

A golden scale of justice is the central focus, resting on a dark wooden base. The word "ETHICS" is carved in large, gold letters into the side of the base. The background is a soft, warm glow, possibly from a lamp, creating a sense of depth and focus on the scale.

ETHICS: THE ROOT OF COMPLIANCE

What it is.

Why it matters.

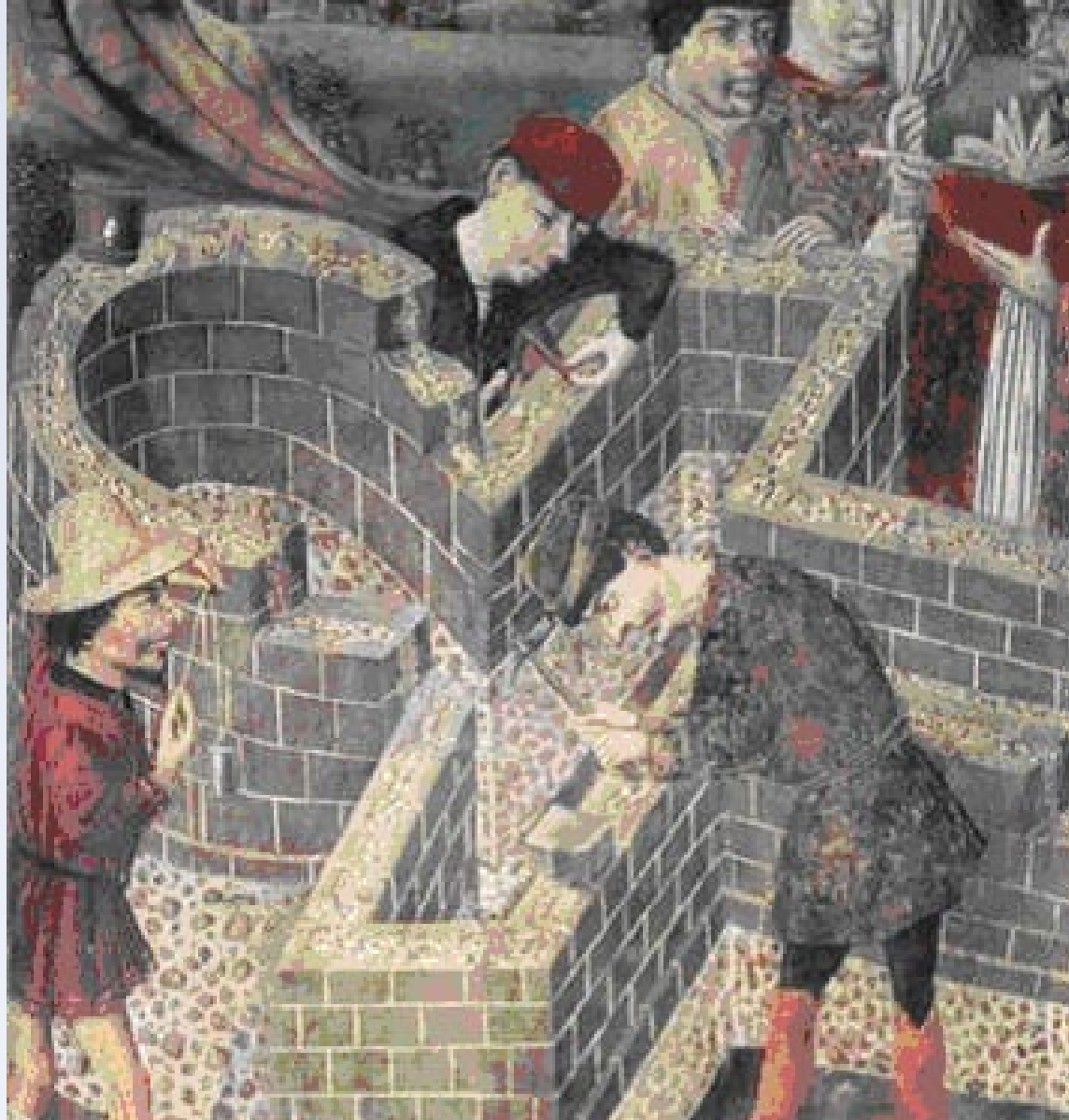
How to get more of it.

by Michael Josephson Josephson Institute of Ethics



How excited are you about spending an hour listening to an L.A. lawyer talk about ethics?

**YOU DON'T HAVE TO BE
SICK TO GET BETTER**



Three stonecutters were asked what they were doing.

- **The first man replied: “I am making bricks from this stone.”**
- **The second said: “I am making the foundation for a building.”**
- **The third answered: “I’m building a cathedral.”**

So what? What difference does it make how a person looks at his work?

If you change your perspective you change the way you experience the world.



thousands of hospitals all over the country spent huge sums preparing for the possibility of receiving an Ebola patient.
If they never had a patient did they waste their money?

A multi-story brick building with large windows, identified as Texas Health Presbyterian. The building is partially obscured by green trees in the foreground. The sky is blue with some light clouds. The building has a modern, institutional architectural style with a flat roof and a series of windows on each floor. The text "Texas Health Presbyterian" is prominently displayed on the side of the building in white, three-dimensional letters. To the left of the text is a circular logo featuring a green cross with a white outline.

 Texas Health Presbyterian

**What do you think of
when you see this picture?**

A multi-story brick hospital building with large windows. The name "Texas Health Presbyterian" is displayed in large white letters on the side of the building, accompanied by a green circular logo with a white cross. The building is partially framed by green trees in the foreground.

 Texas Health Presbyterian

How long will it take for this hospital to regain its reputation?

Objective of a Compliance Program

The objective of a compliance program is to detect and prevent unlawful conduct within the university.

To achieve this an institution must develop mechanisms to assure that employees know the law and increase the likelihood that they will obey it by establishing detection and reporting processes that create a credible likelihood that lawbreakers will be caught and disciplined.

**Compliance Centered
Hierarchy of
Objectives**

**Promote
Ethical
Culture**

**Prevent Ethically
questionable
conduct**

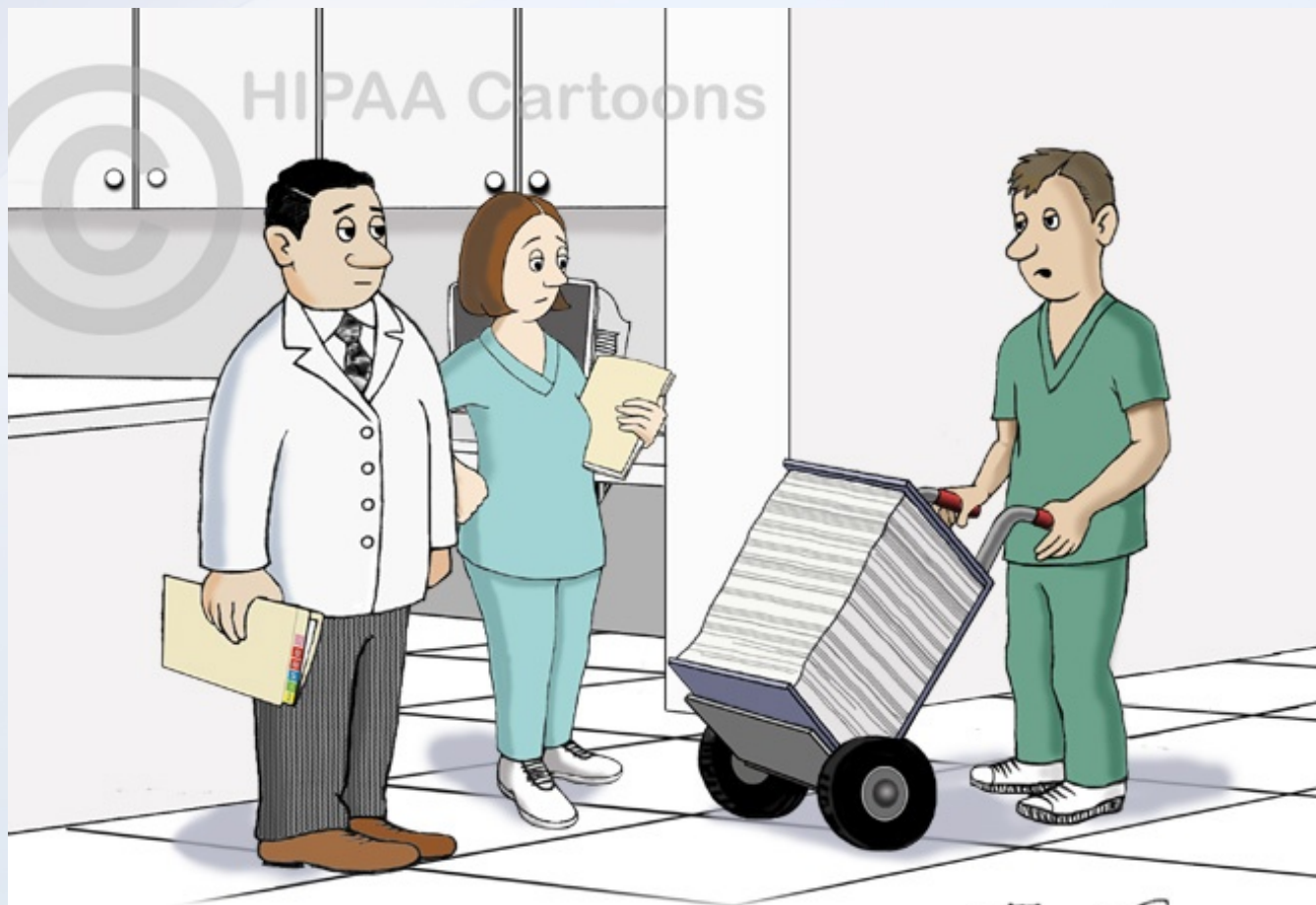
**Prevent Unethical (lawful
but awful) conduct**

Prevent Civil liability

Prevent Regulatory violations

Prevent Criminal conduct

HIPAA Cartoons



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Romero

"We just got an update to the user manual for our Electronic Medical Record system. Where do you want it?"



**EMPLOYEES
MUST WASH
HANDS**

...then take a
polygraph test
to prove that
you actually
washed them.

Yes, we are
really serious
about this.

No kidding.



“Compliance is more than looking to the letter of the law. Indeed, ...many organizations that have compliance programs already describe them as ethics and compliance programs and also employ ‘ethics officers’.... [In fact] it is questionable whether a compliance program can be truly effective if it does not have an ethics component.”

**- Judge Diana E. Murphy,
Chair of the U.S. Sentencing Commission (2002)**

“Experience suggests that good ethics programs and good compliance programs are interdependent; each is incomplete without the other.

“A good compliance program must emphasize values and moral responsibility, because this increases the program’s effectiveness among employees.”

**- Dawn-Marie Driscoll (cited by Judge Diana E. Murphy,
Chair of the U.S. Sentencing Commission in 2002)**

“A parade of major scandals culminating in the most damaging and costly demonstration of wholesale corporate irresponsibility in history—the worldwide economic crisis created by the mortgage brokers and other financial institutions—should convince the folks in the C-suites and the boardrooms that no matter how good they look or expensive they are, internal control programs that focus almost entirely on compliance haven’t and won’t protect their organizations from reputation-damaging, resource-draining scandals. They also will not meet the new standards of federal prosecutors and regulatory agencies.”

- Michael Josephson, *“It’s time to get serious about the ethics dimension of your compliance program”* *Compliance & Ethical Professional* April 2014

Movement from Compliance to Ethics

In 2004 the Guidelines were amended with the explicit warning that “check the box” compliance programs would be insufficient to justify a sentencing reduction.

Under the revised guideline the judge must find that the program “promote[s] an organizational culture that encourages ethical conduct and a commitment to compliance with the law.”

Perceptions and Mindsets

What is a Mindset

A habitual or characteristic mental attitude or an inclination or disposition that influences or determines a person's responses to and interpretations of situations.



Do you see the arrow?



Do you see the arrow?



Do you see the arrow?



Valuable Insights

Once you realize that messages and images are often embodied in negative space (the white space) you will look for such messages and often find them.

This is an example of a strategy that can open up your mind

Look for messages in the white space

What does your arrow say about you?

What values are critical to you personally?

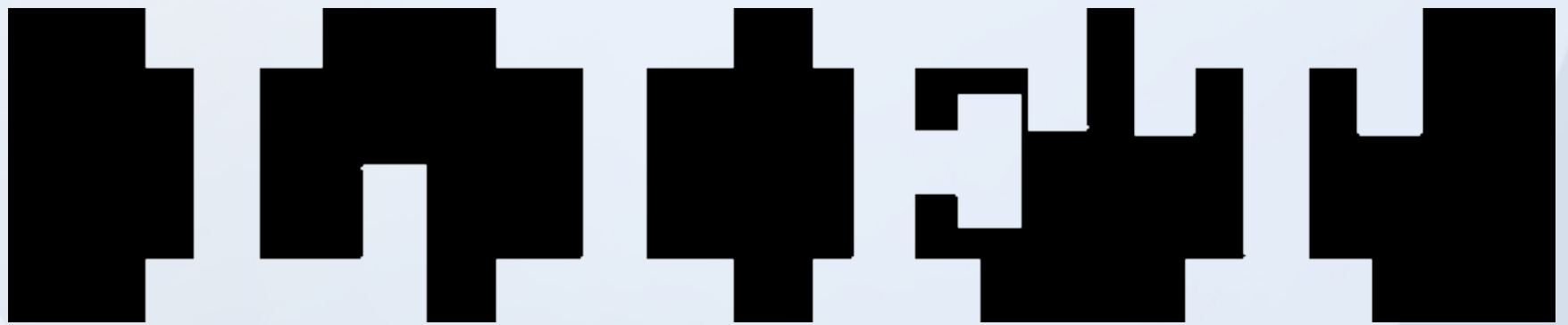
What values are critical to your firm?

How do you assure that everyone in your firm upholds your values?

What is your responsibility to your clients to assure that they conduct business ethically as well as legally?

How many arrows are there?





What do you see?







**If you want to
grow you have to
know you do not
always see all
there is and others
will see things you
don't.**

**Remember, you
don't have to be
sick to get better.**



How much larger is the car in back compared to the car in front?



ETHICS: THE ROOT OF COMPLIANCE

**What it
is.**

**Why it
matters.**

**How to
get more
of it.**

What grade would you give

The ethics of society as a whole



The ethics of the college-age generation.



The ethics of your student population.



The ethics of your institution as a whole



The ethics of faculty at your institution.

Which is the bigger problem: Compliance or Ethics

Compliance

Ethics

Good ethics is good sense

**If we solved
all compliance
problems
would we also
solve all or
most of our
ethical
problems?**

**If we solved
all ethical
problems
would we also
solve all or
most of our
compliance
problems?**

Ethics Is Bigger Than Compliance

Compliance is about doing what you are required to do by laws or rules.

Ethics is about doing what you should do because it is right.

Big E ethics

- core principles about moral right and wrong; what it is to be a good and worthy person/institution

Little E ethics

- laws and rules (compliance ethics); gifts, conflicts of interest, etc. The Professional Code of Conduct

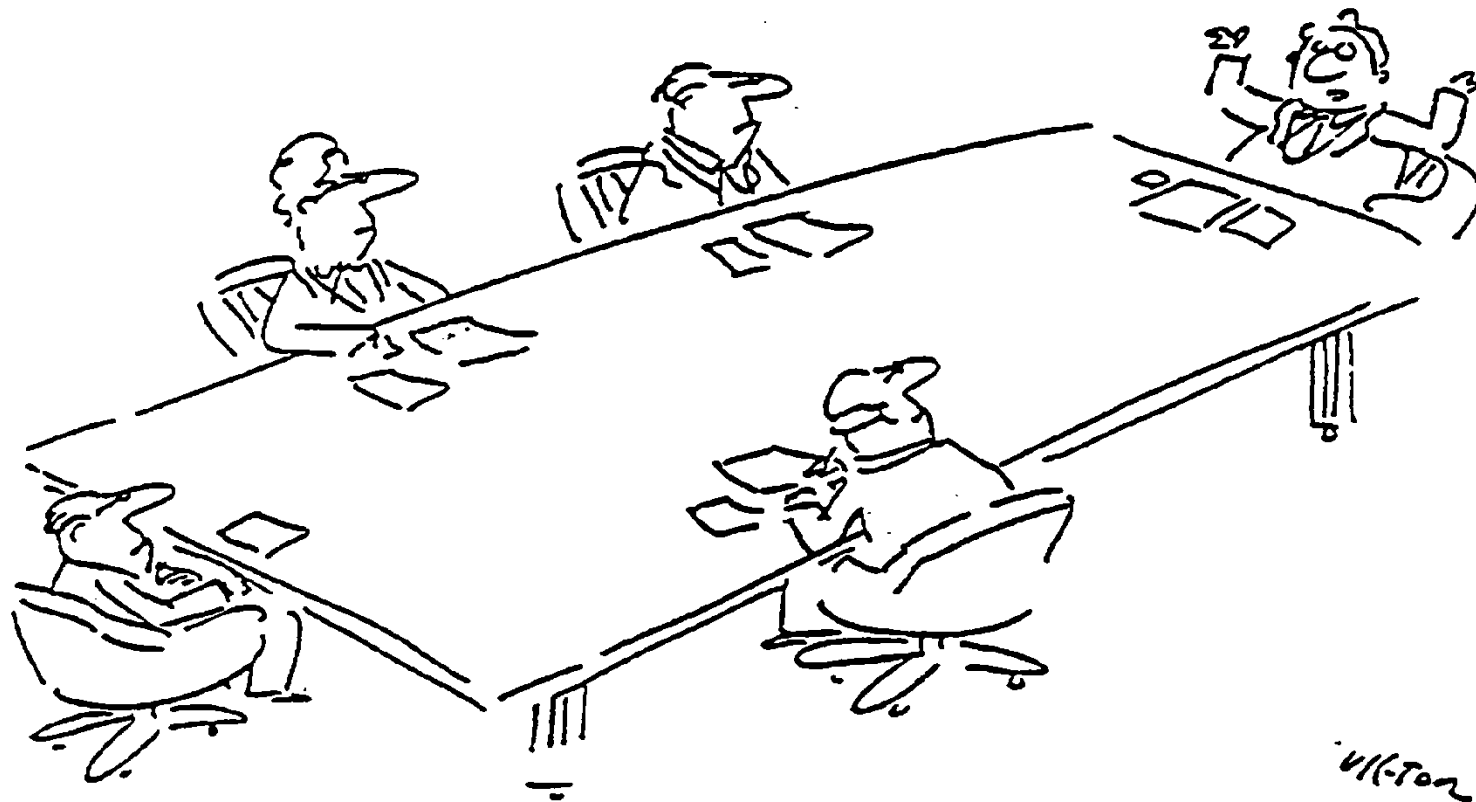
**So what is
ethics?**



‘Perhaps “unethical” was the wrong word; I meant sort of complex — legally complex . . . ’

Copyright 1988 William Hamilton

Ethics is not just a factor to consider – it's a ground rule



"THIS MIGHT NOT BE ETHICAL. IS THAT A PROBLEM FOR ANYBODY?"

Drawing by Victor, (c) 1987 The New Yorker Magazine, Inc.

You can't avoid ethical responsibilities by ignoring them



"MISS JOHNSON WILL NOW PASS OUT THE MORAL
BLINDERS."



Ethics is about right and wrong and how an honorable person should behave.



Values refers to all important beliefs. Ethics refers only to beliefs about moral right and wrong.

Values Are Different Than Ethics

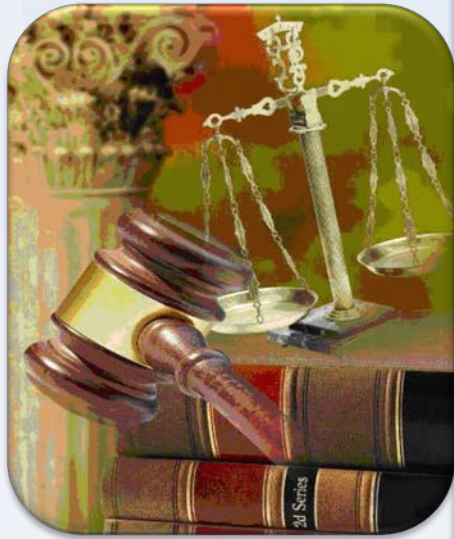


**There's a big difference between what you
have a right to do and what is right to do.**

Justice Potter Stewart, U.S. Supreme Court



- Ethics requires us to give up the idea that an act is proper simply because it is permissible or that an act is ethical so long as it is legal.



- An ethical person often chooses to do more than the law requires and less than the law allows.

Beyond Legalism

In today's environment, a narrow legalistic mentality will not only be inadequate, it can substantially increase risks.

Fueled by new laws and intense public cynicism, journalists, regulators, and prosecutors have become more creative and aggressive in bringing charges that can result in huge costs irrespective of technical legalities.



**Ethics is not
about the
way things
really are . . .**



It's about the way they ought to be

If you could interview the people who would date and might marry your children, what qualities are essential to you?



Six Pillars of Character



Trustworthiness



Respect



Responsibility



Fairness



Caring



Citizenship

TRRFCC

Teach

Enforce

T.E.A.M.

Advocate

Model

In an ethical culture,
ethical principles
are embedded
in the DNA of
the organization





CHOICES

Enemies of Integrity

Self-Delusions &
Rationalizations

Self-Delusion

Everyone
is ethical in
his or her
own eyes.



Doctrine of Relative Filth



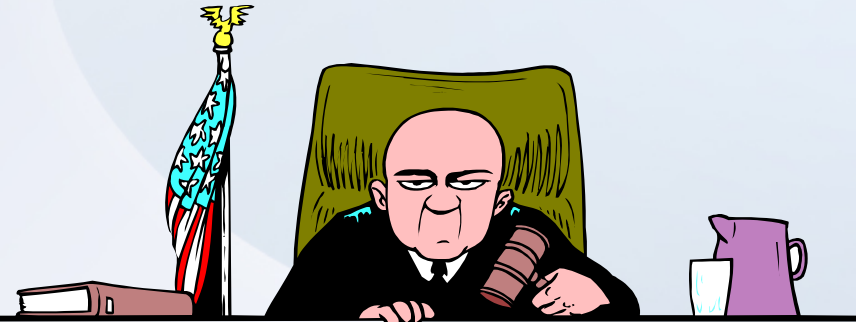
I'm not
so bad
as long
as others
are
worse.



We judge ourselves by our best intentions, our most noble acts, and our most virtuous habits.

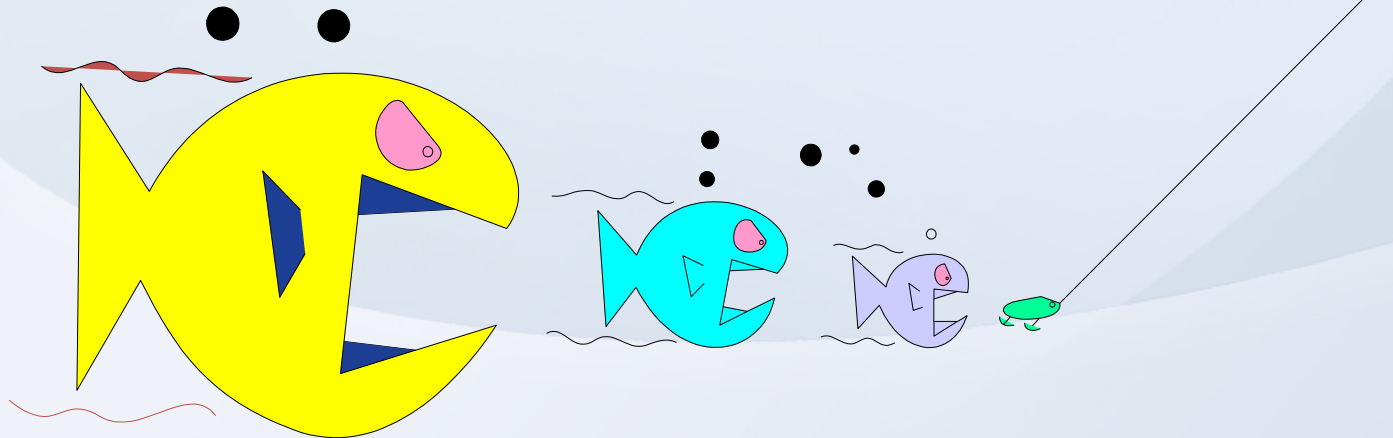


We are judged by our last worst act.



Is it ethical to lie to a liar?

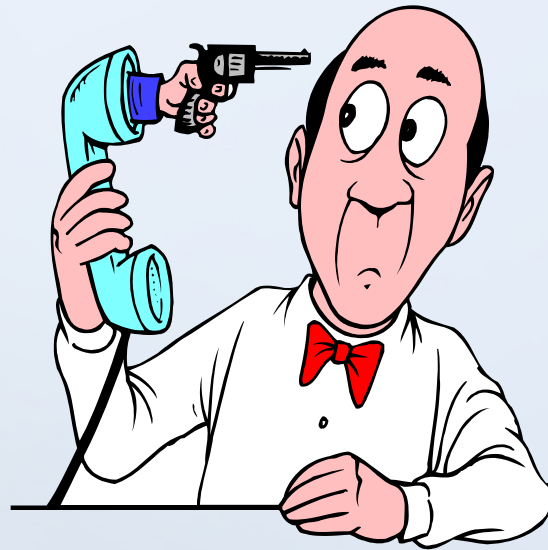
Can you cheat a cheater
and not be a cheater?



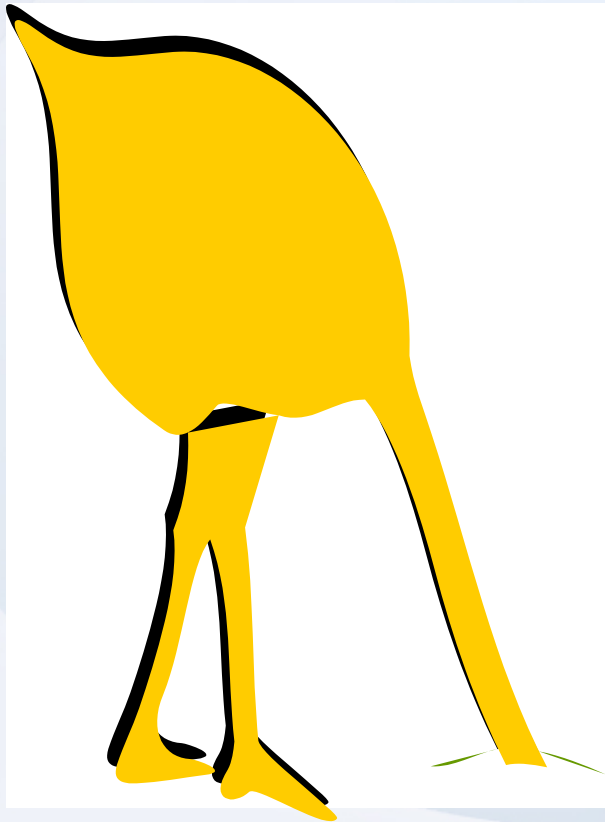
**How many times do
you get to lie before
you are a liar?**

**How many times does
someone get to lie to you
before distrust sets in?**

Necessity is not a fact.



It is an interpretation.



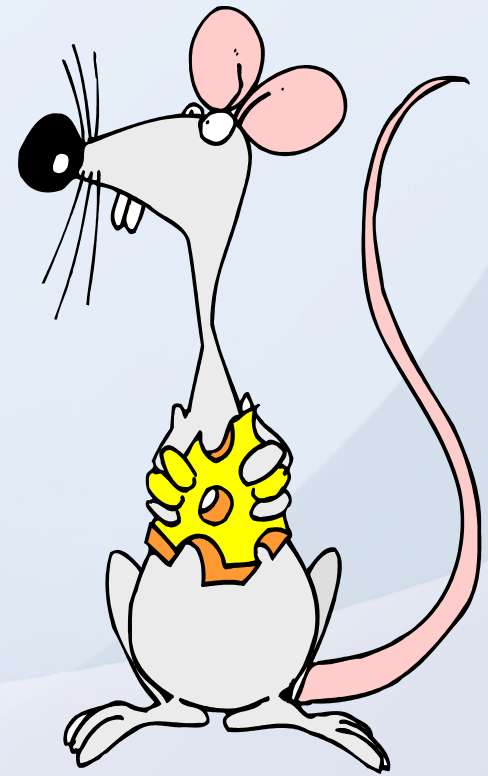
**Most of us
overestimate the cost
of doing the right
thing...**

**and
underestimate the
cost of failing to
do so.**



**When you decide to fight
fire with fire all you get is
the ashes of your own
integrity.**

The problem with the rat race is that even if you win, you're still a rat.



When confronted by an approaching bear

***I don't have to out run
the bear . . .***



***I just have to
out run you!***

**Exemplary :
Decision-
Making**

Effective

Lawful

Ethical

Best Possible Result

Aspects of a Good Decision

Based on sufficient reliable information

Effectively accomplishes the decision-maker's objectives

- **Efficient**
- **Avoids unintended consequences (collateral damage)**
- **Results in the most good and the least harm to each stakeholder.**

Is and appears to be ethical

- **Generates trust**
- **Treats all stakeholders respectfully**
- **Acknowledges and fulfills the decision-maker's responsibilities**
- **Is fair to all concerned**
- **Demonstrates caring and concern for all stakeholders**
- **Abides by laws and rules**



Actions are the result of choices

Attitudes are the result of choices

Choices create consequences

**Each change in attitude or actions
creates different consequences**

Good choices create good consequences

**Good choices produce
good results.**

**Better choices create
better results.**

**The best choices produce
the best possible result**

Rational Decision-Making Versus Rationalizations

The difference between a rational decision and a rationalization is based on when the reasoning process takes place.

In a rational decision one reasons first in order to reach a conclusion.

In a rationalization the reasoning process is used to justify a conclusion or decision.

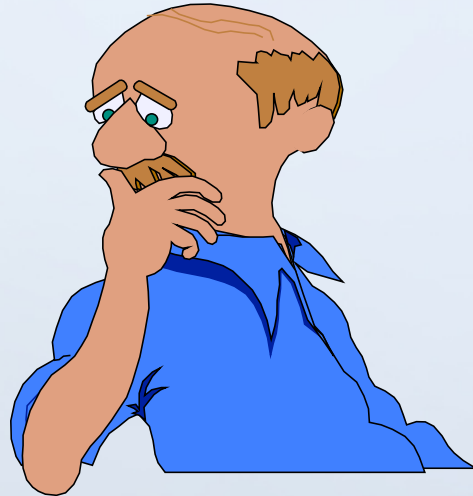
**But what does this have to do
with the ethics in your organization**

**What does management want
from employees?**

**What do employees want from
their managers?**

**What does the public want and
expect from your company?**

Tests for Making Ethical & Effective Decisions



Rule of Universality

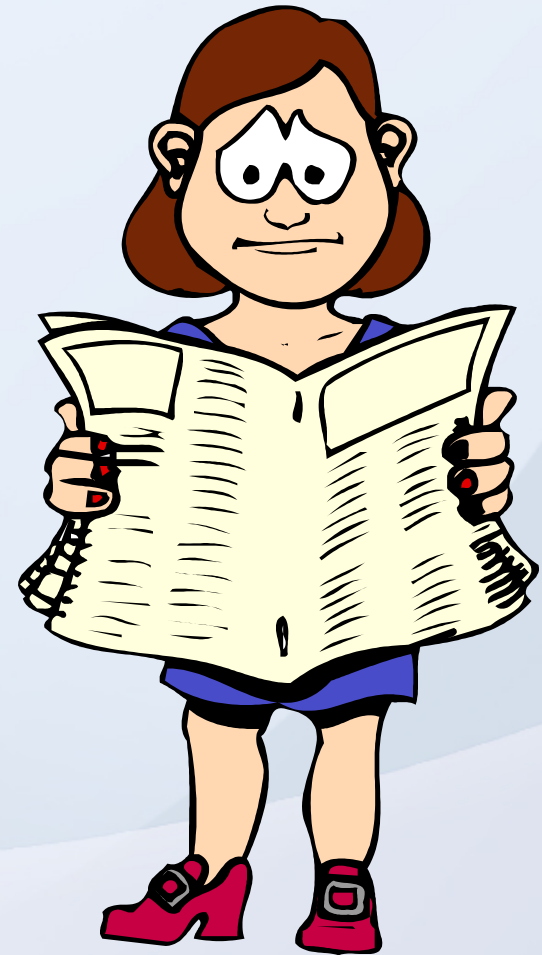
Do only those acts which you are willing to allow to become universal standards of behavior applicable to all people in similar situations.



If everyone did it, would it be a good thing?

The Publicity Test

What would you do if you knew that your decision and the true reasons behind it would be reported on the front page of the newspaper or on the ten o'clock news?



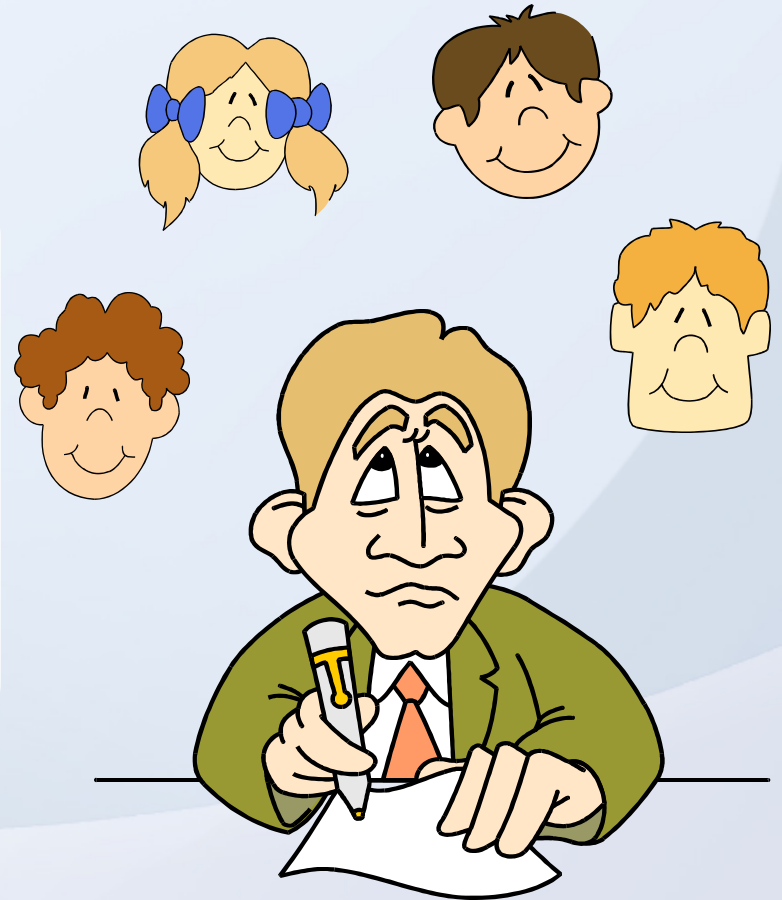
The Role Model Test



- What would Mother Teresa do?
- What would Superman do?
- What would Forest Gump do?
- What would your mother do?
- What would _____ do?

Kid Over Your Shoulder Test

Would you do it if you knew your kid was looking over your shoulder?



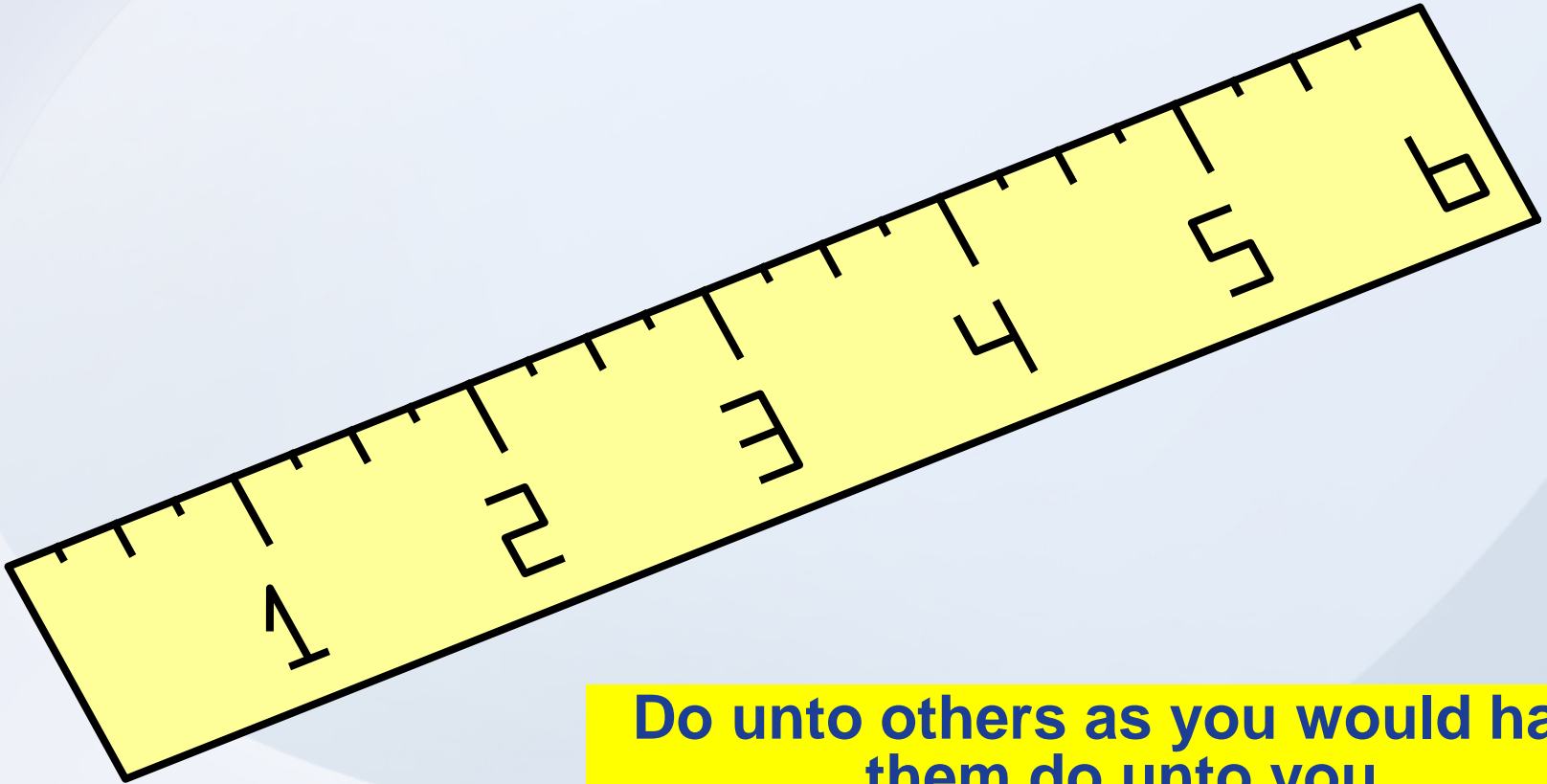
Other Parenting Tests

What would you advise your child to do?

What would you hope your child would do?

What would the kind of person you want your child to date or marry do?

The Golden Rule



Do unto others as you would have them do unto you.

Golden Rule Mutants

AS A RULE OF REVENGE

Do unto others as they have done unto you.

AS A RULE OF SELF-DEFENSE

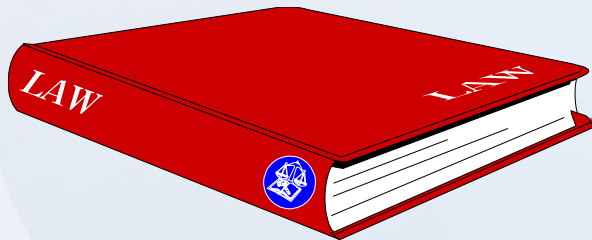
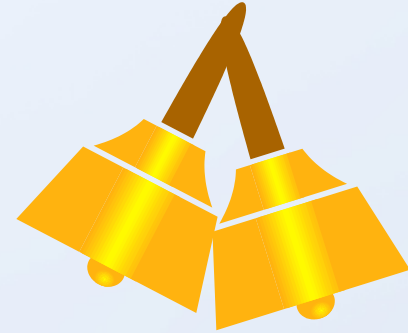
Do unto others before they do unto you.

AS A RULE OF INVESTMENT

Do unto others so they will do unto you.

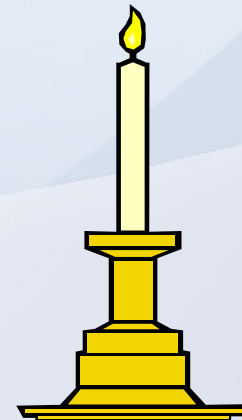
Bell, Book and Candle

- Listen for the bells warning you of an ethical issue.



- Check to see if there are any laws, regulations or rules which restrict your choices.

- How will your decision look in the light? Could a reasonable, fair-minded person conclude you acted improperly?

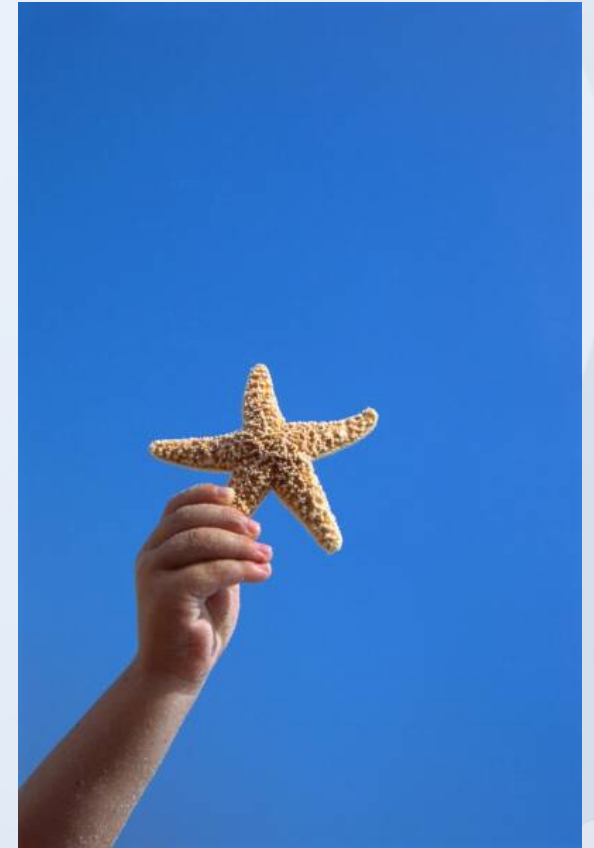


If you want to know how to live your life, think about what you'd like people to say about you after you die – and live backwards.



“Our souls are not hungry for fame, comfort, wealth or power. Our souls are hungry for meaning, for the sense that we have figured out how to live so that our lives matter, so that the world will be at least a little bit different from our having passed through it.” - Harold Kushner

What you're doing won't
make a difference



It does to this
starfish

WHAT WILL MATTER

By Michael Josephson © 2003

Ready or not, some day it will all come to an end.

There will be no more sunrises, no minutes, hours or days.

All the things you collected, whether treasured or forgotten will pass to someone else.

Your wealth, fame and temporal power will shrivel to irrelevance.

It will not matter what you owned or what you were owed.

Your grudges, resentments, frustrations and jealousies will finally disappear.

So too, your hopes, ambitions, plans and to do lists will expire.

The wins and losses that once seemed so important will fade away.

It won't matter where you came from or what side of the tracks you lived on at the end.

It won't matter whether you were beautiful or brilliant.

Even your gender and skin color will be irrelevant.

So what will matter? How will the value of your days be measured?

What will matter is not what you bought but what you built, not what you got but what you gave.

What will matter is not your success but your significance.

What will matter is not what you learned but what you taught.

What will matter is every act of integrity, compassion, courage, or sacrifice that enriched, empowered or encouraged others to emulate your example.

What will matter is not your competence but your character.

What will matter is not how many people you knew,
but how many will feel a lasting loss when your gone.

What will matter is not your memories but the memories that live in those who loved you.

What will matter is how long you will be remembered, by whom and for what.

Living a life that matters doesn't happen by accident.

It's not a matter of circumstance but of choice.

Choose to live a life that matters.