intense even when most of America was sleeping. Indeed, demand in Europe for this game became so great that in November 2009, Sky had to construct and bring online a new server dedicated to Neverland.

More than 1,000 computers kept the game running, with 47 Sky staffers continually adding items and quests to the game and approximately 128 “game masters” functioning online wandering around in Bovath answering questions. Because the game became so popular, Bovath was likely to become overpopulated. To combat this, Sky launched 42 versions of the game so that players

could relocate their character to a different “world” for a \$50 fee. The revenue stream was so good that Sky planned to introduce Neverland II, a project costing \$20 million. The projected net revenues for Neverland II were important for Sky, as a variety of other unsuccessful gaming projects had led to several years of losses for Sky. As a result, there was now growing pressure on the firm from shareholders and the board of directors to generate another “winner” to increase profits, or executives might need to be replaced.

Online addiction

Numerous mental health organizations are dedicated to dealing with online addiction. Experts believe that online gaming is a significant addiction problem, causing a growing number of people to spend huge chunks of time at the computer. Some psychologists believe that this particular game is so addictive in nature that it should be called “Never-Crack”. The peer pressure to stay online and help your guild, the lure of playing anonymously, and the thrill of the hunt, made Neverland very appealing to consumers. Mrs. Woodley developed her own website in her quest to educate people about the dangers of playing Neverland. Two additional websites appeared for Neverland ‘widows’, dedicated to providing a support group for those individuals dealing with a husband, wife, girlfriend, son, etc. addicted to playing the game. One active website with links to numerous online addiction services, “Neverland Widows” listed 3,654 members. A similar website provided opportunities for aggrieved family members to vent their anger about the game and receive moral support. One member stated that her husband “picked the game over me on Mother’s Day. He picks the game over me when I have my family from out of town.” Other members responded with advice and encouragement, including one member who opined that she should “move on... There is no reason for you to suffer when there are other men out there in the real world that you can date.” In one survey, 45% of the 1,989 respondents considered themselves addicted to Neverland. The typical player logged more than 20 hours per week playing the game, with one survey estimating that 15% of the users played between 40–50 hours per week. Another survey of 3,166 players indicated that for the 18–22 year old age group, 50% of the males and 44% of the females have lost sleep over their playing habits. However, some psychologists believe that online gaming is not addictive. Instead, they say, the personality of the particular player is what puts him or her at risk. Bill Woodley’s diagnosed personality disorders made it easy for him to reinvent himself on line, which is what he appeared to do. This “escape from reality” feature of the game could be very alluring to individuals with low self esteem. The thrill of anonymity may have lured Bill and other players including a number of young teenagers to continue playing and playing and playing.

Future of Sky and online gaming

Sky planned to introduce Neverland II in the Fall of 2011. Destined to be as popular as Neverland, the new version would be set in a new age – the Age of Destiny. Players’ quests would directly affect the structure of the game, thus changing the plot line on a monthly basis. Sky was anticipating high profits and favourable customer response with this new product. But, Sky had some possible legal issues looming. Mrs. Woodley was now contemplating filing a lawsuit against Sky Online Entertainment for its alleged role in her son’s suicide. Some time after January 2011, a warning label appeared on Neverland’s website: **“Photosensitive. Seizure Warning.”** In addition, in Tampa, FL, the Neverland game was implicated in the death of a

young child when the father threw the child into a closet after the child's crying had interrupted his game playing. Scott McDaniel paced his office and thought about the planned release of Neverland II. **As big a money-maker as it promised to be, was Sky justified in releasing it? Was the game really responsible, even in part, for death, abuse, or other personal emotional damage to players? McDaniel himself had a family. Was there something he should be doing besides preparing the ad campaign?**

Instructions for completing assignment (important, please read carefully):

In no more than a total of 1,800 words (please indicate your total word count at the end of the analysis) analyze the following ethical issue: Is Sky Online Entertainment morally obligated to take additional steps (e.g., remove/discontinue product, provide additional warning labels, and/or make the game less potentially addictive) with respect to Neverland I or the launch of Neverland II, or should they proceed without taking any additional steps? To answer this question, students should do the following (there is no need for any introduction to your analysis):

1. Apply the seven moral standards (i.e., core values, relativism, ethical egoism, utilitarianism, Kantianism, moral rights, justice), to the full extent that they are applicable, to both support and critique *your position* on the ethical issue (clearly state your position and clearly indicate which moral standards you are applying) (approx. 1,200 words);
2. Indicate whether Milton Friedman would agree or disagree with your position on the issue and why based on his criteria and constraints (approx. 200 words); and
3. Make reference to any other relevant cases and/or theoretical concepts discussed in the course to support and/or critique your position (approx. 400 words).

No additional research beyond the course materials is required. Include any reasonable factual assumptions you are making if necessary. Note that you won't be graded on the specific alternative you defend but on the quality of your analysis and your demonstration of your grasp of the course concepts and cases. This assignment is to be completed by you alone. You may not discuss, ask, or allow another student or anyone else to read, review, or give any comments on your answer (or even an outline of your answer), and you may not discuss, review, or give comments on any other student's answer or outline. Failure to observe the requirement to write your assignment alone will be considered a serious ethical violation, so please be careful to avoid problems. Please do not ask if you can go over the word limit (the total maximum of 1,800 words) as I will reply that you should not go over the word limit (in fairness to other students).

[Go to Next Page for Instructions on Submitting Assignment]

Instructions for submitting assignment (important, please read carefully):

- The final assignment must be submitted in Word format by **Monday, December 9th by 3:00 pm** (if possible, please try to submit at least several hours earlier in the day to avoid potentially getting blocked by the system).
- To submit your final assignment, go to the Moodle website where the final assignment is posted, and then click below where it will say: “Submit (Upload) Final Case Assignment Here”.
- Your file name of your Word document (do not submit a pdf file) should conform to the following format (depending which section you are in, A or B). Do not use any spaces, and use hyphens as follows:

3060[section letter]-Last name-First name.

Here are examples for each of the two sections if the student’s name was Mary Smith:

“3060A-Smith-Mary” (for students in section A)

“3060B-Smith-Mary” (for students in section B)

- Only if you are unable to successfully submit your assignment after several attempts (and if close to the deadline) then you should submit your assignment directly to me prior to the deadline (schwartz@yorku.ca). Continue however to try to submit your assignment onto the course website and let me know if you succeed in doing so.
- Please note that there is an automatic grade deduction of 5% for each day (24 hrs) late *for any reason* (i.e., including health-related or work-related reasons, so please do not wait until the last few days to complete the assignment). This policy will be strictly enforced, so if you ask for an extension, the response will be that you can submit the assignment late but you will receive the 5% per day grade deduction.
- Good luck on the assignment!