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Martha Stewart's Lying: Does the Truth Matter Anymore?

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Martha Stewart's conviction last Friday on four criminal charges brought her courtroom trial to an end—but the trial of public opinion has just begun. She was charged with a variety of criminal acts, including securities fraud. That most serious charge was thrown out by the trial judge, who ruled—apparently correctly—that the government could not prove that Ms. Stewart had tried to manipulate the value of stocks in her own company, Martha Stewart's Living Omnimedia. In the end, she was convicted on the counts based in one of humanity's oldest crimes—lying.

According to the federal prosecutors, Stewart lied when asked about her 2001 sale of 3,928 shares of stock in ImClone Systems, Inc., then headed by her friend, Dr. Samuel D. Waksal. Her sale of the stocks came as the Food and Drug Administration had just denied approval to ImClone's new wonder drug for treating cancer, Erbitux. That news was known only to a few insiders at ImClone—some of whom used their privileged knowledge to dump ImClone stocks before the news hit Wall Street. Waksal, who reportedly once dated Ms. Stewart's daughter, got word to her and suggested that she quickly sell her own shares in the company. She did, and saved something just under \$50,000 in losses. To avoid the loss of \$50,000, Martha Stewart lost almost everything of importance.

Her trial was a legal soap opera played out in the national media. While reporters struggled to identify the various celebrities who attended the trial in order to support Ms. Stewart, many Americans were simply trying to understand what crimes she was supposed to have committed.

Securities law is notoriously complex and difficult to understand—just ask anyone in the business. Martha Stewart was never charged with dishonest accounting practices or “cooking the books,” as in the recent Enron and WorldCom scandals. When the verdicts came in last Friday, she was found guilty of having lied to federal investigators about her sale of ImClone stock held in her personal investment portfolio. It all came down to the simple matter of a lie.

In the beginning, federal authorities were not looking to charge Martha Stewart at all. She became involved when investigators aimed their sights at a prosecution of Sam Waksal. Ms. Stewart came under suspicion when her sale of stock was seen to coincide with Waksal's insider trading. In subsequent interviews, Martha Stewart claimed to have had no conversations about the matter and denied selling the shares in ImClone based on word of the FDA's decision.

At trial, Ms. Stewart's credibility was undermined by a record of e-mails and phone calls—and by the testimony of a close friend, her stock broker, and former business associates. It all unfolded like a Greek tragedy.

Why would Martha Stewart put everything at risk over what—for her at least—was a very small amount of money? The

answer to that question lies deep in the human heart and in the fallenness of human nature. Put most directly, she thought she would gain more by lying than by telling the truth.

Martha Stewart had much to lose. Born in 1941 as Martha Kostyra, she was raised in Nutley, New Jersey by her Polish immigrant parents. Her rise to riches came as a fulfillment of the American dream. She attended Barnard College and began working as a model. She married Andrew Stewart and later moved into work as a Wall Street stock broker. After the family moved to Connecticut, she started a catering company and published a cookbook, *Entertaining*. That cookbook made Martha Stewart a celebrity, and a phenomenon was launched. With regular media appearances and telegenic looks, she became, in the words of *TIME* magazine, “everyone’s favorite homemaker.”

After divorcing her husband, she started *Martha Stewart’s Living*, her glossy magazine, and expanded to a nationally syndicated television show. She took her company public in 1999, as her personal worth hit \$1-billion. But, the fairy tale was not to last. Her sale of the ImClone shares would come just over two years after *Martha Stewart’s Living Omnimedia* became a publicly traded stock. That sale—and her attempt at a cover-up—would mean her downfall.

Is lying really such a serious matter? Americans have grown quite accustomed to lying—and to being told lies. After all, former President Bill Clinton was found guilty of lying under oath about his sexual liaison with Monica Lewinsky, but he remained in office. Pete Rose now admits that he lied about betting on baseball, and many persons would apparently vote to put him in baseball’s Hall of Fame.

Jayson Blair, a former correspondent for *The New York Times*, admits in his new book, *Burning Down My Master’s House*, that he routinely lied in his reporting for the paper. “I lied and I lied, and then I lied some more,” he writes. “I lied about where I had been, I lied about where I found information, I lied about how much I wrote the story.” According to sources close to his career at the time, he tells further lies in his book about lying. Jayson Blair, it seems, made money by lying and now hopes to make even more money by lying about lying. Get it?

Lying destroys the very fabric of trust that holds civilization together. If we cannot trust each other to tell the truth, we cannot do business with each other. Without trust, we cannot even sleep soundly at night. The absence of trust dooms us to social breakdown and relational disaster.

The Ninth Commandment forbids giving false witness against a neighbor. In Proverbs 19:9, Solomon warns, “a false witness will not go unpunished.” Christians, insisted the Apostle Paul, must “not lie to each other, since you laid aside the old self with its evil practices.” [Col. 3:9]

The temptation to lie comes when the truth seems too expensive. Speaking of the business world, law professor Donald C. Langevoort told *The New York Times*, “The pressures on executives to cut corners and shade the truth is very strong, and there’s a lot of rationalization that goes on.” Commenting on the Martha Stewart case, Professor Langevoort added: “A lot of these people think they can talk their way out of anything, and with all their power, their contacts, their cleverness, they can be fine.”

In the end, the lie is always far more expensive than the truth. As in the infamous Watergate scandal, the cover-up is almost always worse than the crime. Martha Stewart’s downfall is all the more striking when seen against the backdrop of Proverbs 19:22, which tells us that “it is better to be a poor man than a liar.” Those are words for the wise—both rich and poor.

