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Ethical Leadership

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Media on Fyre: Scandals Across the Music and Entertainment Industry

The entertainment industry is fraught with scandal and has been for decades. With a massive consumer base, a high profile clientele, distribution monopolies, and absurd amounts of money, the industry is primed for public attention. From the plane crash that killed Buddy Holly and Richie Valens on the “day the music died” to the seemingly endless string of overdoses and drug related deaths to suicide, corruption, and arrests, the music scene is no stranger to publicity disasters. Today the industry is still under scrutiny, aided by an interconnected audience, the increase in indie artists, and a gradual shift away from mainstream media. Of the five scandals discussed here, none was more fun to write about than the debacle that was Fyre Festival. However, there are still important lessons to be gleaned from each and each acts as an example on how to ethically conduct business in the future.

Publicity is one of the biggest reasons that the entertainment industry seems so besieged by scandal. The reach is immense and even casual fans cannot escape from news. This massive audience is the downfall of one of the industry’s most esteemed awards, the Grammy’s. Named for the shape of the award (the iconic, outdated gramophone), the Grammy’s have long been a benchmark for an artist’s career. However, in recent years, the show and the Recording Academy that produces the awards has come under fire. The voting process and the results have on many occasions become controversial due to allegations of racism. The controversy is well founded, as the awards categories lump together historically black genres that have long since separated, such as R&B/Soul, Jazz/Blues, and Rap/Hip-Hop. Even among these categories there have been

snubs that shook the core audience of the Grammy's. Just within the last five years multiple black artists such as Kendrick Lamar, Frank Ocean and Beyonce have lost Album of the Year to white artists, sometimes on more than one occasion. The public backlash that these allegations created continue to play a role in the decline of viewership of the Grammy's.

Racism is not the only dark spot on the reputation of these awards. Recently the 2020 Grammy's were carried out under tense circumstances amid claims of sexism, harassment, and favoritism. Deborah Dugan, former CEO of (red), was taken on as president of the Recording Academy in August of 2019 after the ouster of then-president Neil Portnow. In a stunning turn of events she was placed on administrative leave just ten days before the 2020 awards. This was shortly after she sent an extensive letter to the Academy's HR department detailing sexual harassment, voting irregularities, an outstanding rape allegation against the former president, and institutional sexism. She and her attorney went on to file a complaint against the Academy with the Equal Employment Opportunity Commission, leading to the public revelations of all of her allegations. On March 2, 2020, Dugan was officially removed from her position.

In a turn away from massive scandals, there has consistently been an undercurrent of alcohol, drugs, and self-destruction in the music industry. The end of the sixties was marred by the deaths of Jimi Hendrix, Janis Joplin, Jim Morrison, and others from drug overdoses. The seventies and eighties saw a decades long battle between rock bands and drugs, hotel rooms, and fellow bandmates. The end of an era occurred in 1995 with the death of Grateful Dead frontman Jerry Garcia. While ultimately due to heart complications, he maintained at the time that his heart was weakened due to the years of heroin and alcohol abuse. Kurt Cobain. Amy Winehouse. Marilyn Monroe. Brent Mydland. ODB. Michael Jackson. Whitney Houston. Tom Petty. Prince. The list goes on and continues to grow. There is no specific scandal here. Here instead is a list of

lost souls who had their lives turned upside down and propelled into a world with ready availability of anything you could ever want to adjust your mood. Drugs in the music industry have long been scandalous and continue to be today.

The rise of social media has also led to a seemingly endless string of developments with celebrities, including musicians. With such a ready connection between and among artists and fans, there is little that can be done once a video, image, or story becomes public. This has been shown to be both a blessing and a curse for the industry, one that relies heavily on public perception and audience reach. Social media has led us to a point where news can be read and shared immediately after publication, allowing artists, promoters, and fans to spread powerful ideas. One of the biggest movements on social media was the brief moment in 2017 when over a hundred social media influencers and models posted a single orange square on their Instagram pages. This took the world by storm as these posts were reaching tens of millions after only a few hours. The reason behind the orange square? Fyre, the new, mysterious music festival.

The founder of the event, William McFarland, was a millennial entrepreneur who built his wealth and reputation on a debit card company, Magnises. This company was created on the premise of manufacturing metal cards that felt and looked expensive but wasn't. By combining the exclusivity of wealth with the accessibility of normalcy he attracted customers by the hundreds. Leveraging exclusivity also became the founding principle of Fyre Festival. This was going to be a festival on a private island in the Bahamas with incredible music acts, surrounded by beautiful people and a luxurious atmosphere. The high priced festival was supposed to compete in an increasingly elaborate landscape of boutique music festivals that have sprung up in the wake of Coachella (Coscarelli). After announcing the festival, he and co-founder Ja Rule (yes, that Ja Rule) did little to actually produce anything of substance on the island. With less

than a year to work before the festival was scheduled to happen, the logistics were improbable, if not impossible.

The disaster that was Fyre Festival was the result of a series of decisions, ranging from poor to bad to malicious to downright illegal. There were countless steps along the way that he, someone from his team or anyone else involved could have, should have said “This isn’t going to happen.” To break down each of these into Davis’s seven steps for ethical decision making would be lengthy and repetitive. Instead, the dilemma is oversimplified and stripped down to one rolling choice, one that McFarland made every day: the decision to carry on with it anyway.

The seven steps laid out by Davis are these: state the problem, check the facts, identify relevant factors, develop a list of options, test them, make a decision, and then review that decision. If at any point it was conceivable that ethics were even slightly involved, there is a high likelihood that Fyre Festival would not have become the mess it was. The first step, stating the problem, is deceptively hard. The primary problem of this dilemma, then, is that there was no way to put the festival on the way it had been promised.

Social media posts, celebrity influence, news articles, and investor pitches all painted a picture of an exclusive festival that was to be the pinnacle of culture. Endorsements from celebrities and models made it seem certain that this was going to be a paradise that would be filled with beauty and opulence (Cohn). However, from a planning perspective, there was no way to fulfill this in the amount of time that they gave themselves. A music festival requires months, often years, to plan for. Logistics, infrastructure, food, water, vendors, sponsors, and more are all factors that must be considered. McFarland and Ja Rule had no previous experience in planning a festival, marketed and upsold the hell out of it, and announced the festival less than

ten months before the date. They announced and promoted the festival without a physical site, without a secure way to fund it, and without any of the planning that needed to occur.

The second step of Davis's ethical decision making process is to check the facts. Many problems seem to disappear on closer examination of the facts involved. That was not the case with McFarland, Ja Rule, and Fyre Festival. Careful documentation from vendors, lawyers, journalists, and the planners themselves paint a damning picture of the process behind the festival. There were even two documentaries of it released in 2019, "Fyre: The Greatest Party That Never Happened" on Netflix and "Fyre Fraud" on Hulu. The facts are readily available and show that not only did McFarland know that the festival was likely to fail, he readily misled customers, investors, and employees to the contrary.

Identifying relevant factors is the third step and is easier said than done. There were influences in this decision that went back years, including a generational culture obsessed with social media, the fear of missing out (FOMO), personal wealth, and startup giants. These four obsessions were crucially leveraged by McFarland and his team to create the idea for a festival that was instantly magnetic. He utilized connections with celebrities, social media personalities, musicians, and other wealthy influencers to create publicity around the festival (Cohn). There was a single film shoot done with models and social media stars that did little to even address what the festival was going to be. Despite this it was used in almost all of its advertising. The most ingenious idea in the whole process was when a list of celebrities and influencers in the hundreds all posted the exact same image at the exact same time: a square with the blaze orange color of the festival's logo. This had an immense reaction, with the festival's name reaching millions upon millions of people. Almost immediately the event sold out despite ticket prices reaching upwards of \$12000 and the festival was heard of around the internet (Cohn).

There is the relevant factor that McFarland was a known risk taker, shady entrepreneur, and con artist. His business practices were well documented before the disaster of the festival and involved taking on debt to pay back investors and scalping exclusive tickets to drive revenue. The island itself is a relevant factor. It was a small island in the Bahamas with a poor community and a barely adequate infrastructure system in place. Throughout the process, McFarland deliberately exploited and lied to business owners on the island and left many with tens thousands of dollars unpaid. This practice extended beyond the island as well. Planning, media, construction, and catering companies would send reminder after bill after reminder to McFarland, who escaped from paying them several millions of dollars total.

As it stands after the third step, the ethics in this dilemma seem to scream out. There are very clearly so many issues in the way that this process happened. But despite an article from the Wall Street Journal and a Twitter account dedicated to exposing the fraud, decisions continued to be made and the festival continued to go along as if nothing was wrong. The fourth step of Davis's decision making guide is to develop a list of options. This list is fairly straightforward and only has two entries, each self evident from a planning perspective: postpone the festival to better address the issues in production, or call it a sunk cost and cancel it. There was more than an ample amount of opportunities for McFarland and Ja Rule to consider these options. On some occasions they were even told to consider pushing the festival back or cancelling entirely by associates. However, since this paper is being written, it is obviously the case that they ignored these alternatives for the choice to continue with the festival.

Imagine if they had considered these options. Imagine they stopped for a second, between shots of liquor and cigars and photo ops, and really thought about them. The fifth step in Davis's guide, testing the options, could prove to be useful. Davis provides a series of seven tests that

options must undergo to determine viability. The harm test, deciding if an option does less harm than the others, can be answered with a resounding yes to both options. Cancelling or postponing would have avoided further millions in unpaid fees, hundreds of people being forced to stay on the island, a criminal indictment, and a \$100 million class-action lawsuit. The defensibility test is how likely the option would be to stand up under review by peers or authorities. This seems like another easy answer, especially as McFarland was indicted and convicted on multiple acts of wire fraud. The publicity test is harder to answer, as there is no avoiding bad publicity when cancelling or moving a festival. However, when compared to the publicity that the festival eventually received, a cancellation would have likely been preferable. The reversibility test is also more difficult to answer, as the perpetrators were wealthy and influential people who were making money off of lying to people. No doubt they wouldn't like any of the options, but they seem to exist outside of reality.

The colleague test is a personal favorite in this process. On countless occasions under many different circumstances, someone from within the industry and even some with no experience at all pointed out the unlikelihood of the festival going as planned. Members of the planning and events industries, from weddings to galas to (real) music festivals could point out the myriad flaws in the planning and timeline of the Fyre Festival. The organization test is not very relevant, as if McFarland had an ethics officer or legal counsel they were either outright ignored or terrible at their job. The virtue test also lacks relevance but mostly because virtue and ethics were clearly never concerns of his. William McFarland built his career on snake oil, buzz words, deceptive marketing, and embellishing the truth. There was no concern for ethics.

Davis finishes his list with the sixth and seventh steps, making and reviewing the decision. The decision was made, time and again, to continue working on and preparing for the

festival as if nothing was wrong. This decision was made in the face of mounting debt, pressure from Bahamian government agencies, bills in the range of hundreds of thousands of dollars, and certain public exposure. As the events were unfolding on the island the day of the festival, documentation and commentary was being made in real time online. After landing on the island, “millennials took to Instagram and Twitter to document failed logistics that left them stranded on tarmacs, wandering around a half-built festival, and at least in one case, locked in a Bahamas airport overnight.” (Bluestone) The videos and descriptions of the time at the festival were of chaos, disorder, panic, anger, and total disbelief. But the decision had been made, and Fyre Festival was happening.

A class action lawsuit with damages of \$100 million was filed against McFarland and the organizers of the event on the behalf of some 150 attendees. This was quickly followed by no less than seven other lawsuits from other attendees and vendors seeking compensation. He was indicted on charges of wire fraud, mail fraud, and securities fraud. Even after he was out on bail he formulated a scam selling reselling tickets to members of the Fyre Festival email list. He was subsequently caught and jailed, and ended up convicted of two acts of wire fraud. He pleaded guilty, was forced to forfeit \$26 million, and is currently serving six years in federal prison (Chambers). Ja Rule, despite close ties to the festival and McFarland, has continued to deny any connection to the event and, while named as a co-founder, was removed as a plaintiff on some of the lawsuits (Chambers). He would go on to appear on an alcohol-centric talk show where he, after drinking heavily, admitted that he was involved and claimed to be the visionary of the entire idea. Other associates of theirs, while not at risk of charges by the government, continue to suffer from the hit to their reputation, personal brand, and wallet.

Fyre Festival is a story that almost seems impossible to believe. There are so many parts to it that seem so obviously conflicted and conflated that someone couldn't *possibly* have done all that (McFarland was caught scamming the Fyre Festival email list by using a fake name and voice...while out on bail). Yet it happened. There is paper, video, digital, photographic, and anecdotal proof that Fyre Festival did occur and that it was a disaster. To relate this to my eventual career in the entertainment field I take a step back from the business ethics standpoint of the event and focus more on the actual process. Here was an investor with plenty of money and celebrity connections who simply did not know what it took to produce a festival. He ignored the feedback of professionals, friends, and associates, he rushed a years long process into eight months, and he refused to back down despite the plentiful occasions.

There is something to learn from McFarland and his willful ignorance of reality. There is a reason that people are professionals in their given field. There is a reason that festivals take years to organize. There is a reason that social media has become the biggest platform of our generation. If nothing else, the lesson from Fyre Festival can be the precedent that it set. It is an example of almost everything that could be done wrong in the planning of any event.

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