



## TAKE YOUR ETHICAL TEMPERATURE

There has been much debate about the use of the words ethics and morals. Many feel the words are interchangeable, and in polite conversation, few would disagree. There are researchers on the subject who believe that morals are what we consider to be "moral standards" or "moral conduct," and ethics is the formal study of the conduct.

The word ethical comes from the Greek word "ethos" meaning "character." Moral is rooted in the Latin word "mos," meaning "custom."

One conclusion that could be drawn from this information is that morals give us a framework of rules, guidelines, and standards for a group of people. They are a benchmark for good behavior. Ethics, on the other hand, is the applied use of those standards on an individual basis. In other words, how do you, as an individual, choose to adhere to the standards? Your adherence to those standards will define your ethical character.

## STRUGGLING WITH AN ETHICAL DILEMMA

Say you're walking down the street and you notice just up ahead that a man getting out of a cab drops something on the ground before running into a nearby building. As you get closer, the cab is pulling away and the man is long gone into the building, you notice he had dropped a \$1.00 bill. With no one else around:

- Do you put the bill in your pocket and walk away?
- Do you take it to the security guard in the lobby so he can give it to the man?
- What if it was a \$20.00 bill?
- What if it was a \$100.00 bill?
- What if it was a briefcase full of \$100.00 bills?

Generally there are two schools of thought when it comes to wrestling with ethical dilemmas. One says, "as long as it doesn't hurt anyone..." and the other says, "it's just wrong."

Presuming that you are not breaking any laws, there are three things you should analyze when deciding what action to take in an ethical dilemma:

### STEP #1:

The Actions — In this phase, forget about the consequences and just focus on the actions. How do they compare to the moral standards of your group? Are the actions fair, honest, and respectful of others? Are they sensitive to the vulnerability of less fortunate or less educated individuals? Do the actions cross any moral boundaries? Is there a conflict between two or more moral standards, or between the rights of two or more people? Is one standard more important than the other? The goal here is to choose the action that is the least harmful or problematic.

### STEP #2:

The Consequences — Assuming that you have a variety of actions you could take, list the range of good and bad consequence of your actions. Who will be helped? Will anyone be hurt? What kind of benefits and harms are involved? How do you see the end result playing out over the short term? Long term? Which option(s) offer the best combination of benefits over harms?

### STEP #3:

The Decision — Now analyze both the consequences and the actions together, boiling them down to a decision on how to take the best action possible.

## **TAKE YOUR ETHICAL TEMPERATURE**

As human beings in a domesticated society, we have many moral standards that we must adhere to; don't lie; don't murder; don't cheat, etc...

As a registered representative in the securities industry, you have another set of moral standards set by the regulatory agencies that govern this industry. The SEC, FINRA and state regulators have all developed rule books that govern your behavior while conducting business in the securities industry.

Regulatory rules are a baseline of the bare minimum acceptable standards. These rules will not always have black and white answers for every situation you encounter. Instead, there will be times when you will be on your own in the middle of an ethical dilemma having to make your own determination between what is right and what is wrong.