Jourdain, a crazy philanthropist banker escapes from an asylum where his family has put him because of his wild extravagances, and decides that he is going to create "happiness" for others. His first attempt occurs when he returns to his bank at night, and is let in by the watchman who thought he'd been away on a trip. Jourdain opens the safe, removes a large roll, and presents a part of it to the watchman who is so overcome with joy that he dies.

As he leaves the bank Jourdain sees a policeman and runs in among the stalls of a fair for safety. There he rents the disguise of a fortune teller and learns all the woes of a sad group who live in a decrepit pension, as well as the woes of three penniless actors.

The Jourdain gets a brilliant idea. With the money he has taken from the bank he hires the penniless actors to help provide happiness for the inmates of the pension by pretending to love them.

The sad inmates of the pension are so brought to life by the actors that by the end of the masquerade, they are capable of living happy lives on their own.

To climax the masquerade Jourdain makes the actors' contract run out on the night of Mardi Gras amidst all kinds of gaiety. Satisfied with the game, Jourdain is ready to return to his asylum, but to add another touch of happiness to one of the actors, and at the expense of his dour family, he gets the actor to denounce him to the police and thus receive the sizeable reward offered for his capture.